

## **INFORMATION DOCUMENT**

prepared in accordance with article 57, paragraph 1, letter (d), of Consob Regulation no. 11971 of May 14, 1999,

as subsequently amended

relating to the

**CROSS-BORDER MERGER OF FIAT S.P.A. WITH AND INTO FIAT INVESTMENTS N.V. (TO BE RENAMED “FIAT CHRYSLER AUTOMOBILES N.V.”)**

**October 13, 2014**

The information document relating to the merger of Fiat S.p.A. with and into Fiat Investments N.V. (to be renamed “Fiat Chrysler Automobiles N.V.”) was deemed equivalent by Consob for the purposes of article 57, paragraph 1, letter (d) of Consob Regulation no. 11971 of May 14, 1999, as amended, through resolution no. 22: 2723/14 issued on 31/10/2014.

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### Forward-looking statements

This Information Document contains certain forward-looking statements relating to both Fiat S.p.A. and Fiat Investments N.V. (to be renamed “Fiat Chrysler Automobiles N.V.”) and their activities subsequent to completion of the Transaction. These statements are not historical fact and are based on current estimates and projections made by the companies party to the Transaction concerning future events and, by their nature, are subject to inherent risks and uncertainties. They relate to events and depend on circumstances that may or may not occur or exist in the future, and, as such, reliance should not be placed on them. Actual results may differ materially from those expressed or implied in such statements as a result of a variety of factors, such as: volatility of commodity prices, changes in general economic conditions, economic growth and other changes in business conditions, changes in government regulation (in Italy or abroad), and many other factors, most of which are outside of the control of the companies party to the Transaction.

## SUMMARY CONSOLIDATED AND PER SHARE DATA

The following tables provide consolidated financial highlights as of and for the years ended December 31, 2013, 2012 and 2011, as well as for the half-year periods ended June 30, 2014 and 2013, for the Fiat Group (as defined below).

The Merger (as defined below) will not determine any impact on Fiat group consolidated accounts and following effectiveness of the Merger, the business of FCA (as defined below) will be the same business as that of Fiat S.p.A. prior to the Merger. Since incorporation, the activities of FCA have consisted only of preparing for the Merger and it is not expected that the company will carry out any activity of any other nature until the Merger Effective Date (as defined below). As of the date of this Information Document (as defined below), FCA has not recorded any significant assets or liabilities.

Following the Merger, FCA will prepare its consolidated financial statements in accordance with the international financial reporting standards (“**International Financial Reporting Standards**” or “**IFRS**”). Under IFRS, the Merger consists of a reorganization of existing legal entities that does not give rise to any change of control, and therefore is outside the scope of application of IFRS 3—Business Combinations. Accordingly, it will be accounted for as an equity transaction with no change in the accounting basis.

The information presented below is taken, respectively, from the audited Fiat Group - Consolidated Financial Statements at December 31, 2013, December 31, 2012 and December 31, 2011 approved by the Fiat S.p.A. board of directors on February 27, 2014, February 20, 2013 and February 22, 2012 respectively and from the half-year Condensed Financial statements for the six months ended June 30, 2014 and June 30, 2013 subject to a limited review and approved by the Fiat S.p.A. board of directors on July 30, 2014 and July 30, 2013 respectively. The Fiat Group Consolidated and Condensed Financial Statements mentioned above are incorporated by reference in this Information Document.

Please see Section 4 of this Information Document for financial information as to Fiat S.p.A., as the absorbed company.

(€ million)	For the years ended December 31,			
	2013 <sup>(1)</sup>	2012 <sup>(*)</sup> <sup>(1)</sup> restated	2012 as reported	2011 <sup>(**)</sup>
Net revenues	86,816	83,957	83,957	59,559
EBIT	2,972	3,404	3,677	3,467
Profit/(loss) before taxes	1,008	1,519	2,036	2,185
Profit/(loss) for the year	1,951	896	1,411	1,651
Profit/(loss) for the year attributable to owners of the parent	904	44	348	1,334
Total assets	86,774	82,106	82,119	80,031
Equity	12,584	8,369	13,173	12,260
Equity attributable to owners of the parent	8,326	6,187	9,059	8,727
(per share data in €)				
<b>Per share data</b>				
Basic earnings per share	0.744	0.036	0.286	1.101 <sup>(2)</sup>
Diluted earnings per share	0.736	0.036	0.284	1.093 <sup>(2)</sup>
Equity per share (attributable to owners of the parent)	6.846	5.088	7.450	7.053

(\*) Following the retrospective application of the amendment to IAS 19 from January 1, 2013, the 2012 comparative amounts were restated as required by IAS 1. Compared to the previously reported figures, Profit for 2012 decreased by €515 million, of which mainly €273 million in Trading Profit/EBIT and €244 million in Financial expenses.

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

- (1) Please note that the reported figures do not reflect the adoption of IFRS 11 – joint arrangements which the Group adopted effective January 1, 2014.
- (2) Please note that in 2012 took place the conversion of all preference and savings shares into Fiat S.p.A. ordinary shares. EPS here reported for 2011 is determined assuming that preference and savings shares were converted at the beginning of 2011.

(€ million)	<b>For the six months ended June 30,</b>	
	<b>2014</b>	<b>2013<sup>(*)</sup></b>
Net revenues	45,453	41,988
EBIT	1,231	1,680
Profit/(loss) before taxes	232	720
Profit/(loss) for the year	24	466
Profit/(loss) for the year attributable to owners of the parent	(14)	59
Total assets	90,769	-
Equity	9,890	-
Equity attributable to owners of the parent	9,542	-
(per share data in €)		
<b>Per share data</b>		
Basic earnings per share	(0.012)	0.049
Diluted earnings per share	(0.012)	0.048
Equity per share (attributable to owners of the parent)	7.845	-

- (\*) Following the retrospective application of IFRS 11, the 2013 comparative amounts were restated as required by IAS 1. Compared to the previously reported figures, Net revenues decreased by €94 million, EBIT increased by €20 million, Profit before taxes increased by €5 million. Profit for the period unchanged.

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## DEFINITIONS

<b>“AFM”</b>	the Netherlands authority for the financial markets ( <i>stichting Autoriteit Financiële Markten</i> ).
<b>“Borsa Italiana”</b>	Borsa Italiana S.p.A., with registered office in Piazza degli Affari 6, Milan, Italy.
<b>“Business Plan”</b> or <b>“Plan”</b>	the business plan of the Group for the period 2014-2018 presented on May 6, 2014.
<b>“CFC”</b>	U.K. controlled foreign company.
<b>“Chrysler”</b>	Chrysler Group LLC, a wholly-owned subsidiary of Fiat, with principal office at 1000 Chrysler Drive, Auburn Hills, Michigan (USA).
<b>“Closing Date”</b>	the date on which the notarial deed in respect of the Merger is executed before a civil law notary, residing in the Netherlands.
<b>“CNHI”</b>	CNH Industrial N.V., with registered office in Amsterdam (the Netherlands) and principal executive office at Cranes Farm Road, Basildon, Essex, SS14 3AD (United Kingdom).
<b>“CNHI Group”</b>	CNHI and its subsidiaries.
<b>“Common Merger Terms”</b>	the common cross-border merger terms relating to the Merger prepared in accordance with article 6 of Legislative Decree 108 and Title 2.7 of the Dutch Civil Code and approved by the boards of directors of Fiat and FCA.
<b>“Consob”</b>	the Italian authority for the financial markets and issuers ( <i>Commissione Nazionale per le Società e la Borsa</i> ).
<b>“CTA”</b>	the Italian Consolidated Tax Act.
<b>“Current Members of the FCA Board”</b>	the members of the board of directors of FCA in office as of the date of this Information Document.
<b>“Decree No. 201/2011”</b>	the Decree of 6 December 2011, No. 201, converted with Law of 22 December 2011, No. 214.
<b>“Deloitte”</b>	Deloitte & Touche S.p.A., with address at Galleria San Federico, 54, Turin, Italy.
<b>“Demerger”</b>	the partial proportional de-merger of Fiat S.p.A. in favor of Fiat Industrial of the activities pertaining to the Agricultural and Construction Equipment, Trucks and Commercial Vehicles and to the “Industrial & Marine” division of the FPT Powertrain Technologies sector from the activities related to the Automobiles business as well as to the relevant Components and Production Systems, and effective as of January 1, 2011.
<b>“DTC”</b>	the Depository Trust Company, a United States financial services company providing clearing and settlement services to the financial markets.
<b>“Dutch Civil Code”</b>	the Dutch civil code ( <i>Burgerlijk Wetboek</i> ).

<b>“Electing Common Shares”</b>	FCA Common Shares registered in the Loyalty Register for the purpose of becoming Qualifying Common Shares.
<b>“Election Form”</b>	the election form made available on the Fiat website, to be completed, signed and submitted in order to request the allocation of the Special Voting Shares in connection with the Merger.
<b>“Exchange Act”</b>	the Securities Exchange Act of 1934.
<b>“Exchange Ratio”</b>	the exchange ratio determined by the Board of Directors of Fiat and the board of directors of FCA in connection with the Merger, as better described in the summary of this Information Document.
<b>“Exchange Ratio Reports”</b>	the reports prepared by E&Y and KPMG as to the Exchange Ratio.
<b>“Exor”</b>	Exor S.p.A., with registered office in Via Nizza 250, Turin, Italy.
<b>“Executive Officers”</b>	the officers with strategic responsibilities, as defined in the Related Party Regulation.
<b>“E&amp;Y”</b>	Reconta Ernst and Young S.p.A, with address at Via Confienza 10, Turin, Italy.
<b>“FCA”</b>	Fiat Investments N.V., with registered office in Amsterdam, the Netherlands, and principal executive office at 240 Bath Road, SL1 4DX, Slough, United Kingdom, whose corporate name will be “Fiat Chrysler Automobiles N.V.” upon effectiveness of the Merger.
<b>“FCA Common Shares”</b>	the common shares having a nominal value equal to €0.01 in the share capital of FCA.
<b>“FCA Incorporation Date”</b>	April 1, 2014.
<b>“Fiat”</b>	Fiat S.p.A., with registered office in Via Nizza 250, Turin, Italy.
<b>“Fiat Extraordinary Meeting of Shareholders”</b>	the extraordinary session of the general meeting of shareholders of Fiat held on August 1, 2014 that approved the Common Merger Terms.
<b>“Fiat Group” or “Group”</b>	Fiat and its subsidiaries prior to the Merger or the successor of Fiat resulting from the Merger and its subsidiaries, as the case may be.
<b>“Fiscal Unit”</b>	the fiscal unit that could be maintained by the Italian P.E.
<b>“FTT”</b>	the Italian financial transaction tax.
<b>“Information Document”</b>	this information document prepared pursuant to article 57, paragraph 1, letter (d), of the Issuers’ Regulation.
<b>“Inside Information”</b>	any inside information that (i) is specific, (ii) has not been made public, (iii) relates, directly or indirectly, to FCA or FCA Common Shares, and (iv) if it were made public, would be

	likely to have a material impact on the prices of FCA Common Shares.
<b>“Insider”</b>	any members of the board of directors of FCA and any other person who has managerial responsibilities within FCA and who in that capacity is authorized to make decisions affecting the future developments and business prospects of FCA and who has regular access to inside information relating, directly or indirectly, to FCA.
<b>“International Financial Reporting Standards” or “IFRS”</b>	the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and adopted by the European Union – including all interpretations issued by the IFRS Interpretations Committee.
<b>“IRES”</b>	the Italian corporate income tax.
<b>“IRS”</b>	the Internal Revenue Service, U.S. authority for the supervision on the revenues and the application of tax legislation.
<b>“Issuers’ Regulation”</b>	the regulation for issuers adopted by Consob through resolution no. 11971 of May 14, 1999.
<b>“Italian Civil Code”</b>	the Italian civil code adopted through the decree no. 262 of March 16, 1942.
<b>“Italian Financial Act”</b>	the Italian Legislative Decree no. 58 of February 24, 1998.
<b>“Italian P.E.”</b>	the Italian permanent establishment of FCA following the Merger.
<b>“KPMG”</b>	KPMG Accountants N.V., with address at PO Box 74500, 1070 DB Amsterdam, the Netherlands Laan van Langerhuize 1, 1186 DS Amstelveen, the Netherlands.
<b>“Legislative Decree 108”</b>	the Italian Legislative Decree no. 108 of May 30, 2008.
<b>“Loyalty Register”</b>	the register kept by or on behalf of FCA for the registration of any Qualifying Common Shares and any Electing Common Shares that would become Qualifying Common Shares if held in such register after an uninterrupted period of at least three years after registration.
<b>“Loyalty Voting Structure”</b>	the special voting share structure, connected with the Special Voting Shares.
<b>“Market Abuse Decree”</b>	the Dutch decree on market abuse ( <i>Besluit melding zeggenschap en kapitaalbelang in uitgevende instellingen Wft</i> ).
<b>“Market Rules”</b>	rules applicable to markets organized and managed by Borsa Italiana applicable as March 3, 2014.
<b>“Master Industrial Agreement”</b>	the master industrial agreement and certain related ancillary agreements entered into with Chrysler.
<b>“Master Transaction Agreement”</b>	the master transaction agreement entered into in April 2009 with Old Carco and adopted by Chrysler.

<b>“Merger” or “Transaction”</b>	the cross-border reverse merger of Fiat with and into FCA.
<b>“Merger Effective Date”</b>	the date of effectiveness of the Merger, <i>i.e.</i> , the day following the Closing Date.
<b>“Monte Titoli”</b>	Monte Titoli S.p.A., the authorized CSD (Central Securities Depository) for centralized administration, settlement and ancillary services in the Italian market.
<b>“MTA”</b>	the Mercato Telematico Azionario, organized and managed by Borsa Italiana.
<b>“New Articles of Association”</b>	the articles of association in the form of the proposed articles of association attached to the Common Merger Terms to be adopted by FCA upon completion of the Merger.
<b>“New Board of Directors of FCA”</b>	the board of directors of FCA appointed by Fiat, as sole shareholder of FCA, on September 26, 2014, to become effective as from the Merger Effective Date.
<b>“NYSE”</b>	the New York Stock Exchange, with principal executive offices at 11 Wall St, New York, NY 10005 (USA).
<b>“Old Carco”</b>	Old Carco LLC formerly known as Chrysler LLC.
<b>“Participation Exemption Regime”</b>	the participation exemption regime applicable to capital gains realized through the disposal of FCA Common Shares by Italian Shareholders which are companies subject to IRES.
<b>“Proceeding”</b>	any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitral or investigative.
<b>“Qualifying Common Shares”</b>	the FCA Common Shares held by the shareholders eligible to receive the Special Voting Shares by virtue of the proper and timely submission of the Election Form upon the Merger which are registered in the Loyalty Register on the occasion of the Merger and continue to be so registered in the name of such shareholder or its Loyalty Transferee(s) (as defined in the New Articles of Association) or, following the Merger, after registration of the FCA Common Shares in the Loyalty Register for an uninterrupted period of at least three years in the name of one and the same shareholder or its Loyalty Transferee(s). For the avoidance of doubt, it is permissible for common shares to be substituted into the Loyalty Register for different common shares without affecting the total number of Qualifying Common Shares or the total number of common shares that would become Qualifying Common Shares after an uninterrupted period of at least three years after registration in the Loyalty Register, held by the shareholder or its Loyalty Transferee(s).
<b>“Registration Statement”</b>	the registration statement on Form F-4, together with all amendments thereto, filed by FCA with the SEC.
<b>“Regular Trading System”</b>	the regular trading system of FCA Common Shares maintained and operated by DTC, or the direct registration system

	maintained by the agent of FCA (i.e. the bank, depositary or trust appointed by the board of directors of FCA from time to time and in relation to the relevant jurisdiction in which FCA's shares are listed for trading).
<b>“Related Party Regulation”</b>	the regulation on related-party transactions approved by Consob through the resolution no. 17221 dated March 12, 2010.
<b>“SEC”</b>	the United States Securities and Exchange Commission, an agency of the United States federal government, with primary responsibility for enforcing U.S. federal securities laws and regulating the securities industry, the nation's stock and options exchanges, and other activities and organizations, including the electronic securities markets in the United States.
<b>“Special Voting Shares”</b>	the special voting shares having a nominal value of €0.01 each to be issued by FCA to those eligible shareholders of Fiat who elect to receive such special voting shares upon completion of the Merger or thereafter in accordance with the New Articles of Association and the Terms and Conditions of the Special Voting Shares.
<b>“Terms and Conditions of the Special Voting Shares”</b>	the terms and conditions that apply to the issuance, allocation, acquisition, holding, repurchase and transfer of Special Voting Shares.
<b>“UAW”</b>	International Union, United Automobile, Aerospace and Agricultural Implement Workers of America.

## SUMMARY

### *Disclaimer*

This summary should be read as introduction to the Information Document (as defined below).

Should a claim relating to the information contained in the Information Document be brought before a court of another Member State, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Information Document before the legal proceedings are initiated.

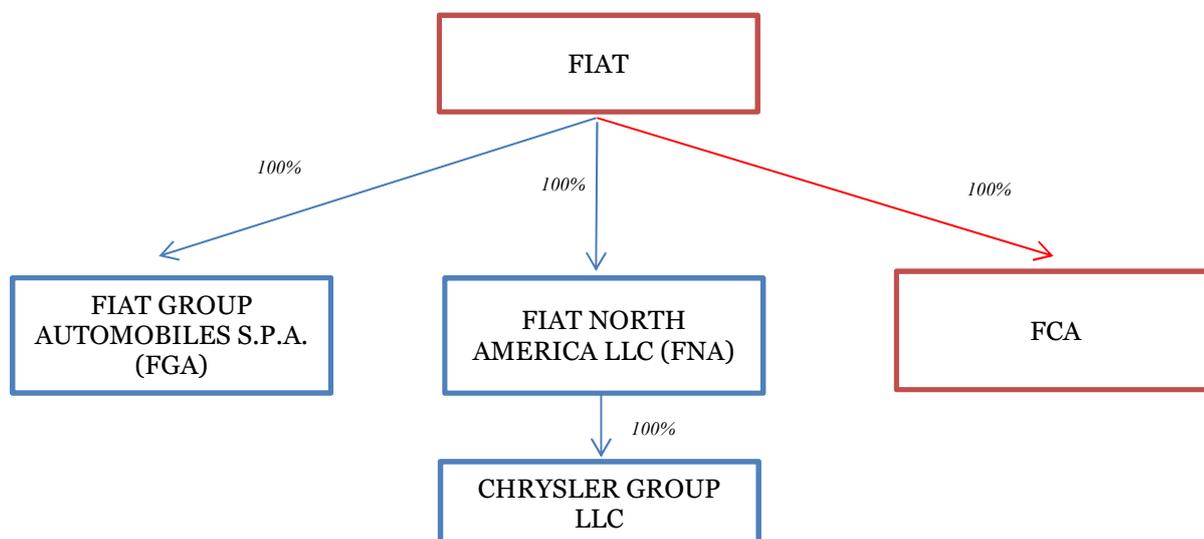
### *Introduction*

On July 17, 2014 Fiat S.p.A. (“**Fiat**”) published an information document prepared in accordance with article 70, paragraph 6, of the regulation for issuers adopted by Consob through resolution no. 11971 of May 14, 1999 (the “**Issuers’ Regulation**”) to provide Fiat’s shareholders and the market with an overview of the proposed reorganization of the Fiat group (Fiat and its subsidiaries prior to the Transaction, or FCA and its subsidiaries, including Chrysler Group LLC (“**Chrysler**”), upon completion of the Transaction, are defined as the “**Fiat Group**” or the “**Group**”) consisting of a cross-border reverse merger by absorption (the “**Merger**” or the “**Transaction**”) of Fiat with and into Fiat Investments N.V., a wholly-owned direct subsidiary of Fiat organized under the laws of the Netherlands, which will be renamed “Fiat Chrysler Automobiles N.V.” upon the effectiveness of the Merger (“**FCA**”), becoming the new holding company of the Group.

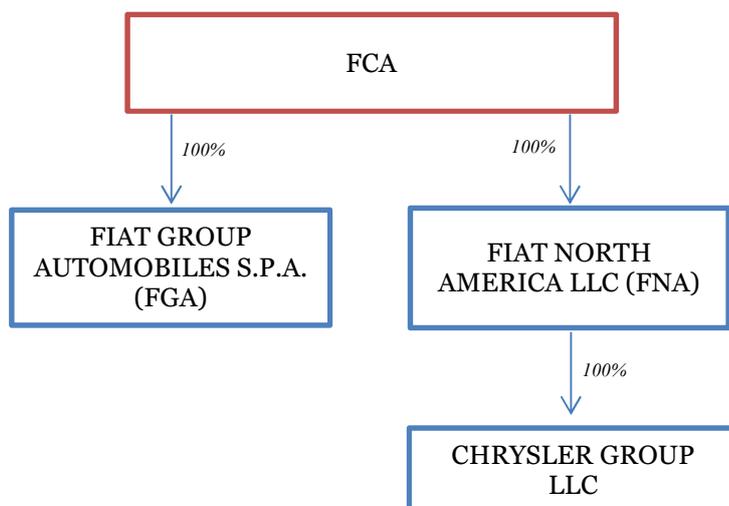
This information document (the “**Information Document**”), that resumes and supplements the contents of the information document published on July 17, 2014, was prepared also pursuant to article 57, paragraph 1, letter (d), of the Issuers’ Regulation for the purpose of the admission to listing on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. (“**MTA**”) of FCA common shares in order to provide information equivalent – according to the opinion of Consob – to the information provided in a listing prospectus.

The Merger qualifies as a cross-border merger within the meaning of the provisions of EU Directive 2005/56/EC of the European Parliament and Council of October 26, 2005 on cross-border mergers of limited liability companies, implemented for Dutch law purposes under Title 2.7 of the Dutch Civil Code (the “**Dutch Civil Code**”) and for Italian law purposes by the legislative decree no. 108 of May 30, 2008 (the “**Legislative Decree 108**”).

Below is the shareholders’ structure of, among the others, the main companies involved in the reorganization process:



As a result of the Merger, Fiat will be merged with and into FCA. Below is the shareholders' structure of the Group following completion of the Merger in relation to the companies involved in the reorganization:



## 1. The Transaction

### *Corporate actions*

As far as the Merger is concerned:

- (a) the common cross-border merger terms relating to the Merger (the “**Common Merger Terms**”) were approved on June 15, 2014 by the board of directors of Fiat and on May 27, 2014 by the board of directors of FCA;
- (b) the Common Merger Terms (together with all the relevant annexes) were filed with the Companies’ Register of Turin on June 23, 2014 and registered on June 26, 2014, for Italian law purposes;
- (c) the Common Merger Terms (together with all the relevant annexes) were filed with the Dutch Trade Register on June 20, 2014 and communicated to the public in the Netherlands through a notice on the newspaper *Het Financieele Dagblad* and on the Dutch State Gazette, on July 11, 2014 for Dutch law purposes; the one-month period established in connection with the possible opposition by creditors to the Merger under Section 2:316 of the Dutch Civil Code started upon the publication of the above mentioned notices and has expired on August 12, 2014, without any creditors opposing the Merger;
- (d) the Common Merger Terms were approved by Fiat shareholders at the relevant extraordinary session of the general meeting of shareholders of Fiat held on August 1, 2014 (the “**Fiat Extraordinary Meeting of Shareholders**”) and by Fiat, as the sole shareholder of FCA, on September 26, 2014;
- (e) the resolution adopted by the Fiat Extraordinary Meeting of Shareholders was registered with the Companies’ Register of Turin on August 5, 2014;
- (f) the term established under Italian law in connection with the opposition by Fiat creditors to the Merger was 60 days from the above mentioned registration date; this term has expired on October 4, 2014;
- (g) as to the cash exit right of Fiat shareholders, the period for the exercise of the cash exit right expired on August 20, 2014; during such period, the cash exit right was exercised in connection with 60,002,027 Fiat ordinary shares for an overall value of €463,635,662.63;
- (h) the shares for which the cash exit right was exercised were offered to other Fiat shareholders at the

cash exit price (*i.e.*, €7.727 per share) starting from September 5 until October 6, 2014 inclusive;

- (i) at completion of the above mentioned offer period, Fiat shareholders had elected to purchase 6,085,630 shares of the total of 60,002,027 shares with respect to which cash exit rights were exercised. Subject to the Merger becoming effective, the purchased shares will be delivered to purchasing shareholders against payment of the cash exit price on the settlement date (expected to be October 14, 2014) and, on the settlement date referred to above, FCA will also pay the cash exit price of €7.727 per share for each of the residual shares. On the same date shareholders that exercised cash exit rights will receive the cash exit price to which they are entitled.

Below is reported the content of the press release issued by Fiat on October 9, 2014 with respect to the results of the offer to Fiat shareholders of the shares for which the cash exit right was exercised:

*“Fiat S.p.A. (“Fiat”) today announced the results of the preemptive offer to Fiat shareholders of the shares with respect to which cash exit rights were exercised in connection with the pending merger of Fiat with and into Fiat Investments NV (to be renamed Fiat Chrysler Automobiles N.V., “FCA”). At completion of the offer period, Fiat shareholders had elected to purchase 6,085,630 shares of the total of 60,002,027 shares with respect to which cash exit rights were exercised.*

*Fiat has determined not to exercise its right to offer on the market the residual shares with respect to which cash exit rights were exercised and therefore, subject to the merger becoming effective, the purchased shares will be delivered to purchasing shareholders against payment of the cash exit price on the settlement date (expected to be October 14, 2014).*

*Subject to the merger becoming effective, on the settlement date referred to above, FCA will also pay the cash exit price of €7.727 per share for each of the residual shares and on the same date shareholders that exercised cash exit rights will receive the cash exit price to which they are entitled.”*

On the Closing Date, Fiat and FCA will execute before a civil law notary, residing in the Netherlands, the deed of merger relating to the Merger and the Merger will become effective on the day following the execution of such notarial deed (the “**Merger Effective Date**”).

The accounting effects of the Transaction will be recognized in FCA’s annual accounts from January 1, 2014 and the financial information with respect to the assets, liabilities and other legal relationships of Fiat will be reflected in the annual accounts of FCA as of January 1, 2014, and, as a result of the above, the accounting effects of the Merger will be recognized in FCA’s annual accounts from that date. For further information on the accounting effects of the Transaction, please refer to Section 2.1.2.7 below.

#### *The Exchange Ratio*

In connection with the Merger, on the Merger Effective Date each Fiat shareholder shall receive one (1) newly allotted FCA Common Share (having a nominal value of €0.01 each) (each, an “**FCA Common Share**”) for each ordinary share held in Fiat (having a nominal value of €3.58 each) (the “**Exchange Ratio**”). No other payments shall be made pursuant to the Exchange Ratio in connection with the Merger.

The Exchange Ratio, approved by the boards of directors of Fiat and FCA, was examined for the purpose of the issuance of the opinion on its fairness by the experts appointed by Fiat and FCA pursuant to Section 2:328 of the Dutch Civil Code. For further information on the Exchange Ratio, please refer to Section 2.1.2.3 below.

#### *Conditions precedent*

The effectiveness of the Merger was subject to certain closing conditions. As of the date of this Information Document, all the conditions precedent are met.

For further information on the conditions precedent to the Transaction, please refer to Section 2.1.2.1 below.

#### *Reasons for the Transaction*

The main purpose of the Merger is to better reflect the increasingly global nature of the Group's business, enhance its appeal to international investors and facilitate the listing and trading of FCA Common Shares on the NYSE, taking into account the recently completed acquisition by Fiat, through a subsidiary, of the approximately 41.5% interest in Chrysler that it did not already own.

The Fiat board of directors believes that an Italian holding company and a sole Italian listing are no longer optimal for the increasingly global character of the Group's business also in the light of the capital markets needs of the business. The reorganization, of which the Merger forms a part, is expected to:

- create a well-established, investor friendly corporate form that will improve flexibility in raising capital or making strategic acquisitions or investments in the future;
- enhance the access to capital with the dual listing on the NYSE and the MTA that will improve the liquidity of the shares, as well as provide the ability to access a deeper pool of equity and debt financing sources; and
- increase the strategic flexibility of the Group to pursue attractive acquisition and strategic investments opportunities and reward long-term shareholding.

For further information as to the reasons for the Transaction, please refer to Section 2.2 below.

### Risk factors

*Below is a brief and non-exhaustive description of the main risks and uncertainties relating to the Transaction illustrated in this Information Document. However, investors are invited to read and consult Section 1 of this Information Document including a more detailed and complete description of these risks and uncertainties.*

### Main risks and uncertainties relating to the issuer and the Group

- a) Risks associated with the change of the nationality of the issuer
  - The FCA Common Shares to be allocated to Fiat shareholders in connection with the Merger will carry different rights from the Fiat ordinary shares
- b) Risks associated with forward-looking statements contained in the Information Document
  - Actual results may differ materially from those expressed in forward-looking statements as a result of a variety of factors
- c) Risks associated with vehicle sales deterioration
  - The Group's success depends on reaching certain minimum vehicle sales volumes. If the vehicle sales deteriorate, the Group's results of operations and financial condition may suffer
- d) Risks associated with the outstanding indebtedness of the Group
  - The Group has outstanding indebtedness, which may limit its ability to obtain additional funding on competitive terms and limit the Group's financial and operating flexibility
  - Difficulty in obtaining financing or refinancing existing debt could impact the Group's performance
- e) Risks associated with covenants in the Group's debts agreements
  - Covenants in certain of the Group's debts agreements could limit its financial and operating

flexibility

- f) Risks associated with the effects of the Merger over the existing contracts
  - The failure to obtain any necessary waiver or consent could have a material adverse effect on the Group's business
- g) Risks associated with Chrysler's debt instruments
  - Restrictions arising out of Chrysler's debt instruments may hinder the Group ability to manage its operations on a consolidated, global basis
- h) Risks associated with currency and interest rate fluctuations and credit exposure
  - The Group's financial performance is subject to currency exchange rate fluctuations and interest rate changes
- i) Risks associated with the credit ratings of the companies participating in the Merger
  - Any downgrade by rating agencies could increase the Group's cost of capital and potentially limit its access to sources of financing with a consequent material adverse effect on its business prospects, earnings and/or financial position
- j) Risks associated with the Group's pension plans and other post-employment obligations
  - The Group's defined benefit pension plans are underfunded and, to this extent, the Group will have to use cash flows from operations and other sources to pay its obligations as they become due
- k) Risks associated with pending legal proceedings
  - The Group's business operations may be impacted by various types of claims, lawsuits and other contingent obligations
- l) Risks associated with employees relationships
  - Labor laws and labor unions could impact the Group's ability to modify operations and reduce costs quickly in response to changing market conditions
- m) Risks associated with increases in costs, disruption of supply or shortage of raw materials
  - Prices for raw materials can fluctuate and access to supply may be constrained
- n) Risks associated with the operation of the Group in a worldwide sector
  - The Group is naturally exposed to the usual risks affecting any worldwide markets operator
- o) Risks associated with the loss of certain Executive Officers
  - The loss of certain Executive Officers, including Chief Executive Officer Mr. Sergio Marchionne, could have an adverse effect on the business of the Group
- p) Risks associated with the inability to provide adequate access to financing for the Group's dealers and retail customers
  - The Group may not be able to provide adequate access to financing for its dealers and retail customers, which may result in lower vehicle sales and adversely affect the Group's financial condition and results of operations
- q) Risks associated with availability of affordable interest rates for vehicle financing
  - Vehicle sales depend heavily on affordable interest rates for vehicle financing
- r) Risks associated with product recalls

- Product recalls and warranty obligations may result in direct costs, and loss of vehicle sales could have a material adverse effect on the Group's business
- s) Risks associated with the expected benefits from the integration with Chrysler
- The Group may not achieve the expected benefits from the integration of its operations
- t) Risks associated with the Group's ability to achieve cost reductions and to realize production efficiencies
- The Group's ability to achieve cost reductions and to realize production efficiencies is critical to maintaining its competitiveness and long-term profitability
- u) Risks associated with the failure to maintain adequate financial and management processes and controls
- Failure to maintain adequate financial and management processes and controls could lead to errors in the Group's financial reporting, which could harm its business reputation
- v) Risks associated with possible disruptions in its information technology
- A disruption in the Group information technology could compromise confidential and sensitive information
- w) Risks associated with the failure to adequately protect the Group's intellectual property rights
- The Group may not be able to adequately protect the Group's intellectual property rights, which may harm its business

#### Main risks and uncertainties relating to the Transaction

- a) Risks associated with taxation of the shareholders deriving from the Loyalty Voting Structure
- Tax consequences of the Loyalty Voting Structure are uncertain
- b) Risks associated with FCA taxation
- FCA intends to operate so as to be treated as exclusively resident in the United Kingdom for tax purposes, but the relevant tax authorities may treat it as also being tax resident elsewhere
  - The U.K.'s controlled foreign companies taxation rules may reduce net returns to shareholders
  - The existence of a FCA permanent establishment in Italy after the Transaction is a question of fact based on all the actual circumstances
  - The Merger will likely result in the immediate charge of an Italian Exit Tax, however, Fiat expects that taxable gains may be largely offset by tax losses available to the Group.
  - The continuation of the Fiscal Unit in the hands of the Italian P.E. is uncertain and subject to a mandatory ruling request
- c) Risks associated with directors and Executive Officers of Fiat having interests in relation to the Merger
- Certain of Fiat's directors and Executive Officers may have interests that may be different from those of other Fiat shareholders

#### Main risks and uncertainties relating to the sector in which the Group operates

- a) Risks associated with the high level of competitiveness and cyclicity in the industries in which the Group operates
- The automotive industry is highly competitive and cyclical and the Group may suffer from those factors more than some of its competitors

- b) Risks associated with the Group's reliance on joint ventures in certain emerging markets
  - The Group is exposed to risk of conflict with its joint venture partners in emerging markets being not able to timely respond to changes in markets dynamics, with an adverse effect on the Group's financial conditions and results of operations
- c) Risks associated with environmental and other governmental regulation
  - Laws, regulations and governmental policies, including those regarding increased fuel economy requirements and reduced greenhouse gas emissions, may have a significant effect on how the Group does business and may adversely affect the results of operations
- d) Risks associated with the ability to offer innovative products
  - The Group's future performance depends on its ability to enrich the product portfolio and offer innovative products
- e) Risks associated with the different political, economic, regulatory and legal conditions of the countries in which the Group operates
  - The Group is subject to risks relating to international markets and exposure to changes in local conditions
- f) Risks associated with general economic conditions
  - The Group businesses are affected by global financial markets and general economic and other conditions over which it has little or no control

Main risks and uncertainties relating to the financial instruments

- a) Risks associated with the FCA Common Shares listing on the NYSE and MTA
  - Absence of a trading market prior to the Transaction for FCA Common Shares
  - FCA maintenance of two exchange listings may adversely affect liquidity in the market for FCA Common Shares and result in pricing differentials of FCA Common Shares between the two exchanges
- b) Risks associated with the issuance and allocation of Special Voting Shares
  - The Loyalty Voting Structure implemented in connection with the Merger may concentrate voting power in a small number of FCA shareholders and such concentration may increase over time
  - The Loyalty Voting Structure may affect the liquidity of the FCA Common Shares and adversely affect the market price of FCA Common Shares
  - The Loyalty Voting Structure may prevent or frustrate attempts by FCA shareholders to change FCA's management and hinder efforts to acquire a controlling interest in FCA, and the market price of FCA Common Shares may be lower as a result
- c) Risks associated with dilution from the issuance of FCA Common Shares or equity-linked securities
  - FCA Common Shares may be diluted by issuances of FCA Common Shares or securities convertible into or exercisable for FCA Common Shares
- d) Risks associated with volatility in the share price of FCA
  - The market price of the FCA Common Shares may decline following closing of the Merger

**2. The issuer**

FCA has its corporate seat (*statutaire zetel*) in Amsterdam, the Netherlands.

As of the date of this Information Document, the subscribed and paid-in share capital of FCA totaled €350,000.00, consisting of 35,000,000 FCA shares having a nominal value of €0.01 each.

As provided for by Section 6.1 of the Common Merger Terms, all 35,000,000 FCA shares currently held by Fiat and any additional FCA shares issued to or otherwise acquired by Fiat that are held by Fiat at the time of completion of the Merger will not be cancelled in accordance with Section 2:325, paragraph 3, of the Dutch Civil Code, but will continue to exist as FCA Common Shares held by FCA in treasury. Under Dutch law and the New Articles of Association (as defined below), FCA Common Shares that are held in treasury are not entitled to any distribution or voting rights. These treasury shares may be offered and allocated for trading on the market by FCA after the Merger in accordance with applicable laws and regulations for any purpose, including to help develop a more liquid trading market for FCA Common Shares on the NYSE. FCA may take technical steps prior to completion of the Merger (including the preparation and filing with the foreign competent authorities of registration documents containing no material information additional to that contained in this Information Document) to facilitate such transactions, but FCA will not proceed with any such transaction unless it has been presented to and approved by the New Board of Directors of FCA following the Merger.

In addition, following the Merger, newly-issued FCA Common Shares and/or FCA Common Shares held in treasury may also be used to service certain incentive plans, approved by FCA prior to or after the Merger Effective Date, for the benefit of certain FCA's directors and employees.

It is expected that the number of FCA Common Shares to be allocated to Fiat shareholders upon closing of the Merger will be a maximum of 1,250,963,898 shares (without taking into account treasury shares) for an overall par value of €12,509,638.98, as a result of the application of the Exchange Ratio to the number of outstanding Fiat ordinary shares as of the date of this Information Document.

Upon the Merger becoming effective, the authorized share capital of FCA will be equal to € 40,000,000.00 divided into 2,000,000,000 FCA Common Shares and 2,000,000,000 Special Voting Shares, all having a nominal value of €0.01 each.

The FCA Common Shares which will be allocated to the shareholders of Fiat in connection with the Merger will be issued on the Merger Effective Date following the execution of the notarial deed to consummate the Merger, by operation of law.

Upon completion of the Merger, FCA's articles of association, which include the new corporate name to be adopted by FCA, "Fiat Chrysler Automobiles N.V.," will be in the form of the proposed articles of association attached to the Common Merger Terms as Schedule 4 (the "**New Articles of Association**"). In accordance with the New Articles of Association, it is specified that shareholders' meetings of FCA will be held in Amsterdam or Haarlemmermeer (Schiphol Airport), the Netherlands.

FCA Common Shares shall be registered shares represented by an entry in the share register of FCA. The board of directors of FCA may determine that, for the purpose of trading and transfer of shares on a foreign stock exchange, such share certificates shall be issued in such form as shall comply with the requirements of such foreign stock exchange. A register of shareholders will be maintained by FCA in the Netherlands and a branch register will be maintained in the U.S. on FCA's behalf by the transfer agent in the United States (*i.e.*, Computershare US) and in Italy (*i.e.*, Computershare S.p.A., previously named Servizio Titoli S.p.A., Turin branch office, Via Nizza 262/73).

Beneficial interests in FCA Common Shares that are traded on the NYSE will be held through the book-entry system provided by the Depository Trust Company ("**DTC**") and will be registered in FCA's register of shareholders in the name of Cede & Co., as DTC's nominee. Beneficial interests in the FCA Common Shares traded on the MTA will be held through Monte Titoli S.p.A. ("**Monte Titoli**"), as a participant of DTC.

As of the date of this Information Document, the Current Members of the FCA Board are as follows:

<u>Name</u>	<u>Position</u>
Sergio Marchionne	Executive Director and CEO
Richard K. Palmer	Executive Director
Derek J. Neilson	Non-executive Director

According to the information already communicated to the public on August 1, 2014, Fiat, as the sole shareholder of FCA, resolved upon, on September 26, 2014 the appointment the New Board of Directors of FCA, such resolution becoming effective as of the Merger Effective Date. The New Board of Directors of FCA will entirely replace the current board of directors of FCA (except for Mr. Marchionne, who is a member of the current board of directors of FCA and the New Board of Directors of FCA). The New Board of Directors of FCA (in its entirety) will be effective until the first annual general meeting of shareholders of FCA to be held in 2015. The New Board of Directors of FCA will consist of 11 members as follows:

<u>Name</u>	<u>Position</u>
John Elkann	Executive Director
Sergio Marchionne	Executive Director
Andrea Agnelli	Non-executive Director
Tiberto Brandolini d'Adda	Non-executive Director
Glenn Earle	Non-executive Director
Valerie A. Mars	Non-executive Director
Ruth J. Simmons	Non-executive Director
Ronald L. Thompson	Non-executive Director
Patience Wheatcroft	Non-executive Director
Stephen M. Wolf	Non-executive Director
Ermenegildo Zegna	Non-executive Director

As of the Merger Effective Date and pursuant to the New Articles of Association, the New Board of Directors of FCA will identify, among other things, the members who qualify as “independent directors” pursuant to applicable laws and regulations (*i.e.*, within the meaning of Section 303A of the listing rules of the NYSE and Rule 10A-3 under the U.S. Securities Exchange Act of 1934, the “**Exchange Act**”, and within the meaning of the Chapter III.2 of the Dutch Corporate Governance Code) and will also grant to certain members thereof specific duties and titles (for example, the New Board of Directors of FCA will designate, among the others, the Chairman). FCA will communicate to the public the relevant information pursuant to applicable laws and regulations.

It is to be noted that no financial information relating to FCA is presented in this Information Document in light of the fact that FCA has had no operations since the date of its incorporation other than activities in preparation for the Transaction. The first financial year of FCA will end on December 31, 2014 and, therefore, as of the date of this Information Document no financial statements yet have been adopted.

#### *FCA Common Shares*

As already described, based on the Exchange Ratio, Fiat shareholders will receive one (1) FCA Common Share for each ordinary share held in Fiat.

The rights pertaining to current Fiat shareholders (becoming FCA shareholders) will change upon effectiveness of the Merger in light of the fact that FCA will be a Dutch company governed by Dutch law

and the New Articles of Association. For further information as to the rights attached to FCA Common Shares, please refer to Section 2.1.1.3 below and to the appendix to this Information Document containing the summary comparison of (a) the current rights of Fiat shareholders under Italian law and Fiat by-laws; and (b) the rights Fiat shareholders will have as FCA shareholders upon the effectiveness of the Merger under Dutch law and the New Articles of Association.

As to the tax consequences for Fiat shareholders of owning FCA Common Shares and participating in the Loyalty Voting Structure, please refer to Section 2.1.2.8 below.

FCA Common Shares are freely transferable. However, a transfer or disposal by an FCA shareholder of Electing Common Shares or Qualifying Common Shares requires deregistration from the Loyalty Register and all related Special Voting Shares held by such shareholder shall then be transferred to FCA for no consideration.

### *Special Voting Shares*

In order to foster the development and continued involvement of a core base of long-term shareholders in a manner that reinforces the Group's stability, as well as providing FCA enhanced flexibility in pursuing strategic opportunities in the future, the New Articles of Association provide for a special-voting structure that rewards shareholder loyalty (the "**Loyalty Voting Structure**"). The purpose of the Loyalty Voting Structure is to reward long-term ownership of FCA Common Shares and promote stability of the FCA shareholders-base by granting long-term FCA shareholders with Special Voting Shares to which one voting right is attached additional to the one granted by each FCA Common Share that they hold.

As explained in the Common Merger Terms and its annexes, FCA will issue Special Voting Shares with a nominal value of €0.01 each to those shareholders of Fiat or, following the completion of the Merger, FCA shareholders, as the case may be, who are eligible for and elect to receive such Special Voting Shares upon completion of the Merger or following the completion of the Merger pursuant to the Terms and Conditions of the Special Voting Shares.

The purpose of the Special Voting Shares is to grant long-term FCA shareholders an extra voting right by means of granting an additional Special Voting Share, without granting such shareholders with any economic rights additional to the ones pertaining to the FCA Common Shares.

The Special Voting Shares have immaterial economic entitlements, as described below. As a matter of Dutch law, such Special Voting Shares cannot be fully excluded from economic entitlements. Therefore, the New Articles of Association provide that only a minimal dividend accrues to the Special Voting Shares allocated to a separate special dividend reserve. In this respect, FCA maintains a separate dividend reserve for the Special Voting Shares for the sole purpose of the allocation of the mandatory minimal profits that accrue to the Special Voting Shares. The Special Voting Shares shall not carry any entitlement to any other reserve of FCA; any distribution out of the special voting rights dividend reserve of FCA or the partial or full release of such reserve will require a prior proposal from the board of directors of FCA and a subsequent resolution of the meeting of holders of Special Voting Shares. The meeting of holders of Special Voting Shares meets as often as the board of directors of FCA calls it; however, there are no rights granted to this particular meeting other than the right to resolve upon the distribution of the special voting shares dividend reserve. From the profits shown in the adopted annual accounts, such amounts shall be reserved as the board of directors of FCA may determine. The profits remaining after such reservation shall be applied to allocate and add an amount of 1% of the aggregate nominal value of all outstanding Special Voting Shares to the Special Voting Shares dividend reserve. In accordance with the New Articles of Association, the Special Voting Shares shall not carry any other entitlement to the profits.

Special Voting Shares are transferable exclusively in very limited circumstances, as described below, and are not admitted to listing. No shareholder shall, directly or indirectly: (a) sell, dispose of or transfer any Special Voting Share or otherwise grant any right or interest therein; or (b) create or permit to exist any pledge, lien, fixed or floating charge or other encumbrance over any Special Voting Share or any interest in any Special

## Voting Share.

In light of the fact that FCA shares (both FCA Common Shares and Special Voting Shares) are issued under Dutch law, any matter relating to these shares will be governed under Dutch law, the New Articles of Association and the Terms and Conditions of the Special Voting Shares respectively.

The Special Voting Shares are a separate class of shares in the share capital of FCA. The Special Voting Shares are issued in accordance with Dutch law that is also applicable to issuance of the common shares in the share capital of FCA.

*Indicative timeline*

Below is a chart including the indicative timeline of the Transaction:

<b>Item</b>	<b>Date</b>
Registration Statement filed and declared effective	July 3 and July 8, respectively
Publication of the information document	July 17
Approval of the Merger by Fiat Extraordinary Meeting of Shareholders	August 1
Clearance to apply for listing on the NYSE	August 7
Filing with Borsa Italiana for admission to MTA	September 11
Approval of the Merger by Fiat, as the sole shareholder of FCA	September 26
End of the opposition period by Fiat creditors under Italian law	October 4
Closing of the offer period to Fiat shareholders of the shares of Fiat submitted for redemption	October 6
Authorization for listing on the NYSE of FCA Common Shares	October 6
Admission to trading of FCA Common Shares on the MTA	October 6
Execution of the merger deed	October [11]
Merger Effective Date	October [12]
Publication of this Information Document	October [12]
Listing on the NYSE	October [13]
Listing on the MTA	October [13]

**1. RISK FACTORS**

Following is a brief description of risks and uncertainties relating to the Transaction described in this Information Document that could potentially have a significant impact on the activities of Fiat and the Fiat Group.

Other risks and uncertainties, which are currently unforeseeable or considered to be unlikely, could also have a significant influence on the operating performance, financial position and future prospects of the Fiat Group.

**1.1 MAIN RISKS AND UNCERTAINTIES RELATING TO THE ISSUER AND THE GROUP****1.1.1 Risks associated with the change of the nationality of the issuer**

The FCA Common Shares to be allocated to Fiat shareholders in connection with the Merger will carry different rights from the Fiat ordinary shares.

In particular, at the effective time of the Merger, each outstanding Fiat ordinary share will be converted into one FCA Common Share. As of such time, Fiat shareholders will no longer be holders of Fiat ordinary shares, but will instead be holders of FCA Common Shares. There are certain differences between their current rights as holders of Fiat ordinary shares and the rights to which they will be entitled as holders of FCA Common Shares and protections granted under Italian law to current Fiat shareholders may not be available (or, in any case, differ) under Dutch law. In this regard, the most significant differences are as follows: (i) shareholders' meetings of FCA will be held in Amsterdam or Haarlemmermeer (Schiphol Airport), the Netherlands; (ii) FCA shareholders will be subject to a threshold (10%) higher than the one currently applied to Fiat shareholders (5%) in order to call a shareholders' meeting; (iii) under Dutch law, there is no provision expressly regulating the solicitation of proxies, while under Italian law, one or more of Fiat shareholders (or Fiat or any other eligible person) can solicit other shareholders' proxies in accordance with established rules and protocols; (iv) FCA shareholders will not have a cash exit right comparable to the one currently pertaining to Fiat shareholders under Italian law, and (v) under the New Articles of Association (that will become effective at the Merger Effective Date) the New Board of Directors of FCA is designated as the authorized body to limit or exclude the rights of pre-emption of shareholders in connection with the issuance of FCA Common Shares for a 5-year term as described in more detail in Section 2.1.1.3 below (following the Merger, and for as long as the designation of the New Board of Directors of FCA for this purpose is in force, rights of pre-emption may be limited or excluded whenever an appropriate resolution of the New Board of Directors of FCA is passed and not only in certain specific cases provided by the law, as under Italian law).

For further information on the differences between the current rights of Fiat shareholders and the rights to which they will be entitled as holders of FCA Common Shares, please see the appendix to this Information Document.

**1.1.2 Risks associated with forward-looking statements contained in the Information Document**

This Information Document contains forward-looking statements concerning FCA following completion of the Merger. These elements do not represent statements of fact but are based on current expectations and projections of the companies party to the Merger in relation to future events and, by their nature, are subject to inherent risks and uncertainties. Earnings estimates and projections are based on specific knowledge of the sector, publicly available data, and past experience. These forward-looking statements relate to events and depend on circumstances that

may or may not occur or exist in the future, and, as such, undue reliance should not be placed on them. Actual results may differ materially from those expressed in such statements as a result of a variety of factors, some of which are referred to in this Section 1, most of which are outside of the control of the companies participating in the Merger.

In particular, the forward-looking statements included in the Group’s business plan for the period 2014-2018 presented on May 6, 2014 (the “**Business Plan**” or “**Plan**”) and referred to under Section 6 of this Information Document are mainly referred to projections, that are based on a series of assumptions regarding future events and actions that the Group intends to undertake, including assumptions about future events and actions that may not occur. As the projections are based on assumptions about future events and actions to be taken by management, the projections inherently contain elements of subjectivity and uncertainty. In particular, the risk that expected events and actions dependent on such events may not occur or that the degree or timing may differ from expectations, while, conversely, events and actions may occur that were not foreseeable at the time the Projections were made. This risk, which is intrinsic to the projections given the general uncertainty of predictions of any nature, increases progressively over the Plan period and is further accentuated by the intrinsic uncertainties presented by current macro-economic conditions, which may differ significantly in the different markets in which the Group operates worldwide. Consequently, changes between actual results and Plan targets could be significant, even if the events considered in the hypothetical assumptions described under Section 6 below occur.

In any event, as of the date of this Information Document, taking into account the Group’s trading performance to June 30, 2014, as well as the subsequent developments until the date of this Information Document, it is reasonable to confirm that the outlook for 2014, as identified in the Plan, may be achieved. In connection with the publication of financial results for the period ended September 30, 2014, management and the New Board of Directors of FCA will analyze financial information currently not yet available, including results for such period. Consistent with Fiat’s historical practice, the Group will provide any update to the financial guidance in connection with the Group’s financial results expected to be published at the end of October. With respect to the Group’s trading performance to June 30, 2014, as well as the developments thereafter, please refer to Section 6.1 below.

The Plan targets are based on a series of assumptions, among which one of the most significant is the expected growth of the demand for vehicles in the markets where the Group operates associated with the Group’s targets for volume growth as reported in the following table:

	<b>2013-2018 expected volumes growth (CAGR)</b>	
<b>Region</b>	<b>Group</b>	<b>Industry</b>
<b>Nafta</b>	~8%	1.4%
<b>Latam</b>	~8%	3.2%
<b>Apac</b>	~40%	5.5%
<b>Emea</b>	~6%	3.4%

In the NAFTA region, where the Group recorded 2.1 million vehicle sales and an EBIT margin of 4.8% in 2013, the Business Plan targets a volume of 3.1 million vehicle sales and an EBIT margin in the 6% - 7% range for 2018. The Company believes that management of the Group’s cost structure would allow it to maintain an EBIT break-even level for NAFTA at vehicle sales volumes of 1.5 million a year. Similarly, in the LATAM region, where the Group recorded 0.9 million vehicle sales and an EBIT margin of 6.2% in 2013, the Business Plan targets a volume of 1.3

million vehicle sales and an EBIT margin exceeding 10% for 2018. The Company believes that management of the Group's cost structure would allow it to maintain an EBIT break-even level for LATAM at vehicle sales of 0.7 million vehicles a year. In the EMEA region, where market conditions remained weak, the Group reported sales of 0.7 million passenger cars and 250 thousand light commercial vehicles and negative EBIT of €0.5 billion in 2013. These volumes do not allow to reach the break-even in the EMEA region. Regarding APAC, it is not currently possible to make break-even considerations due to the Group's relatively small industrial footprint in the region.

In addition, the Plan assumes, among other things, that no cash is used to pay dividends to shareholders and that there are no capital increases during the Plan period.

As of the date of this Information Document, no resolution has been adopted in respect of transactions that may impact the Group's capital structure; however, the Group continuously considers financing and other opportunities available on the market and may carry out capital market transactions. The Group may refinance indebtedness falling due in the 12-month period following the date of this Information Document and may carry out capital market transactions in accordance with its financing and liquidity management practices; these transactions can be carried out at any time, regardless the roll-out of the Plan and the achievement of related targets.

For further information on the Plan, please refer to Section 6.

### **1.1.3 Risks associated with vehicle sales deterioration**

The Group's success requires it to achieve certain minimum vehicle sales volumes. As is typical for an automotive manufacturer, the Group has significant fixed costs and, therefore, changes in vehicle sales volume can have a disproportionately large effect on profitability.

From 2011 to 2013, the Group's market share of the European passenger car market decreased from 7.0% to 6.0%, and the Group has reported losses and negative EBIT in each of the past three years in the Europe, Middle East and Africa, or EMEA, segment, recording negative EBIT of €520 million in 2013, a negative EBIT of €737 million in 2012 and a negative EBIT of €897 million on a pro forma basis in 2011.

For example, assuming constant pricing, mix and cost of sales per vehicle, that all results of operations were attributable to vehicle shipments and that all other variables remain constant, a 10% decrease in Group vehicle shipments would reduce Group EBIT (earnings before interest and taxes, as reported in the Fiat Group Consolidated Financial Statements at December 31, 2013) by approximately 40%, without accounting for actions and cost containment measures the Group may take in response to decreased vehicle sales.

Further, a shift in demand away from the Group's minivans, larger utility vehicles and pick-up trucks in the NAFTA region towards passenger cars, whether in response to higher fuel prices or other factors, could adversely affect the Group profitability in the NAFTA region. The Group's minivans, larger utility vehicles and pick-up trucks accounted for approximately 47% of the Group's total U.S. retail vehicle sales in 2013 and the profitability of this portion of the Group's portfolio is approximately 20% higher than that of the Group's overall U.S. retail portfolio on a weighted average basis. A shift in consumer preferences in the U.S. vehicle market away from minivans, larger utility vehicles and pick-up trucks and towards passenger cars could adversely affect the Group's profitability. For example, a shift in demand such that U.S. industry market share for minivans, larger utility vehicles and pick-up trucks deteriorated by 10 percentage points and U.S. industry market share for cars and smaller utility vehicles increased by 10 percentage points, whether in response to higher fuel prices or other factors, holding other variables constant, including the Group's market share of each vehicle segment, would have reduced the Group's

EBIT by approximately 4% for 2013. This estimate does not take into account any other changes in market conditions or actions that the Group may take in response to shifting consumer preferences, including production and pricing changes. Moreover, the Group tends to operate with negative working capital as the Group generally receives payments from vehicle sales to dealers within a few days of shipment, whereas there is a lag between the time when parts and materials are received from suppliers and when the Group pays for such parts and materials; therefore, if vehicle sales decline the Group will suffer a significant negative impact on cash flow and liquidity as the Group continues to pay suppliers during a period in which the Group receives reduced proceeds from vehicle sales. If vehicle sales do not increase, or if they were to fall short of the Group's assumptions, due to financial crisis, renewed recessionary conditions, changes in consumer confidence, geopolitical events, inability to produce sufficient quantities of certain vehicles, limited access to financing or other factors, the Group's financial condition and results of operations would be materially adversely affected.

For further information as to the projections for the Plan period, please refer to Section 6.1.

#### **1.1.4 Risks associated with the outstanding indebtedness of the Group**

The Group's future performance will depend on, among other things, its ability to finance debt repayment obligations and planned investments from operating cash flow, available liquidity, the renewal or refinancing of existing bank loans and/or facilities and possible access to capital markets or other sources of financing. Although the Group has measures in place that are designed to ensure that adequate levels of working capital and liquidity are maintained, declines in sales volumes could have a negative impact on the cash-generating capacity of its operating activities. The extent of the Group's indebtedness could have important consequences on its operations and financial results, including:

- the Group may not be able to secure additional funds for working capital, debt service requirements or general corporate purposes;
- the Group may not be able to obtain additional sources of financing for capital expenditures, with particular respect to financial resources required to develop and commercialize vehicles incorporating sustainable technologies for the future which require material financial resources;
- the Group may need to use a portion of its projected future cash flow from operations to pay principal and interest on its indebtedness, which may reduce the amount of funds available to the Group for other purposes;
- the Group may be more financially leveraged than some of its competitors, which could put it at a competitive disadvantage; and
- the Group may not be able to adjust rapidly to changing market conditions, which may make it more vulnerable to a downturn in general economic conditions or its business.

The Group may refinance indebtedness falling due in the 12-month period following the date of this Information Document and may carry out capital market transactions in accordance with its financing and liquidity management practices. The operating cash flows, main funding operations and liquidity of the Fiat Group excluding Chrysler are centrally managed with the aim of ensuring effective and efficient management of the Group's funds. Chrysler currently manages its liquidity independently. Additionally, as part of its activities the Group regularly carries out funding operations on the various financial markets which may take on different technical forms and which are aimed at ensuring that it has an adequate level of current and future liquidity.

The table below reports the amount of the Group's debt and net equity for the reference financial periods of this Information Document:

(€ million)	At December 31, 2011	At December 31, 2012	At December 31, 2013	At June 30, 2014
A) Gross Debt	27,093	28,303	30,283	31,996
B) Cash and marketable securities	17,725	17,913	19,702	18,719
C) Net Industrial Debt	6,866	6,950	7,014	9,704
D) Net Equity	9,711	8,369	12,584	9,890
<i>Gross Debt/Net Equity (A/D)</i>	<i>2.8x</i>	<i>3.4x</i>	<i>2.4x</i>	<i>3.2x</i>
<i>Net Industrial Debt/Net Equity (C/D)</i>	<i>0.7x</i>	<i>0.8x</i>	<i>0.6x</i>	<i>1.0x</i>

Excluding the impacts on profits and losses deriving from the re-measurement of liabilities related to employees benefits, resulting in a €1.8 billion decrease in net equity for 2012 and a €2.9 increase for 2013, leverage (debt to equity ratio) in the 2012-2013 period was gradually reduced, with consolidated debt remaining substantially stable and an increase in net equity driven by net income in the relevant period. During the first half of 2014, debt to equity ratio grew mainly due to the acquisition of a minority ownership in Chrysler from the VEBA Trust, resulting in a growth of the Group net debt of €2.7 billion with a corresponding decrease of the net equity.

In the table here below the amounts of net financial indebtedness at June 30, 2014 and 2013 are compared with those at August 31, 2014 and 2013 respectively. The amounts of net financial indebtedness at August 31 for both periods here reported are based on the Group's internal data and were not submitted to any audit or review procedure. Moreover they do not reflect all valuations and accruals processes that would be performed in connection with the Group's quarterly reporting.

(€ billion)	At August 31, 2014	At June 30, 2014	At August 31, 2013	At June 30, 2013 (*)
a) Liquidity	14.3	18.7	13.6	18.0
b) Current financial receivables	3.8	4.4	4.2	4.7
c) Current debt	8.0	9.5	4.8	5.2
<b>d) Net current financial indebtedness (c)-(b)-(a)</b>	<b>(10.1)</b>	<b>(13.7)</b>	<b>(12.9)</b>	<b>(17.4)</b>
e) Non-current financial indebtedness	23.6	22.9	22.8	23.5
<b>f) Net financial indebtedness (d)+(e)</b>	<b>13.5</b>	<b>9.1</b>	<b>9.9</b>	<b>6.1</b>
<b>g) Total own capital (**)</b>	<b>9.5</b>	<b>9.5</b>	<b>6.4</b>	<b>6.4</b>
<b>Total own capital and debt (g)+(e)+(c)</b>	<b>41.2</b>	<b>41.9</b>	<b>34.1</b>	<b>35.2</b>

(\*) As originally reported

(\*\*) It does not include the comprehensive income for the periods subsequent to June 30.

The increase in net financial indebtedness from June 30 to August 31 in both periods considered reflects the recurring seasonal trend due to the planned reduction in the operations during summer time, principally in Europe and North America.

The continuation of a difficult economic situation in the markets in which the Group operates and the uncertainties that characterize the financial markets necessitate giving special attention to the management of liquidity risk. In that sense measures taken to generate funds through operations and to maintain a conservative level of available liquidity are an important factor for ensuring operational flexibility and addressing strategic challenges over the next few years.

Among the anticipated benefits of the corporate reorganization announced in January 2014 is the expected reduction in funding costs over time due to improved debt capital markets positioning of the combined entity. However, the Group may not recognize these benefits for some time. Certain of Chrysler's bond issuances and financing agreements contain limitations to the centralized management of treasury activities. The Group expects to maintain its existing capital structure until it becomes appropriate or advisable to repay such obligations.

In addition, one of Fiat's existing revolving credit facilities, expiring in July 2016, provides some limits on Fiat's ability to provide financial support to Chrysler.

Therefore even after the acquisition of the approximately 41.5% interest in Chrysler that Fiat did not already own, Chrysler continues to manage financial matters, including funding and cash management, separately.

Some of the circumstances and risks described may delay or reduce the expected cost savings from the future funding structures and the expected cost savings may not be achieved in full or at all.

Fiat has not provided guarantees or security or undertaken any other similar commitment in relation to any financial obligation of Chrysler, nor does it have any commitment to provide funding to Chrysler in the future.

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

For further information as to the Group's outstanding indebtedness, please refer to Sections 3.4 and 4.1.5.

### 1.1.5 Risks associated with covenants in the Group's debts agreements

The financial Group's indebtedness mainly consists of issuance of bonds and credit agreements.

The majority of the Group's outstanding indebtedness (including indentures and other credit agreements) to which companies in the Group are a party, contain customary negative covenants that restrict the ability of companies in the Group to, among other things:

- incur additional debt;
- make certain investments;
- enter into certain types of transactions with affiliates;
- sell certain assets or merge with or into other companies;
- use assets as security in other transactions; and
- enter into sale and leaseback transactions.

#### Bonds issued by the Group

In particular, the bonds issued by the Group contain commitments of the issuer, and in certain cases commitments of Fiat in its capacity as guarantor, which are typical of international practice for bond issues of this type, such as in particular, negative pledges (clauses limiting the ability to assume indebtedness secured by mortgages and/or and other security, save for certain exceptions), *pari passu* (clauses requiring the borrower to procure that the indebtedness vis-à-vis a lender does not rank junior to the other unsecured and/or unsubordinated indebtedness vis-à-vis other lenders) and cross default clauses (clauses triggering, for example, the termination of the agreement in case of termination of other financing transactions with the same lender or transactions over a certain threshold). The aggregate nominal amount of the Group's bonds (including Chrysler secured senior notes) outstanding as of the date of this Information Document which contain the aforesaid clauses is equal to €16.7 billion.

In addition, the agreements for the bonds guaranteed by Fiat contain clauses which could lead to early repayment if there is a change of control of Fiat associated with a downgrading by a ratings agency.

A breach of these commitments can lead to the early repayment of the issued notes.

The Group intends to repay the issued bonds in cash at due date by utilizing available liquid funds. In addition, Group companies may from time to time buy back bonds on the market that have been issued by the Group, also for the purposes of cancellation. Such buy backs, if made, depend upon market conditions, the financial situation of the Group and other factors which could affect such decisions.

During the periods covered by the financial information included in this Information Document, the Group is adequately in compliance with all the aforesaid covenants contained in the bonds documentation.

#### Group's financings (excluding Chrysler)

A € 2.1 billion syndicated revolving credit line, expiring in July 2016, is available to the Group treasury companies (excluding Chrysler) and was undrawn both at December 31, 2013 and at June 30, 2014. As of the date of this Information Document, the Group (excluding Chrysler) has the ability to make drawdowns (and, therefore, to utilize) this revolving credit line. The facility contains typical covenants for contracts of this type and size, such as financial covenants (Net Debt/EBITDA and EBITDA/Net Interest ratios related to industrial activities) and negative pledge, *pari passu*, cross default and change of control clauses (clauses providing for contractual remedies

to the benefit of the counterparty in the event of a change of control of the borrower). Similar covenants are contemplated for loans granted by the European Investment Bank for a total of €1.1 billion, in order to fund the Group's investments and research and development costs. In addition, the above syndicated credit facility, currently includes limits on the ability to extend guarantees or loans to Chrysler. The aggregate amount of the credit facilities outstanding as of the date of this Information Document which contain the aforesaid clauses is equal to €3.2 billion, corresponding to the amount of the syndicated revolving credit line and the loans advanced by the European Investment Bank.

During the periods covered by the financial information included in this Information Document, the Group (excluding Chrysler, in respect of which specific information is provided below) is adequately in compliance with all the aforesaid covenants (contained in the syndicated revolving credit line and/or in the loans advanced by the European Investment Bank).

#### Chrysler Senior Credit Agreements

The Senior Credit Agreements of Chrysler (*i.e.* the "Tranche B term loan" with an original principal balance of U.S.\$ 3.0 billion and the U.S.\$ 1.3 billion "Revolving Credit Facility") include negative covenants, including but not limited to: (i) limitations on incurrence, repayment and prepayment of indebtedness; (ii) limitations on incurrence of liens; (iii) limitations on making certain payments; (iv) limitations on transactions with affiliates, swap agreements and sale and leaseback transactions; (v) limitations on fundamental changes, including certain asset sales and (vi) restrictions on certain subsidiary distributions. In addition, the Senior Credit Agreements require Chrysler to maintain a minimum ratio of "borrowing base" to "covered indebtedness" (each as defined in the Senior Credit Agreement), as well as a minimum liquidity of U.S.\$3.0 billion, which includes any undrawn amounts on the U.S.\$ 1.3 billion Revolving Credit Facility (which matures on May 2016 and which was fully undrawn both at December 31, 2013 and at June 30, 2014).

The failure to comply with these covenants, in certain cases if not suitably remedied, can lead to the requirement to make early repayment of the outstanding loans. The aggregate principal amount of the Senior Credit Agreements of Chrysler outstanding as of the date of this Information Document which contains the aforesaid clauses is equal to €4.8 billion, of which €1.0 billion relating to the revolving credit line undrawn as of the date of this Information Document.

During the periods covered by the financial information included in this Information Document, Chrysler is adequately in compliance with all the aforesaid covenants (contained in the Senior Credit Agreements of Chrysler).

For further information regarding the current and non-current secured financial indebtedness, please refer to Section 3.4 below.

For further information regarding the Group credit facilities and debt, please refer to Note 27 of the Fiat Group Consolidated Financial Statements at December 31, 2013.

#### **1.1.6 Risks associated with the effects of the Merger over the existing contracts**

The failure to obtain any necessary waiver or consent in connection with certain joint ventures, license agreements, financing and other agreements and instruments to which Fiat is a party, some of which contain provisions that might be triggered by the Merger, such as default provisions, termination provisions, acceleration provisions and/or mandatory repurchase provisions, may cause the loss of contractual rights and benefits owned by the Group, the termination of joint venture agreements, supply agreements, licensing agreements or may require the renegotiation of financing agreements and/or cash payments by the Group.

However, as of the date of this Information Document, the Group has not initiated, nor has been requested by any of its counterparties to initiate, any renegotiation in the light of the Merger of any of the above agreements, without prejudice to what is indicated hereinafter. It is opinion of the Group that industrial agreements of material importance to the Group's financial results do not contain provisions that might be triggered by the Merger.

Without prejudice to the compliance with the covenants, as indicated in Section 1.1.5 above, the Group has undertaken appropriate action in order to obtain waivers or consents with respect to the Merger in connection with all its material financing transactions and it has obtained all such waivers or consents.

For additional information on covenants relating to Group's financing arrangements, please refer to Section 1.1.5 above and 1.1.7 below.

### **1.1.7 Risks associated with Chrysler's debt instruments**

Chrysler is party to credit agreements for certain senior credit facilities and an indenture for two series of secured senior notes. These debt instruments include covenants that restrict Chrysler's ability to pay dividends or make certain distributions or purchase or redeem capital stock, prepay other debt, encumber assets, incur or guarantee additional indebtedness, incur liens, enter into sale and leaseback transactions, transfer and sell assets or engage in certain business combinations, enter into certain transactions with affiliates or undertake various other business activities.

In particular, the tranche B term loans that mature May 24, 2017 and December 31, 2018, respectively, and the revolving credit facility of Chrysler maturing May 24, 2016, are secured by a senior priority security interest in substantially all of Chrysler's assets and the assets of its U.S. subsidiary guarantors, subject to certain exceptions. The collateral includes 100 percent of the equity interests in Chrysler's U.S. subsidiaries and 65 percent of the equity interests in its non U.S. subsidiaries held directly by Chrysler and its U.S. subsidiary guarantors. In addition, Chrysler's secured senior notes are secured by liens junior to the senior credit facilities on the same assets. These liens cover almost all of Chrysler's assets. Substantially all the property, plant and equipment of Chrysler and its U.S. subsidiary guarantors are unconditionally pledged as security under its senior credit facilities, and Secured Senior Notes, other than the Auburn Hills, Michigan headquarters and technology center, which are not pledged. In addition to the pledge of collateral, these debt instruments include covenants that restrict Chrysler's ability to make certain distributions or purchase or redeem its capital stock, prepay certain other debt, encumber assets, incur or guarantee additional indebtedness, incur liens, transfer and sell assets or engage in certain business combinations, enter into certain transactions with affiliates or undertake various other business activities as well as, in the case of credit facilities, the requirement to maintain borrowing base collateral coverage and a liquidity threshold.

These restrictive covenants with respect to Chrysler's debt instruments could have an adverse effect on the Group's business by limiting its ability to take advantage of financing, mergers and acquisitions, joint ventures or other corporate opportunities. For example, in January 2014, Chrysler made a distribution of US\$1.9 billion (€1.4 billion) to its members. With certain exceptions, further distributions will be limited to 50% of Chrysler's cumulative consolidated net income (as defined in the agreements) from the period from January 2012 until the end of the most recent fiscal quarter, less the amount of the January 2014 distribution.

In addition, the senior credit facilities contain, and future indebtedness may contain, other and more restrictive covenants and also restrict Chrysler from prepaying certain of its indebtedness or imposing limitations that make prepayment impractical. The senior credit facilities require Chrysler to maintain (i) a borrowing base collateral coverage and (ii) a minimum liquidity threshold equal to

U.S. \$3 billion, including the amount of any undrawn credit line within the revolving credit facility of Chrysler. A breach of any of these covenants or restrictions could result in an event of default on the indebtedness and any of the other indebtedness of Chrysler or result in cross-default under certain of its indebtedness.

If Chrysler is unable to comply with these covenants, its outstanding indebtedness may become due and payable and creditors may foreclose on pledged properties. In this case, Chrysler may not be able to repay its debt and it is unlikely that it would be able to borrow sufficient additional funds. Even if new financing is made available to Chrysler in such circumstances, it may not be available on acceptable terms.

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

The table below reports the amount of the gross and net debt of Chrysler during the reference financial periods considered in this Information Document, as well as the portion thereof imposing limitations to the usage of financial resources:

<i>(€ million)</i>	At December 31, 2011	At December 31, 2012	At December 31, 2013	At June 30, 2014
A) Gross Debt	10,537	10,312	9,544	9,543
<i>portion thereof imposing limitations to the usage of financial resources</i>	<i>4,815</i>	<i>4,699</i>	<i>4,447</i>	<i>8,111</i>
B) Net Debt	3,080	1,497	(215)	(200)

For further information regarding Chrysler's debt instruments, please refer to Note 27 of the Fiat Group Consolidated Financial Statements at December 31, 2013 and to the paragraph "Significant restrictions in relation to the Group interest in Chrysler" of the Half-Year Condensed Financial Statements and Notes at June 30, 2014.

### 1.1.8 Risks associated with currency and interest rate fluctuations and credit exposure

As a multinational group that has operations throughout the world, the Group is exposed to market risks from fluctuations in foreign currency exchange and interest rates.

The exposure to foreign currency risk arises both in connection with the geographical distribution of the Group's manufacturing activities compared to the markets in which it sells its products, resulting in cash flows from sales being denominated in currencies different from those connected to purchases or production activities. In 2013, the total trade flows exposed to currency risk amounted to the equivalent of 13% of the Group's turnover.

The exposure to interest rate risk arises from the need to fund industrial and financial operating activities and the necessity to deploy surplus funds. Due to upcoming maturities and potential refinancings in the next twelve months, approximately 50% of the €32.0 billion total debt outstanding as of June 30, 2014 and the full €18.5 billion of cash and cash equivalents, as of that date, could be subject to changes in market interest rates. Changes in market interest rates may have the effect of either increasing or decreasing the Group's net profit/(loss), thereby indirectly affecting the costs and returns of financing and investing transactions.

The Group regularly assesses its exposure to interest rate and foreign currency risk and manages

those risks through the use of derivative financial instruments in accordance with its established risk management policies.

The Group's policy permits derivatives to be used only for managing the exposure to fluctuations in exchange and interest rates connected with future cash flows and assets and liabilities, and not for speculative purposes.

With reference to currency risk, it is the Group's policy to hedge fully the exposure resulting from receivables, payables and securities denominated in foreign currencies different from the company's functional currency. Furthermore, it is the Group's policy to use derivative financial instruments to hedge a certain percentage, on average between 55% and 85%, of the forecast trading transaction exchange risk exposure for the coming 12 months (including such risk beyond that date where it is believed to be appropriate in relation to the characteristics of the business) and to hedge completely the exposure resulting from firm commitments. At December 31, 2013, the notional amount of outstanding derivative financial instruments for currency risk management (including derivatives which jointly hedge currency and interest risk) was €12.8 billion (equal to €16.5 billion as of June 30, 2014).

With reference to interest rate risk, the industrial companies and treasuries of the Group make use of external funds obtained in the form of financing and invest in monetary and financial market instruments. In addition, the financial services companies provide loans (mainly to customers and dealers), financing themselves using various forms of direct debt or asset-backed financing (e.g. securitization of receivables). Where the characteristics of the variability of the interest rate applied to loans granted differ from those of the variability of the cost of the financing obtained, changes in the current level of interest rates can affect the operating profit/(loss) of those companies and the Group as a whole. In order to manage these risks, the Group uses interest rate derivative financial instruments with the object of mitigating, under economically acceptable conditions, the potential variability of interest rates on net profit/(loss). At December 31, 2013, the notional amount of outstanding derivative financial instruments for interest rate risk management was €2.5 billion (equal to €2.2 billion as of June 30, 2014).

Finally, the Group's financial services activities are also subject to the risk of insolvency of dealers and end customers, as well as unfavorable economic conditions in markets where these activities are carried out. The Group seeks to mitigate said risk of insolvency through credit policies applied to dealers and end customers. Dealers and customers for which the Group provides financing are subject to specific assessments of their creditworthiness pursuant to customary procedures; in addition, the Group also obtains financial and non-financial guarantees for risks arising from credit granted for the sale of commercial vehicles and agricultural and construction equipment. These guarantees are further strengthened where possible by retention of title clauses or specific guarantees on financed vehicle sales to the sales network and on vehicles assigned under finance lease agreements.

Receivables for financing activities amounting to €3,671 million at 31 December 2013 contain balances totaling €21 million (€7 million at 31 December 2012), which have been written down on an individual basis. Of the remainder, balances totaling €72 million are past due by up to one month (€107 million at 31 December 2012), while balances totaling €23 million are past due by more than one month (€62 million at 31 December 2012). In the event of installment payments, even if only one installment is overdue, the whole amount of the receivable is classified as such.

Receivables from financing activities at June 30, 2014 increased by €386 million (excluding translation exchange effects arising mainly from trends in the Euro/Brazilian Real rates, Receivables from financing activities increased by €271 million).

Trade receivables and other receivables amounting to €4,266 million at 31 December 2013 contain

balances totaling €19 million (€39 million at 31 December 2012) which have been written down on an individual basis. Of the remainder, balances totaling €243 million are past due by up to one month (€216 million at 31 December 2012), while balances totaling €358 million are past due by more than one month (€307 million at 31 December 2012).

For further information as to the risks associated with currency and interest rate fluctuations and credit exposure and the relevant hedging instruments used by the Group, please refer to Note 35 of the Fiat Group Consolidated Financial Statements at December 31, 2013.

### 1.1.9 Risks associated with the credit ratings of the companies participating in the Merger

The Group's ability to access the capital markets or other forms of financing and the related costs depend, among other things, on the Group's credit ratings. Following downgrades by the major rating agencies, Fiat is currently rated below investment grade, with the following corporate credit ratings:

- (a) BB- with a stable outlook from Standard & Poor's Credit Market Services Italy S.r.l. (January 10, 2014). Upon Consob request, below is reported what Standard & Poor's Credit Market Services Italy S.r.l. has stated in respect of the liquidity in its press release: *"We assess Fiat's liquidity as "adequate", according to our criteria. We base our view on our projection that the group's ratio of potential sources of liquidity to uses will exceed 1.2x in the coming 12 months. Our liquidity analysis focuses on Fiat and excludes Chrysler because Chrysler's 2011 credit agreements severely restrict the upstreaming of cash to Fiat. Furthermore, until now Chrysler and Fiat have managed financial matters separately, including treasury services. Principal liquidity sources include:*

- *Cash and cash equivalents of €6.5 billion for Fiat on a stand-alone basis as of Sept. 30, 2013, net of the €2.1 billion we view as necessary for ongoing operations and excluding €8.5 billion in cash held by Chrysler.*
- *Unused committed credit lines, notably a €2.1 billion syndicated bank facility maturing in July 2016. Fiat also has a global medium-term note program, which includes negative pledges among its standard conditions.*

*Principal liquidity uses include:*

- *Debt maturities in the 12 months ending Sept. 30, 2014, totaling €5.6 billion.”;*

- (b) B1 with a stable outlook from Moody's France S.A.S. (February 11, 2014). Upon Consob request, below is reported what Moody's France S.A.S. has stated in respect of the liquidity in its press release: *"As of 31 December 2013, Fiat's liquidity profile on a standalone basis was deemed adequate, after the approximately EUR1.27 billion cash outflow for the acquisition of the remaining membership interests in Chrysler in the first quarter of 2014. As of 31 December 2013, the Fiat Group (excluding Chrysler) reported EUR9.8 billion in cash and marketable securities in the industrial business, as well as an undrawn EUR2.1 billion revolving credit facility maturing in July 2016, which contains conditionality language in the form of financial covenants with significant headroom. These funding sources should cover Fiat's anticipated cash requirements over the next 12-18 months, which comprise capex, debt maturities, cash for day-to-day needs and minority dividends.”;*

- (c) BB- with stable outlook from Fitch Ratings Espana S.A.U. (September 11, 2014). Upon Consob request, below is reported what Fitch Ratings Espana S.A.U. has stated in respect of the liquidity in its press release: *"Fiat ex-Chrysler reported EUR7.3bn in cash and*

*equivalents at end-1H14, excluding Fitch's EUR1.4bn adjustments for minimum operational cash and EUR2.1bn of undrawn credit lines. This largely covers EUR5bn of debt maturing in 2014 and negative FCF. Chrysler also reported EUR8.3bn in cash and marketable securities adjusted for operational needs and EUR1bn of undrawn credit lines, comfortably covering EUR0.1bn of debt maturing in 2014.”;*

- (d) BB (low) with stable trend from DBRS Ratings Limited (September 15, 2014). Upon Consob request, below is reported what DBRS Ratings Limited has stated in respect of the liquidity in its press release: *“The Stable trend of the ratings incorporates DBRS’s assumption that Fiat’s earnings performance over the near-term is likely to remain essentially flat vis-à-vis recent levels. While the Company may continue to generate negative free cash flow, such cash burn would likely prove moderate. Furthermore, DBRS notes that Fiat’s liquidity position on a stand-alone basis remains quite sound, with total liquidity of the industrial operations as of June 30, 2014, amounting to 10.8 billion, (consisting of 8.7 billion in cash balances and 2.1 billion in available (undrawn) committed credit lines). DBRS also notes that Chrysler’s liquidity position is reasonably solid and would currently represent additional liquidity, with such being considerably bolstered upon the removal of Chrysler’s ring-fencing.”.*

The quantitative information included in the abovementioned press releases are based on calculations and assumptions by the relevant rating agencies and have not been verified nor confirmed by Fiat. The methodologies and assumptions applied by such rating agencies may differ from those applied by the Group in the preparation of its financial data.

The reports containing the rating actions and the relevant press releases are made available to the public by the rating agencies in compliance with their individual policies. Upon Consob request, for comprehensive information, the press releases mentioned above are attached to this Information Document.

The rating agencies review these ratings regularly and, accordingly, new ratings may be assigned to Fiat in the future. It is not currently possible to predict the timing or outcome of any ratings review. Any downgrade may increase the Group’s cost of capital and potentially limit its access to sources of financing, with a consequent material adverse effect on the Group’s business prospects, earnings and financial position.

In addition, the rating agencies may separately review and rate Chrysler on a stand-alone basis and it is possible that Fiat’s credit ratings may not benefit from any improvements in Chrysler’s credit ratings or that a deterioration in Chrysler’s credit ratings could result in a negative rating review of Fiat.

For further information on the credit ratings, refer to the press releases attached to this Information Document.

#### **1.1.10 Risks associated with the Group’s pension plans and other post-employment obligations**

Based on Fiat Group Consolidated Financial Statements at December 31, 2013, the Group’s defined benefit plans are underfunded. To the extent that the Group’s obligations under a plan are unfunded or underfunded, the Group will have to use cash flows from operations and other sources to pay its obligations as they become due.

As of December 31, 2013, defined pension plans were underfunded by approximately €4.2 billion (€4.0 billion of which relates to Chrysler’s defined benefit pension plans). The funded status is the difference between the present value of the defined benefit obligation and the fair value of related assets, in case of funded plans (plans managed by a separate fund, “trust”).

The Group's pension funding obligations may increase significantly if the investment performance of plan assets does not keep pace with benefit payment obligations. Mandatory funding obligations may increase because of lower than anticipated returns on plan assets, whether as a result of overall weak market performance or particular investment decisions, changes in the level of interest rates used to determine required funding levels, changes in the level of benefits provided for by the plans, or any changes in applicable law related to funding requirements. The Group's defined benefit plans currently hold significant investments in equity and fixed income securities, as well as investments in less liquid instruments such as private equity, real estate and certain hedge funds. Due to the complexity and magnitude of certain investments, additional risks may exist, including significant changes in investment policy, insufficient market capacity to complete a particular investment strategy and an inherent divergence in objectives between the ability to manage risk in the short term and the ability to quickly rebalance illiquid and long-term investments.

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

Any reduction in the discount rates or the value of plan assets, or any increase in the present value of obligations, may increase the Group's pension expenses and required contributions and, as a result, could constrain liquidity and materially adversely affect the Group's financial condition and results of operations. If the Group fails to make required minimum funding contributions, it could be subject to reportable event disclosure to the U.S. Pension Benefit Guaranty Corporation, as well as interest and excise taxes calculated based upon the amount of any funding deficiency.

With Fiat's ownership in Chrysler now equal to 100%, Fiat may become subject to certain US legal requirements making it secondarily responsible for a funding shortfall in certain of Chrysler's pension plans in the event these pension plans were terminated and Chrysler were to become insolvent.

For further information as to the defined pension plans, please refer to Note 35 of the Fiat Group Consolidated Financial Statements at December 31, 2013.

#### **1.1.11 Risks associated with pending legal proceedings**

The Group is involved in various product liability, warranty, product performance, asbestos, personal injury, environmental claims and lawsuits, governmental investigations, antitrust, intellectual property and other legal proceedings including those that arise in the ordinary course of business. The Group estimates such potential claims and contingent liabilities and, where appropriate, records provisions to address these contingent liabilities. The ultimate outcome of the legal matters pending against the Group is uncertain, and although such claims, lawsuits and other legal matters are not expected individually to have a material adverse effect on the Group's financial condition or results of operations, such matters could have, in the aggregate, a material adverse effect on the Group's financial condition or results of operations. In particular, as of December 31, 2013, contingent liabilities estimated by the Group amounted to approximately €100 million (compared to approximately €100 million as of December 31, 2012), for which no provisions have been recognized since an outflow of resources is not considered probable at the present moment.

The provision "Legal proceedings and other disputes" represents management's best estimate of

the liability to be recognized by the Group with regard to: (i) legal proceedings arising in the ordinary course of business with dealers, customers, suppliers or regulators (such as contractual or patent disputes), (ii) legal proceedings involving claims with active and former employees and (iii) legal proceedings involving different tax authorities. None of these provisions is individually material. This provision amounts to €545 million as of December 31, 2013 (€528 million as of December 31, 2012).

To the knowledge of the Group, the amount of said provisions is deemed to be sufficient to cover the possible Group's liability in connection with legal proceedings when it is deemed likely that the proceedings will result in an outflow of resources.

Furthermore, the Group could in the future be subject to judgments or enter into settlements of lawsuits and claims that could have a material adverse effect on its results of operations in any particular period. In addition, while the Group maintains insurance coverage with respect to certain claims, it may not be able to obtain such insurance on acceptable terms in the future, if at all, and any such insurance may not provide adequate coverage against any such claims.

For further information as to the Group's legal proceedings, please refer to Section 4.5.

#### **1.1.12 Risks associated with employees relationships**

Substantially all of the Group's production employees are represented by trade unions, are covered by collective bargaining agreements and/or are protected by applicable labor relations regulations pursuant to the several collective bargaining agreements applicable to Group's employees and various laws applicable in the countries in which the Group operates, providing for different provisions of different nature. In various countries in which the Group operates, including Italy, the Group shall comply with certain procedures to downsize or shut down plants, enforce disciplinary measures and demote or reassign employees. This circumstance may restrict the Group's ability to modify operations and reduce costs quickly in response to changes in market conditions. These and other provisions in the Group's collective bargaining agreements may impede its ability to restructure its business successfully to compete more effectively, especially with those automakers whose employees are not represented by trade unions or are subject to less stringent regulations, which could have a material adverse effect on the Group's financial condition and results of operations.

For further information as to the Group's relationships with employees, please refer to Section 2.1.1.6.

#### **1.1.13 Risks associated with increases in costs, disruption of supply or shortage of raw materials**

The Group uses a variety of raw materials in its business including steel, aluminum, lead, resin and copper, and precious metals such as platinum, palladium and rhodium, as well as energy. The prices for these raw materials fluctuate, and market conditions can affect the Group's ability to manage its cost of sales over the short term.

The Group seeks to manage this exposure, but it may not be successful in managing its exposure to these risks. Substantial increases in the prices for raw materials would increase the Group's operating costs and could reduce profitability if the increased costs cannot be offset by changes in vehicle prices, or countered by productivity gains. In particular, certain raw materials are sourced from a limited number of suppliers and from a limited number of countries. The purchase volumes by the Group of such materials, primarily precious metals (in particular platinum, palladium, rhodium etc.) expected for 2014 is equal to about €400 million, less than 1% of the aggregate

purchases from third party suppliers.

The Group cannot guarantee that it will be able to maintain arrangements with these suppliers that assure access to these raw materials, and in some cases this access may be affected by factors outside of the Group's control and the control of its suppliers. For instance, natural or man-made disasters or civil unrest may have severe and unpredictable effects on the price of certain raw materials in the future.

As with raw materials, the Group is also at risk for supply disruption and shortages in parts and components for use in its vehicles for many reasons including, but not limited to tight credit markets or other financial distress, natural or man-made disasters, or production difficulties. Close cooperation between the original equipment manufacturer (OEM) and its suppliers is common in the automotive industry and, while on the one hand it can lead to economic advantages in term of cost savings, on the other hand it entails the Group's dependence on such suppliers.

The Group will continue to work with suppliers to monitor potential disruptions and shortages and to mitigate the effects of any emerging shortages on its production volumes and revenues. However, there can be no assurances that these events will not have an adverse effect on its production in the future, and any such effect may be material.

Any interruption in the supply, whether due to suppliers' difficulties (caused either by endogenous or exogenous factors or otherwise) or any increase in the cost of raw materials, parts, components and systems could negatively impact the Group's ability to achieve its vehicle sales objectives and profitability. Long-term interruptions in supply of raw materials, parts, components and systems may result in a material impact on vehicle production, vehicle sales objectives, and profitability. Cost increases which cannot be recouped through increases in vehicle prices, or countered by productivity gains, may result in a material impact on the Group's financial condition and/or results of operations.

The Group has entered into derivative contracts for certain commodities to hedge its exposure to commodity price risk associated with buying raw materials and energy used in its normal operations.

In connection with the commodity price derivative contracts outstanding at December 31, 2013, a hypothetical 10% increase in the price of the commodities at that date would have caused a fair value loss of €45 million (€51 million at December 31, 2012).

For further information as to the supply of raw materials, parts and components, please refer to Section 2.1.1.5.

#### **1.1.14 Risks associated with the operation of the Group in a worldwide sector**

The Group manufactures and sells its products and offers its services in several continents and numerous countries around the world. Given such global nature of the Group's activities, the Group is naturally exposed to the usual risks affecting any worldwide markets operator as indicated below:

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

ability to access and transfer liquidity out of Venezuela to meet demands in other countries and also subject the Group to increased risk of devaluation or other foreign exchange losses. In December 2010 and February 2013, the Venezuelan government announced devaluations of the official Venezuelan Bolivar (VEF)-USD exchange rate, which resulted in devaluation of the Group VEF denominated balances. In March 2014, the Venezuelan government introduced an additional auction-based foreign exchange system, referred to as the SICAD II rate. The SICAD II rate has ranged from 49 to 51.9 VEF to U.S. dollar in the period since its introduction until June 30, 2014. The SICAD II rate is expected to be used primarily for imports and has been limited to amounts of VEF that can be exchanged into other currencies, such as the U.S. dollar. As a result of the recent exchange agreement between the Central Bank of Venezuela and the Venezuelan government and the limitations of the SICAD II rate, the Group believes any future remittances of dividends would be transacted at the SICAD I rate. As a result, the Group determined that the SICAD I rate, and not the SICAD II rate, is the most appropriate rate to use, which was 10.6 VEF to U.S. dollar at June 30, 2014; and/or

- the introduction of more stringent laws and regulations.

Unfavorable developments in any one of these areas (which may vary from country to country) could have a material adverse effect on the Group's financial condition and results of operations.

For information on the Group's worldwide operations, please refer to Section 2.1.1.3 (B).

#### **1.1.15 Risks associated with the loss of certain key managers**

The Group's success largely depends on the ability of its Executives Officers and other members of management to effectively manage the Group and individual areas of business. If the Group is unable to find adequate replacements to attract, retain and incentivize senior executives, other key employees or new qualified personnel, the Group's business, financial condition and results of operations may suffer.

In particular, the Group's Chief Executive Officer, Sergio Marchionne, is critical to the execution of its new strategic direction and implementation of the Business Plan. Although Mr. Marchionne has indicated his intention to remain as the Group's Chief Executive Officer through the period of the 2014-2018, if the Group were to lose his services or those of any of its other senior executives or other key employees this could have a material adverse effect on the Group's business prospects, earnings and/or financial position. The Group has developed succession plans that it believes are appropriate in the circumstances, although it is difficult to predict with any certainty that it will replace these individuals with persons of equivalent experience and capabilities.

No reorganization, restructuring of the Group or loss of Executive Officers of the Group is expected to occur in connection with the completion of the Merger.

For further information as to the executive officers of FCA, please refer to Section 2.1.1.3 (A).

#### **1.1.16 Risks associated with the inability to provide adequate access to financing for the Group's dealers and retail customers**

The Group's dealers enter into wholesale financing arrangements to purchase vehicles from the Group to hold in inventory and facilitate retail sales, and retail customers use a variety of finance and lease programs to acquire vehicles.

Unlike many of its competitors, the Group does not own and operate a controlled finance company dedicated solely to the Group's mass-market operations in the U.S. and certain key markets in Europe. Instead it has elected to partner with specialized financial services providers through joint

ventures and commercial agreements. The Group's lack of a controlled finance company in these key markets may increase the risk that Group's dealers and retail customers will not have access to sufficient financing on acceptable terms which may adversely affect the Group's vehicle sales in the future. Furthermore, many of the Group's competitors are better able to implement financing programs designed to maximize vehicle sales in a manner that optimizes profitability for them and their finance companies on an aggregate basis. Since the Group's ability to compete depends on access to appropriate sources of financing for dealers and retail customers, its lack of a captive finance company in those markets could adversely affect its results of operations.

In other markets, the Group relies on controlled finance companies, joint ventures and commercial relationships with third parties, including third party financial institutions, to provide financing to the Group's dealers and retail customers. Finance companies are subject to various risks that could negatively affect their ability to provide financing services at competitive rates, including:

- the performance of loans and leases in their portfolio, which could be materially affected by delinquencies, defaults or prepayments;
- wholesale auction values of used vehicles;
- higher than expected vehicle return rates and the residual value performance of vehicles they lease; and
- fluctuations in interest rates and currency exchange rates.

Any financial services provider, including the Group's joint ventures and controlled finance companies, will face other demands on its capital, including the need or desire to satisfy funding requirements for dealers or customers of the Group's competitors as well as liquidity issues relating to other investments. Furthermore, they may be subject to regulatory changes that may increase their costs, which may impair their ability to provide competitive financing products to Group dealers and retail customers.

To the extent that a financial services provider is unable or unwilling to provide sufficient financing at competitive rates to the Group's dealers and retail customers, such dealers and retail customers may not have sufficient access to financing to purchase or lease Group's vehicles. As a result, the Group's vehicle sales and market share may suffer, which would adversely affect the Group's financial condition and results of operations.

For further information as to the financial services, please refer to Section 2.1.1.3 (B).

#### **1.1.17 Risks associated with availability of affordable interest rates for vehicle financing**

In certain regions, financing for new vehicle sales has been available at relatively low interest rates for several years due to, among other things, expansive government monetary policies. To the extent that interest rates rise generally, market rates for new vehicle financing are expected to rise as well, which may make the Group's vehicles less affordable to retail customers or steer consumers to less expensive vehicles that tend to be less profitable for the Group, adversely affecting the Group's financial condition and results of operations. Additionally, if consumer interest rates increase substantially or if financial service providers tighten lending standards or restrict their lending to certain classes of credit, the Group's retail customers may not desire to or be able to obtain financing to purchase or lease the Group's vehicles.

Furthermore, because the Group's customers may be relatively more sensitive to changes in the availability and adequacy of financing and macroeconomic conditions, the Group's vehicle sales may be disproportionately affected by changes in financing conditions relative to the vehicle sales of Group's competitors.

**1.1.18 Risks associated with product recalls**

From time to time, the Group has been required to recall vehicles to address performance, compliance or safety-related issues. The costs the Group incurs to recall vehicles typically include the cost of replacement parts and labor to remove and replace parts, and may substantially depend on the nature of the remedy and the number of vehicles affected. Product recalls may also harm the Group's reputation and may cause consumers to question the safety or reliability of its products.

Any costs incurred, or lost vehicle sales, resulting from product recalls could materially adversely affect the Group's financial condition and results of operations. Moreover, if the Group faces consumer complaints, or receives information from vehicle rating services that calls into question the safety or reliability of one of its vehicles and the Group does not issue a recall, or if the Group does not do so on a timely basis, its reputation may also be harmed and the Group may lose future vehicle sales.

The Group is also obligated under the terms of its warranty agreements to make repairs or replace parts in its vehicles at its own expense for a specified period of time. Therefore, any failure rate that exceeds the Group's assumptions may result in unanticipated losses.

For further information as to certain requirements that may lead to recalls, please refer to Section 2.1.1.3 (B).

**1.1.19 Risks associated with the expected benefits from the integration with Chrysler**

The acquisition of the approximately 41.5% interest in Chrysler Fiat did not already own and the related integration of the two businesses is intended to provide the Group with a number of long-term benefits, including allowing new vehicle platforms and powertrain technologies to be shared across a larger volume, as well as procurement benefits and global distribution opportunities, particularly the extension of brands into new markets.

The integration is also intended to facilitate penetration of key brands in several international markets where the Group believes products would be attractive to consumers, but where they currently do not have significant market penetration.

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

For further information in respect of the Fiat-Chrysler alliance, please refer to Section 2.1.1.2.

**1.1.20 Risks associated with the Group's ability to achieve cost reductions and to realize production efficiencies**

The Group's ability to achieve cost reductions and to realize production efficiencies is critical to maintain its competitiveness and long-term profitability. In this regard, the Group is continuing to implement a number of cost reduction and productivity improvement initiatives in the Group's operations, for example, by increasing the number of vehicles that are based on common platforms, reducing dependence on sales incentives offered to dealers and consumers, leveraging purchasing capacity and volumes and implementing World Class Manufacturing, or WCM, principles. WCM principles are intended to eliminate waste of all types, and improve worker efficiency, productivity,

safety and vehicle quality as well as worker flexibility and focus on removing capacity bottlenecks to maximize output when market demand requires without having to resort to significant capital investments.

In 2013, approximately 41,700 WCM-related projects were implemented, including approximately 3,000 projects based on the environmental pillar of reducing waste and optimizing use of natural resources, yielding significant reduction in energy consumption and approximately €70 million in cost savings. Approximately 2,400 energy-related projects developed during 2013 as part of WCM contributed to a reduction of approximately 2,000 terajoules of energy, with a corresponding reduction of approximately 180,000 tons in CO<sub>2</sub> emissions.

As part of the Business Plan, the Group plans to continue its efforts to extend its WCM programs into all of the Group's production facilities and benchmark across all of its facilities around the world, which is supported by Chrysler's January 2014 memorandum of understanding with the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America ("UAW"). The Group's future success depends upon its ability to implement these initiatives successfully throughout its operations. While some productivity improvements are within the Group's control, others depend on external factors, such as commodity prices, supply capacity limitations, or trade regulation. These external factors may make it more difficult to reduce costs as planned, and the Group may sustain larger than expected production expenses, materially affecting the Group's business and results of operations. Furthermore, reducing costs may prove difficult due to the need to introduce new and improved products in order to meet consumer expectations.

For further information, please refer to Section 2.1.1.3 (B).

#### **1.1.21 Risks associated with the failure to maintain adequate financial and management processes and controls**

The Group continuously monitors and evaluates changes in its internal controls over financial reporting. In support of its drive toward common global systems, the Group is extending the current finance, procurement, and capital project and investment management systems to new areas of operations. As appropriate, the Group continues to modify the design and documentation of internal control processes and procedures relating to the new systems to simplify and automate many of its previous processes. The Group's management believes that the implementation of these systems will continue to improve and enhance internal controls over financial reporting. Failure to maintain adequate financial and management processes and controls could lead to errors in the Group's financial reporting, which could harm the Group's business reputation.

For further information, please refer to Section 2.1.1.2.

#### **1.1.22 Risks associated with possible disruptions in its information technology**

The Group depends on its information technology and data processing systems to operate its business, and a significant malfunction or disruption in the operation of the Group's systems, or a security breach that compromises the confidential and sensitive information stored in those systems, could disrupt its business and adversely impact its ability to compete.

The Group's ability to keep its business operating effectively depends on the functional and efficient operation of its information, data processing and telecommunications systems, including its vehicle design, manufacturing, inventory tracking and billing and payment systems. The Group relies on these systems to make a variety of day-to-day business decisions as well as to track

transactions, billings, payments and inventory. Such systems are susceptible to malfunctions and interruptions due to equipment damage, power outages, and a range of other hardware, software and network problems. Those systems are also susceptible to cybercrime, or threats of intentional disruption, which are increasing in terms of sophistication and frequency. For any of these reasons, the Group may experience systems malfunctions or interruptions. Although the Group's systems are diversified, including multiple server locations and a range of software applications for different regions and functions, and the Group is currently undergoing an effort to assess and ameliorate risks to its systems, a significant or large-scale malfunction or interruption of any one of its computer or data processing systems could adversely affect the Group's ability to manage and keep its operations running efficiently, and damage its reputation if the Group is unable to track transactions and deliver products to its dealers and customers. A malfunction that results in a wider or sustained disruption to the Group's business could have a material adverse effect on its business, financial condition and results of operations.

In addition to supporting its operations, the Group uses its systems to collect and store confidential and sensitive data, including information about its business, customers and employees. As its technology continues to evolve, the Group anticipates that it will collect and store even more data in the future, and that its systems will increasingly use remote communication features that are sensitive to both willful and unintentional security breaches. Much of the Group's value is derived from its confidential business information, including vehicle design, proprietary technology and trade secrets, and to the extent the confidentiality of such information is compromised, the Group may lose its competitive advantage and its vehicle sales may suffer. The Group also collects, retains and uses personal information, including data the Group gathers from customers for product development and marketing purposes, and data obtained from employees. In the event of a breach in security that allows third parties access to this personal information, the Group is subject to a variety of ever-changing laws on a global basis that require the Group to provide notification to the data owners, and that subject the Group to lawsuits, fines and other means of regulatory enforcement. The Group's reputation could suffer in the event of such a data breach, which could cause consumers to purchase their vehicles from its competitors. Ultimately, any significant compromise in the integrity of the Group's data security could have a material adverse effect on its business.

For further information, please refer to Section 2.1.1.2.

### **1.1.23 Risks associated with the failure to adequately protect the Group's intellectual property rights**

The Group's success depends, in part, on its ability to protect its intellectual property rights. If the Group fails to protect its intellectual property rights, others may be able to compete against the Group using intellectual property that is the same as or similar to the Group's intellectual property. In addition, there can be no guarantee that the Group's intellectual property rights are sufficient to provide the Group with a competitive advantage against others who offer products similar to those of the Group. Despite its efforts, the Group may be unable to prevent third parties from infringing its intellectual property and using its technology for their competitive advantage. Any such infringement and use could adversely affect the Group's business, financial condition or results of operations.

The laws of some countries in which the Group operates do not offer the same protection of its intellectual property rights as do the laws of the U.S. or Europe. In addition, effective intellectual property enforcement may be unavailable or limited in certain countries, making it difficult for the Group to protect its intellectual property from misuse or infringement there. The Group's inability to protect its intellectual property rights in some countries may harm its business, financial

condition or results of operations.

For further information, please refer to Section 2.1.1.3 (B).

## **1.2 MAIN RISKS AND UNCERTAINTIES ASSOCIATED WITH THE TRANSACTION**

### **1.2.1 Risks associated with taxation of the shareholders deriving from the Loyalty Voting Structure**

No statutory, judicial or administrative authority directly discusses how the receipt, ownership, or disposition of Special Voting Shares should be treated for U.S., U.K. or Italian tax purposes and as a result, the tax consequences in those jurisdictions are uncertain.

In addition, the fair market value of the Special Voting Shares, which may be relevant to the tax consequences, is a factual determination and is not governed by any guidance that directly addresses such a situation. Because, among other things, the Special Voting Shares are not transferrable (other than, in very limited circumstances, together with the associated FCA Common Shares) and a shareholder will receive amounts in respect of the Special Voting Shares only if FCA is liquidated, FCA believes and intends to take the position that the value of each Special Voting Share is immaterial. However, the relevant tax authorities could assert that the value of the Special Voting Shares as determined by FCA is incorrect.

The tax treatment of the Special Voting Shares is unclear and shareholders are urged to consult their tax advisors in respect of the consequences of acquiring, owning and disposing of Special Voting Shares.

As far as the shareholders not requesting the allocation of Special Voting Shares are concerned, FCA believes that no tax consequence will derive therefrom and the tax regime applicable to the shares held by said shareholders would not change. Shareholders are urged to consult their tax advisors also in respect of this item.

For further information, please refer to Section 2.1.2.8 below.

### **1.2.2 Risks associated with FCA taxation**

*FCA intends to operate so as to be treated as exclusively resident in the United Kingdom for tax purposes, but the relevant tax authorities may treat it as also being tax resident elsewhere*

FCA intends to operate in a manner to be treated as exclusively resident in the United Kingdom for tax purposes, although it is a company incorporated under Dutch law.

Whether FCA is exclusively resident in the U.K. for tax purposes will depend on whether its “central management and control” is located (in whole or in part) in the U.K. The test of “central management and control” is largely a question of fact and degree based on all the circumstances, rather than a question of law. Nevertheless, the decisions of the U.K. courts and the published practice of Her Majesty’s Revenue & Customs, or HMRC, suggest that FCA, a group holding company, is likely to be regarded as having become U.K.-resident on this basis from incorporation and remaining so if, as FCA intends, (i) most meetings of its board of directors are held in the U.K. with a majority of directors present in the U.K. for those meetings; (ii) at those meetings there are full discussions of, and decisions are made regarding, the key strategic issues affecting FCA and its subsidiaries; (iii) those meetings are properly minuted; (iv) at least some of the directors of FCA, together with supporting staff, are based in the U.K.; and (v) FCA has permanent staffed office premises in the U.K. Even if FCA is resident in the U.K. for tax purposes on this basis, as expected,

it would nevertheless not be treated as U.K.-resident if (a) it were concurrently resident in another jurisdiction (applying the tax residence rules of that jurisdiction) that has a double tax treaty with the U.K. and (b) there is a tie-breaker provision in that tax treaty which allocates exclusive residence to that other jurisdiction.

Taking into account that FCA was incorporated in the Netherlands, FCA intends to seek a ruling from the U.K. and Dutch competent tax authorities that FCA is to be treated as resident in the U.K. for tax purposes and not in the Netherlands for the purposes of the Netherlands-U.K. double tax treaty. FCA anticipates that, so long as the factors listed in the preceding paragraph are present at all material times, it is unlikely that the U.K. and Dutch competent tax authorities will rule that FCA should be treated as solely resident in the Netherlands. The outcome of that ruling, however, cannot be guaranteed. If there is a change over time to the facts upon which a ruling issued by the competent tax authorities is based, the ruling may be withdrawn. Unless and until the U.K. and the Dutch competent tax authorities rule that FCA should be treated as solely resident in the U.K. for the purposes of the Netherlands-U.K. double tax treaty, the Netherlands will be allowed to levy tax on FCA as a Dutch-tax-resident taxpayer. Furthermore, in these circumstances, dividends distributed by FCA will be subject to Dutch dividend withholding tax.

As far as Italian shareholders are concerned, the possible application of the Dutch withholding tax may entail a higher tax burden.

As to the Italian shareholders which are natural persons or legal entities and which are not resident in the U.K. and do not hold their shares in connection with a trade, profession or vocation which they carry on in the U.K., the U.K. tax residence of FCA should not trigger any tax burden which is additional to the one arising out from an investment in shares issued by a company resident in Italy for tax purposes, in the light of the fact that the United Kingdom does not apply any withholding tax and should not in those circumstances levy tax on income or capital gains by direct assessment and the capital gains taxation in Italy is the same as applies to Italian companies.

In addition, for Italian tax purposes, a rebuttable presumption of residence in Italy of FCA may apply under Article 73 (5-bis) of the Italian Consolidated Tax Act (“CTA”). However, as described above, FCA intends to set up its management and organizational structure in such a manner that it should be deemed resident in the U.K. from its incorporation for the purposes of the Italy-U.K. tax treaty. This analysis is highly factual and may depend on future changes in FCA’s management and organizational structure. Should FCA be treated as an Italian tax resident, it would be required to comply with withholding tax and/or reporting obligations provided under Italian tax law. For Italian shareholders, no substantial change of the tax burden would arise from the application of an Italian withholding tax.

#### *U.K.’s controlled foreign companies taxation rules*

On the assumption that FCA is resident for tax purposes in the United Kingdom, it will be subject to the U.K. controlled foreign company (“CFC”) rules. The U.K. government has reformed the CFC rules to target them more narrowly on profits (other than certain capital gains) “artificially diverted” from the U.K. FCA will need to apply the new rules.

In broad terms, the new CFC rules can subject U.K.-tax-resident companies (in this case FCA) to U.K. tax on the profits of certain companies not resident for tax purposes in the U.K. in which they have at least a 25% direct or indirect interest. Interests of connected or associated persons may be aggregated with those of the U.K.-tax-resident company when applying this 25% threshold. For a company to be a CFC, it must be treated as directly or indirectly controlled by persons resident for tax purposes in the U.K. The definition of control is broad (it includes economic rights) and captures some joint ventures.

Various exemptions are available. One of these is that a CFC must be subject to tax in its territory

of residence at an effective rate not less than 75% of the rate to which it would be subject in the U.K., after making specified adjustments. Another of the exemptions (the “excluded territories exemption”) is that the CFC is resident in a jurisdiction specified by HMRC in its regulations (several jurisdictions in which the Fiat Group has significant operations, including Brazil, Italy and the United States, are so specified). For this exemption to be available, the CFC must not be involved in an arrangement with a main purpose of avoiding U.K. tax and the CFC’s income falling within certain categories (often referred to as the CFC’s “bad income”) must not exceed a set limit. In the case of the United States and certain other countries, the “bad income” test need not be met if the CFC does not have a permanent establishment in any other territory and the CFC or persons with an interest in it are subject to tax in its home jurisdiction on all its income (other than non-deductible distributions). FCA expects that the principal operating activities of the Group should fall within one or more of the exemptions from the CFC rules, in particular, the excluded territories exemption.

Where the entity exemptions are not available, profits from activities other than finance or insurance will only be subject to apportionment under the CFC rules where:

- some of the CFC’s assets or risks are acquired, managed or controlled to any significant extent in the U.K. (a) other than by a U.K. permanent establishment of the CFC and (b) other than under arm’s length arrangements;
- the CFC could not manage the assets or risks itself; and
- the CFC is party to arrangements which increase its profits while reducing tax payable in the U.K. and the arrangements would not have been made if they were not expected to reduce tax in some jurisdiction.

Profits from finance activities (whether considered trading or non-trading profits for U.K. tax purposes) or from insurance may be subject to apportionment under the CFC rules if they meet the tests set out above or specific tests for those activities. A full or 75% exemption may also be available for some non-trading finance profits.

Although FCA does not expect the U.K.’s CFC rules to have a material adverse impact on its financial position, the effect of the new CFC rules is not certain. FCA will continue to monitor developments in this regard and seek to mitigate any adverse U.K. tax implications which may arise. However, the possibility cannot be excluded that the reform of the CFC rules may have a material adverse impact on the financial position of FCA, reducing net returns to FCA shareholders.

#### *The existence of a FCA permanent establishment in Italy*

Whether FCA maintains a permanent establishment in Italy after the Merger (an “**Italian P.E.**”) is largely a question of fact based on the analysis of all the actual circumstances. FCA believes that, on the understanding that it should be a U.K.-resident company under the Italy-U.K. tax treaty, it is likely to be treated as maintaining an Italian P.E. because it intends to maintain sufficient employees, facilities and activities in Italy to qualify as maintaining an Italian P.E.

Should this be the case (i) the embedded gains on FCA’s assets connected with the Italian P.E. will not be taxed upon the Merger; (ii) Fiat’s tax-deferred reserves will not be taxed, inasmuch they are recorded in the Italian P.E.’s financial accounts; and (iii) an Italian fiscal unit (the “**Fiscal Unit**”) could be maintained with respect to Fiat’s Italian subsidiaries whose shareholdings are part of the Italian P.E.’s net worth. Because this analysis is based on facts and circumstances, there can be no assurance regarding FCA’s maintaining an Italian P.E. after the Merger.

#### *The immediate charge of an Italian Exit Tax*

The Merger should qualify as a cross-border merger transaction for Italian tax purposes. Italian tax laws provide that such a cross-border merger is tax-neutral with respect to those Fiat assets that will remain connected with the Italian P.E., but will result in the realization of capital gains or losses on those Fiat assets that will not be connected with the Italian P.E. (giving rise to an “**Italian Exit Tax**”).

Under a recently-enacted Italian law (article 166 (2-*quater*) of the CTA), companies which cease to be Italian-resident and become tax-resident in another EU Member State may apply to suspend any Italian Exit Tax under the principles of the Court of Justice of the European Union case C-371/10, National Grid Indus BV. Italian rules implementing Article 166 (2-*quater*), issued in August 2013, excluded cross-border merger transactions from the suspension of the Italian Exit Tax. As a result, the Merger will result in the immediate charge of an Italian Exit Tax in relation to those Fiat assets that will not be connected with the Italian P.E. Whether or not the Italian implementing rules are deemed compatible with EU law is unlikely to be determined before the payment of the Italian Exit Tax is due. Capital gains on certain assets of the Group that are expected to be transferred out of the Italian P.E. in connection with the Merger will be realized for Italian tax purposes. However, Fiat expects that such gains may be largely offset by tax losses available to the Group.

*Uncertainty as to the continuation of the Fiscal Unit in the hands of the Italian P.E.*

According to article 124, paragraph 5, of the CTA, a mandatory ruling request should be submitted to the Italian tax authorities, in order to ensure the continuity, via the Italian P.E., of the Fiscal Unit currently in place between Fiat and Fiat’s Italian subsidiaries. On April 16, 2014 FCA submitted a ruling request to the Italian tax authorities in respect of the Merger and on August 14 FCA provided further information and clarifications officially requested, on August 7, 2014, by the *Direzione Centrale Normativa e Contenzioso*.

Depending on the outcome of the ruling, it is possible that the carried-forward tax losses generated by the Fiscal Unit would become restricted losses and they could not be used to offset the future taxable income of the Fiscal Unit. It is also possible that FCA would not be able to offset the Fiscal Unit’s carried-forward tax losses against any capital gains on Fiat’s assets that are not connected with the Italian P.E., despite the continuity of the Fiscal Unit.

The company believes that all the requirements and conditions for the obtainment of a favorable answer to the submitted tax ruling are met; the result of the termination of the Fiscal Unit might cause certain tax losses to be carried forward, thus increasing the fiscal burden only for the fiscal year 2014, due to the re-establishment of a new Fiscal Unit starting from 2015.

For further information, please refer to Section 2.1.2.8 below.

**1.2.3 Risks associated with directors and Executive Officers of Fiat having interests in relation to the Merger**

Some of Fiat’s directors who passed the resolution, prior to the Fiat Extraordinary Meeting of Shareholders held on August 1, 2014, by virtue of which the board of directors of Fiat recommended Fiat shareholders to vote in favor of the Common Merger Terms and the transactions contemplated thereby, as well as some of Fiat’s Executive Officers, may have interests that may be different from those of other Fiat shareholders. In particular, as a result of the holding of Fiat shares as of the Merger Closing Date, certain directors and officers will receive FCA Common Shares on the basis of the Exchange Ratio, like any other Fiat eligible shareholders.

According to the Common Merger Terms, no specific benefits connected with the Merger shall be granted to directors of Fiat or FCA, or to any other person upon the Merger, other than in such person’s capacity as shareholders of Fiat or as a beneficiary under the existing Fiat share-based

plans (*i.e.*, the July 2004 Plan, the November 2006 Stock Option Plan and the Long Term Incentive Plan approved on April 4, 2012), which, conditional upon the closing of the Merger, will be assumed and adopted by FCA, which will perform the obligations of Fiat thereunder.

For further information, please refer to Sections 2.1.1.3 and 2.1.3 below and Note 24 of the Fiat Group Consolidated Financial Statements at December 31, 2013.

The receipt of benefits in connection with the Merger may have influenced these persons in making their recommendation that the Fiat shareholders vote in favor of approval of the Common Merger Terms and the transactions contemplated thereby. Nevertheless, in connection with the Merger, no early acceleration or recognition of stock vesting under employee compensation plans is expected to occur.

### **1.3 MAIN RISKS AND UNCERTAINTIES ASSOCIATED WITH THE SECTOR IN WHICH THE GROUP OPERATES**

#### **1.3.1 Risks associated with the high level of competitiveness and cyclicity in the industries in which the Group operates**

Substantially all of the Group's revenues are generated in the automotive industry, which is highly competitive, encompassing the production and distribution of passenger cars, light commercial vehicles and components and production systems. The Group faces competition from other international passenger car and light commercial vehicle manufacturers and distributors and components suppliers in Europe, North America, Latin America and the Asia Pacific region. These markets are all highly competitive in terms of product quality, innovation, pricing, fuel economy, reliability, safety, customer service and financial services offered, and many of the Group's competitors are better capitalized with larger market shares. For further information as to the competitiveness level on the markets in which the Group operates, please refer to Section 2.1.1.3 "Vehicle Sales Overview".

Competition, particularly in pricing, has increased significantly in the automotive industry in recent years. Global vehicle production capacity significantly exceeds current demand, partly as a result of lower growth in demand for vehicles. This overcapacity, combined with high levels of competition and weakness of major economies, has intensified and may further intensify pricing pressures.

The Group's competitors may respond to these conditions by attempting to make their vehicles more attractive or less expensive to customers by adding vehicle enhancements, providing subsidized financing or leasing programs, or by reducing vehicle prices whether directly or by offering option package discounts, price rebates or other sales incentives in certain markets. In addition, manufacturers in countries which have lower production costs have announced that they intend to export lower-cost automobiles to established markets. These actions have had, and could continue to have, a negative impact on the Group's vehicle pricing, market share, and results of operations.

In the automotive business, sales to end-customers are cyclical and subject to changes in the general condition of the economy, the readiness of end-customers to buy and their ability to obtain financing, as well as the possible introduction of measures by governments to stimulate demand. The automotive industry is also subject to the constant renewal of product offerings through frequent launches of new models. A negative trend in the automotive business or the Group's inability to adapt effectively to external market conditions coupled with more limited capital than many of the Group's principal competitors could have a material adverse impact on the financial condition and results of operations of the Group.

In addition, the Group's growth strategies reflected in its Business Plan will require the Group to make significant investments, including to expand several brands that the Group believes to have global appeal into new markets. Such strategies include expanding sales of the Jeep brand globally, most notably through localized production in Asia and Latin America and reintroduction of the Alfa Romeo brand in North America and other markets throughout the world. Further, the Group's efforts to increase its sales of Luxury Brand vehicles include a significant expansion of the Maserati brand vehicles to cover all segments of the luxury vehicle market. This will require significant investments in production facilities and in distribution networks in these markets. If the Group is unable to introduce vehicles that appeal to consumers in these markets and achieve its brand expansion strategies, it may be unable to earn a sufficient return on these investments and this could have a material adverse effect on the financial condition and results of operations of the Group.

### **1.3.2 Risks associated with the Group's reliance on joint ventures in certain emerging markets**

The Group intends to expand its presence in emerging markets, including China and India, through partnerships and joint ventures. For instance, in 2010, the Group entered into a joint venture with Guangzhou Automobile Group Co., Ltd (GAC Group) for the production of engines and vehicles in China for the Chinese market, as well as securing exclusive distribution of Fiat brand vehicles in China. The Group has also entered into a joint venture with TATA Motors Limited for the production of certain of its vehicles, engines and transmissions in India.

The Group's reliance on joint ventures to enter or expand its presence in these markets may expose the Group to risk of conflict with its joint venture partners and the need to divert management resources to overseeing these shareholder arrangements. Further, as these arrangements require cooperation with third party partners, these joint ventures may not be able to make decisions as quickly as the Group would if it was operating on its own or may take actions that are different from what the Group would do on a standalone basis in light of the need to consider its partners' interests. As a result, the Group may be less able to respond timely to changes in market dynamics, which could have an adverse effect on its financial condition and results of operations.

For further information, please refer to Section 2.1.1.3 (B).

### **1.3.3 Risks associated with environmental and other governmental regulation**

In order to comply with government regulations related to fuel economy and emissions standards, the Group must devote significant financial and management resources, as well as vehicle engineering and design attention to these legal requirements. The Group expects the number and scope of these regulatory requirements, along with the costs associated with compliance, to increase significantly in the future and these costs could be difficult to pass through to customers. As a result, the Group may face limitations on the types of vehicles the Group produces and sells and where it can sell them, which could have a material adverse impact on the financial condition and results of operations of the Group.

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

The EU legislation, entered in force in 2012 with a progressive phase-in that will end in 2015, sets

for 2020 a binding average target that is function of vehicle average mass for CO<sub>2</sub> emissions for new cars measured on the New European Driving Cycle (NEDC). This target will decrease from 130g/Km of CO<sub>2</sub> (in 2012) to 95g/Km in 2020 with a progressive phase-in from 95% of the vehicles in 2020 to 100% coverage in 2021. Penalties will progressively reach in 2019 up to 95 Euro per g/Km for those vehicles exceeding the target. Manufacturers are allowed to form a pool in order to meet their targets. Where two or more manufacturers form a pool, the pool will be treated as if it is one manufacturer for the purpose of determining its compliance to the targets. FCA signed a pooling agreement for all of its brands, excluding Ferrari which will benefit the derogation applicable to low volumes manufacturers. Manufacturers can also apply for credits up to a maximum of 7g/Km for the use of innovative technologies. Also so called super-credits will be granted to vehicles with emissions less than 50g/Km between 2020 and 2022, for a maximum of 7.5 g/Km for the three years 2020-2022 combined. By December 2015 the European Commission is required to review the specific emission targets to set standards beyond 2020 with a reduction trajectory comparable to that achieved in the period until 2020 and with a recommendation to the European Parliament to vote an indicative range of 68-78 g/Km for 2025. While implementation of these regulations may have a financial impact on the Group, FCA like other manufacturers is currently evaluating the impacts of the new legislation on its product portfolio and is, therefore, unable to quantify any such impact at this time.

For further information as to the environmental and other governmental regulation, please refer to Sections 2.1.1.7 and 2.1.1.8.

#### **1.3.4 Risks associated with the ability to offer innovative products**

The success of the Group depends, among other things, on its ability to maintain or increase its share in existing markets and/or to expand into new markets through the development of innovative, high-quality products that are attractive to customers and provide adequate profitability. The Group's product strategy is driven by the objective of achieving sustainable mobility by reducing the environmental impact of vehicles over their entire life cycle. The Group aims to increase the use of alternative fuels, such as natural gas, by continuing to offer a complete range of dual-fuel passenger cars and commercial vehicles. Additionally, the Group plans to continue developing alternative propulsion systems, particularly for vehicles driven in urban areas (such as the zero-emission Fiat 500e).

A failure to develop and offer innovative products that compare favorably to those of the Group's principal competitors, in terms of price, quality, functionality and features, with particular regard to the upper-end of the product range, delays in bringing strategic new models to the market or the fact that the technologies the Group is willing to adopt may not be achievable in due time and under favorable economic conditions could impair the Group's strategy, which may have a material adverse effect on the Group's financial condition and results of operations.

Following the acquisition of the approximately 41.5% interest in Chrysler it did not already own, the Business Plan was announced in May 2014. The Business Plan includes a number of product initiatives designed to improve the quality of the Group's product offerings and allows the Group to grow sales in existing markets and expand in new markets.

It generally takes two years or more to design and develop a new vehicle, and a number of factors may lengthen that schedule. Because of this product development cycle and the various elements that may contribute to consumers' acceptance of new vehicle designs, including competitors' product introductions, fuel prices, general economic conditions and changes in styling preferences, an initial product concept or design that the Group believes will be attractive may not result in a vehicle that will generate sales in sufficient quantities and at high enough prices to be profitable.

Additionally, the Group's high proportion of fixed costs, both due to its significant investment in property, plant and equipment as well as the requirements of its collective bargaining agreements, which limit its flexibility to adjust personnel costs to changes in demand for its products, may further exacerbate the risks associated with incorrectly assessing demand for its vehicles.

Further, if the Group determines that a safety or emissions defect or a non-compliance with regulation exists with respect to a vehicle model prior to the retail launch, the launch of such vehicle could be delayed until the defect or non-compliance is remedied. The costs associated with any protracted delay in new model launches necessary to remedy such defect, and the cost of providing a free remedy for such defects or non-compliance in vehicles that have been sold, could be substantial.

For further information, please refer to Sections 2.1.1.3 (B) and 6.

### **1.3.5 Risks associated with the different political, economic, regulatory and legal conditions of the countries in which the Group operates**

The Group operates in a number of emerging markets, both directly (e.g., Brazil and Argentina) and through joint ventures and other cooperation agreements (e.g., Turkey, India, China and Russia) and it is, therefore, subject to risks relating to international markets and exposure to changes in local conditions.

The Business Plan provides for expansion of Group's existing sales and manufacturing presence in LATAM and APAC regions (for a definition of the regions please see Section 2.1.1.3-B below). In recent years the Group has been the market leader in Brazil, which has provided a key contribution to the Group's financial performance. The Group's exposure to other emerging countries has increased in recent years, as have the number and importance of such joint ventures and cooperation agreements. Economic and political developments in Brazil and other emerging markets, including economic crises or political instability, have had and could have in the future material adverse effects on the Group's financial condition and results of operations. Further, in certain markets in which the Group or the Group's joint ventures operate, government approval may be required for certain activities, which may limit the Group's ability to act quickly in making decisions on its operations in those markets.

Maintaining and strengthening the Group's position in these emerging markets is a key component of the Group global growth strategy in the Business Plan. However, with competition from many of the largest global manufacturers as well as numerous smaller domestic manufacturers, the automotive market in these emerging markets is highly competitive. As these markets continue to grow, the Group anticipates that additional competitors, both international and domestic, will seek to enter these markets and that existing market participants will try to aggressively protect or increase their market share. Increased competition may result in price reductions, reduced margins and the Group's inability to gain or hold market share, which could have a material adverse effect on the Group's financial condition and results of operations.

For further information, please refer to Section 2.1.1.3 (B)

### **1.3.6 Risks associated with general economic conditions**

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

Beginning in 2008, global financial markets have experienced severe disruptions, resulting in a material deterioration of the global economy. The global economic recession in 2008 and 2009, which affected most regions and business sectors, resulted in a sharp decline in demand for automobiles. Although more recently the Group has seen signs of recovery in certain regions, the overall global economic outlook remains uncertain.

In Europe, in particular, despite measures taken by several governments and monetary authorities to provide financial assistance to certain Eurozone countries and to avoid default on sovereign debt obligations, concerns persist regarding the debt burden of several countries. These concerns, along with the significant fiscal adjustments carried out in several countries, intended to manage actual or perceived sovereign credit risk, have led to further pressure on economic growth and to new periods of recession. For instance, European automotive industry sales have declined over the past several years following a period in which sales were supported by government incentive schemes, particularly those designed to promote sales of more fuel efficient and low emission vehicles. Prior to the global financial crisis, industry-wide sales of passenger cars in Europe were 16 million units in 2007. In 2013, following six years of sales declines, sales in that region had fallen to 12.3 million passenger cars. Similarly, sales of light commercial vehicles in Europe fell from 2.4 million units in 2007 to 1.6 million units in 2013. From 2011 to 2013, the Group's market share of the European passenger car market decreased from 7.0% to 6.0%, and the Group has reported losses and negative EBIT in each of the past three years in the Europe, Middle East and Africa, or EMEA, segment, recording negative EBIT of €520 million in 2013, a negative EBIT of €737 million in 2012 and a negative EBIT of €897 million on a pro forma basis in 2011. These ongoing concerns could have a detrimental impact on the global economic recovery, as well as on the financial condition of European institutions, which could result in greater volatility, reduced liquidity, widening of credit spreads and lack of price transparency in credit markets. In addition, widespread austerity measures in many countries in which the Group operates could continue to adversely affect consumer confidence, purchasing power and spending, which could adversely affect the Group's financial condition and results of operations.

Following the acquisition of control over Chrysler and its consolidation from June 1, 2011, a majority of the Group's revenues have been generated in the NAFTA region. Although economic recovery in North America has been slower and less robust than many economic experts predicted, vehicle sales in North America have experienced significant growth from the low vehicle sales volumes in 2009. Since the recovery may be partially attributable to the pent-up demand and average age of vehicles in North America following the extended economic downturn so there can be no assurances that improvements in general economic conditions or employment levels will lead to corresponding increases in vehicle sales. As a result, North America may experience limited growth or declines in vehicle sales in the future.

In addition, slower expansion is being experienced in major emerging countries, such as China, Brazil and India. In addition to weaker export business, lower domestic demand also led to a slowing economy in these countries. All these potential developments could adversely affect the financial condition and results of operations of the Group.

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

In addition to slow economic growth or recession, other economic circumstances — such as increases in energy prices and fluctuations in prices of raw materials or contractions in infrastructure spending — could have negative consequences for the industry in which the Group

operates and, together with the other factors referred to previously, could have a material adverse effect on the Group's financial condition and results of operations.

For further information, please refer to Section 2.1.1.3 (B).

## **1.4 MAIN RISKS AND UNCERTAINTIES ASSOCIATED WITH THE FINANCIAL INSTRUMENTS**

### **1.4.1 Risks associated with the FCA Common Shares listing on the NYSE and MTA**

Prior to the Merger, there has been no market for the FCA Common Shares although Fiat ordinary shares will be traded on the MTA until completion of the Merger. FCA Common Shares have been admitted to listing on the NYSE and the MTA. However, there can be no assurance that an active market for the FCA Common Shares will develop on the NYSE after the closing of the Merger, or that if it develops, the market will be sustained. The start of trading on the MTA of the FCA Common Shares is expected to occur shortly following the closing of the Merger and the listing of FCA Common Shares on the NYSE. Fiat will timely provide the public and the shareholders with the information as to the last trading day of Fiat ordinary shares and the start of trading of FCA Common Shares by publishing a notice and a press release. However, it is not possible to predict how trading will develop in these two markets. The dual listing of FCA Common Shares may split trading between the two markets and adversely affect the liquidity of the shares in one or both markets and the development of an active trading market for FCA Common Shares on the NYSE and may result in price differentials between the exchanges. Differences in the trading schedules, as well as volatility in the exchange rate of the two trading currencies, among other factors, may result in different trading prices for FCA Common Shares on the two exchanges.

For additional information related to listing and trading FCA Common Shares on the NYSE, please refer to Sections 2.1.1.3 and 8.1 below.

### **1.4.2 Risks associated with the issuance and allocation of Special Voting Shares**

If Fiat shareholders holding a significant number of Fiat ordinary shares elect to receive Special Voting Shares in connection with the Merger or come to hold Special Voting Shares after the Merger, or if FCA shareholders holding a significant number of FCA Common Shares for an uninterrupted period of at least three (3) years elect to receive Special Voting Shares, a relatively large proportion of the voting power of FCA could be concentrated in a relatively small number of shareholders who would have significant influence over FCA. The voting rights and economic rights pertaining to the Special Voting Shares, as described under Section 2.1.1.3, are set forth in the New Articles of Association; any amendments of the New Articles of Association (including any change to the rights pertaining to the Special Voting Shares) can only be passed by a resolution of the general meeting of shareholders of FCA following a prior proposal of the board of directors of FCA. A vote of at least two-thirds of the votes cast shall be required to approve such amendment if less than one half of the issued share capital is present or represented at the meeting. Therefore, any changes to the rights pertaining to the Special Voting Shares generally shall not require the separate approval by a special meeting of the holders of the Special Voting Shares. The resolution relating to any distribution out of the special voting shares dividend reserve requires a resolution approved by a special meeting of the holders of the Special Voting Shares.

The provisions of the New Articles of Association establishing the Loyalty Voting Structure may make it more difficult for a third party to acquire, or attempt to acquire, control of FCA, even if a change of control were considered favorably by shareholders holding a majority of FCA Common Shares. Moreover, the election for Special Voting Shares (and the uninterrupted holding of the

relevant FCA Common Shares for at least 3 years), the restrictions pertaining to the transfer of the Special Voting Shares as well as the procedures to be complied with in connection with the de-registration of the FCA Common Shares from the Loyalty Register for the purpose of their regular trading may have an impact on the liquidity of the FCA Common Shares.

Exor holds (based on the publicly available information) 30.05% of Fiat's share capital and will hold approximately the same interest in FCA Common Shares following the Merger (subject to the exercise of cash exit rights by other Fiat shareholders and, following the Merger, the offer and sale on the market of FCA Common Shares, including FCA treasury shares as described under Section 2.1.1.3 below). The voting power of FCA shareholders following the Merger will depend on the extent to which Fiat shareholders participate in the Loyalty Voting Structure. If all shareholders elect to participate in the Loyalty Voting Structure with respect to all of their FCA Common Shares, the voting power of all shareholders, including Exor, will be unchanged. On the other hand, if Exor is the only shareholder electing to participate in the Loyalty Voting Structure, Exor's voting power in FCA, immediately following completion of the Merger, could be as high as approximately 46% (before considering exercise of any cash exit rights and, following the Merger, the offer and sale on the market of FCA Common Shares, including FCA treasury shares as described under Section 2.1.1.3 below).

In light of the above, the Loyalty Voting Structure may prevent or discourage shareholders' initiatives aimed at changes in FCA's management and the implementation of the Loyalty Voting Structure could reduce the liquidity of the FCA Common Shares and adversely affect the trading prices of the FCA Common Shares.

A holder of FCA Common Shares that are Qualifying Common Shares (*i.e.*, FCA Common Shares with respect to which Special Voting Shares are allocated) or Electing Common Shares wishing to transfer such common shares other than in limited specified circumstances (e.g., transfers to affiliates or relatives through succession, donation or other transfers) must first request a de-registration of such Qualifying Common Shares or Electing Common Shares, as applicable, from the Loyalty Register and, if held outside the Regular Trading System, to move such common shares back into the Regular Trading System. Moving to the Regular Trading System might take some days and, therefore, shareholders who elected or intend to elect for the allocation of Special Voting Shares should consult their own depository intermediary in order to define the timing necessary to de-register their Qualifying Common Shares from the Loyalty Register and move to the Regular Trading System.

In addition, in the event a change of control over a Special Voting Shares holder occurs (as better described under Section 2.1.1.3 below), each shareholder must promptly notify FCA of the occurrence of such a circumstance. The change of control of the relevant shareholder will trigger the de-registration of the relevant Qualifying Common Shares from the Loyalty Register and such shareholder shall be obliged to immediately offer all the Special Voting Shares relating to such Qualifying Common Shares to FCA for no consideration; any and all voting rights attached to the Special Voting Shares issued and allocated to such shareholder will be suspended with immediate effect.

Finally, in the event of breach of any of the obligations provided for by the Terms and Conditions of the Special Voting Shares, the relevant shareholder shall without prejudice to FCA's right to request the specific performance, be bound to pay to FCA an amount as penalty, determined in compliance with article 10 of the Terms and Conditions of the Special Voting Shares.

For additional information related to the Loyalty Voting Structure please refer to Section 2.1.1.3 below.

**1.4.3 Risks associated with dilution from the issuance of FCA Common Shares or equity-linked securities**

The board of directors of FCA may authorize the issuance of FCA Common Shares free from preemptive rights, thereby enabling FCA, at any time following the Merger, to offer and sell newly issued FCA Common Shares or securities convertible into or exercisable for FCA Common Shares. FCA may also, at any time following the Merger, offer and sell any or all of the 35,000,000 FCA shares currently held by Fiat and any additional FCA shares issued to or otherwise acquired by Fiat that are held by Fiat at the time of completion of the Merger, that FCA will hold in treasury following the Merger; such market transactions may be carried out for any purpose, including to help develop a more liquid trading market for FCA Common Shares on the NYSE. FCA may take technical steps prior to completion of the Merger (including the preparation and filing with the foreign competent authorities of registration documents containing no material information additional to that contained in this Information Document) to facilitate such transactions, but FCA will not proceed with any such transaction unless it has been presented to and approved by the New Board of Directors of FCA following the Merger.

FCA may also approve, prior to or after the Merger, stock-based incentive plans in favor of certain FCA's directors and employees to be served after the Merger by newly-issued FCA Common Shares or FCA Common Shares held in treasury.

Should FCA carry out any of the actions described above, the holders of Fiat ordinary shares receiving FCA Common Shares upon effectiveness of the Merger would suffer dilution of their investment.

For additional information please refer to Section 2.1.1.3 below.

**1.4.4 Risks associated with volatility in the share price of FCA**

The market prices of the FCA Common Shares may decline following closing of the Merger and the listing of the FCA Common Shares on the NYSE and the MTA, if, among other reasons, FCA does not achieve the expected benefits from the full integration with Chrysler and the other benefits of the reorganization process, as described in this Information Document, as rapidly or to the extent anticipated by Fiat. Any of these situations may cause Fiat shareholders to sell a significant number of FCA Common Shares after consummation of the Merger, which may negatively affect the market price of the FCA Common Shares. For further information on the listing of FCA Common Shares on the MTA and on the NYSE, please refer to Section 8.

## **2. INFORMATION ON THE TRANSACTION**

### **2.1 DESCRIPTION OF THE TERMS AND CONDITIONS OF THE TRANSACTION**

#### **2.1.1 Description of the participating companies**

##### **2.1.1.1 FCA (the acquiring company)**

###### **Introduction**

FCA was incorporated as a public limited liability company (*naamloze vennootschap*) under the laws of the Netherlands on April 1, 2014 under the name Fiat Investments N.V. for the purpose of carrying out the reorganization of the Fiat Group, including the Merger, following the recently completed acquisition by Fiat, through a subsidiary, of a 100% ownership interest in Chrysler in January 2014 and facilitating the reorganized Group's listing on the NYSE.

Since incorporation, the activities of FCA have consisted only of preparing for the Merger and it is not expected that FCA will carry out any activity of any other nature until the Merger Effective Date. As of the date of this Information Document, FCA has not recorded any significant assets or liabilities.

A description of FCA and of the activities to be carried out by FCA subsequent to the Merger is provided below.

###### **Name, form of incorporation, registered office and share capital**

FCA has its corporate seat (*statutaire zetel*) in Amsterdam, the Netherlands, and its principal executive office at 240 Bath Road, SL1 4DX, Slough, United Kingdom, telephone number +44 (0) 1753 519581 and registered with the trade register of the Dutch Chamber of Commerce (*Kamer van Koophandel*) under 60372958.

As of the date of this Information Document, FCA's subscribed and paid-in share capital totaled €350,000.00, consisting of 35,000,000 shares having a nominal value of €0.01 each.

###### **Duration and financial year**

FCA has an unlimited duration and its financial year ends on December 31.

###### **Corporate objects**

The objects for which FCA was established are to carry on, either directly or through wholly or partially-owned companies and entities, activities relating to passenger and commercial vehicles, transport, mechanical engineering, agricultural equipment, energy and propulsion, as well as any other manufacturing, commercial, financial or service activity.

Within the scope and for the achievement of the purposes mentioned above, FCA may:

- (a) operate in, among other areas, the mechanical, electrical, electro mechanical, thermo mechanical, electronic, nuclear, chemical, mining, steel and metallurgical industries, as well as in telecommunications, civil, industrial and agricultural engineering, publishing, information services, tourism and other service industries;
- (b) acquire shareholdings and interests in companies and enterprises of any kind or form and purchase, sell or place shares, debentures, bonds, promissory notes or other securities or evidence of indebtedness;
- (c) provide financing to companies and entities it wholly or partially owns and carry on the technical, commercial, financial and administrative coordination of their activities;
- (d) provide or arrange for the provision (including through partially owned entities) of financing for distributors, dealers, retail customers, vendors and other business partners and carry on

- the technical, commercial, financial and administrative coordination of their activities;
- (e) purchase or otherwise acquire, on its own behalf or on behalf of companies and entities it wholly or partially owns, the ownership or right of use of intangible assets providing them for use by those companies and entities;
  - (f) promote and ensure the performance of research and development activities, as well as the use and exploitation of the results thereof;
  - (g) undertake, on its own behalf or on behalf of companies and entities it wholly or partially owns, any investment, real estate, financial, commercial, or partnership transaction whatsoever, including the assumption of loans and financing in general and the granting to third parties of endorsements, surety ships and other guarantees, including real security; and
  - (h) undertake and perform any management or support services or any other activity ancillary, preparatory or complementary to any of the above.

### **Shareholders' structure**

As of the date of this Information Document, FCA is a wholly-owned direct subsidiary of Fiat.

### **Corporate bodies**

The board of directors of FCA consists of 3 members as follows:

<b>Name</b>	<b>Position</b>
Sergio Marchionne	Chairman, executive director and CEO
Richard K. Palmer	Executive director
Derek J. Neilson	Non-executive director

In relation to their office, all the Current Members of the FCA Board have an address at the principal executive office of FCA.

None of Messrs. Marchionne, Palmer or Neilson has received compensation for their services as directors or officers of FCA prior to the effective time of the Merger.

A brief *curriculum vitae* is provided below for each Current Member of the FCA Board.

**Sergio Marchionne** – Mr. Marchionne is the chairman of FCA and currently serves as Chief Executive Officer of Fiat and Chairman, Chief Executive Officer and Chief Operating Officer of Chrysler. Mr. Marchionne leads Fiat's Group Executive Council and has been Chief Operating Officer of its NAFTA region since September 2011. He also serves as Chairman of CNHI. He was the chairman of Fiat Industrial and CNH Global N.V. until the integration of these companies into CNHI.

Prior to joining Fiat, Mr. Marchionne served as Chief Executive Officer of SGS SA, Chief Executive Officer of the Lonza Group Ltd. and Chief Executive Officer of Alusuisse Lonza (Algroup). He also served as Vice President of Legal and Corporate Development and Chief Financial Officer of the Lawson Group after serving as Vice President of Finance and Chief Financial Officer of Acklands Ltd. and Executive Vice President of Glenex Industries.

Mr. Marchionne holds a Bachelor of Laws from Osgoode Hall Law School at York University in Toronto, Canada and a Master of Business Administration from the University of Windsor, Canada. Mr. Marchionne also holds a Bachelor of Arts with a major in Philosophy and minor in Economics from the University of Toronto.

Mr. Marchionne serves on the Board of Directors of Philip Morris International Inc. and as Chairman of SGS SA headquartered in Geneva. Additionally, Mr. Marchionne serves as Executive

Chairman of CNHI, and as a director of Exor, a shareholder of Fiat and CNHI. Mr. Marchionne is on the Board of Directors of ACEA (European Automobile Manufacturers Association). He previously served as appointed non-executive Vice Chairman and Senior Independent Director of UBS AG as well as a director of Fiat Industrial.

**Richard K. Palmer** – Mr. Palmer is a director of FCA. Mr. Palmer is the Chief Financial Officer of Fiat and Chief Financial Officer of Chrysler. He became the Chief Financial Officer of Chrysler in 2009 and Chief Financial Officer of Fiat in 2011. Mr. Palmer was appointed to the Board of Directors of Chrysler in June 2014.

Prior to joining Chrysler, Mr. Palmer was Chief Financial Officer of Fiat Group Automobiles S.p.A., a position he held from December 2006. He joined the Fiat Group in 2003 as Chief Financial Officer of Comau and later moved to Iveco in the same role. From 1997 until 2003, Mr. Palmer was Finance Manager for several business units at General Electric Oil and Gas. Mr. Palmer spent the first years of his career in Audit with UTC and Price Waterhouse. Mr. Palmer is a member of the Board of Directors of R.R. Donnelley & Sons Co. Mr. Palmer is a Chartered Accountant and member of ICAEW (UK) and he holds a Bachelor of Science degree in Microbiology and Microbial Technology from the University of Warwick (U.K.).

**Derek Neilson** – Mr. Neilson is a director of FCA. Mr. Neilson is the Chief Manufacturing Officer of CNHI. Mr. Neilson has more than 20 years of experience in production and manufacturing engineering. He first joined CNH Global N.V. in 1999 with responsibility for the Basildon (U.K.) Plant Engine Manufacturing Business Unit. He later advanced to take the lead of the Tractor Manufacturing Business Unit. In 2004, Mr. Neilson was appointed Plant Manager of CNH Global N.V.'s Basildon (U.K.) tractor facility. After several years in this role, he became Vice President of Agricultural Manufacturing, Europe, where he served until assuming global responsibilities as Senior Vice President of Agricultural Manufacturing for CNH Global N.V. in 2010.

Mr. Neilson holds a BTEC HNC in Mechanical and Production Engineering.

#### **2.1.1.2 Fiat (the company to be absorbed)**

##### **Name, form of incorporation, registered office and share capital**

Fiat is the holding company of the Fiat Group, an international automotive group engaged in designing, engineering, manufacturing, distributing and selling vehicles, components and production systems.

Fiat, the parent company of the Group, was incorporated as a “Società Anonima Fabbrica Italiana di Automobili Torino – F.I.A.T.” on July 11, 1899. As of today, Fiat is a joint stock company (*società per azioni*) pursuant to Italian law and has its registered office in Via Nizza 250, Turin, Italy (telephone number +39-011-0061111), tax code and registration number with the Companies' Register of Turin no. 00469580013.

As of the date of this Information Document, Fiat's subscribed and paid-in capital is equal to €4,478,450,754.84, consisting of no. 1,250,963,898 ordinary shares having a nominal value of €3.58 each.

Fiat ordinary shares are traded on the MTA as well as on Euronext Paris and the Frankfurt stock exchange.

##### **Duration and financial year**

Fiat is established for a period ending on December 31, 2100 and its financial year ends on December 31.

##### **Corporate object**

The objects for which the company is established are: to carry on, either directly or through wholly or partially-owned companies and entities, activities relating to passenger and commercial vehicles, transport, mechanical engineering, agricultural equipment, energy and propulsion, as well as any other manufacturing, commercial, financial or service activity.

Within the scope and for the achievement of the above purposes, the company may:

- operate in, among other areas, the mechanical, electrical, electromechanical, thermomechanical, electronic, nuclear, chemical, mining, steel and metallurgical industries, as well as in telecommunications, civil, industrial and agricultural engineering, publishing, information services, tourism and other service industries;
- acquire shareholdings and interests in companies and enterprises of any kind or form and purchase, sell or place shares and debentures;
- provide financing to companies and entities it wholly or partially owns and carry on the technical, commercial, financial and administrative coordination of their activities;
- purchase or otherwise acquire, on its own behalf or on behalf of companies and entities it wholly or partially owns, the ownership or right of use of intangible assets providing them for use by those companies and entities;
- promote and ensure the performance of research and development activities, as well as the use and exploitation of the results thereof;
- undertake, on its own behalf or on behalf of companies and entities it wholly or partially owns, any investment, real estate, financial, commercial, or partnership transaction whatsoever, including the assumption of loans and financing in general and the granting to third parties of endorsements, suretyships and other guarantees, including real security.

### **The Fiat-Chrysler alliance**

Since 2008, the Group has pursued a process of transformation in order to meet the challenges of a changing marketplace characterized by global overcapacity in automobile production and the consequences of economic recession that has persisted particularly in the European markets on which the Group had historically depended. As part of the Group's efforts to restructure its operations, the Group has worked to expand the scope of its automotive operations, having concluded that significantly greater scale was necessary to enable it to be a competitive force in the increasingly global automotive markets.

Towards that end, the Group began exploring an alliance with Old Carco LLC, formerly known as Chrysler LLC, ("**Old Carco**") in 2008. In the second half of 2008, the North American automotive industry experienced a dramatic decline in vehicle sales in conjunction with the global credit crisis and a deep recession in the U.S., which heavily impacted Old Carco. Old Carco traced its roots to the company originally founded by Walter P. Chrysler in 1925 that, since that time, expanded through the acquisition of the Dodge and Jeep brands. Following Daimler AG's sale of a majority interest of Old Carco in 2007, Old Carco was particularly vulnerable to the recession, the restricted availability of credit and changes in consumer preferences due to its dependence on larger, less fuel-efficient vehicles and its focus primarily on the North American market. Old Carco was less able to take advantage of developing markets and its smaller scale affected its ability to dedicate sufficient resources to research and development to maintain competitiveness and to invest in common architectures and more flexible manufacturing plants.

An alliance with Chrysler presented significant opportunities, as the two companies each had a product and technology portfolio and geographic scope that were highly complementary with one another, with the Fiat Group having a leading position in small vehicle platforms and fuel-efficient

powertrains and a substantial presence in Europe and Latin America, with minimal presence in North America, while Chrysler had focused on larger vehicles, including sport utility vehicles, light trucks and minivans in the North American markets.

In April 2009, Fiat and Old Carco entered into a master transaction agreement (the “**Master Transaction Agreement**”), pursuant to which an entity Fiat formed that is now known as “Chrysler Group LLC” agreed to purchase the principal operating assets of Old Carco and to assume certain of Old Carco’s liabilities in a transaction contemplated by the Master Transaction Agreement pursuant to Section 363 of the U.S. Bankruptcy Code, which is referred to as the 363 Transaction.

Following the closing of the transaction on June 10, 2009, Fiat (through its subsidiaries) held an initial 20% ownership interest in Chrysler, with the VEBA Trust, the U.S. Treasury and the Canadian governments holding the remaining interests. Chrysler’s operations were funded with financing from the U.S. Treasury and Canadian government. Fiat also held several options to acquire additional ownership interests in Chrysler. Fiat also entered into a master industrial agreement and certain related ancillary agreements (the “**Master Industrial Agreement**”), pursuant to which an alliance was formed, which is referred to as the Fiat-Chrysler Alliance.

With the Fiat-Chrysler Alliance providing enhanced operating scale in the automotive sector, in 2010 Fiat demerged the capital goods businesses, including the agricultural and construction equipment and commercial vehicles businesses previously integrated within the Group, into a separate publicly traded entity, now known as “CNH Industrial N.V.” (the “**CNHI Group**”), so that the different investment cycles, financing needs and investment profiles of those businesses and the remaining automotive and related component and production systems businesses, respectively, could be addressed more effectively and with greater strategic flexibility. The Demerger was completed on January 1, 2011.

Under the Master Industrial Agreement between the Fiat Group and Chrysler, the companies have been collaborating on a number of fronts, including product and platform sharing and development, global distribution, procurement, information technology infrastructure, management services and process improvement. The main objectives in establishing the Fiat-Chrysler Alliance were:

- Product and Platform Sharing — including co-developing and sharing platforms to save on the cost of development and parts, to improve quality and time-to-market and to simplify manufacturing processes.
- Shared Technology — extending a number of key automotive technologies into each others’ vehicles to improve competitiveness and lower the effective costs of new technologies through joint development and application across higher volume platforms.
- Global Distribution — leveraging each other’s historical capabilities to extend the respective products into markets in which the Group did not have a significant presence, including jointly undertaking efforts to develop the Group’s presence in Asia under a common distribution strategy.
- Procurement — pursuing joint purchasing programs designed to yield short- and long-term savings and efficiencies through negotiations with common suppliers, as well as expanding the use of shared parts and components and leveraging volume bundling opportunities.
- World Class Manufacturing — extending the Group’s World Class Manufacturing, or WCM, principles into all of its assembly, powertrain and stamping facilities to eliminate waste of all types, which ultimately enhances worker efficiency, productivity, safety and vehicle quality, and subsequent extension of WCM principles to certain of the Group’s suppliers.
- Information and Communication Technology — aligning the Group’s information and

communication technology systems and related business processes across the extended industrial, commercial and corporate administrative functions in order to facilitate intragroup collaboration, and to support drive toward common global systems.

The Fiat-Chrysler Alliance grew in strength and scope over the following years and Fiat acquired additional ownership interests in Chrysler, leading to majority ownership and full consolidation of Chrysler's results into the Group's financial statements from June 1, 2011. On May 24, 2011, Chrysler refinanced the U.S. and Canadian government loans, and, in July 2011, Fiat acquired the ownership interests in Chrysler held by the U.S. Treasury and Canadian government.

In January 2014, Fiat agreed to purchase all of the VEBA Trust's equity interests in Chrysler, which represented the approximately 41.5% of Chrysler interest not then held by Fiat. The transaction was completed on January 21, 2014, resulting in Chrysler becoming an indirect wholly-owned subsidiary of Fiat.

Following the acquisition of the remaining equity interests in Chrysler in January 2014, Fiat expects to be able to capitalize on its position as a single integrated automaker to become a leading global automaker.

### Shareholders' structure

Giovanni Agnelli & C. S.a.p.az. exercises *de facto* control of Fiat (as defined in article 93 of the Italian Financial Act) indirectly through its subsidiary Exor, which, according to publicly available information, holds 30.05% of Fiat ordinary shares.

Fiat holds, as of the date of this Information Document, 29.9 million treasury shares (2.4% of the capital of Fiat). As of the date of this Information Document, further shareholders who – according to the publicly available information – directly or indirectly hold shares at the same date in Fiat representing 2% or more of voting rights (calculated having as basis the aggregate amount of outstanding shares, including treasury shares) are:

<b><i>Fiat shareholders (*)</i></b>		
<b><i>Declarant or party at the top of the investment chain</i></b>	<b><i>Party directly holding the major shareholding</i></b>	<b><i>%</i></b>
Giovanni Agnelli & C S.a.p.az.	Exor S.p.A.	30.05%
Baillie Gifford & Co.	Baillie Gifford & Co. (non-discretionary asset management regime)	0.49%
	Baillie Gifford Overseas Limited (non-discretionary asset management regime)	2.15%
Vanguard International Growth Fund	Vanguard International Growth Fund	2.01%
People's Bank of China	People's Bank of China	2.00%
Fiat S.p.A.	Fiat S.p.A.	2.40%
Market (**)		60.90%

- (\*) Reports by shareholders to the company and Consob may be not updated in the event that no disclosure obligation is imposed on the relevant holder under the applicable laws in connection with changes in the interest held by such holder.
- (\*\*) “Market” includes directors owning shares of Fiat and Fiat treasury shares.

In addition, based on the information as of the date of this Information Document, directors and Executive Officers of Fiat owning Fiat shares are the following:

	<i>No. of shares</i>	<i>%</i>
<b><i>Fiat directors</i></b>		
Sergio Marchionne	6,496,666	0.52%
John Elkann	133,000	–
Luca Cordero di Montezemolo	127,172	–

In addition to the above, as of the date of this Information Document, Executive Officers of the Group owning Fiat shares (who will, therefore, be expected to receive FCA Common Shares on the basis of the Exchange Ration) are Alfredo Altavilla (17,158), Stefan Ketter (4,803), Eugenio Razelli (6,908), Riccardo Tarantini (3,000), Harald Wester (12,000) and Alessandro Baldi (35,450).

As to the possible shareholder structure of FCA following completion of the Merger, please refer to Section 2.1.3 below.

### **Corporate bodies**

#### *Board of Directors and Executive Officers*

The board of directors, elected by shareholders at the general meeting held on April 4, 2012 for the 2012, 2013 and 2014 financial years, is composed of the following:

<b>Name</b>	<b>Position</b>
John Elkann	Chairman Executive director
Sergio Marchionne	CEO Executive director
Andrea Agnelli	Non-executive director
Joyce Victoria Bigio	Independent non-executive director (*)
Tiberto Brandolini d’Adda	Non-executive director
René Carron	Independent non-executive director (*)
Luca Cordero di Montezemolo	Executive director (***)
Glenn Earle (***)	Independent non-executive director (*)
Patience Wheatcroft	Independent non-executive director (*)

(\*) The independence requirements are those provided for under article 148 of the Italian Financial Act.

(\*\*) Executive Director in the light of the office as Chairman of Ferrari S.p.A., that will be held until October 13, 2014.

(\*\*\*) Effective June 23, 2014 Mr. Gian Maria Gros Pietro resigned from the board of directors of Fiat and was replaced by Glenn Earle.

A brief *curriculum vitae* is provided below for each member of the board of directors of Fiat, save for those members of the board of directors of Fiat who will be part of the New Board of Directors of FCA at the Merger Effective Date whose *curriculum vitae* is included in Section 2.1.1.3 below:

**Joyce Victoria Bigio** - Joyce Victoria Bigio has dual Italian-American citizenship and holds a degree in Economics and Commerce from the University of Virginia, with a major in Accounting. Ms. Bigio has experience in a wide range of activities, including audit, management, governance, restructuring, reporting and consulting in a wide range of industry sectors. She is currently Managing Partner of the consulting firm International Accounting Solutions. Following graduation from university in 1976, Ms. Bigio went on to gain experience at several prestigious firms, including Arthur Andersen, Euromobiliare, The Waste Management Group and Sotheby’s Italia.

She also currently serves on the board of directors of Simmel Difesa S.p.A. and Gentium S.p.A. and is the Chair of its Audit Committee. Ms. Bigio has been an independent member of the Board of Directors of Fiat S.p.A. since 4 April 2012.

**René Carron** - René Carron was born in 1942, in Savoie, France. A farmer by profession, he was President of the Savoie Chamber of Agriculture from 1983 to 1992. In 1981, Mr. Carron joined the Crédit Agricole Group as Chairman of Banque Yenne. In April 1992, he was appointed Chairman of Caisse Régionale de la Savoie which – after its merger in 1994 with the Caisse Régionale de Haute Savoie – became the Caisse Régionale des Savoie of which he remained Chairman until March 2010. In 1995, he was elected to the Board of Fédération Nationale du Crédit Agricole, where he served as Chairman from July 2000 until April 2003. In 1999, he was appointed to the Board of Directors of Crédit Agricole S.A., serving as Chairman from December 2002 until May 2010. Former Mayor of Yenne, René Carron has been Yenne District Councillor. Additionally, he was member of the Savoie District Council Standing Committee and Vice-President of the Savoy District Council from 1995 to 1998. Mr. Carron also presided over the “Savoie 92” Association in charge of promoting the Savoie region during the lead-up to the Olympic Games in Albertville. From 2000 to 2003, René Carron was member of the Economic and Social Council. In October 2008, he was elected Chairman of the Board of Grameen Crédit Agricole Microfinance Foundation and remained in office until March 2012. In 2003, he was elected Chairman of CICA – Confédération Internationale du Crédit Agricole. He chairs the FARM foundation (Fondation pour l’Agriculture et la Ruralité dans le Monde). The readers of the French daily La Tribune named René Carron the “Best Strategist for 2003”. He has been an independent member of the Board of Directors of Fiat S.p.A. since 24 July 2007.

**Luca Cordero di Montezemolo**: Born in Bologna in 1947, Mr. Montezemolo graduated in Law from the University of Rome. He continued his studies at the Columbia University in New York where he specialized in International Commercial Law. Since 1991 to 2014, he has been Chairman of Ferrari S.p.A. Mr. Montezemolo is also Chairman of Charme Management S.r.l., the investment fund that he founded in 2002, as well as Fondazione Telethon, one of the leading charities in Italy. He serves as a Deputy Chairman of UniCredit S.p.A. and a member of the board of directors of Fiat S.p.A., Editrice La Stampa S.p.A., Kering SA (formerly Pinault Printemps Redoute S.A.), Tod’s S.p.A., NTV S.p.A., Octo Telematics S.p.A., Delta Topco Ltd., Poltrona Frau S.p.A. and Montezemolo & Partners SGR. He is also a member of the executive committee of Assonime. Mr. Montezemolo began his professional career at the law firm of Chiomenti in Rome and then joined Bergreen & Bergreen in New York. From 1973 to 1977, he was assistant to Enzo Ferrari and was also Ferrari’s Sporting Director. From 1977 to 1981, he was Director of External Relations for Fiat Group and, from 1981 to 1983, he served as CEO of Itedi S.p.A. From 1984 to 1986, Mr. Montezemolo was CEO of Cinzano International S.p.A. in Geneva and then, from 1986 to 1990, he was Director General of the Organizing Committee for the 1990 FIFA World Cup in Italy. Following that, he took over as CEO of RCS Video (1990-1991). From 1997 to 2005, he was Chairman and CEO of Maserati and, from 1998 to 2008, he was President of Fiera Internazionale di Bologna. He also served as President of FIEG (Federazione Italiana Editori Giornali) until July 2004. In 2004, Mr. Montezemolo was named Chairman of Fiat S.p.A., a post he held until 2010, and also led Confindustria, the Italian employers’ association, from 2004 to 2008, as well as being President of LUISS University in Rome until 2010. In 2009, he founded the Associazione Italia Futura to promote political and social debate on the future of Italy. The organization’s membership includes many prominent individuals. He is a Cavaliere del Lavoro (Italy) and in 2008 he was awarded the Légion d’Honneur (France). In 2012, he was named “European Manager of the Year” by the European Business Press, an association of leading business and financial publications. Mr. Montezemolo has been awarded five honorary degrees.

The following table shows the main positions and interests, on the basis of Fiat's knowledge, held currently and during the five years prior to the date of this Information Document by the above listed members of the current board of directors of Fiat:

<b>Name</b>	<b>Company in which the position is held</b>	<b>Position</b>	<b>Status (active/expired)</b>	
<b>Joyce Bigio</b>	<b>Victoria</b>	Simmel Difesa	Director	Active
		S.p.A.		
		Gentium S.p.A.	Director Chief of the Audit Committee	Active
		International Accounting Solutions	Managing Director	Active
<b>René Carron</b>		Confédération Internationale du Crédit Agricole	Chairman	Active
		FARM foundation	Chairman	Active
		Caisse Régionale des Savoie	Director	Expired
		Crédit Agricole S.A	Director	Expired
		Grameen Crédit Agricole Microfinance Foundation	Chairman	Expired
<b>Luca Cordero di Montezemolo</b>		Ferrari S.p.A.	Chairman	Active (Expired starting from October 13, 2014)
		Charme Management S.r.l.	Chairman	Active
		Fondazione Telethon	Chairman	Active
		UniCredit S.p.A.	Director Deputy Chairman	Active
		La Stampa S.p.A.	Director	Active
		Kering S.A.	Director	Active
		Tod's S.p.A.	Director	Active
		NTV S.p.A.	Director	Active
		Octo Telematics S.p.A.	Director	Active
		Delta Topco Ltd.	Director	Active
		Poltrona Frau S.p.A.	Director	Active
		Montezemolo & Partners SGR	Director	Active
		Assonime	Member of the executive committee	Active
		Università LUISS	Chairman	Expired

The Executive Officers of Fiat are the following:

- Alfredo Altavilla;
- Cledorvino Belini;
- Michael Manley;
- Riccardo Tarantini;
- Eugenio Razelli;
- Olivier François;
- Harald Wester;
- Reid Bigland;
- Pietro Gorlier;
- Lorenzo Ramaciotti;
- Stefan Ketter;
- Scott Garberding;
- Doug Betts;
- Bob Lee;
- Mark Chernoby;
- Richard Palmer;
- Linda Knoll;
- Alessandro Baldi; and
- Michael J. Keegan.

A brief *curriculum vitae* is provided below for the Executive Officers of Fiat, save for those Executive Officers of Fiat who are Current Members of FCA Board or will be part of the New Board of Directors of FCA at the Merger Effective Date whose *curriculum vitae* is included, respectively, in Section 2.1.1.1 above and 2.1.1.3 below:

**Alfredo Altavilla** - Alfredo Altavilla was appointed Chief Operating Officer Europe, Africa and Middle East (EMEA) on November 12, 2012. He has also been a member of the Group Executive Council (GEC) and Head of Business Development since September 1, 2011. He began his career as an assistant at Università Cattolica, Milan. In 1990, he joined Fiat Auto, where he initially focused on international ventures in the area of strategic planning and product development. In 1995, he was appointed head of Fiat Auto's Beijing office and in 1999 head of Asian Operations. He has been involved in Business Development since 2001, becoming responsible for coordination of the alliance with General Motors in 2002 and, in 2004, being assigned responsibility for management of all alliances. In September 2004, Mr. Altavilla was appointed Chairman of FGP (Fiat/GM Powertrain JV) and Senior Vice President of Business Development of Fiat Auto. In July 2005, he became CEO of Türk Otomobil Fabrikası A.S. (TOFAS) – a 50-50 joint venture between Fiat Auto and Koç Holding listed on the Istanbul stock exchange – while retaining his role as head of Business Development. In November 2006, he was named Chief Executive Officer of FPT – Fiat Powertrain Technologies. In July 2009, he became a member of the Board of Directors of Chrysler Group LLC and in October 2009 was named Executive Vice President of Business Development for Fiat Group. From November 2010 to November 2012 he was President and Chief

Executive Officer of Iveco. He was also a member of the Fiat Industrial Executive Council (FIEC) from January 2011 to November 2012. Mr. Altavilla holds a degree in Economics from Università Cattolica, Milan. He was born in Taranto, Italy.

**Cledorvino Belini** - Cledorvino Belini was appointed Chief Operating Officer Latin America and named a member of the Group Executive Council (GEC) on September 1, 2011. He was appointed President of FIASA in 2004, and, in 2005, he also became President of Fiat Group Latin America and President of Fiat Finance Brazil. He currently also serves as Chairman of the Board of Fidis Bank Brazil. Mr. Belini started his career in 1967 in the Human Resources department at I.R.F. Matarazzo in Brazil. In 1970, he assumed a new role in the Systems & Methods department which he held until 1972. He joined the Fiat Group at Fiat Allis Brazil (CNH Brazil) where, from 1973 to 1986, he made a significant contribution in various roles including: Production Planning Director, Purchasing Director, Fiat Allis Logistic Director, Tractor Sales General Manager, Spare Parts Manager and Systems & Methods. In 1987, he joined Fiat Automóveis (FIASA) as Purchasing Director and was appointed Commercial Director in 1994. In 1997, Mr. Belini was made President of Magneti Marelli Latin America, a role which he held until 2003. Mr. Belini was born in Sao Paulo, Brazil, and is a graduate in Business Administration. He also holds a Masters in Finance and an advanced MBA from INSEAD/FDC (France).

**Michael Manley** - Michael Manley was appointed President and Chief Executive Officer - Jeep® Brand, Chrysler Group LLC, in June 2009. Mr. Manley was also the lead Chrysler Group executive for the international activities of Chrysler outside of NAFTA where he was responsible for implementing the co-operation agreements for distribution of Chrysler Group products through Fiat's international distribution network. Previously, Mr. Manley was Executive Vice President - International Sales and Global Product Planning Operations since December 2008. In this position, he was responsible for product planning and all sales activities outside North America. Mr. Manley joined DaimlerChrysler in 2000 as Director - Network Development, DaimlerChrysler United Kingdom, Ltd., bringing with him extensive experience in the international automobile business at the distributor level. He holds a Master of Business Administration from Ashridge Management College.

**Riccardo Tarantini** - Riccardo Tarantini was appointed Chief Operating Officer Systems and Castings and named a member of the Group Executive Council (GEC) on September 1, 2011. He was appointed Managing Director and General Manager of Teksid S.p.A. in February 2003. In August 2006 he was also appointed Chief Executive Officer of Comau S.p.A. Riccardo Tarantini joined 3M Italia in 1974, as a plant controller. The following year he moved to Delchi S.p.A. (Westinghouse Electric) in charge of Corporate Reporting, later becoming Head of Control and Finance. He joined Teksid in 1979 as Central Controller for the Diversified products grouping, later taking charge of Administration and Control, first of the Tube and Pipe division and then of the Aluminium Foundry division. He worked for Toro for two years (1985-1986) as head of the Management Control Project, and returned to Teksid in 1987 in other management positions. After four years of managerial experience in the U.S.A., he was appointed head of the Aluminium Foundries division and then Assistant General Manager of the Metallurgical Products Sector, responsible for New Initiatives and International Development. Mr. Tarantini was born in Corato, Italy and has a degree in the Economics of Industrial Companies from the Bocconi University of Milan. He has also taken specialization courses in Milan and Fontainebleau.

**Eugenio Razelli** - Eugenio Razelli was appointed Chief Operating Officer Components and named a member of the Group Executive Council (GEC) on September 1, 2011. He was appointed Chief Executive Officer of Magneti Marelli in April 2005. He began his career at Fiat Auto and Zanussi going on to become CEO of Gilardini Industriale in 1983. Mr. Razelli subsequently held positions of growing responsibility at Comind (General Manager of Stars and Politecna) and Magneti

Marelli. At the Components Sector of Fiat Group, in particular, he served as General Manager of the Electronic Components Division, Executive Vice President Manufacturing for the Electromechanical Components Group and, later on, General Manager of the same Group. In 1991, he was appointed President of Engine Control Systems. He moved to Pirelli Cavi in 1993 as Vice President Manufacturing, and was later appointed President and CEO of Pirelli Cable North America. Upon his return to Italy in 1997, Mr. Razelli continued to work at Pirelli Cavi, serving first as Senior Executive Vice President, Telecom Division and then as Senior Executive Vice President, Energy Division. From 2001 to 2003, he was President and CEO of Fiamm. From May 2003 to March 2005, Mr. Razelli served as Senior Vice President of Business Development at Fiat S.p.A. He was born in Genoa, Italy where he obtained a degree in Electrical Engineering.

**Olivier François** - Olivier François was appointed Head of Fiat brand and Chief Marketing Officer and named a member of the Group Executive Council (GEC) on September 1, 2011. Previously, Mr. François was appointed President and Chief Executive Officer for the Chrysler brand, Chrysler Group LLC in October 2009. He joined the company from Fiat Group Automobiles, where he was President and Chief Executive Officer for the Lancia brand. He was also the lead marketing executive at Chrysler Group with responsibility for marketing strategies, brand development and advertising for the Chrysler Group and Fiat Group Automobiles brands. He has been the lead executive for Fiat Group Automobiles' Lancia brand since September 2005. To enhance the effectiveness of Fiat Group Automobiles and further strengthen synergies within the company, from January 2009 to March 2013 he was head of Brand Marketing Communication with responsibility for coordinating communication activities for all brands. Before joining Fiat in 2005, Mr. François worked in positions of increasing responsibility at Citroën. He holds a degree in economy, finance and marketing from Dauphine University and a diploma from the IEP (Institute des Sciences Politiques) in Paris. He was born in Paris, France.

**Harald Wester** - Harald Wester was appointed Chief Technology Officer and Head of Alfa Romeo, Abarth (until 2013) and Maserati and named a member of the Group Executive Council (GEC) on September 1, 2011. He was appointed Chief Technology Officer for Fiat Group in September 2007. In addition to this role, in August 2008 he was appointed Chief Executive Officer of Maserati S.p.A., in January 2009 Chief Executive Officer of Abarth & C. S.p.A and in January 2010 Chief Executive Officer of Alfa Romeo Automobiles. Mr. Wester started his professional career at Volkswagen AG in Wolfsburg, where he was General Manager of the Vehicle Research & New Concepts department from 1991 to 1995. Later that year, he joined Audi AG in Ingolstadt where he became Program Manager for the A2 models & Special Vehicles, a position that he held until January 1999. Subsequently, he joined Ferrari S.p.A. at Maranello as Director of Product Development, where he remained until January 2002. Mr. Wester was then hired by Magna Steyr AG, Magna AG (Graz, Vienna) as Group President Engineering and Chief Technical Officer (Research, Development and Technologies). In 2004 he joined the Fiat Group where he took on the role of Chief Technical Officer of Fiat Group Automobiles. Mr. Wester was born in Linz am Rhein, Germany. He obtained a Masters in Mechanical Engineering from Braunschweig University.

**Reid Bigland** - Reid Bigland was appointed Head of Alfa Romeo brand for the NAFTA region in August 2014 and named a member of the Group Executive Council (GEC) on September 1, 2011. He was named Head of U.S. sales in June 2011. In that capacity, he is in charge of sales strategy, dealer relations and operations, order facilitation, incentives and field operations. He remains President and Chief Executive Officer - Chrysler Canada Inc., a position he was named to in July 2006. Mr. Bigland also serves as Chairman - Chrysler Canada. He was Head of Ram Truck Brand until August 2014 and Head of Dodge Brand until April 2013. Previously, he was President of Freightliner Custom Chassis Corporation, a South Carolina-based company. During Mr. Bigland's career he has had responsibility for all aspects of Management, including Human Resources, Sales

and Marketing, Manufacturing, Engineering, Product Planning, Customer Service and Distribution in both Canada and the U.S. Mr. Bigland has served on the Board of Directors of the University of Windsor since 2006. He received a Bachelor of Arts from the University of British Columbia. Mr. Bigland holds both American and Canadian citizenship.

**Pietro Gorlier** - Pietro Gorlier was appointed Head of Parts & Service (MOPAR) and named a member of the Group Executive Council (GEC) on September 1, 2011. Mr. Gorlier was appointed President and Chief Executive Officer - MOPAR Brand Service, Parts and Customer Care, Chrysler Group LLC, in June 2009. He had shared accountability with the brands, responsible for parts and services growth and delivery, and an integrated world class approach to customer support. He joined the Chrysler Group from Fiat Group Automobiles S.p.A. and CNH Global N.V., where he previously served as head of the Network and Owned Dealerships organization. Mr. Gorlier joined the Fiat Group in 1989 as a Market Analyst in Iveco and held various positions in Logistics, After Sales, and Customer Care before joining Fiat Group Automobiles in 2006 in Network Development. He holds a Master of Economics from the University of Turin. Mr. Gorlier was born in Turin, Italy.

**Lorenzo Ramaciotti** - Lorenzo Ramaciotti was appointed Head of Design and named a member of the Group Executive Council (GEC) on September 1, 2011. Mr. Ramaciotti was appointed Head of Style for Fiat Group Automobiles in June 2007. He has a broad professional experience in automobile styling, which he earned at Pininfarina. He joined Pininfarina in 1973 and was soon responsible for realizing models and prototypes. In 1982 he was appointed Deputy Manager of Pininfarina Studi e Ricerche at Cambiano. Six years later he became General Manager, and in 1994, he became a member of the Board of Directors. In 2002 he was appointed Chief Executive Officer of Pininfarina Ricerca e Sviluppo S.p.A. During the 17-year-period in which he headed the Pininfarina design, he developed approximately 20 concept cars, several of which were awarded at the international level, and directed projects of successful automobiles, on behalf of several manufacturers. He developed the Maserati Quattroporte, as well as some of the most beautiful Ferrari models: the 550 Maranello, the 360 Modena, the Ferrari Enzo, and the current Ferrari F430 and 612 Scaglietti. Mr. Ramaciotti was born in Modena, Italy and graduated in Mechanical Engineering at the Turin Polytechnic.

**Stefan Ketter** - Stefan Ketter was appointed Chief Manufacturing Officer and named a member of the Group Executive Council (GEC) on September 1, 2011. He was appointed Chief Manufacturing Officer of the Fiat Group in January 2008. Mr. Ketter entered BMW Munich in 1986 as a trainee and held positions of growing responsibility in the technical area until 1996, when he was appointed Quality Manager. In 1996 Mr. Ketter joined AUDI and, in 1997, he became Quality Director of America Latina VW Group. In this framework, he was charged with the set up of a new plant in Brazil for export to the United States. In 2002, he was assigned responsibility for Quality & Service of Volkswagen of America, where he integrated Group activities and regional operations. In 2004 he was named head of Quality at Fiat Group Automobiles, and in 2005 took over responsibility for Manufacturing. In addition to this position, in 2006 he took on responsibility for coordinating implementation of World Class Manufacturing for the Fiat Group. Mr. Ketter was born in Sao Paulo, Brazil, where he performed his studies at the Brazilian-German high school. He obtained a degree in Mechanical Engineering at the Technical University of Munich and took Business Management courses at Insead in France.

**Scott Garberding** - Scott R. Garberding was appointed Fiat Chrysler Head of Group Purchasing and named a member of the Group Executive Council (GEC) in September 2013. In December 2009 he was appointed Senior Vice President of Manufacturing/ World Class Manufacturing, Chrysler Group LLC. In this position, he was responsible for all assembly, stamping, and powertrain manufacturing operations worldwide as well as implementation of the World Class

Manufacturing system at all Chrysler Group manufacturing facilities. Previously, he was Head of Manufacturing/World Class Manufacturing, Chrysler Group LLC, an appointment he received in 2009. Prior to that, he was Senior Vice President and Chief Procurement Officer, Chrysler Group LLC since June 2009. He also held the position of Senior Vice President and Chief Procurement Officer, Chrysler LLC since 2008, with responsibility for all global sourcing activities worldwide. He previously served as Vice President - Global Alliance Operations in 2008 and prior to that as Vice President - Supply and Supplier Quality, Chrysler LLC beginning in 2007. Garberding joined Chrysler Corporation in 1993 in the Manufacturing organization. Mr Garberding earned a Bachelor of Science degree in Electrical Engineering from the University of Texas (1986) and a Master of Business Administration degree in Management from the Massachusetts Institute of Technology (MIT) (1993). He was born in Oak Park, Ill.

**Doug Betts** - Doug Betts was appointed Head of Quality and named a member of the Group Executive Council (GEC) on September 1, 2011. Mr. Betts was appointed Senior Vice President - Quality, Chrysler Group LLC in June 2009, with responsibility for corporate quality. Previously, Mr. Betts was Vice President and Chief Customer Officer for Chrysler LLC since November 2007 with responsibility for improving the company's overall quality and customer satisfaction. He joined Chrysler in November 2007 with more than 21 years of quality assurance expertise gained from similar positions at Nissan and Toyota. Prior to joining Chrysler, he worked at Nissan America as as Senior Vice President – Total Customer Satisfaction since April 2006, where he was responsible for all business activities related to satisfying customers with product or service quality in North and South America. Mr. Betts holds a Bachelor of Science degree in mechanical engineering from Georgia Tech University in Atlanta. Mr. Betts was born in Neosho, Missouri.

**Robert Lee** - Robert (Bob) Lee was appointed Head of Powertrain Coordination and named a member of the Group Executive Council (GEC) on September 1, 2011. Bob Lee was appointed Vice President and Head of Engine and Electrified Propulsion Engineering, Chrysler Group LLC in July 2011, with responsibility for directing the design, development and release of all engines and electrified propulsion systems for Chrysler Group LLC products. Mr. Lee joined the company in 1978 as an engineer-in-training in the Chrysler Institute of Engineering program and has since held a variety of positions in different areas of Powertrain. He has been an active member of the Society of Automotive Engineers (SAE) since 1978 and is a founding member of the SAE North American International Powertrain Conference Leadership Team where he served as the 2007 NAIPC Conference Chairman. Mr. Lee is known for leading many new engine programs including the rebirth of the iconic HEMI® V-8 engine in 2003 and the new Pentastar V-6 engine in 2010. Mr. Lee holds a Master of Business Administration degree from Michigan State University, a Master of Science degree in Mechanical Engineering from the University of Michigan and a Bachelor of Science degree in Mechanical Engineering from Ohio State University.

**Mark Chernoby** – Mark M. Chernoby was appointed Chief Operating Officer Product Development in August 2014. In addition, Chernoby will continue his role as a member of the Group Executive Council (GEC) with responsibility for Product Portfolio Management. He was named to the GEC on September 1, 2011. Prior to his current role, Mr Chernoby was Senior Vice President of Engineering, Chrysler Group LLC, Product Committee Coordinator for the NAFTA Region and Head of Vehicle Engineering, Chrysler Group LLC. Since joining Chrysler Corporation in 1985 as a powertrain engineer, Mr. Chernoby has made use of his experience in focused component engineering, advanced vehicle programs and vehicle homologation for Chrysler, Jeep® and Dodge products. In 2005, Mr. Chernoby was elected chair for the SAE Technical Standards Board, and in 2007, he served as a member of the Hydrogen Technology Advisory Committee reporting to the U.S. Secretary of Energy. He holds a master's degree in business administration from the University of Michigan and a master's degree in mechanical engineering from the University of Michigan. His studies began with a bachelor's degree in

mechanical engineering from Michigan State University. Mr. Chernoby was born in Bay City, Michigan.

**Linda Knoll** – Linda Knoll was appointed Chief Human Resources Officer and named a member of the Group Executive Council (GEC) on September 1, 2011. Concurrently, she is Senior Vice President of Human Resources for CNH since September 2007 and Chief Human Resources Officer for Fiat Industrial since January 2011. She is also a member of the Fiat Industrial Executive Council (FIEC). Ms. Knoll first joined CNH in 1994 from the Land Systems Division of General Dynamics Corporation. Since then, she has held numerous roles at CNH, which ultimately culminated in a variety of high-level leadership appointments. Her first position was with Case Corporation as Manager of Development for Production Programs in 1994. In 1995, she was appointed Director of Supply Chain Planning, and in 1996, Product Development Director for Advanced Farming Systems (AFS). With the formation of CNH in 1999, she became Vice President and General Manager of the Crop Production Global Product Line. From 2003-2005, she served as Vice President, North America Agricultural Industrial Operations. For the following two years, 2005-2007, she served as Executive Vice President for Worldwide Agricultural Manufacturing and then briefly as Executive Vice President, Agricultural Product Development. Ms. Knoll served as interim President of CNH Parts and Service from 2010-2011. She represented CNH on the National Association of Manufacturers (NAM)'s Board of Directors from 2007-2011. Ms. Knoll holds a Bachelor of Science degree in Business Administration from Central Michigan University.

**Alessandro Baldi** - Alessandro Baldi was named Head of Audit & Compliance in February 2013. He also coordinates the Group's sustainability initiative. He began his professional career in 1981 as an auditor at Ernst & Young in Zurich, and subsequently became Senior Manager. In 1989, he joined the Internal Audit department at Alusuisse Lonza in Zurich (Algroup), and later became head of the department. In 1994, he was appointed Group Controller at Algroup. In 1997, Mr. Baldi became CFO of Algroup's Aluminum Sector and the following year resumed his previous role as Group Controller. In 1999, he was appointed Group Controller for Lonza Group, the company formed through the demerger of the chemical and energy businesses of Algroup. In 2002, he moved to Société Générale Services (SGS) in Geneva to serve as Group Controller. Mr. Baldi was Head of Fiat Group Control from August 2004 to August 2011 and Head of Fiat Services & Holdings from September 2011 to January 2013. He was also Group Executive Council Coordinator. He was born in Prato Leventina, Switzerland and is a Swiss Chartered Accountant.

**Michael Keegan** - Michael J. Keegan was appointed GEC Coordinator and named a member of the Group Executive Council (GEC) on October 10, 2013. He was also appointed Senior Vice President – Human Resources, Chrysler Group LLC effective January 1, 2014. From 2009 he has covered the role of Senior Vice President Supply Chain Management in Chrysler Group and will continue until the end of 2013. In this position he has been responsible for the critical volume planning and logistics functions in close coordination with the Brand CEOs, establishing consistent and effective supply chain processes. Prior to his current role, Mr. Keegan was Volume planning and Sales Operations Vice President. Mr. Keegan was also appointed Corporate Sustainability Officer for Chrysler Group in November 2012. In this role, Mr. Keegan leads Chrysler's activities with respect to sustainable development, encompassing the areas of economic success, environmental stewardship, and social responsibility. Since joining Chrysler Corporation in 1990 as a Finance Controller, Mr. Keegan has made use of his experience in Sales & Marketing controlling, Strategic Planning and Post Demerger Integration from 1998 to 2006. Previously, he held various roles in the Finance department. Mr Keegan earned a Bachelor of Business Administration degree in Accounting from the University of Michigan (1988). He also earned a Master of Business Administration degree in Finance from Indiana University (1990). Keegan was born in Pontiac, Michigan.

The following table shows the main positions and interests, on the basis of Fiat's knowledge, held currently and during the five years prior to the date of this Information Document by the above Executive Officers:

<b>Name</b>	<b>Company in which the position is held</b>	<b>Position</b>	<b>Status (active/expired)</b>
<b>Alfredo Altavilla</b>	FPT - Fiat Powertrain Technologies S.p.A.	Executive Vice President	Active
	Chrysler Group LLC	Director	Active
	Tofas Iveco S.p.A.	Managing Director Chairman and Executive Director	Expired
<b>Cledorvino Belini</b>	FIASA	Chairman	Active
	Fiat Group Latin America	Chairman	Active
	Fidis Bank Brazil	Chairman	Active
	Fiat Finance Brasil	Chairman	Active
<b>Michael Manley</b>	Chrysler Group, LLC	Chairman and Chief Executive Officer Jeep® Brand	Active
<b>Riccardo Tarantini</b>	Teksid S.p.A.	Managing Director and General Manager	Active
	Comau S.p.A.	Chief Executive Officer	Active
<b>Eugenio Razelli</b>	Magneti Marelli S.p.A.	Chief Executive Officer	Active
	Gilardini Industriale	Chief Executive Officer	Active
<b>Olivier François</b>	Chrysler Group LLC	President and Chief Executive Officer del Chrysler brand	Expired
	Fiat Group Automobiles	President and Chief Executive Officer del Lancia brand	Expired
<b>Harald Wester</b>	Maserati S.p.A.	Chief Executive Officer	Active
	Abarth & C.	Chief Executive Officer	Active
	Alfa Romeo Automobiles	Chief Executive Officer	Active
<b>Reid Bigland</b>	Chrysler Canada Inc.	President and Chief Executive Officer	Active

	Chrysler Canada University Windsor	of	Chairman Director		Active Active
<hr/>					
<b>Pietro Gorlier</b>	-		-		-
<hr/>					
<b>Lorenzo Ramaciotti</b>	Pininfarina Ricerca e Sviluppo S.p.A.		Chief Officer	Executive	Active
	Pininfarina Studi e Ricerche		Director		Active
<hr/>					
<b>Stefan Ketter</b>	Fiat Automobiles	Group	Chief Officer	Executive	Active
<hr/>					
<b>Scott Garberding</b>	-		-		-
<hr/>					
<b>Doug Betts</b>	-		-		-
<hr/>					
<b>Robert (Bob) Lee</b>	SAE American International Powertrain Conference Leadership Team	North	Founding Partner		Active
<hr/>					
<b>Mark Chernoby</b>	-		-		-
<hr/>					
<b>Linda Knoll</b>	-		-		-
<hr/>					
<b>Alessandro Baldi</b>	-		-		-
<hr/>					
<b>Michael Keegan</b>	-		-		-

Information as to the compensation of the members of the board of directors, board of statutory auditors and Executive Officers of Fiat are included in the 2013 Remuneration Report made available on the Fiat corporate website ([www.fiatspa.com](http://www.fiatspa.com)) and incorporated by reference in this Information Document. For other information as to the corporate governance of Fiat, please see the Annual Report on Corporate Governance (February 2014) made available on the Fiat corporate website ([www.fiatspa.com](http://www.fiatspa.com)) and incorporated by reference in this Information Document.

On September 10, 2014, Luca Cordero di Montezemolo resigned as chairman of Ferrari S.p.A., a subsidiary of Fiat, effective as of October 13, 2014. In accordance with the provisions of the 2013 Remuneration Report adopted by Fiat, Mr. Montezemolo will receive the post-mandate indemnity which he was granted in 2003, as described in said 2013 Remuneration Report (equivalent to five times the fixed annual compensation of €2,742,000, *i.e.*, €13,710,000, payable over twenty years). In addition, in consideration also of Mr. Montezemolo's commitment not to engage in activities in competition with the Fiat Group during the period through March 2017, Mr. Montezemolo will receive the fixed and variable component of the compensation due until this time which is the end of his original mandate in Ferrari S.p.A., amounting in total to €13,253,000, which amount will be paid by January 31, 2015. Finally, Mr. Montezemolo will retain on an interim basis the right to purchase products from Fiat Group with certain facilitations and to benefit from certain services concerning security.

#### **Board of statutory auditors**

The board of statutory auditors, elected by shareholders at the general meeting held on April 4, 2012 for the 2012, 2013 and 2014 financial years, is composed of the following:

<b><u>Name</u></b>	<b><u>Position</u></b>
Ignazio Carbone	Chairman
Lionello Jona Celesia	Statutory auditor
Piero Locatelli	Statutory auditor
Lucio Pasquini	Alternate auditor
Fabrizio Mosca	Alternate auditor
Corrado Gatti	Alternate auditor

A brief *curriculum vitae* is provided below for each member of the board of statutory auditors of Fiat:

**Ignazio Carbone** - Mr. Carbone holds a degree in Economics and Commerce from LUISS University in Rome and has significant experience as a corporate, tax and financial advisor. He is currently a partner of Studio Dottori Commercialisti Carbone-Proia & Associati in Rome. Mr. Carbone is a director of various companies, including Banca Popolare del Frusinate and Enertronica S.p.A. He is also Chairman of the Board of Statutory Auditors of Ferrari S.p.A. and serves as regular auditor at various other companies. He is a former advisor to Intesa Mediocredito, MPS Banca per l'Impresa and Fidimpresa Lazio. He frequently acts as bankruptcy administrator. Mr. Carbone has been Chairman of the Board of Statutory Auditors of Fiat S.p.A. since 2012.

**Lionello Jona Celesia** - Mr. Celesia holds a degree in Management and Business Administration from the University of Turin. He is a certified accountant registered with the "Ordine di Torino". He has written numerous publications on finance and taxation and was a Professor in Political Economics, Business and Financial Economics and Public Accountancy at the University of

Urbino (Italy) from 1963 to 1972. He was a lecturer in Financial Sciences at the “Facoltà di Giurisprudenza” (Law) of Turin between 1965 and 1969 and the “Facoltà di Scienze Politiche” (Political Science) of Turin between 1969 and 1974. He was also an Associate Professor in Taxation Law at the “Facoltà di Scienze Politiche” of Turin from 1983 to 2006. Mr. Celesia’s current positions include Chairman of the Board of Statutory Auditors of Giovanni Agnelli e C. S.a.p.az., IBM Italia, Lazard S.r.l., Regular Auditor of ASTM S.p.A. and Chairman of the Board of Directors of Banca del Piemonte. Mr. Celesia has been a Statutory Auditor of Fiat S.p.A. since 2012.

**Piero Locatelli** - Mr. Locatelli was born in Turin in 1939 and is a graduate in Economics, Business Administration and Law. In 1963, he became a chartered accountant and from 1989 to 2005 was included in the register of lawyers. Beginning in 1963, he taught civil, bankruptcy and commercial law on the University of Turin’s Faculty of Economics. He has published material on family businesses, partnerships, corporations, financial statements, statutory auditors of joint-stock companies (listed and non-listed), auditing and certification of financial statements, groups of undertakings and insolvency proceedings. He was also a long-term Council Member of the Order of Chartered Accountants of Turin, Ivrea and Pinerolo (Turin) and served a 3-year term as its President. He is a statutory auditor of Giovanni Agnelli & C. S.a.p.az. and Simon Fiduciaria S.p.A. Mr. Locatelli has been a Statutory Auditor of Fiat S.p.A. since 2008.

The following table shows the main positions and interests, on the basis of Fiat’s knowledge, held currently and during the five years prior to the date of this Information Document by the members of the Board of Statutory Auditors:

<b>Name</b>	<b>Company in which the position is held</b>	<b>Position</b>	<b>Status (active/expired)</b>	
<b>Ignazio Carbone</b>	Enertronica S.p.A..	Director	Active	
	Banca Popolare del Frusinate	Director	Active	
	Ferrari S.p.A.	Chairman of the Board of Statutory Auditors	Active	
<b>Lionello Celesia</b>	<b>Jona</b>	Giovanni Agnelli & C. S.a.p.az.	Chairman of the Board of Statutory Auditor	Active
		IBM Italia	Chairman of the Board of Statutory Auditor	Active
		Lazard S.r.l.	Chairman of the Board of Statutory Auditor	Active
		ASTM S.p.A.	Statutory Auditor	Active
		Banca del Piemonte	Chairman of the Board of Directors	Active
<b>Piero Locatelli</b>	Giovanni Agnelli & C. S.a.p.az.	Statutory Auditor	Active	
	Simon Fiduciaria S.p.A.	Statutory Auditor	Active	

None of the members of the board of directors of Fiat, Executive Officers of Fiat and members of the Board of Statutory Auditors of Fiat has had any convictions in relation to fraudulent offences in the last five (5) years.

In the last five (5) years, none of the members of the board of directors of Fiat, Executive Officers of Fiat or members of the Board of Statutory Auditors of Fiat has (i) been associated with any bankruptcies, receiverships or liquidations; (ii) had any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies); or (iii) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

As far as Fiat is aware, family relationships exist among John Elkann, Andrea Agnelli and Tiberto Brandolini d'Adda, who are cousins. As far as Fiat is aware, there are no other family relationships among the members of the board of directors of Fiat, Executive Officers of Fiat and members of the Board of Statutory Auditors of Fiat.

For information on the compensation of the board of directors of Fiat and Executive Officers of Fiat, as well as for information on the payment of indemnities, other benefits and any other remuneration due at whatever title and of whatever nature, in the event of termination of the office or the employment relationship please refer to the 2013 Remuneration Report made available on the Fiat corporate website ([www.fiatspa.com](http://www.fiatspa.com)) and incorporated by reference in this Information Document.

As far as Fiat is aware, there is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any person referred to above was selected as a member of the administrative, management or supervisory body of Fiat.

As far as Fiat is aware, there is no restriction agreed by the members of the board of directors of Fiat, Executive Officers of Fiat and members of the Board of Statutory Auditors of Fiat on the disposal within a certain period of time of the shares held by them in Fiat's share capital.

On the basis of Fiat's knowledge, the members of the board of directors of Fiat, Executive Officers of Fiat and members of the Board of Statutory Auditors of Fiat do not have any actual conflict of interests in connection with the completion of the Transaction, save for what indicated under Sections 1.2.3 and 2.1.3. For other information as to the corporate governance of Fiat, please see the Annual Report on Corporate Governance (February 2014) made available on the Fiat corporate website ([www.fiatspa.com](http://www.fiatspa.com)) and incorporated by reference in this Information Document.

## **Independent auditors**

E&Y was appointed as Fiat's independent auditors on March 30, 2011 for a period of nine years (January 1, 2012 – December 31, 2020). The mandate of E&Y will terminate upon the Effective Date of the Merger with respect to Fiat. On April 4, 2012, shareholders approved an increase in the auditors fees for E&Y in consideration of the significant increase in work required in relation to the audit plan for the Group's consolidated financial statements resulting from the acquisition of control of Chrysler during 2011.

The independent auditors issued an unqualified opinion on the company's 2013 statutory and consolidated financial statements. Reports of the independent auditors are publicly available from the sources indicated in Section 2.3.

### **2.1.1.3 Description of FCA following the Merger**

#### **(A) Amendments to the articles of association associated with or resulting from the Merger**

The articles of association of FCA in force as of the date of this Information Document have been established by deed of incorporation of FCA executed before a substitute of Guido Marcel Portier, civil law notary, officiating in Amsterdam, the Netherlands, on April 1, 2014 (the "**FCA Incorporation Date**") and a copy of these articles of association is attached to the Common Merger Terms as Schedule 3.

Upon the Merger becoming effective, FCA's articles of association will be in the form of the proposed New Articles of Association attached to the Common Merger Terms as Schedule 4.

Upon effectiveness of the Merger, Fiat Investments N.V. will be renamed "Fiat Chrysler Automobiles N.V." (**FCA**). As a result of the Merger becoming effective, FCA will be the surviving company and will maintain its current legal form and official seat, and will therefore be subject to the laws of the Netherlands.

As appendix to this Information Document, a table is enclosed containing a summary comparison of (a) the current rights of Fiat shareholders under Italian law and Fiat by-laws; and (b) the rights which Fiat shareholders will have as FCA shareholders upon the effectiveness of the Merger under Dutch law and the New Articles of Association.

#### **(i) Corporate objects of FCA**

Pursuant to such New Articles of Association, the objects for which the company is established are to carry on, either directly or through wholly or partially-owned companies and entities, activities relating in whole or in any part to passenger and commercial vehicles, transport, mechanical engineering, energy, engines, capital machinery and equipment and related goods and propulsion, as well as any other manufacturing, commercial, financial or service activity. Within the scope and for the achievement of the purposes mentioned above, the company may:

- (a) operate in, among other areas, the mechanical, electrical, electro mechanical, thermo mechanical, electronic, nuclear, chemical, mining, steel and metallurgical industries, as well as in telecommunications, civil, industrial and agricultural engineering, publishing, information services, tourism and other service industries;
- (b) acquire shareholdings and interests in companies and enterprises of any kind or form and purchase, sell or place shares, debentures, bonds, promissory notes or other securities or evidence of indebtedness;
- (c) provide financing to companies and entities it wholly or partially owns and carry on

the technical, commercial, financial and administrative coordination of their activities;

- (d) provide or arrange for the provision (including through partially owned entities) of financing for distributors, dealers, retail customers, vendors and other business partners and carry on the technical, commercial, financial and administrative coordination of their activities;
- (e) purchase or otherwise acquire, on its own behalf or on behalf of companies and entities it wholly or partially owns, the ownership or right of use of intangible assets providing them for use by those companies and entities;
- (f) promote and ensure the performance of research and development activities, as well as the use and exploitation of the results thereof;
- (g) undertake, on its own behalf or on behalf of companies and entities it wholly or partially owns, any investment, real estate, financial, commercial, or partnership transaction whatsoever, including the assumption of loans and financing in general and the granting to third parties of endorsements, surety ships and other guarantees, including real security; and
- (h) undertake and perform any management or support services or any other activity ancillary, preparatory or complementary to any of the above.

(ii) **Share capital of FCA**

Upon the Merger becoming effective, the authorized share capital of FCA will be equal to € 40,000,000.00 divided into 2,000,000,000 FCA Common Shares and 2,000,000,000 Special Voting Shares, all having a nominal value of €0.01 each.

As provided for by Section 6.1 of the Common Merger Terms, all 35,000,000 FCA shares currently held by Fiat and any additional FCA shares issued to or otherwise acquired by Fiat that are held by Fiat at the time of completion of the Merger will not be cancelled in accordance with Section 2:325, paragraph 3, of the Dutch Civil Code, but will continue to exist as FCA Common Shares held by FCA in treasury. Under Dutch law and the New Articles of Association, FCA Common Shares that are held in treasury are not entitled to any distribution or voting rights. These treasury shares may be offered and allocated for trading on the market by FCA after the Merger in accordance with applicable laws and regulations for any purpose, including to help develop a more liquid trading market for FCA Common Shares on the NYSE. FCA may take technical steps prior to completion of the Merger (including the preparation and filing with the foreign competent authorities of registration documents containing no material information additional to that contained in this Information Document) to facilitate such transactions, but FCA will not proceed with any such transaction unless it has been presented to and approved by the New Board of Directors of FCA following the Merger.

In addition, following the Merger, newly-issued FCA Common Shares and/or FCA Common Shares held in treasury may also be used to service certain incentive plans, approved by FCA prior to or after the Merger Effective Date, for the benefit of certain FCA's directors and employees. Shortly prior to the Closing date, the board of directors of FCA is expected to resolve upon the approval of a framework equity incentive plan, but is not expected to act upon any proposed specific grant of incentives. Any actual grants will be deferred to the competent corporate bodies of FCA following the Merger Effective Date.

It is expected that the number of FCA Common Shares to be allocated to Fiat shareholders upon closing of the Merger will be a maximum of 1,250,963,898 shares (without taking into account treasury shares) for an overall par value of €12,509,638.98, as a result of the

application of the Exchange Ratio to the number of outstanding Fiat ordinary shares as of the date of this Information Document. The FCA Common Shares which will be allocated to the shareholders of Fiat in connection with the Merger will be issued on the Merger Effective Date following the execution of the notarial deed to consummate the Merger, by operation of law.

FCA Common Shares that are traded on the NYSE will be held through the book-entry system provided by the DTC. FCA Common Shares traded on the MTA will be held through Monte Titoli, as a participant of DTC. FCA Common Shares that have been entered into the DTC book-entry system will be registered in the name of Cede & Co., as nominee for DTC and transfers of beneficial ownership of shares held through DTC will be effected by electronic transfer made by DTC participants. Article 12 of the New Articles of Association (regarding transfer of shares) does not apply to the trading of such FCA Common Shares on a regulated market or the equivalent thereof.

Transfers of shares held outside of DTC (including Monte Titoli, as a participant in DTC) or another direct registration system maintained by Computershare US, FCA's transfer agent in New York, and not represented by certificates are effected by a stock transfer instrument and require the written acknowledgement by FCA. Transfer of registered certificates is effected by presenting and surrendering the certificates to the FCA's transfer agent in New York. A valid transfer requires the registered certificates to be properly endorsed for transfer as provided for in the certificates and accompanied by proper instruments of transfer and stock transfer tax stamps for, or funds to pay, any applicable stock transfer taxes.

FCA Common Shares are freely transferable, while, as described below, Special Voting Shares are non transferable except in limited specified circumstances (e.g., transfers to affiliates or relatives through succession, donation or other transfers). At any time, a holder of FCA Common Shares that are Electing Common Shares or Qualifying Common Shares wishing to transfer such common shares other than in the limited specified circumstances must first request a de-registration of such Electing Common Shares or Qualifying Common Shares from the Loyalty Register and, if held outside the Regular Trading System, move such common shares back into the Regular Trading System. After de-registration from the Loyalty Register, such FCA Common Shares no longer qualify as Electing Common Shares or Qualifying Common Shares and, as a result, the holder of such FCA Common Shares is required to offer and transfer the Special Voting Shares associated with the transferred FCA Common Shares to FCA for no consideration. No shareholder required to transfer Special Voting Shares pursuant to the Terms and Conditions of the Special Voting Shares shall be entitled to any purchase price for such Special Voting Shares and each shareholder is required to expressly waive any rights in that respect as a condition to participation in the Loyalty Voting Structure.

The New Board of Directors of FCA may authorize the issuance of FCA Common Shares free from pre-emptive rights, thereby enabling FCA, at any time following the Merger, to offer and sell newly issued FCA Common Shares or securities convertible into or exercisable for FCA Common Shares. Such market transactions may be carried out for any purpose, including to facilitate the development of a more liquid trading market for FCA Common Shares on the NYSE, promptly following the Merger.

(iii) **Shareholders' structure**

Taking into account the Exchange Ratio, as determined under Section 2.1.2.3, on the basis of which one (1) FCA Common Share will be assigned to each holder of one (1) Fiat ordinary share, the pre-Merger shareholders of Fiat will hold the same percentage of FCA Common Shares as of Fiat ordinary shares held before the Merger (subject to the exercise of cash exit

rights by Fiat shareholders and, following the Merger, to any offer and sale on the market of FCA Common Shares including FCA treasury shares as described under this Section 2.1.1.3). However, as a result of the Loyalty Voting Structure, a particular shareholders' voting power in FCA will depend on the extent to which the shareholder and the other shareholders participate in the Loyalty Voting Structure with respect to FCA.

In particular, the voting power of FCA shareholders following the Merger will depend on the extent to which Fiat shareholders participate in the Loyalty Voting Structure. If all shareholders elect to participate in the Loyalty Voting Structure with respect to all of their FCA Common Shares, the voting power of all shareholders, including Exor, will be unchanged. On the other hand, if Exor is the only shareholder electing to participate in the Loyalty Voting Structure, Exor's voting power in FCA, immediately following completion of the Merger, could be as high as approximately 46% (before considering exercise of any cash exit rights and, following the Merger, the offer and sale on the market of FCA Common Shares, including FCA treasury shares as described under this Section 2.1.1.3).

As to the possible shareholder structure of FCA following completion of the Merger, please refer to Section 2.1.3 below.

In connection with any outstanding compensation plans based on financial instruments adopted by Fiat prior to the Merger Effective Date, the beneficiaries of said plans shall be awarded, for each right held, immediately following the Merger Effective Date, a comparable right with respect to FCA.

(iv) **New Board of Directors of FCA**

According to the information already communicated to the public on August 1, 2014, Fiat, as the sole shareholder of FCA, resolved upon on September 26, 2014 the appointment of the New Board of Directors of FCA, such resolution becoming effective as of the Merger Effective Date.

The New Board of Directors of FCA will entirely replace the current board of directors of FCA (except for Mr. Marchionne, who is a Current Member of the FCA Board and the New Board of Directors of FCA). The New Board of Directors of FCA (in its entirety) will be effective until the first annual general meeting of shareholders of FCA to be held in 2015. The New Board of Directors of FCA will consist of 11 members as follows:

<b>Name</b>	<b>Position</b>
John Elkann	Executive Director
Sergio Marchionne	Executive Director
Andrea Agnelli	Non-executive Director
Tiberto Brandolini d'Adda	Non-executive Director
Glenn Earle	Non-executive Director
Valerie A. Mars	Non-executive Director
Ruth J. Simmons	Non-executive Director
Ronald L. Thompson	Non-executive Director
Patience Wheatcroft	Non-executive Director
Stephen M. Wolf	Non-executive Director
Ermenegildo Zegna	Non-executive Director

In relation to their office, all the members of the New Board of Directors of FCA have an

address at the principal executive office of FCA.

On or about the Merger Effective Date and pursuant to the New Articles of Association, the New Board of Directors of FCA will identify, among other things, the members who qualify as “independent directors” pursuant to applicable laws and regulations (*i.e.*, within the meaning of Section 303A of the listing rules of the NYSE and Rule 10A-3 under the Exchange Act and within the meaning of the Chapter III.2 of the Dutch Corporate Governance Code) and will also grant to certain members thereof specific duties and titles (for example, the New Board of Directors of FCA will designate, among the others, the Chairman). FCA will communicate to the public the relevant information pursuant to applicable laws and regulations.

A brief *curriculum vitae* is provided below for each member of the New Board of Directors of FCA, the appointment of whom becoming effective as of the Merger Effective Date.

**John Elkann (executive director)** – John Elkann was appointed chairman of Fiat on 21 April 2010 where he has served as vice chairman since 2004 and as a board member since December 1997. Mr. Elkann is also chairman and chief executive officer of Exor and chairman of Giovanni Agnelli e C. Sapaz. Born in New York in 1976, Mr. Elkann obtained a scientific baccalaureate from the Lycée Victor Duruy in Paris, and graduated in Engineering and Management from Politecnico, the Engineering University of Turin. While at university, he gained work experience in various companies of the Fiat Group in the UK and Poland (manufacturing) as well as in France (sales and marketing). He started his professional career in 2001 at General Electric as a member of the Corporate Audit Staff, with assignments in Asia, the USA and Europe. Mr. Elkann is chairman of Cushman & Wakefield and Editrice La Stampa and a board member of CNHI, The Economist Group, News Corporation and Banca Leonardo. Mr. Elkann is member of the IAC of Brookings Institution and of MoMA. He also serves as vice chairman of the Italian Aspen Institute and of the Giovanni Agnelli Foundation.

**Sergio Marchionne (executive director)** – Mr. Marchionne currently serves as Chief Executive Officer of Fiat and Chairman, Chief Executive Officer and Chief Operating Officer of Chrysler. Mr. Marchionne leads Fiat’s Group Executive Council and has been Chief Operating Officer of its NAFTA region since September 2011. He also serves as Chairman of CNHI. He was the chairman of Fiat Industrial and CNH Global N.V. until the integration of these companies into CNHI.

Prior to joining Fiat, Mr. Marchionne served as Chief Executive Officer of SGS SA, Chief Executive Officer of the Lonza Group Ltd. and Chief Executive Officer of Alusuisse Lonza (Algroup). He also served as Vice President of Legal and Corporate Development and Chief Financial Officer of the Lawson Group after serving as Vice President of Finance and Chief Financial Officer of Acklands Ltd. and Executive Vice President of Glenex Industries.

Mr. Marchionne holds a Bachelor of Laws from Osgoode Hall Law School at York University in Toronto, Canada and a Master of Business Administration from the University of Windsor, Canada. Mr. Marchionne also holds a Bachelor of Arts with a major in Philosophy and minor in Economics from the University of Toronto.

Mr. Marchionne serves on the Board of Directors of Philip Morris International Inc. and as Chairman of SGS SA headquartered in Geneva. Additionally, Mr. Marchionne serves as Executive Chairman of CNHI, and as a director of Exor, a shareholder of Fiat and CNHI. Mr. Marchionne is on the Board of Directors of ACEA (European Automobile Manufacturers Association). He previously served as appointed non-executive Vice Chairman and Senior Independent Director of UBS AG as well as a director of Fiat

Industrial.

**Andrea Agnelli (non-executive director)** – Andrea Agnelli is chairman of Juventus Football Club S.p.A. and Lamse S.p.A., a holding company of which he is a founding shareholder. Born in Turin in 1975, he studied at Oxford (St. Clare's International College) and Milan (Università Commerciale Luigi Bocconi). While at university, he gained professional experience both in Italy and abroad, including positions at: Iveco-Ford in London; Piaggio in Milan; Auchan Hypermarché in Lille; Schroder Salomon Smith Barney in London; and, finally, Juventus Football Club S.p.A. in Turin. He began his career in 1999 at Ferrari Idea in Lugano, where he was responsible for promoting and developing the Ferrari brand in non-automotive areas. In November 2000, he moved to Paris and assumed responsibility for marketing at Uni Invest SA, a Banque San Paolo company specialized in managed investment products. From 2001 to 2004, Mr. Agnelli worked at Philip Morris International in Lausanne, where he initially had responsibility for marketing and sponsorships and, subsequently, corporate communication. In 2005, he returned to Turin to work in strategic development for IFIL Investments S.p.A. (now Exor). Mr. Agnelli is a general partner of Giovanni Agnelli e C. S.a.p.az., a member of the board of directors of Exor, a member of the advisory board of BlueGem Capital Partners LLP, in addition to serving on the board of the European Club Association. Mr. Agnelli has been a member of the board of directors of Fiat since May 30, 2004.

**Tiberto Brandolini d'Adda (non-executive director)** – Born in Lausanne (Switzerland) in 1948 and a graduate in commercial law from the University of Parma. From 1972 to 1974, Mr. Brandolini d'Adda gained his initial work experience in the international department of Fiat and then at Lazard Bank in London. In 1975, he was appointed assistant to the Director General for Enterprise Policy at the European Economic Commission in Brussels. In 1976 he joined Ifint, as general manager for France. In 1985, he was appointed general manager for Europe and then in 1993 managing director of Exor group (formerly Ifint), where he also served as vice chairman from 2003 until 2007. He has extensive international experience as a main board director of several companies, including: Le Continent, Bolloré Investissement, Société Foncière Lyonnaise, Safic-Alcan and Château Margaux.

Mr. Brandolini d'Adda served as director and then, from 1997 to 2003, as chairman of the conseil de surveillance of Club Méditerranée. In May 2004, he was appointed chairman of the conseil de surveillance of Worms & Cie, where he had served as deputy chairman since 2000. In May 2005, he became chairman and chief executive officer of Sequana Capital (formerly Worms & Cie). Mr. Brandolini d'Adda currently serves as chairman of Exor S.A. (Luxembourg) and is also a member of the board of directors of YAFA S.p.A. He is general partner of Giovanni Agnelli & C. S. a.p.A. and vice chairman of Exor, formed through the merger between IFI and IFIL Investments. Brandolini d'Adda is Officier de la Légion d'Honneur. He has been a member of the board of directors of Fiat since May 30, 2004.

**Glenn Earle (non-executive director)** – Glenn Earle is a senior advisor at Affiliated Managers Group Limited (AMG) and a board member and trustee of the Royal National Theatre and of Teach First, where he is a member of the finance committee. He is also chairman of the advisory board of Cambridge University Judge Business School. Mr. Earle retired in December 2011 from Goldman Sachs International, where he was most recently a partner managing director and the chief operating officer. He previously worked at Goldman Sachs in various roles in New York, Frankfurt and London from 1987, becoming a Partner in 1996. In 1979, he joined Grindlays Bank Group and from 1980 to 1985 worked in the Latin America Department in London and New York, leaving as a vice president. He is a graduate of Emmanuel College, Cambridge and of Harvard Business School, where he earned an

MBA with High Distinction and was a Baker Scholar and Loeb, Rhoades Fellow. His other activities include membership of the Development Advisory Forum of Emmanuel College, Cambridge, The Higher Education Commission and The William Pitt Group at Chatham House. His previous responsibilities include membership of the board of trustees of the Goldman Sachs Foundation and of the Ministerial Task Force for Gifted and Talented Youth. Mr. Earle has been an independent member of the board of directors of Fiat since June 23, 2014.

**Valerie A. Mars (non-executive director)** – Valerie Mars serves as senior vice president & head of corporate development for Mars, Incorporated, a \$32 billion diversified food business, operating in over 120 countries and one of the largest privately held companies in the world. In this position, she focuses on acquisitions, joint ventures and divestitures for the company. She served on the Mars, Incorporated audit committee, currently serves on its remuneration committee and is a member of the board of Royal Canin. Additionally, Mars is a member of the Rabobank North American Advisory Board and is on the Board of Hello Stage. Mars is also a founding partner of KKM, a consulting partnership dedicated to advising family businesses that are planning the transition from the owner-manager to the next generation. Mars served on the board of Celebrity Inc. a NASDAQ listed company from 1994 to September 2000. Previously, Mars was the director of corporate development for Masterfoods Europe. Her European work experience began in 1996 when she became general manager of Masterfoods Czech and Slovak Republics. Mars joined M&M/Mars on a part time basis in 1992 and began working on special projects. Prior to joining Mars, Incorporated, Mars was a controller with Whitman Heffernan Rhein, a boutique investment company. She began her career with Manufacturers Hanover Trust Company supporting U.S. and global clients. Mars was involved in a number of community and educational organizations and currently serves on the Board of Conservation International. She is a director emeritus of The Open Space Institute. Previously she served on the Hotchkiss School Alumni Nominating Committee and the Prague American Chamber of Commerce Board.

Mars holds a Bachelor of Arts degree from Yale University and a MBA from the Columbia Business School.

**Ruth J. Simmons (non-executive director)** – Ruth J. Simmons was appointed to the board of directors of Chrysler Group LLC in June 2012. Simmons, President of Brown University from 2001 until June 30, 2012, remains with the university as president emerita. She continues in her appointment as professor in the Department of Comparative Literature and the Department of Africana Studies. Prior to joining Brown University, she was president of Smith College, where she started the first engineering program at a U.S. women's college. She also was vice provost at Princeton University and provost at Spelman College and she held various positions of increasing responsibility until becoming associate dean of the faculty at Princeton University; she previously was assistant dean and then associate dean at the University of Southern California, she held various positions including acting director of international programs at the California State University (Northridge), she was assistant dean at the College of Liberal Arts, assistant professor of French at the University of New Orleans, admissions officer at the Radcliffe College, instructor in French at the George Washington University and interpreter - Language Services Division at the U.S. Department of State. Simmons serves on several boards, including those of Princeton University and Texas Instruments.

Simmons is a graduate of Dillard University in New Orleans (1967), and received her Ph.D. in Romance languages and literatures from Harvard University (1973). Simmons is a Fellow

of the American Academy of Arts and Sciences and a member of the Council on Foreign Relations.

**Ronald L. Thompson (non-executive director)** – Ronald L. Thompson was appointed to the board of directors of Chrysler Group LLC on July 6, 2009. Thompson is currently chairman of the board of trustees for Teachers Insurance and Annuity Association (TIAA), a for-profit life insurance company that serves the retirement and financial needs of faculty and employees of colleges and universities, hospitals, cultural institutions and other nonprofit organizations. He also serves on the board of trustees for Washington University in St. Louis, Mo., and as a member of the advisory board of Plymouth Venture Partners Fund. Thompson was the chief executive officer and chairman of Midwest Stamping Company of Maumee, Ohio, a manufacturer of medium and heavy gauge metal components for the automotive market. Under Thompson's ownership, the company experienced rapid growth as a Tier One automotive supplier and became one of the largest minority-owned companies in the U.S. He sold the company in late 2005. Thompson has served on the boards of many different companies including Commerce Bank of St. Louis, GR Group (U.S.) where he served also as chairman and chief executive officer, Illinova Corporation, Interstate Bakeries Corporation, McDonnell Douglas Corporation, Midwest Stamping Company, Ralston Purina Company and Ryerson Tull, Inc. He was also a member of the board of directors of the National Association of Manufacturers. He was general manager at Puget Sound Pet Supply Company and chairman and chief executive officer at Evaluation Technologies. Thompson has served on the faculties of Old Dominion University, Virginia State University and the University of Michigan.

Thompson holds a Ph.D. and Master of Science in Agricultural Economics from Michigan State University and a Bachelor of Business Administration from the University of Michigan.

In addition, he has received many honors including: Top Entrepreneurs (2004), U.S. Black Engineer & Information Technology Magazine (1989), National Minority Entrepreneur of the Year Black Achievement Award, The Equitable Financial Companies Distinguished Community Service Award, Southern Illinois University Outstanding Business Leader of the Year, Tiffin University Distinguished Service to Education Award, Harris-Stowe State College.

**Patience Wheatcroft (non-executive director)** – Patience Wheatcroft is a British national and graduate in law from the University of Birmingham. She is also a member of the House of Lords and a financial commentator and journalist. Ms. Wheatcroft currently serves on the advisory board of the public relations company Bell Pottinger LLP. She also serves as non-executive director of the wealth management company St. James's Place PLC. Ms. Wheatcroft has a broad range of experience in the media and corporate world with past positions at the Wall Street Journal Europe, where she was editor-in-chief, The Sunday Telegraph, The Times, Mail on Sunday, as well as serving as non-executive director of Barclays Group PLC and Shaftesbury PLC. Since 2011, she has been a member of the House of Lords. Finally, Ms. Wheatcroft is also on the board of trustees of the British Museum. Ms. Wheatcroft has been an independent member of the board of directors of Fiat since 4 April 2012.

**Stephen M. Wolf (non-executive director)** – Stephen M. Wolf was appointed to the board of directors of Chrysler Group LLC on July 6, 2009. Wolf became chairman of R. R. Donnelley & Sons Company, a full service provider of print and related services, in 2004, a position he held until 2014. He also has served as the managing partner of Alpillies LLC since 2003. Previously, he was chairman of US Airways Group Inc. and US Airways Inc.

Wolf was chairman and CEO of US Airways from 1996 until 1998. Prior to joining US Airways, Wolf had served since 1994 as senior advisor to the investment banking firm, Lazard Frères & Co. From 1987 to 1994, he served as chairman and chief executive officer of UAL Corporation and United Airlines Inc. Wolf's career in the aviation industry began in 1966 with American Airlines, where he rose to the position of vice president. He joined Pan American World Airways as a senior vice president in 1981 and became president and COO of Continental Airlines in 1982. In 1984, he became president and CEO of Republic Airlines, where he served until 1986 at which time he orchestrated the Company's merger with Northwest Airlines. Thereafter, he served as chairman and CEO of Tiger International, Inc. and The Flying Tiger Line, Inc. where he oversaw the sale of the company to Federal Express. Wolf also serves as a member of the board of directors of Philip Morris International and as Chairman of the Advisory Board of Trilantic Capital Partners, previously Lehman Brothers Merchant Banking. Wolf had also served as chairman of Lehman Brothers Private Equity Advisory Board.

Wolf is an honorary trustee of The Brookings Institution. Wolf holds a Bachelor of Arts degree in Sociology from San Francisco State University.

**Ermenegildo Zegna (non-executive director)** – Ermenegildo Zegna has been chief executive officer of the Ermenegildo Zegna Group since 1997, having served on the board since 1989. Previously, he held senior executive positions within the Zegna group including Usa, after a retail industry experience at Bloomingdale's, New York. He is also a member of the international advisory board of IESE Business School of Navarra; he is board member of the Camera Nazionale della Moda Italiana and of the Council for the United States and Italy. In 2011 he was nominated Cavaliere del Lavoro by the President of the Italian Republic.

A graduate in economics from the University of London, Ermenegildo Zegna also studied at the Harvard Business School.

The following table shows the main positions and interests, on the basis of FCA's knowledge, held currently and during the five years prior to the date of this Information Document by the above listed members of the New Board of Directors of FCA.

<b>Name</b>	<b>Company in which the position is held</b>	<b>Position</b>	<b>Status (active/expired)</b>
<b>John Elkann</b>	Giovanni Agnelli & C. S.p.A.	Chairman	Active
	Exor S.p.A.	Chairman and Chief Executive Officer	Active
	Editrice La Stampa S.p.A.	Chairman	Active
	News Corporation	Director	Active
	The Economist Group	Director	Active
	Banca Leonardo	Director	Active
	Cushman & Wakefield	Chairman	Active
	The World Post	Member of the Editorial Board	Active
	CNH Industrial N.V.	Director	Active
	Fiat Industrial S.p.A.	CEO	Expired
	SGS S.A.	Director	Expired
RCS S.p.A.	Director	Expired	

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**Sergio Marchionne**

Exor S.p.A.	Director	Active
Ferrari S.p.A.	Director	Active
CNH Industrial N.V.	Chairman	Active
Chrysler Group LLC	Chairman and CEO	Active
Iveco S.p.A.	Chairman	Active
CNH Industrial International S.A.	Chairman	Active
FPT Industrial S.p.A.	Chairman	Active
Fiat Group Automobiles S.p.A.	Chairman and CEO	Active
SGS S.A.	Chairman	Active
ACEA - European Automobile Manufacturers Association	Director	Active
Philip Morris International Inc.	Director	Active
CNH Global N.V.	Chairman	Expired
UBS A.G.	Non-executive Vice President and senior independent director	Expired
Fiat Industrial S.p.A.	Chairman	Expired

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**Andrea Agnelli**

Juventus Football Club S.p.A.	Chairman	Active
Exor S.p.A.	Director	Active
BlueGem Capital Partners LLP	Member of the Advisory Board	Active
Lamse S.p.A.	Chairman	Expired
Giovanni Agnelli & C. S.a.p.a.z.	Director	Expired
European Club Association	Director	Expired

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**Tiberto Brandolini d'Adda**

Exor S.A.	Chairman	Active
Exor S.p.A.	Vice Chairman	Active
Yafa S.p.A.	Director	Active
Giovanni Agnelli & C. S.a.p.a.z.	General Partner	Active
Sequana	Chairman	Expired
Vittoria Assicurazioni S.p.A.	Director	Expired

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**Glenn Earle**

Royal National Theatre	Director	Active
Teach First	Director	Active
Inside Track 1, LLP	Partner	Active
Inside Track 2, LLP	Partner	Active
Ingenious Film	Partner	Expired

Partners LLP				
Ingenious Partners 2 LLP	Film	Partner		Expired
Montague Custody Services	Place	Director		Expired
Goldman Sachs International Bank	Sachs	Director		Expired
Goldman Sachs Asset Management International	Sachs	Director		Expired
Rothesay Limited	Life	Director		Expired
Association for Financial Markets in Europe	for	Director		Expired
Goldman Sachs International	Sachs	Chief Officer and Managing Director	Operating and	Expired
Tidebrook Productions Limited		Director		Expired
Paternoster Limited	UK	Director		Expired

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**Valerie A. Mars**

Mars, Incorporated		Senior President & Head of Corporate Development and Member of the Remuneration Committee	Vice Head of the	Active
Rabobank American Helostage	North	Member of the Advisory Board		Active
Royal Canin		Director		Active
KKM		Founding Partner		Active
Conservation International		Director		Active
The Open Space Institute	Space	Director		Active
Mars, Incorporated		Member of the Audit Committee		Expired

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**Ruth J. Simmons**

Chrysler Group LLC		Director		Active
Mondelez International		Director		Active
Texas Instruments		Director		Active
Goldman Sachs Group Inc.	Sachs	Director		Expired
Pfizer Inc.		Director		Expired
Metropolitan Insurance Company	Life	Director		Expired

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**Ronald L. Thompson**

Chrysler Group LLC	Director	Active
Teachers Insurance and Annuity Association	Chairman of the Board of Trustees	Active
Plymouth Venture Partners II Fund 201	Member of the Advisory Board	Active
Medical University of South Carolina Foundation	Member of the Board	Active
Washington University in St. Luis	Member of the Board of Trustees	Active
Ralston Purina Company	Director	Expired
McDonnell Douglas Corporation	Director	Expired
Commerce Bank of St. Luis	Director	Expired
GR Group (U.S.)	Director	Expired
Illinova Corporation	Director	Expired
Interstate Bakeries Corporation	Director	Expired
Midwest Stamping Company	Director	Expired
Ryerson Tull, Inc.	Director	Expired

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**Patience Wheatcroft**

Bell Pottinger LLP	Member of the Advisory Board	Active
St. James's Place PLC	Member of the Advisory Board	Active
Financial Times	Chairman of the Appointment and Oversight Committee	Active
Barclays plc	Non-executive Director	Expired
Shaftesbury plc	Non-executive Director	Expired
Wall Street Journal Europe	Editor-in-Chief	Expired
Huawei Technologies UK	Member of the Advisory Board	Expired

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**Stephen M. Wolf**

Chrysler Group LLC	Director	Active
Philip Morris International	Director	Active
Trilantic Capital Partners	Chairman	Active
R.R. Donnelley & Sons Company	Chairman	Expired

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**Ermenegildo Zegna**

Monterubello S.S.	Vice President	Active
Zegna Holditalia S.p.A.	CEO	Active
Ermenegildo Zegna Corp., ISA	Director	Active
Consitex S.A.	CEO	Active
Coti Service S.A.	CEO	Active
CNMI Camera Nazionale della Moda Italiana	Director	Active
Iese Business School (Instituto de estudios superiores de la empresa) – University of Navarra	Member of the International Advisory Board	Active
Council for the United States and Italy	Member	Active
Agnona S.p.A.	Chairman	Expired
Zefer S.p.A.	Director	Expired
Ermenegildo Zegna Giyim Sanayi ve Tic A.S.	Chairman	Expired
Ismaco Amsterdam B.V.	Chairman	Expired
Italco S.A.	Director	Expired
Zeco Trading S.A.	CEO	Expired
Agnona Acquisition N.Y.	Director	Expired
Zegna Japan Co. Ltd.	Director	Expired
Sharmoon Ez Garments Co. Ltd.	Director	Expired
Trimil S.A.	Vice President	Expired
Altagamma (the Association of Italian Luxury Brands)	Vice President	Expired

As of the date of this Information Document, FCA has not appointed yet any executive officers. The executive officers of FCA are expected to be appointed on or about the Merger Effective Date.

None of the members of the New Board of Directors of FCA has had any convictions in relation to fraudulent offences in the last five (5) years.

In the last five (5) years, none of the New members of the Board of Directors of FCA has (i) been associated with any bankruptcies, receiverships or liquidations; (ii) had any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies); (iii) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

As far as FCA is aware, family relationships exist among John Elkann, Andrea Agnelli and Tiberto Brandolini d'Adda, who are cousins. As far as FCA is aware, there are no other family relationships among the members of the New Board of Directors of FCA.

None of the members of the New Board of Directors of FCA has received compensation for their services as directors or officers of FCA prior to the Merger Effective Date.

Pursuant to Section 7.1. of the Common Merger Terms, on the Merger Effective Date, any outstanding rights in respect of Fiat ordinary shares under the existing Fiat stock-based plans (*i.e.*, the July 2004 Plan, the November 2006 Stock Option Plan and the Long Term Incentive Plan approved on April 4, 2012) (including any rights granted to the Chief Executive Officer) will convert into a right in respect of the corresponding number of FCA shares, and the beneficiaries of any such plans adopted by Fiat prior to the Merger Effective Date shall be awarded, for each right held at the Merger Effective Date, a comparable right with respect to FCA.

As of the date of this Information Document, no new agreement (other than those currently in place described in the 2013 Remuneration Report made available on the Fiat corporate website ([www.fiatspa.com](http://www.fiatspa.com)) and incorporated by reference in this Information Document) has been executed between FCA and any of the members of the New Board of Directors of FCA providing for the payment of indemnities in the event of termination of the office or the employment relationship.

As far as FCA is aware, there is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any person referred to above was selected as a member of the administrative body of FCA.

As far as FCA is aware, there is no restriction agreed by the members of the New Board of Directors of FCA on the disposal within a certain period of time of the shares held by them in the FCA's share capital.

On the basis of FCA's knowledge, the members of the New Board of Directors of FCA do not have any actual conflict of interests in connection with the completion of Transaction, save for what indicated under Sections 1.2.3 and 2.1.3.

Shortly prior to the Closing date, the board of directors of FCA is expected to resolve upon the approval of a framework equity incentive plan, but is not expected to act upon any proposed specific grant of incentives. Any actual grants will be deferred to the competent corporate bodies of FCA following the Merger Effective Date.

The New Board of Directors of FCA shall submit to the general meeting of shareholders for its approval plans to award shares or the right to subscribe for shares to directors.

FCA shall not grant the directors any personal loans or guarantees unless in the normal course of business, as regards executive directors on terms applicable to the personnel as a whole, and after approval of the New Board of Directors of FCA.

On or about the Merger Effective Date, FCA will approve the Regulations of the board of directors governing, among other things, the organization, operations and responsibilities of the board of directors.

(v) **Internal committees and Management**

On or about the Merger Effective Date, FCA expects to form a Group Executive Council. The Group Executive Council is a decision-making body in support of the Chief Executive Officer from an operational perspective. The Group Executive Council is led by the Chief Executive Officer and is composed of the heads of the operating sectors and certain central functions.

In addition, on or about the Merger Effective Date, the New Board of Directors of FCA is expected to establish from among its members an audit committee, a governance and

sustainability committee and a compensation committee and to determine the relevant charters and regulations, and the members, of the above committees.

The audit committee is expected, among other things, to assist the board's oversight of: (i) the integrity of the company's financial statements; (ii) the company's policy on tax planning and financing; (iii) the systems of internal controls; (iv) the company's compliance with legal and regulatory requirements; and (v) appointment, compensation, retention and oversight of the independent auditors. The audit committee shall be comprised of at least three (3) non-executive directors elected by the board of directors. Each member of the audit committee shall:

- (a) neither have a material relationship with the company, as determined by the board of directors nor be performing the functions of auditors or accountants for the company;
- (b) be an "independent" member of the board of directors under the rules of the NYSE and Rule 10A-3 under the Exchange Act and within the meaning of the Dutch Corporate Governance Code; and
- (c) be "financially literate" and have "accounting or selected financial management expertise" qualifications, as determined by the board of directors.

The governance and sustainability committee is expected to assist the board of directors, among other things, with: (i) periodic assessment of the size and composition of the board of directors; (ii) monitoring and evaluating reports on the group's sustainable development policies and practices; (iii) selecting candidates for the board of directors and making recommendation to the board of directors; and (iv) reviewing, assessing and making recommendations as to strategic guidelines for sustainability-related issues. The governance and sustainability committee shall be comprised of at least three (3) non-executive directors, at most two (2) of whom will not be independent under the Dutch Corporate Governance Code, elected by the board of directors.

The compensation committee is expected to assist the board of directors, among other things, in: (i) reviewing and recommending for approval the compensation of executive directors; (ii) administering equity incentive plans; and (iii) discussing with management the company's compensation policies and practices. The compensation committee shall be comprised of at least three (3) non-executive directors, at most one (1) of whom will not be independent under the Dutch Corporate Governance Code, elected by the board of directors.

(vi) **Auditor of FCA**

FCA has adopted a governance model that does not contemplate a board of statutory auditors and, therefore, no board of statutory auditors was appointed (without prejudice to the appointment of an audit committee within the New Board of Directors of FCA).

In compliance with the New Articles of Association, an accountant is to be appointed by the general meeting of shareholders of FCA to examine the annual accounts drawn up by the board of directors of FCA, to report thereon to the board of directors and to express an opinion with regard thereto.

On September 26, 2014, Fiat, as the sole shareholder of FCA, appointed Ernst & Young Accountants LLP as auditors of FCA for its statutory books and Reconta Ernst & Young S.p.A., and its affiliates, as the Group's auditor, such appointment to become effective as of the Merger Effective Date. The term and the main terms and conditions of the appointment will be determined by the Audit Committee of FCA.

(vii) **Loyalty Voting Structure**

### Reason

In order to foster the development and continued involvement of a core base of long-term shareholders in a manner that reinforces the Group's stability, as well as providing FCA enhanced flexibility in pursuing strategic opportunities in the future, the New Articles of Association provide for the Loyalty Voting Structure. The purpose of the Loyalty Voting Structure is to reward long-term ownership of FCA Common Shares and promote stability of the FCA shareholder base by granting long-term FCA shareholders with Special Voting Shares to which one voting right is attached additional to the one granted by each FCA Common Share that they hold.

### Characteristics of the Special Voting Shares

As explained in the Common Merger Terms and the relevant annexes, FCA will issue Special Voting Shares with a nominal value of one Euro cent (€0.01) per share, to those shareholders of Fiat who are eligible for and elect to receive such Special Voting Shares upon closing of the Merger in addition to FCA Common Shares, pursuant to the Terms and Conditions of the Special Voting Shares.

Subject to meeting certain conditions, FCA Common Shares can be registered in the loyalty register of FCA (the "**Loyalty Register**") and may qualify as qualifying common shares ("**Qualifying Common Shares**"). The holder of Qualifying Common Shares will be entitled to receive without consideration one Special Voting Share in respect of each such Qualifying Common Share.

Notwithstanding the fact that article 13 of the New Articles of Association permits the board of directors of FCA to approve transfers of Special Voting Shares, the Special Voting Shares cannot be traded and are transferrable only in very limited circumstances (*i.e.*, to a Loyalty Transferee, as defined below, or to FCA for no consideration (*om niet*)).

In particular, pursuant to the Terms and Conditions of the Special Voting Shares and for so long as the FCA Common Shares remain in the Loyalty Register, such FCA Common Shares shall not be sold, disposed of, transferred, except in very limited circumstances (*i.e.*, transfers to affiliates or to relatives through succession, donation or other transfers, defined in the Terms and Conditions of the Special Voting Shares as "**Loyalty Transferee**"), but a shareholder may create or permit to exist any pledge lien, fixed or floating charge or other encumbrance over such FCA Common Shares, provided that the voting rights in respect of such FCA Common Shares and any corresponding Special Voting Shares remain with such shareholder at all times.

FCA's shareholders who want to directly or indirectly sell, dispose of, trade or transfer such FCA Common Shares or otherwise grant any right or interest therein, or create or permit to exist any pledge, lien, fixed or floating charge or other encumbrance over such FCA Common Shares with a potential transfer of voting rights relating to such encumbrances will need to submit a de-registration request as referred to in the Terms and Conditions of the Special Voting Shares, in order to transfer the relevant FCA Common Shares to the Regular Trading System except that an FCA shareholder may transfer FCA Common Shares included in the Loyalty Register to a Loyalty Transferee of such FCA shareholder without transferring such shares from the Loyalty Register to the Regular Trading System.

As anticipated, the purpose of the Special Voting Shares is to grant long-term FCA shareholders with an extra voting right by means of granting an additional Special Voting Share, without granting such shareholders with any economic rights additional to the ones pertaining to the FCA Common Shares.

The Special Voting Shares have immaterial economic entitlements, as described below. As a matter of Dutch law, such Special Voting Shares cannot be fully excluded from economic entitlements. Therefore, the New Articles of Association provide that only a minimal dividend accrues to the Special Voting Shares allocated to a separate special dividend reserve. In this respect, FCA maintains a separate dividend reserve for the Special Voting Shares for the sole purpose of the allocation of the mandatory minimal profits that accrue to the Special Voting Shares. The Special Voting Shares shall not carry any entitlement to any other reserve of FCA; any distribution out of the special voting rights dividend reserve of FCA or the partial or full release of such reserve will require a prior proposal from the board of directors of FCA and a subsequent resolution of the meeting of holders of Special Voting Shares. The meeting of holders of Special Voting Shares meets as often as the board of directors of FCA calls it; however, there are no rights granted to this particular meeting other than the right to resolve upon the distribution of the special voting shares dividend reserve. From the profits shown in the adopted annual accounts, such amounts shall be reserved as the board of directors of FCA may determine. The profits remaining after such reservation shall be applied to allocate and add an amount of 1% of the aggregate nominal value of all outstanding Special Voting Shares to the Special Voting Shares dividend reserve. In accordance with the New Articles of Association, the Special Voting Shares shall not carry any other entitlement to the profits.

Apart from the resolution relating to any distribution of the special voting shares dividend reserve or the partial or full release of such reserve, the change of the rights pertaining to the Special Voting Shares shall not require the approval by a special meeting of the holders of the Special Voting Shares; any amendments of the New Articles of Association (including any change to the rights pertaining to the Special Voting Shares) can only be passed by a general meeting of shareholders of FCA pursuant to a prior proposal of the board of directors of FCA, it being understood that a majority of at least two-thirds of the votes cast shall be required if less than one half of the issued share capital is present or represented at the meeting.

Shareholders having been provided with the Special Voting Shares will be allowed actually to exercise one (1) vote for each Special Voting Share that they hold and one (1) vote for each FCA Common Share that they hold (it being understood that there will be no legal constraints as to the consistency between the voting right pertaining to each FCA Common Shares and the voting right pertaining to the relevant Special Voting Share).

If FCA is dissolved and liquidated, whatever remains of FCA's equity after all its debts have been discharged shall first be applied to distribute the aggregate balance of share premium reserves and other reserves (other than the Special Voting Shares dividend reserve), to holders of FCA Common Shares in proportion to the aggregate nominal value of the FCA Common Shares held by each holder; secondly, from any balance remaining, an amount equal to the aggregate amount of the nominal value of the FCA Common Shares will be distributed to the holders of FCA Common Shares in proportion to the aggregate nominal value of FCA Common Shares held by each of them; thirdly, from any balance remaining, an amount equal to the aggregate amount of the Special Voting Shares dividend reserve will be distributed to the holders of Special Voting Shares in proportion to the aggregate nominal value of the Special Voting Shares held by each of them; fourthly, from any balance remaining, the aggregate amount of the nominal value of the Special Voting Shares will be distributed to the holders of Special Voting Shares in proportion to the aggregate nominal value of the Special Voting Shares held by each of them; and, lastly, any balance remaining will be distributed to the holders of FCA Common Shares in proportion to the aggregate nominal value of FCA Common Shares held by each of them.

Article 10 of the Terms and Conditions of the Special Voting Shares includes liquidated damages provision (*schadevergoedingsbeding*) intended to deter any attempt by holders to circumvent the terms of the Special Voting Shares. Such liquidated damages provisions may be enforced by FCA by means of a legal action brought by FCA before the competent courts of Amsterdam, the Netherlands. In particular, a violation of the provisions of the Terms and Conditions of the Special Voting Shares concerning the transfer of Special Voting Shares, Electing Common Shares and Qualifying Common Shares may lead to the imposition of liquidated damages.

Finally, pursuant to article 12 of the Terms and Conditions of the Special Voting Shares, any amendment to the Terms and Conditions (other than merely technical, non-material amendments and unless such amendment is required to ensure compliance with applicable law or regulations or the listing rules of any securities exchange on which the FCA Common Shares are listed, which can be passed by a resolution by the board of directors of FCA) may only be made with the approval of the general meeting of shareholders of FCA.

Any amendment of the Terms and Conditions of the Special Voting Shares shall be recorded in writing through a private deed to that effect executed between the company and the holders of Special Voting Shares (through their agent, as identified in the Terms and Conditions of the Special Voting Shares). FCA shall publish any amendment of the Terms and Conditions of the Special Voting Shares on its website and notify the holders of Qualifying Common Shares of any such amendment through their brokers.

#### Allocation of the Special Voting Shares

As far as the allocation of the Special Voting Shares is concerned, such allocation shall occur as follows.

#### Allocation upon the Merger

In connection with the Merger, Fiat shareholders will be entitled to elect to participate in the Loyalty Voting Structure upon closing of the Merger as described below.

Prior to the Fiat Extraordinary Meeting of Shareholders at which the Common Merger Terms were submitted for approval, an election form was made available to Fiat shareholders on Fiat's website ([www.fiatspa.com](http://www.fiatspa.com)) (the "**Election Form**").

Fiat shareholders who wished to elect to participate in the Loyalty Voting Structure with respect to all or some of the FCA Common Shares they are entitled to receive in the Merger were required to submit (through their relevant depository intermediaries) such election in the applicable form no later than 15 business days after the Fiat Extraordinary Meeting of Shareholders and such Election Form must be countersigned by the relevant broker/authorized intermediary.

Immediately after the closing of the Merger, Fiat shareholders that (i) were present or represented (by proxy) at the relevant Extraordinary Meeting of Shareholders, regardless of how they voted, (ii) timely and properly submitted (through their relevant depository intermediaries) the Election Form and the relevant power of attorney included in the Election Form and (iii) continued to own the relevant Fiat ordinary shares continuously during the period between the record date preceding the Fiat Extraordinary General Meeting and the effective date of the Merger will have their FCA Common Shares registered in the Loyalty Register.

Following such registration, a corresponding number of Special Voting Shares will be allocated to the holders of the FCA Common Shares, so that the additional voting rights can be exercised at the first FCA shareholders' meeting following the registration.

By signing the applicable Election Form, Fiat shareholders also agreed to be bound by the Terms and Conditions of the Special Voting Shares, including the transfer restrictions described above.

#### Allocation after the Merger

Following the Merger, FCA's shareholders who seek to qualify to receive Special Voting Shares can also request to have their FCA Common Shares registered in the Loyalty Register. Upon registration in the Loyalty Register such shares will be eligible to be treated as Qualifying Common Shares, provided they meet the conditions more fully described under the Terms and Conditions of the Special Voting Shares.

After closing of the Merger, an FCA shareholder may at any time elect to participate in the Loyalty Voting Structure by requesting that FCA register all or some of the number of FCA Common Shares held by such FCA shareholder in the Loyalty Register. Such election shall be effective and registration in the Loyalty Register shall occur as of the end of the calendar month during which the election is made. If such Electing Common Shares have been registered in the Loyalty Register (and thus temporarily not eligible for trading in the Regular Trading System) for an uninterrupted period of three years in the name of the same shareholder, the holder of such Electing Common Shares, which will become Qualifying Common Shares, will be entitled to receive one Special Voting Share for each such Qualifying Common Share that has been registered.

If at any moment in time such FCA Common Shares are de-registered from the Loyalty Register for whatever reason, the relevant shareholder loses its entitlement to hold a corresponding number of Special Voting Shares.

#### Transfer of the Special Voting Shares and de-registration from the Loyalty Register

Notwithstanding the fact that article 13 of the New Articles of Association permits the board of directors of FCA to approve transfers of Special Voting Shares, the Special Voting Shares cannot be traded and are transferrable only in very limited circumstances (*i.e.*, to a Loyalty Transferee or to FCA for no consideration (*om niet*)).

At any time, a holder of Electing Common Shares or Qualifying Common Shares may request the de-registration of such shares from the Loyalty Register to enable free trading thereof in the regular trading system (the "**Regular Trading System**"). Upon the de-registration from the Loyalty Register, such shares will cease to be Electing Common Shares or Qualifying Common Shares as the case may be, and will be freely tradable and voting rights attached to the corresponding Special Voting Shares will be suspended with immediate effect and such Special Voting Shares shall be transferred to FCA for no consideration (*om niet*).

As described above, a holder of Electing Common Shares or Qualifying Common Shares may request that some or all of its Electing Common Shares or Qualifying Common Shares be de-registered from the Loyalty Register and if held outside the Regular Trading System, move such shares back to the Regular Trading System, which will allow such shareholder to freely trade its FCA Common Shares, as described below. From the moment of such request, the holder of Qualifying Common Shares shall be considered to have waived his rights to cast any votes associated with the Special Voting Shares which were issued and allocated in respect of such Qualifying Common Shares. Any such request would automatically trigger a mandatory transfer requirement pursuant to which the Special Voting Shares will be offered and transferred to FCA for no consideration (*om niet*) in accordance with the New Articles of Association and the Terms and Conditions of the Special Voting Shares. FCA may continue to hold the Special Voting Shares as treasury stock, but will not be entitled to vote any such

treasury stock. Alternatively, FCA may withdraw and cancel the Special Voting Shares, as a result of which the nominal value of such shares will be allocated to the special capital reserves of FCA. Consequently, the loyalty voting feature will terminate as to the relevant Qualifying Common Shares being de-registered from the Loyalty Register.

No shareholder required to transfer Special Voting Shares pursuant to the Terms and Conditions of the Special Voting Shares shall be entitled to any purchase price for such Special Voting Shares and each shareholder expressly waives any rights in that respect as a condition to participation in the Loyalty Voting Structure.

A shareholder who is a holder of Qualifying Common Shares or Electing Common Shares must promptly notify FCA upon the occurrence of a “change of control” as defined in the New Articles of Association, as described below. The change of control will trigger the de-registration of the relevant Electing Common Shares or Qualifying Common Shares in the Loyalty Register. The voting rights attached to the Special Voting Shares issued and allocated in respect of the relevant Qualifying Common Shares will be suspended with immediate effect upon a direct or indirect change of control in respect of the relevant holder of such Qualifying Common Shares that are registered in the Loyalty Register.

A “change of control” shall mean, in respect of any FCA shareholder that is not an individual (*natuurlijk persoon*), any direct or indirect transfer in one or a series of related transactions as a result of which (i) a majority of the voting rights of such shareholder, (ii) the de facto ability to direct the casting of a majority of the votes exercisable at general meetings of shareholders of such shareholder and/or (iii) the ability to appoint or remove a majority of the directors, executive directors or board members or executive officers of such shareholder or to direct the casting of a majority or more of the voting rights at meetings of the board of directors of FCA, governing body or executive committee of such shareholder has been transferred to a new owner, provided that no change of control shall be deemed to have occurred if (a) the transfer of ownership and/or control is an intragroup transfer under the same parent company, (b) the transfer of ownership and/or control is the result of the succession or the liquidation of assets between spouses or the inheritance, inter vivo donation or other transfer to a spouse or a relative up to and including the fourth degree or (c) the fair market value of the Qualifying Common Shares held by such shareholder represents less than twenty percent (20%) of the total assets of the Transferred Group at the time of the transfer and the Qualifying Common Shares held by such shareholder, in the sole judgment of the company, are not otherwise material to the Transferred Group or the Change of Control transaction. “Transferred Group” shall mean the relevant shareholder together with its affiliates, if any, over which control was transferred as part of the same change of control transaction within the meaning of the definition of Change of Control.

(viii) **Information on Dutch company law**

In addition to the description of the corporate governance structure of FCA upon completion of the Merger, below is a brief overview of the laws applicable to FCA, as a company organized under the laws of the Netherlands.

*Issuance of shares*

The general meeting of shareholders of FCA has the authority to resolve on any issuance of shares. In such a resolution, the general meeting must determine the price and other terms of issuance. The board of directors of FCA may have the power to issue shares if it has been authorized to do so by the general meeting, or pursuant to the New Articles of Association. Under Dutch law, such authorization may not exceed a period of five years, but may be renewed by a resolution of the general meeting for subsequent five-year periods at any time.

The New Board of Directors of FCA will be designated by the New Articles of Association as the competent body to issue FCA Common Shares and Special Voting Shares for an initial period of five years, which may be extended by the general meeting with additional consecutive periods of up to a maximum of five years each.

FCA will not be required to obtain approval from the general meeting of shareholders to issue shares pursuant to the exercise of a right to subscribe for shares that was previously granted pursuant to authority granted by the shareholders or pursuant to delegated authority by the board of directors of FCA. The general meeting of shareholders of FCA shall, for as long as any such designation of the board of directors of FCA for this purpose is in force, no longer have authority to decide on the issuance of shares.

#### *Rights of pre-emption*

Under Dutch law and the New Articles of Association, each FCA shareholder will have a right of pre-emption in proportion to the aggregate nominal value of its shareholding upon the issuance of new FCA Common Shares (or the granting of rights to subscribe for FCA Common Shares). Exceptions to this right of pre-emption include the issuance of new FCA Common Shares (or the granting of rights to subscribe for FCA Common Shares): (i) to employees of FCA or another member of its Group pursuant to a stock compensation plan of FCA or any of its subsidiaries, (ii) against payment in kind (contribution other than in cash) and (iii) to persons exercising a previously granted right to subscribe for FCA Common Shares.

In the event of an issuance of Special Voting Shares, shareholders shall not have any right of pre-emption.

The general meeting may resolve to limit or exclude the rights of pre-emption upon an issuance of FCA Common Shares, which resolution requires approval of at least two-thirds of the votes cast, if less than half of the issued share capital is represented at the general meeting. The New Articles of Association or the general meeting may also designate the board of directors of FCA to resolve to limit or exclude the rights of pre-emption in relation to the issuance of FCA Common Shares. Pursuant to Dutch law, the designation by the general meeting may be granted to the board of directors of FCA for a specified period of time of not more than five years and only if the board of directors of FCA has also been designated or is simultaneously designated the authority to resolve to issue FCA Common Shares. The New Board of Directors of FCA will be designated in the New Articles of Association as the competent body to exclude or limit rights of pre-emption for an initial period of five years, which may be extended by the general meeting with additional periods up to a maximum of five years per period.

The board of directors of FCA may authorize the issuance of FCA Common Shares free from pre-emptive rights, thereby enabling FCA, at any time following the Merger, to offer and sell newly issued FCA Common Shares or securities convertible into or exercisable for FCA Common Shares. Such market transactions may be carried out for any purpose, including to facilitate the development of a more liquid trading market for FCA Common Shares on the NYSE, promptly following the Merger.

#### *Repurchase of shares*

Upon agreement with the relevant FCA shareholder, FCA may acquire its own shares at any time for no consideration (*om niet*), or subject to certain provisions of Dutch law and the New Articles of Association, for consideration if: (i) FCA's shareholders' equity less the payment required to make the acquisition does not fall below the sum of called-up and paid-in share capital and any statutory reserves, (ii) FCA and its subsidiaries would thereafter not

hold shares or hold a pledge over FCA Common Shares with an aggregate nominal value exceeding 50% of the FCA's issued share capital and (iii) the board of directors of FCA has been authorized to do so by the general meeting.

The acquisition of fully paid-up shares by FCA other than for no consideration (*om niet*) requires authorization by the general meeting. Such authorization may be granted for a period not exceeding 18 months and shall specify the number of shares, the manner in which the shares may be acquired and the price range within which shares may be acquired. The authorization is not required for the acquisition of shares for employees of FCA or another member of its Group, under a scheme applicable to such employees and no authorization is required for repurchase of shares acquired in certain other limited circumstances in which the acquisition takes place by operation of law, such as pursuant to mergers or demergers. Such shares must be officially listed on a price list of an exchange.

Prior to the Merger Effective Date, Fiat, as the sole shareholder of FCA, is expected to designate the board of directors of FCA as the competent body to resolve on FCA acquiring any FCA's fully paid-up FCA Common Shares other than for no consideration (*om niet*) for a period of 18 months.

FCA may, jointly with its subsidiaries, hold shares in its own capital exceeding one-tenth of its issued capital for no more than three years after acquisition of such FCA shares for no consideration (*om niet*) or in certain other limited circumstances in which the acquisition takes place by operation of law, such as pursuant to mergers or demergers. Any FCA shares held by FCA in excess of the amount permitted shall transfer to all members of the board of directors of FCA jointly at the end of the last day of such three-year period. Each member of the board of directors of FCA shall be jointly and severally liable to compensate FCA for the value of the FCA shares at such time, with interest at the statutory rate thereon from such time. The term FCA shares in this paragraph shall include depositary receipts for shares and shares in respect of which FCA holds a right of pledge.

No votes may be cast at a general meeting on the FCA shares held by FCA or its subsidiaries. Also no voting rights may be cast at a general meeting in respect of FCA shares for which depositary receipts have been issued that are owned by FCA. Nonetheless, the holders of a right of usufruct or pledge in respect of shares held by FCA and its subsidiaries in FCA's share capital are not excluded from the right to vote on such shares, if the right of usufruct or pledge was granted prior to the time such shares were acquired by FCA or its subsidiaries.

Neither FCA nor any of its subsidiaries may cast votes in respect of a share on which it or its subsidiaries holds a right of usufruct or pledge. Currently, none of the FCA Common Shares are held by it or its subsidiaries. No right of pledge may be established on Special Voting Shares and the voting rights attributable to Special Voting Shares may not be assigned to a usufructuary.

#### *Reduction of share capital*

Shareholders at a general meeting have the power to cancel shares acquired by FCA or to reduce the nominal value of the shares. A resolution to reduce the share capital requires a majority of at least two-thirds of the votes cast at the general meeting, if less than one-half of the issued capital is present or represented at the meeting. If more than one-half of the issued share capital is present or represented at the meeting, a simple majority of the votes cast at the general meeting is required. Any proposal for cancellation or reduction of nominal value is subject to general requirements of Dutch law with respect to reduction of share capital.

#### *Transfer of shares*

In accordance with the provisions of Dutch law, pursuant to Article 12 of the New Articles of Association the transfer of shares or the creation of a right in rem thereon requires a deed of transfer executed before a Dutch civil law notary, unless shares are (or shall shortly be) admitted to trading on a regulated market or multilateral trading facility as referred to in article 1:1 of the Dutch Financial Supervision Act or a system comparable to a regulated market or multilateral trading facility.

The transfer of FCA Common Shares that have not been entered into a book-entry system will be effected in accordance with article 12 of the New Articles of Association.

FCA Common shares that have been entered into the DTC book-entry system will be registered in the name of Cede & Co., as nominee for DTC and transfers of beneficial ownership of shares held through DTC will be effected by electronic transfer made by DTC participants. Article 12 of the New Articles of Association does not apply to the trading of such FCA Common Shares on a regulated market or the equivalent thereof.

Transfers of shares held outside of DTC (including Monte Titoli, as a participant in DTC) and not represented by certificates are effected by a stock transfer instrument and require the written acknowledgement by FCA. Transfer of registered certificates is effected by presenting and surrendering the certificates to the FCA's transfer agent in New York. A valid transfer requires the registered certificates to be properly endorsed for transfer as provided for in the certificates and accompanied by proper instruments of transfer and stock transfer tax stamps for, or funds to pay, any applicable stock transfer taxes.

FCA Common Shares are freely transferable, while, as described above, Special Voting Shares are generally not transferable. In particular, at any time, a holder of FCA Common Shares that are registered in the Loyalty Register as Electing Common Shares or as Qualifying Common Shares, wishing to transfer such common shares other than in limited specified circumstances (e.g., transfers to affiliates or relatives through succession, donation or other transfers) must first request a de-registration of such Electing Common Shares or Qualifying Common Shares from the Loyalty Register and, if held outside the Regular Trading System, move such common shares back into the Regular Trading System. After de-registration from the Loyalty Register, any Qualifying Common Shares no longer qualify as Qualifying Common Shares and, as a result, the holder of such FCA Common Shares is required to offer and transfer the Special Voting Shares associated with such FCA Common Shares that were previously Qualifying Common Shares to FCA for no consideration (*om niet*).

#### *Annual accounts and independent auditor*

FCA's financial year will be the calendar year. Pursuant to FCA's deed of incorporation, the first financial year of FCA will end on December 31, 2014. Within four months after the end of each financial year, the board of directors of FCA will prepare the annual accounts, which must be accompanied by an annual report and an annual auditor's report and will publish the accounts and annual report and will make those available for inspection at FCA's registered office and also file these with the AFM simultaneously.

All members of the board of directors of FCA are required to sign the annual accounts and, in case the signature of any member is missing, the reason for this must be stated.

The annual accounts are to be adopted by the general meeting at the annual general meeting of shareholders, at which meeting the members of the board of directors of FCA will be discharged from liability for performance of their duties with respect to any matter disclosed in the annual accounts during the relevant financial year insofar this appears from the annual accounts. The annual accounts, the annual report and the independent auditor's report are

made available through FCA's website to the shareholders for review as from the day of the notice convening the annual general meeting of shareholders. Once adopted, such adopted annual accounts must be filed with the AFM within 5 days after adoption by the general meeting.

The financial reporting of FCA must comply with the regulations of Title 9 of Book 2 of the Dutch Civil Code and IFRS, and the AFM supervises whether such financial reporting complies with the above mentioned regulations on a retrospective basis, *i.e.*, after adoption by the shareholders (as to the annual report).

#### *Payment of dividends*

FCA may make distributions to the shareholders and other persons entitled to the distributable profits only to the extent that its shareholders' equity exceeds the sum of the paid-up portion of the share capital and the reserves that must be maintained in accordance with Dutch law. No distribution of profits may be made to FCA itself for shares that FCA holds in its own share capital.

FCA may only make a distribution of dividends to the shareholders after the adoption of its statutory annual accounts demonstrating that such distribution is legally permitted. The board of directors of FCA may determine that other distributions shall be made, in whole or in part, from FCA's share premium reserve or from any other freely distributable reserve, provided that payments from reserves may only be made to the shareholders that are entitled to the relevant reserve upon the dissolution of FCA and provided further that the policy of FCA on additions to reserves and dividends is duly observed.

Holders of Special Voting Shares will not receive any dividend in respect of the Special Voting Shares, however FCA maintains a separate dividend reserve for the Special Voting Shares for the sole purpose of the allocation of the mandatory minimal profits that accrue to the Special Voting Shares. This allocation establishes a reserve for the amount that would otherwise be paid. The Special Voting Shares do not carry any entitlement to any other reserve. Any distribution out of the special dividend reserve or the partial or full release of such reserve requires a prior proposal from the board of directors of FCA and a subsequent resolution of the meeting of holders of Special Voting Shares.

Insofar as the profits have not been distributed or allocated to the reserves, they may, by resolution of the general meeting, be distributed as dividends on the FCA Common Shares only. The general meeting may resolve, on the proposal of the board of directors of FCA, to declare and distribute dividends in U.S. dollars. The board of directors of FCA may decide, subject to the approval of the general meeting and the board of directors of FCA having been designated as the body competent to pass a resolution for the issuance of shares, that a distribution shall, wholly or partially, be made in the form of shares, or that shareholders shall be given the option to receive a distribution either in cash or in the form of shares.

The right to dividends and distributions will lapse if the dividends or distributions are not claimed within five years following the day after the date on which they first became payable. Any dividends or other distributions made in violation of the New Articles of Association or Dutch law will have to be repaid by the shareholders who knew or should have known, of such violation.

The Business Plan does not contemplate any dividend payment to shareholders through 2018 since the Group is concentrating on product investments and then subsequent deleveraging of its balance sheet in the Business Plan period.

#### *Annual meeting*

An annual general meeting of shareholders must be held within 6 months from the end of FCA's preceding financial year to discuss, *inter alia*, the annual report, the adoption of the annual accounts, allocation of profits (including the proposal to distribute dividends), release of members of the board of directors of FCA from liability for their management and supervision, and other proposals brought up for discussion by the board of directors of FCA.

#### *General meeting of shareholders and place of meetings*

Other general meetings will be held if requested by the board of directors of FCA, the chairman or the chief executive officer, or by the written request (stating the exact subjects to be discussed) of one or more shareholders representing in aggregate at least 10% of the issued share capital of the company (taking into account the relevant provisions of Dutch law, the New Articles of Association and the applicable stock exchange regulations). General meetings will be held in Amsterdam or Haarlemmermeer (Schiphol Airport), the Netherlands.

#### *Notice of call and agenda*

General meetings can be convened by a notice, specifying the subjects to be discussed, the place and the time of the meeting and admission and participation procedure, issued at least 42 days before the meeting. All convocations, announcements, notifications and communications to shareholders and other persons entitled to attend the general meeting must be made on the company's corporate website in accordance with the relevant provisions of Dutch law. The agenda for a general meeting may contain the items requested by one or more shareholders representing at least 3% of the issued share capital of the company, taking into account the relevant provisions of Dutch law. Requests must be made in writing, including the reasons for adding the relevant item on the agenda, and received by the board of directors of FCA at least 60 days before the day of the meeting.

#### *Admission and registration*

Each shareholder entitled to vote, and each person holding a usufruct or pledge to whom the right to vote on the FCA Common Shares accrues, shall be authorized to attend the general meeting, to address the general meeting and to exercise its voting rights. The registration date of each general meeting is the twenty-eighth day prior to the date of the general meeting so as to establish which shareholders are entitled to attend and vote at the general meeting. Only holders of shares and other persons entitled to vote or attend the general meeting, at such registration date are entitled to attend and vote at the general meeting. The convocation notice for the meeting shall state the registration date and the manner in which the persons entitled to attend the general meeting may register and exercise their rights.

Those entitled to attend a general meeting may be represented at a general meeting by a proxy authorized in writing. The requirement that a proxy must be in written form is also fulfilled when it is recorded electronically.

Members of the board of directors of FCA have the right to attend a general meeting. In these general meetings they have an advisory role.

#### *Voting Rights*

Each FCA Common Share and each Special Voting Share confers the right on the holder to cast one vote at a general meeting. Resolutions are passed by a simple majority of the votes cast, unless Dutch law or the New Articles of Association prescribes a larger majority. Under Dutch law and/or the New Articles of Association, the following matters require at least two-thirds of the votes cast at a meeting if less than half of the issued share capital is present or represented:

- a resolution to reduce the issued share capital;
- a resolution to amend the New Articles of Association;
- a resolution to restrict or exclude rights of pre-emption;
- a resolution to authorize the board of directors of FCA to restrict or exclude shareholder rights of pre-emption;
- a resolution to enter into a legal merger or a legal demerger; or
- a resolution to liquidate FCA.

#### *Shareholders' votes on certain transactions*

Any important change in the identity or character of FCA must be approved by the general meeting, including (i) the transfer to a third party of the business of FCA or practically the entire business of FCA; (ii) the entry into or breaking off of any long-term cooperation of FCA or a subsidiary with another legal entity or company or as a fully liable partner of a general partnership or limited partnership, where such entry into or breaking off is of far-reaching importance to FCA; and (iii) the acquisition or disposal by FCA or a subsidiary of an interest in the capital of a company with a value of at least one-third of FCA's assets according to the consolidated statement of financial position with explanatory notes included in the last adopted annual accounts of FCA.

#### *Exchange Controls and Other Limitations Affecting Shareholders*

Under Dutch law, there are no exchange control restrictions on investments in, or payments on, the FCA Common Shares. There are no special restrictions in the New Articles of Association or Dutch law that limit the right of shareholders who are not citizens or residents of the Netherlands to hold or vote the FCA Common Shares.

#### *Amendments to the FCA articles of association, including variation of rights*

A resolution of the general meeting to amend the New Articles of Association or to wind up FCA may be approved only if proposed by the board of directors of FCA and must be approved by a vote of a majority of at least two-thirds of the votes cast if less than one-half of the issued share capital is represented at such general meeting.

The rights of shareholders may be changed only by amending the New Articles of Association in compliance with Dutch law.

#### *Dissolution and liquidation*

The general meeting may resolve to dissolve FCA, upon a proposal of the board of directors of FCA thereto. A majority of at least two-thirds of the votes cast shall be required if less than one-half of the issued capital is represented at the meeting. In the event of dissolution, FCA will be liquidated in accordance with Dutch law and the New Articles of Association and the liquidation shall be arranged by the members of the board of directors of FCA, unless the general meeting appoints other liquidators. During liquidation, the provisions of the New Articles of Association will remain in force to the extent possible.

If FCA is dissolved and liquidated, whatever remains of FCA's equity after all its debts have been discharged shall first be applied to distribute the aggregate balance of share premium reserves and other reserves (other than the special dividend reserve), to holders of FCA Common Shares in proportion to the aggregate nominal value of the FCA Common Shares held by each holder; secondly, from any balance remaining, an amount equal to the aggregate amount of the nominal value of the FCA Common Shares will be distributed to the holders of FCA Common Shares in proportion to the aggregate nominal value of FCA Common Shares held by each of them; thirdly, from any balance remaining, an amount equal to the aggregate amount of the special voting shares dividend reserve will be distributed to the holders of Special Voting Shares in proportion to the aggregate nominal value of the Special Voting Shares held by each of them; fourthly, from any balance remaining, the aggregate amount of the nominal value of the Special Voting Shares will be distributed to the holders of Special Voting Shares in proportion to the aggregate nominal value of the Special Voting Shares held by each of them; and, lastly, any balance remaining will be distributed to the holders of FCA Common Shares in proportion to the aggregate nominal value of FCA Common Shares held by each of them.

#### *Election and Removal of Directors*

The New Articles of Association provide that the board of directors of FCA shall be composed of three or more members, without a maximum number of directors being provided.

Directors are appointed by a simple majority of the votes validly cast at a general meeting. The general meeting may at any time suspend or dismiss any director.

#### *Liability of directors*

Under Dutch law, the management of a company is a joint undertaking and each member of the board of directors of FCA can be held jointly and severally liable to FCA for damages in the event of improper or negligent performance of their duties. Further, members of the board of directors of FCA can be held liable to third parties based on tort, pursuant to certain provisions of the Dutch Civil Code. All directors are jointly and severally liable for failure of one or more co-directors. An individual director is only exempted from liability if he proves that he cannot be held seriously culpable for the mismanagement and that he has not been negligent in seeking to prevent the consequences of the mismanagement. In this regard a director may, however, refer to the allocation of tasks between the directors. In certain circumstances, directors may incur additional specific civil and criminal liabilities.

#### *Indemnification of directors and officers*

Under Dutch law, indemnification provisions may be included in a company's articles of association. Under the New Articles of Association, FCA is required to indemnify its directors, officers, former directors, former officers and any person who may have served at FCA's request as a director or officer of another company in which FCA owns shares or of which FCA is a creditor who were or are made a party or are threatened to be made a party or are involved in, any threatened, pending or completed action, suit, or proceeding, whether

civil, criminal, administrative, arbitral or investigative (each a “**Proceeding**”), or any appeal in such a Proceeding or any inquiry or investigation that could lead to such a Proceeding, against any and all liabilities, damages, reasonable and documented expenses (including reasonably incurred and substantiated attorney’s fees), financial effects of judgments, fines, penalties (including excise and similar taxes and punitive damages) and amounts paid in settlement in connection with such Proceeding by any of them. Notwithstanding the above, no indemnification shall be made in respect of any claim, issue or matter as to which any of the abovementioned indemnified persons shall be adjudged to be liable for gross negligence or wilful misconduct in the performance of such person’s duty to FCA. This indemnification by FCA is not exclusive of any other rights to which those indemnified may be entitled otherwise. FCA expects to purchase directors’ and officers’ liability insurance for the members of the board of directors of FCA and certain other officers, substantially in line with that purchased by similarly situated companies.

(ix) **Dutch Corporate Governance Code**

The Dutch Corporate Governance Code contains principles and best practice provisions that regulate relations between the board and the shareholders (e.g. the general meeting). The Dutch Corporate Governance Code is divided into five sections which address the following topics: (i) compliance with and enforcement of the Dutch Corporate Governance Code; (ii) the management board, including matters such as the composition of the board, selection of board members and director qualification standards, director responsibilities, board committees and term of appointment; (iii) the supervisory board or the non-executive directors in a one-tier board; (iv) the shareholders and the general meeting of shareholders; and (v) the audit of the financial reporting and the position of the internal audit function and the external auditor.

Dutch companies whose shares are listed on a government-recognized stock exchange, such as the NYSE or the MTA, are required under Dutch law to disclose in their annual reports whether or not they apply the provisions of the Dutch Corporate Governance Code and, in the event that they do not apply a certain provision, to explain the reasons why they have chosen to deviate.

FCA acknowledges the importance of good corporate governance and supports the best practice provisions of the Dutch Corporate Governance Code. Therefore, FCA intends to comply with the relevant best practice provisions of the Dutch Corporate Governance Code except as may be noted from time to time in FCA’s annual reports.

(x) **Disclosure of Holdings under Dutch Law**

*Shareholder disclosure and reporting obligations under Dutch law*

As soon as the FCA Common Shares are listed on the MTA, chapter 5.3 of the Dutch Financial Supervision Act will apply, pursuant to which any person who, directly or indirectly, acquires or disposes of a capital interest and/or voting rights in FCA must immediately give written notice to the Netherlands Authority for the Financial Markets (*stichting Autoriteit Financiële Markten*, the “**AFM**”) of such acquisition or disposal by means of a standard form if, as a result of such acquisition or disposal, the percentage of capital interest and/or voting rights held by such person reaches, exceeds or falls below the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%.

For the purpose of calculating the percentage of capital interest or voting rights, the following interests must, *inter alia*, be taken into account: (i) shares and/or voting rights directly held (or acquired or disposed of) by any person, (ii) shares and/or voting rights held (or, acquired or disposed of) by such person’s controlled entities or by a third party for such

person's account, (iii) voting rights held (or acquired or disposed of) by a third party with whom such person has concluded an oral or written voting agreement, (iv) voting rights acquired pursuant to an agreement providing for a temporary transfer of voting rights in consideration for a payment, and (v) shares which such person, or any controlled entity or third party referred to above, may acquire pursuant to any option or other right to acquire shares.

As a consequence of the above, special voting shares shall be added to FCA Common Shares for the purposes of the above thresholds.

Controlled entities (within the meaning of the Dutch Financial Supervision Act) do not themselves have notification obligations under the Dutch Financial Supervision Act as their direct and indirect interests are attributed to their (ultimate) parent. If a person who has a 3% or larger interest in FCA's share capital or voting rights ceases to be a controlled entity it must immediately notify the AFM and all notification obligations under the Dutch Financial Supervision Act will become applicable to such former controlled entity.

Special rules apply to the attribution of shares and/or voting rights which are part of the property of partnership or other form of joint ownership. A holder of a pledge or right of usufruct in respect of shares can also be subject to notification obligations, if such person has, or can acquire, the right to vote on the shares. The acquisition of (conditional) voting rights by a pledgee or beneficial owner may also trigger notification obligations as if the pledgee or beneficial owner were the legal holder of the shares and/or voting rights.

Furthermore, when calculating the percentage of capital interest, a person is also considered to be in possession of shares if (i) such person holds a financial instrument the value of which is (in part) determined by the value of the shares or any distributions associated therewith and which does not entitle such person to acquire any shares, (ii) such person may be obliged to purchase shares on the basis of an option, or (iii) such person has concluded another contract whereby such person acquires an economic interest comparable to that of holding a share.

If a person's capital interest and/or voting rights reaches, exceeds or falls below the above-mentioned thresholds as a result of a change in FCA's issued and outstanding share capital or voting rights, such person is required to make a notification not later than on the fourth trading day after the AFM has published FCA's notification as described below.

FCA is required to notify the AFM promptly of any change of 1% or more in its issued and outstanding share capital or voting rights since a previous notification. Other changes in FCA's issued and outstanding share capital or voting rights must be notified to the AFM within eight days after the end of the quarter in which the change occurred.

Each person whose holding of capital interest or voting rights at the date FCA Common Shares are listed on the MTA amounts to 3% or more of FCA's issued and outstanding share capital, must notify the AFM of such holding without delay. Furthermore, each member of the board of directors of FCA must notify the AFM:

- immediately after FCA Common Shares are listed on the MTA of the number of shares he/she holds and the number of votes he/she is entitled to cast in respect of FCA's issued and outstanding share capital, and
- subsequently of each change in the number of shares he/she holds and of each change in the number of votes he/she is entitled to cast in respect of FCA's issued and outstanding share capital, immediately after the relevant change.

The AFM keeps a public register of all notifications made pursuant to these disclosure

obligations and publishes any notification received.

Non-compliance with these disclosure obligations is an economic offense and may lead to criminal prosecution. The AFM may impose administrative penalties for non-compliance, and the publication thereof. In addition, a civil court can impose measures against any person who fails to notify or incorrectly notifies the AFM of matters required to be notified. A claim requiring that such measures be imposed may be instituted by FCA and/or by one or more shareholders who alone or together with others represent at least 3% of the issued and outstanding share capital of FCA or are able to exercise at least 3% of the voting rights. The measures that the civil court may impose include:

- an order requiring appropriate disclosure;
- suspension of the right to exercise the voting rights for a period of up to three years as determined by the court;
- voiding a resolution adopted by the general meeting, if the court determines that the resolution would not have been adopted but for the exercise of the voting rights of the person with a duty to disclose, or suspension of a resolution adopted by the general meeting of shareholders until the court makes a decision about such voiding; and
- an order to refrain, during a period of up to five years as determined by the court, from acquiring shares and/or voting rights in FCA.

Shareholders are advised to consult with their own legal advisers to determine whether the disclosure obligations apply to them.

#### *Mandatory Bid Requirement*

Under Dutch law any person, acting alone or in concert with others, who, directly or indirectly, acquires 30% or more of FCA's voting rights after the FCA Common Shares are listed on the MTA will be obliged to launch a public offer for all outstanding shares in FCA's share capital. An exception is made for shareholders who, whether alone or acting in concert with others, have an interest of at least 30% of FCA's voting rights before the shares are first listed on the MTA and who still have such an interest after such first listing. It is expected that immediately after the first listing of FCA Common Shares on the MTA, Exor will hold more than 30% of FCA's voting rights. It is therefore expected that Exor's interest in FCA will be grandfathered and that the exception will apply to it upon such first listing and will continue to apply to it for as long as its holding of shares represents over 30% of FCA's voting rights.

#### *Compulsory Acquisition*

Pursuant to Section 2:92a of the Dutch Civil Code, a shareholder who, for its own account, holds at least 95% of the issued share capital of FCA may institute proceedings against the other shareholders jointly for the transfer of their shares to it. The proceedings are held before the Dutch Enterprise Chamber and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure. The Enterprise Chamber may grant the claim for the squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three expert(s) who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. Once the order to transfer becomes final before the Enterprise Chamber, the person acquiring the shares must give written notice of the date and place of payment and the price to the holders of the shares to be acquired whose addresses are known to it. Unless the addresses of all of them are known to it, it must also publish the same in a Dutch daily

newspaper with a national circulation. A shareholder can only appeal against the judgment of the Enterprise Chamber before the Dutch Supreme Court.

In addition, pursuant to Section 2:359c of the Dutch Civil Code, following a public offer, a holder of at least 95% of the issued share capital and of voting rights of FCA has the right to require the minority shareholders to sell their shares to it. Any such request must be filed with the Enterprise Chamber within three months after the end of the acceptance period of the public offer. Conversely, pursuant to Section 2:359d of the Dutch Civil Code each minority shareholder has the right to require the holder of at least 95% of the issued share capital and the voting rights of FCA to purchase its shares in such case. The minority shareholder must file such claim with the Enterprise Chamber within three months after the end of the acceptance period of the public offer.

*Disclosure of Trades in Listed Securities*

Pursuant to the Dutch Financial Supervision Act, each of the members of the board of directors of FCA and any other person who has managerial responsibilities within FCA and who in that capacity is authorized to make decisions affecting the future developments and business prospects of FCA and who has regular access to inside information relating, directly or indirectly, to FCA (each, an “**Insider**”) must notify the AFM of all transactions, conducted or carried out for his/her own account, relating to FCA Common Shares or financial instruments, the value of which is (in part) determined by the value of FCA Common Shares.

In addition, persons designated by the Market Abuse Decree (*Besluit melding zeggenschap en kapitaalbelang in uitgevende instellingen Wft*, the “**Market Abuse Decree**”) who are closely associated with members of the board of directors of FCA or any of the Insiders must notify the AFM of all transactions conducted for their own account relating to FCA’s shares or financial instruments, the value of which is (in part) determined by the value of FCA’s shares. The Market Abuse Decree designates the following categories of persons: (i) the spouse or any partner considered by applicable law as equivalent to the spouse, (ii) dependent children, (iii) other relatives who have shared the same household for at least one year at the relevant transaction date, and (iv) any legal person, trust or partnership, among other things, whose managerial responsibilities are discharged by a member of the board of directors of FCA or any other Insider or by a person referred to under (i), (ii) or (iii) above.

The AFM must be notified of transactions effected in either FCA’s shares or financial instruments, the value of which is (in part) determined by the value of FCA’s shares, no later than the fifth business day following the transaction date by means of a standard form. Notification may be postponed until the date that the value of the transactions carried out on a person’s own account, together with the transactions carried out by the persons associated with that person, reaches or exceeds the amount of €5,000 in the calendar year in question. The AFM keeps a public register of all notifications made pursuant to the Dutch Financial Supervision Act.

Non-compliance with these reporting obligations under the Dutch Financial Supervision Act could lead to criminal penalties, administrative fines and cease-and-desist orders (and the publication thereof), imprisonment or other sanctions.

(xi) **Shareholder Disclosure and Reporting Obligations under U.S. Law**

Holders of FCA shares will be subject to certain U.S. reporting requirements under the Exchange Act for shareholders owning more than 5% of any class of equity securities registered pursuant to Section 12 of the Exchange Act. Among the reporting requirements are disclosure obligations intended to keep investors aware of significant accumulations of shares that may lead to a change of control of an issuer.

If FCA were to fail to qualify as a foreign private issuer in the future, Section 16(a) of the Exchange Act would also require FCA’s directors and executive officers, and persons who own more than 10% of a registered class of FCA’s equity securities, to file reports of ownership of, and transactions in, FCA’s equity securities with the SEC. Such directors, executive officers and 10% stockholders would also be required to furnish FCA with copies of all Section 16 reports they file.

Further disclosure requirements shall apply to FCA under Italian law by virtue of the listing of FCA’s shares on the MTA. Summarized below are the most significant disclosure requirements to be complied with by FCA. Further requirements may be imposed by Consob and/or Borsa Italiana upon admission to listing of FCA’s shares on the MTA.

The breach of the obligations described below may be used in the application of fines and criminal penalties (including, for instance, those provided for insider trading and market

manipulation).

(xii) **Disclosure Requirements under Italian law**

Summarized below are the most significant requirements to be complied with by FCA in connection with the admission to listing of FCA Common Shares on the MTA. The breach of the obligations described below may result in the application of fines and criminal penalties (including, for instance, those provided for insider trading and market manipulation). Further requirements may be imposed by Consob and/or Borsa Italiana upon admission to listing of FCA Common Shares on the MTA.

In particular, by virtue of the admission to listing of FCA Common Shares on the MTA, the following main disclosure obligations provided for by the Legislative Decree no. 58/1998 (the “**Italian Financial Act**”) effective as of the date of this document shall apply to FCA, article 92 (equal treatment principle), article 114 (information to be provided to the public), article 114-*bis* (information to be provided to the market concerning the allocation of financial instruments to corporate officers, employees and collaborators), article 115 (information to be disclosed to Consob), article 115-bis (register of persons having access to inside information) and article 180 and the following (relating to insider trading and market manipulation). In addition to the above, by virtue of the admission to listing of FCA Common Shares on the MTA, the applicable provisions set forth under the Market Rules (including those relating to the timing for the payment of dividends) shall apply to FCA.

### *Disclosure of Inside Information*

Pursuant to the Italian Financial Act, FCA shall disclose to the public, without delay, any inside information which: (i) is specific, (ii) has not been made public, (iii) relates, directly or indirectly, to FCA or FCA Common Shares, and (iv) if it were made public, would be likely to have a material impact on the prices of FCA Common Shares (the “**Inside Information**”). In this regard, Inside Information shall be deemed specific if: (a) it refers to a set of circumstances which exists or may reasonably be expected to occur and (b) it is precise enough to allow the recipient to come to a conclusion as to the possible effect of the relevant set of circumstances or events on the prices of listed financial instruments (*i.e.*, FCA Common Shares). The above disclosure requirement shall be complied with through the publication of a press release by FCA, in accordance with the modalities set forth from time to time under Italian law, disclosing to the public the relevant Inside Information.

Under specific circumstances, Consob may at any time request: (a) FCA to disclose to the public specific information or documentation where deemed appropriate or necessary or alternatively (b) to be provided with specific information or documentation. For this purpose, Consob has wide powers to, among other things, carry out inspections or request information to the members of the managing board, the members of the supervisory board or to the external auditor.

FCA shall publish and transmit to Consob any information disseminated in any non EU-countries where FCA Common Shares are listed (*i.e.*, the U.S.), if this information is significant for the purposes of the evaluation of FCA Common Shares listed on the MTA.

### *Insiders' Register*

FCA and its subsidiaries, as well as persons acting on their behalf or for their account, shall draw up, and keep regularly updated, a list of persons who, in the exercise of their employment, profession or duties, have access to Inside Information.

### *Public Tender Offers*

Certain rules provided for under Italian law with respect to both voluntary and mandatory public tender offers shall apply to any offer launched for FCA Common Shares. In particular, among other things, the provisions concerning the tender offer price, the content of the offer document and the disclosure of the tender offer will be subject to the supervision by Consob and Italian law.

## **(B) The business of the Group resulting from the Merger**

### **(i) Industry Overview**

#### ***Vehicle Segments and Descriptions***

The Group manufactures and sells passenger cars, light trucks and light commercial vehicles covering all market segments.

Passenger cars can be divided among seven main groups, whose definition could slightly vary by region. Mini cars, known as “A segment” vehicles in Europe and often referred to as “city cars,” are between 2.7 and 3.7 meters in length and include three- and five-door hatchbacks. Small cars, known as “B segment” vehicles in Europe and “sub-compacts” in the U.S., range in length from 3.7 meters to 4.4 meters and include three- and five-door hatchbacks and sedans. Compact cars, known as “C segment” vehicles in Europe, range in length from 4.3 meters to 4.7 meters, typically have a sedan body and mostly include three- and five-door hatchback cars. Mid-size cars, known as “D segment” vehicles in Europe, range between 4.7 meters to 4.9 meters, typically have a sedan body or are station wagons. Full-size cars range in length from 4.9 meters to 5.1 meters and are typically sedan cars or, in Europe, station wagons. Minivans, also known as multipurpose vehicles, or MPVs, typically have seating for up to eight passengers. Utility vehicles include sport utility vehicles, or SUVs, which are the four-wheel drive with true off-road capabilities, and cross utility vehicles, or CUVs, which are not designed for heavy off-road use, but offer better on-road ride comfort and handling compared to SUVs.

Light trucks may be divided between vans (also known as light commercial vehicles), which typically are used for the transportation of goods or groups of people and have a payload capability up to 4.2 tons, and pick-up trucks, which are light motor vehicles with an open-top rear cargo area and which range in length from 4.8 meters to 5.2 meters (in North America, the length of pick-up trucks typically ranges from 5.5 meters to 6 meters). In North America, minivans and utility vehicles are categorized within trucks. In Europe, vans and pickup trucks are categorized as light commercial vehicles.

The Group characterizes a vehicle as “new” if its vehicle platform is significantly different from the platform used in the prior model year and/or has had a full exterior renewal. The Group characterizes a vehicle as “significantly refreshed” if it continues its previous vehicle platform but has extensive changes or upgrades from the prior model.

#### ***Industry***

Designing, engineering, manufacturing, distributing and selling vehicles require significant investments in product design, engineering, research and development, technology, tooling, machinery and equipment, facilities and marketing in order to meet both consumer preferences and regulatory requirements. Automotive original equipment manufacturers, or OEMs, are able to benefit from economies of scale by leveraging their investments and activities on a global basis across brands and models. The automotive industry has also historically been highly cyclical, and to a greater extent than many industries, is impacted by changes in the general economic environment. In addition to having lower leverage and greater access to capital, larger OEMs that have a more diversified revenue base across regions and products tend to be better positioned to withstand industry downturns and to benefit from industry growth.

Most automotive OEMs produce vehicles for the mass market and some of them also produce vehicles for the luxury market. Vehicles in the mass market are typically intended to appeal to the largest number of consumers possible. Intense competition among

manufacturers of mass market vehicles, particularly for non-premium brands, tends to compress margins, requiring significant volumes to be profitable. As a result, success is measured in part by vehicle unit sales relative to other automotive OEMs. Luxury vehicles on the other hand are designed to appeal to consumers with higher levels of disposable income, and can therefore more easily achieve much higher margins. This allows luxury vehicle OEMs to produce lower volumes, enhancing brand appeal and exclusivity, while maintaining profitability.

In 2013, 81.3 million automobiles were sold around the world. Although China has become the largest single automotive sales market, with approximately 17 million passenger cars sold, the majority of automobile sales are still in the developed markets, including North America, Western Europe and Japan. Growth in other emerging markets, particularly India and Brazil, has also played an increasingly important part in global automotive demand in the recent years.

The automotive industry is highly competitive, especially in the Group's key markets, such as the U.S., Brazil and Europe. Vehicle manufacturers must continuously improve vehicle design, performance and content to meet consumer demands for quality, reliability, safety, fuel efficiency, comfort, driving experience and style.

Historically, manufacturers relied heavily upon dealer, retail and fleet incentives, including cash rebates, option package discounts, guaranteed depreciation programs, and subsidized or subvented financing or leasing programs to compete for vehicle sales. Since 2009, manufacturers generally have worked to reduce reliance on pricing-related incentives as competitive tools in the North American market, while pricing pressure, under different forms, is still affecting sales in the European market since the inception of the financial crisis. However, an OEM's ability to increase or maintain vehicle prices and reduce reliance on incentives is limited by the competitive pressures resulting from the variety of available competitive vehicles in each segment of the new car market as well as continued global manufacturing overcapacity in the automotive industry. At the same time, OEMs generally cannot effectively lower prices as a means to increase vehicle sales without adversely affecting profitability, since the ability to reduce costs is limited by commodity market prices, contract terms with suppliers, evolving regulatory requirements and collective bargaining agreements and other factors that limit the ability to reduce labor expenses.

OEMs generally sell vehicles to dealers and distributors, which then resell vehicles to retail and fleet customers. Retail customers purchase vehicles directly from dealers, while fleet customers purchase vehicles from dealers or directly from OEMs. Fleet sales comprise three primary channels: (i) daily rental, (ii) commercial and (iii) government. Vehicle sales in the daily rental and government channels are extremely competitive and often require significant discounts. Fleet sales are an important source of revenue and can also be an effective means for marketing vehicles. Fleet orders can also help normalize plant production as they typically involve the delivery of a large, pre-determined quantity of vehicles over several months. Fleet sales are also a source of aftermarket service parts revenue for OEMs and service revenue for dealers.

### ***Financial and Customer Services***

Because dealers and retail customers finance the purchase of a significant percentage of the vehicles sold worldwide, the availability and cost of financing is one of the most significant factors affecting vehicle sales volumes. Most dealers use wholesale or inventory financing arrangements to purchase vehicles from OEMs in order to maintain necessary vehicle inventory levels. Financial services companies may also provide working capital and real estate loans to facilitate investment in expansion or rationalization of the dealers' premises.

Financing may take various forms, based on the nature of creditor protection provided under local law, but financial institutions tend to focus on maximizing credit protection on any financing originated in conjunction with a vehicle sale. Financing to retail customers takes a number of forms, including simple installment loans and finance leases. These financial products are usually distributed directly by the dealer and have a typical duration of three to five years. OEMs often use retail financing as a promotional tool, including through campaigns offering below market rate financing, known as subvention programs. In such situations, an OEM typically compensates the financial services company up front for the difference between the financial return expected under standard market terms and the terms offered to the customer within the promotional campaign.

Most automakers rely on wholly-owned or controlled finance companies to provide this financing. In other situations, OEMs have relied on joint ventures or commercial relationships with banks and other financial institutions in order to provide access to financing for dealers and retail customers. The model adopted by any particular OEM in a particular market depends upon, among other factors, its sales volumes and the availability of stable and cost-effective funding sources in that market, as well as regulatory requirements.

Financial services companies controlled by OEMs typically receive funding from the OEM's central treasury or from industrial and commercial operations of the OEM that have excess liquidity. However, they also access other forms of funding available from the banking system in each market, including sales or securitization of receivables either in negotiated sales or through securitization programs. Financial services companies controlled by OEMs compete primarily with banks, independent financial services companies and other financial institutions that offer financing to dealers and retail customers. The long-term profitability of finance companies also depends on the cyclical nature of the industry, interest rate volatility and the ability to access funding on competitive terms.

In addition to providing access to financial services for their dealers and retail customers, OEMs also support their vehicle sales through the sale of related service parts and accessories, as well as pre-paid service contracts.

(ii) **Overview of the Group's business**

The Group designs, engineers, develops and manufactures vehicles, components and production systems worldwide through 159 manufacturing facilities and 78 research and development centers around the world.

The Group's activities are carried out through six reportable segments: four regional mass-market vehicle segments, a global Luxury Brands segment and a global Components segment as discussed below.

The Group's four regional mass-market vehicle reportable segments deal with the design, engineering, development, manufacturing, distribution and sale of passenger cars, light commercial vehicles and related parts and services in specific geographic areas: NAFTA (U.S., Canada and Mexico), LATAM (South and Central America, excluding Mexico), APAC (Asia and Pacific countries) and EMEA (Europe, Middle East and Africa).

The Group also operates on a global basis in the luxury vehicle and components sectors. In the luxury vehicle sector, the Group has the operating segments Ferrari and Maserati, while in the components sector the Group has the operating segments Magneti Marelli, Teksid and Comau. These operating segments did not meet the quantitative thresholds required in IFRS 8 – Operating segments for separate disclosure. Therefore, based on their characteristics and similarities, they are presented as the following reportable segments: “Luxury Brands” and

“Components”. The Group supports the mass-market vehicle sales with the sale of related service parts and accessories, as well as service contracts under the Mopar brand name. In support of vehicle sales efforts, the Group makes available dealer and retail customer financing either through subsidiaries or joint ventures and strategic commercial arrangements with third party financial institutions.

For mass-market brands, the Group has centralized design, engineering, development and manufacturing operations, which allow it to efficiently operate on a global scale.

The following list sets forth the Group’s reportable segments:

- (i) NAFTA: the Group’s operations to support distribution and sales of mass-market vehicles in the United States, Canada and Mexico, the segment that the Group refers to as NAFTA, primarily through the Chrysler, Dodge, Fiat, Jeep and Ram brands and the SRT vehicle performance designation.
- (ii) LATAM: the Group’s operations to support the distribution and sale of mass-market vehicles in South and Central America (excluding Mexico), the segment that the Group refers to as LATAM, primarily under the Chrysler, Dodge, Fiat, Jeep and Ram brands, with the largest focus of the Group’s business in the LATAM segment in Brazil and Argentina.
- (iii) APAC: the Group’s operations to support the distribution and sale of mass-market vehicles in the Asia Pacific region (mostly in China, Japan, Australia, South Korea and India), the segment the Group refers to as APAC, carried out in the region through both subsidiaries and joint ventures, primarily under the Abarth, Alfa Romeo, Chrysler, Dodge, Fiat and Jeep brands.
- (iv) EMEA: the Group’s operations to support the distribution and sale of mass-market vehicles in Europe (which includes the 28 members, 27 prior to December 31, 2013, of the European Union and the members of the European Free Trade Association), the Middle East and Africa, the segment the Group refers to as EMEA, primarily under the Abarth, Alfa Romeo, Chrysler, Fiat, Fiat Professional, Jeep and Lancia brand names.
- (v) Luxury Brands: design, engineering, development, manufacturing, worldwide distribution and sale of luxury vehicles under the Ferrari and Maserati brands, management of the Ferrari racing team and supply of financial services offered in conjunction with the sale of Ferrari-branded vehicles.
- (vi) Components: production and sale of lighting components, engine control units, suspensions, shock absorbers, electronic systems, and exhaust systems and activities in powertrain (engine and transmissions) components, engine control units, plastic molding components and in the after-market carried out under the Magneti Marelli brand name; cast iron components for engines, gearboxes, transmissions and suspension systems, and aluminum cylinder heads under the Teksid brand name; and design and production of industrial automation systems and related products for the automotive industry under the Comau brand name.

The following chart sets forth the vehicle brands the Group sells in each regional segment:

	NAFTA	LATAM	APAC	EMEA
Abarth				X
Alfa Romeo			X	X
Chrysler	X	X	X	X
Dodge	X	X	X	

Fiat	X	X	X	X
Fiat Professional			X	X
Jeep	X	X	X	X
Lancia				X
Ram	X	X		

*Note: presence determined by sales in the regional segment, if material, through dealer entities of the Group's dealer network.*

The Group also holds interests in companies operating in other activities and businesses that are not considered part of the above six reportable segments. These activities are grouped under "Other Activities," which primarily consists of companies that provide services, including accounting, payroll, tax, insurance, purchasing, information technology, facility management and security, to the Group and also the CNHI Group, manage central treasury activities (excluding Chrysler, which are handled separately) and operate in media and publishing (La Stampa daily newspaper).

(iii) **Mass-Market Vehicles**

***Mass-Market Vehicle Brands***

The Group designs, engineers, manufactures, distributes and sells vehicles and service parts under 11 mass-market brands and designations. The Group believes that it can continue to increase its vehicle sales by building the value of the mass-market brands in particular by ensuring that each of the brands has a clear identity and market focus. In connection with the Group's multi-year effort to clearly define each of brands' identities, the Group has launched several advertising campaigns that have received industry accolades. The Group is reinforcing its effort to build brand value by ensuring that it introduces new vehicles with individualized characteristics that remain closely aligned with the unique identity of each brand.

- **Abarth**: Abarth, named after the company founded by Carlo Abarth in 1949, specializes in performance modification for on-road sports cars since the brand's re-launch in 2007 through performance modifications on classic Fiat models such as the 500 (including the 2012 launch of the Fiat 500 Abarth) and Punto, as well as limited edition models that combine design elements from Luxury Brands such as the 695 Edizione Maserati and 695 Tributo Ferrari, for consumers seeking customized vehicles with steering and suspension geared towards racing.
- **Alfa Romeo**: Alfa Romeo, founded in 1910, and part of the Fiat Group since 1986, is known for a long, sporting tradition and Italian design. Vehicles currently range from the three door premium MiTo and the lightweight sports car, the 4c, to the compact car, the Giulietta. The Alfa Romeo brand is intended to appeal to drivers seeking high-level performance and handling combined with attractive and distinctive appearance.
- **Chrysler**: Chrysler, named after the company founded by Walter P. Chrysler in 1925, aims to create vehicles with distinctive design, craftsmanship, intuitive innovation and technology standing as a leader in design, engineering and value, with a range of vehicles from mid-size sedans (Chrysler 200) to full size sedans (Chrysler 300) and minivans (Town & Country).
- **Dodge**: With a traditional focus on "muscle car" performance vehicles, the Dodge brand, which began production in 1914, offers a full line of cars, CUVs and minivans, mainly in the mid-size and large size vehicle market, that are sporty, functional and innovative, intended to offer an excellent value for families looking for high performance, dependability and functionality in everyday driving situations.
- **Fiat**: Fiat brand cars have been produced since 1899. The brand has historically been

strong in Europe and the LATAM region and is currently primarily focused on the mini and small vehicle segments. Current models include the mini-segment 500 and Panda, the small-segment Punto and the compact-segment Bravo. The brand aims to make cars that are flexible, easy to drive, affordable and energy efficient. The brand reentered the U.S. market in 2011 with the iconic 500 model, and Fiat recently launched the new 500L in Europe and the NAFTA region and the new Uno and the new Palio in the LATAM region.

- Fiat Professional: Fiat Professional, launched in 2007 to replace the “Fiat Veicoli Commerciali” brand, offers light commercial vehicles and MPVs ranging from large vans (capable of carrying up to 4.2 tons) such as the Ducato, to panel vans such as the Doblò and Fiorino for commercial use by small to medium size business and public institutions. Fiat Professional vehicles are often readily fitted as ambulances, tow trucks, school buses and people carriers (especially suitable for narrow streets) and as recreational vehicles such as campers and motor homes, where Fiat Professional is the market leader. For the second consecutive year, the Fiat Professional brand was named “LCV Manufacturer of the Year” at the GreenFleet Awards 2013.
- Jeep: Jeep, founded in 1941, is a globally recognized brand focused exclusively on the SUV and off-road vehicles market. The Jeep Grand Cherokee is the most awarded SUV ever. The brand’s appeal builds on its heritage associated with the outdoors and adventurous lifestyles, combined with the safety and versatility features of the brand’s modern vehicles. Jeep introduced the all-new 2014 Jeep Cherokee in October 2013 and recently unveiled the Jeep Renegade, a small segment SUV designed in the U.S. and to be manufactured in Italy, beginning in the second half of 2014. Jeep set an all-time brand record in 2013 with over 732 thousand vehicles sold.
- Lancia: Lancia, founded in 1906, and part of the Fiat Group since 1969, covers the spectrum from small segment cars to mid-size and full-size sedans and convertibles and large MPVs, targeted towards the Italian market. As Lancia shares strong connections with the Chrysler brand, certain models are currently rebadged in order to expand the Lancia brand offering, including the Lancia Flavia (based on the Chrysler 200), the Lancia Voyager (based on the Chrysler Town & Country) and the Thema, Lancia’s flagship vehicle (based on the Chrysler 300).
- Ram: Ram, established as a standalone brand separate from Dodge in 2009, offers a line of full-size trucks, including light- and heavy-duty pick-up trucks such as the Ram 1500 pick-up truck, which recently became the first truck to be named Motor Trend’s “Truck of the Year” for two consecutive years, and cargo vans. By investing substantially in new products, infusing them with great looks, refined interiors, durable engines and features that further enhance their capabilities, the Group believes Ram has emerged as a full-size truck leader. Ram customers, from half-ton to commercial, have a demanding range of needs and require their vehicles to provide high levels of capability.

The Group also leverages the 75-year history of the Mopar brand to provide a full line of service parts and accessories for the mass-market vehicles worldwide. As of December 31, 2013, the Group had 50 parts distribution centers throughout the world to support its customer care efforts in each of the relevant regions. Mopar brand accessories allow the customers to customize their vehicles by including after-market sales of products from side steps and lift-kits, to graphics packages, such as racing stripes, and custom leather interiors. Further, through the Mopar brand, the Group offers vehicle service contracts to its retail customers worldwide under the “Mopar Vehicle Protection” brand, with the majority of the

Group's service contract sales in 2013 in the U.S. and Europe. Finally, Mopar customer care initiatives support vehicle distribution and sales efforts in each of the mass-market segments through 27 call centers located around the world.

### ***Mass-Market Vehicle Design and Manufacturing***

The mass-market brands target different groups of consumers in different regions. Leveraging the potential of the broad portfolio of brands, a key component of the Plan is to offer vehicles that appeal to a wide range of consumers located in each regional market. In order to optimize the mix of products the Group designs and manufactures, a number of factors are considered, including:

- consumer tastes, trends and preferences for certain vehicle types which varies based on geographic region, as well as regulatory requirements affecting the ability to meet consumer demands in those regions;
- demographic trends, such as age of population and rate of family formation;
- economic factors that affect preferences for optional features, affordability and fuel efficiency;
- competitive environment, in terms of quantity and quality of competitors' vehicles offered within a particular segment;
- brand portfolio, as each of the Group's brands targets a different group of consumers, with the goal of avoiding overlapping product offerings or creating internal competition among brands and products;
- the Group's ability to leverage synergies with existing brands, products, platforms and distribution channels;
- development of a diversified portfolio of innovative technology solutions for both conventional engine technologies and alternative fuels and propulsion systems; and
- manufacturing capacity, regulatory requirements and other factors that impact product development, including ability to minimize time-to-market for new vehicle launches.

The Group also considers these factors in developing a mix of vehicles within each brand, with an additional focus on ensuring that the vehicles the Group develops further its brand strategy.

The Group sells mass-market vehicles in all segments of the passenger car and truck markets. The Group's passenger car product portfolio includes vehicles such as the iconic Fiat 500 (which has sold more than 1 million units globally since its launch in 2007), Alfa Romeo Giulietta, Dodge Charger, Chrysler 200 and Lancia Ypsilon. The Group's light commercial vehicles include vans such as the Fiat Professional Doblò, Fiat Professional Ducato and Ram ProMaster, and light and heavy-duty pick-up trucks such as the Ram 1500 and 2500/3500. The Group also sells SUVs and CUVs in a number of vehicle segments, such as the Jeep Grand Cherokee, including expanding into the small SUV segment market with the recently-unveiled Jeep Renegade. As the Group seeks to broaden its portfolio, it is investing in developing efforts to become more competitive in the passenger car segment, which includes a significant investment to design, engineer and manufacture the all-new 2015 Chrysler 200 that the Group launched in the second quarter of 2014.

The Group is increasingly building its vehicles using common vehicle platforms jointly developed under the Fiat-Chrysler Alliance. For instance, the Group uses the Compact U.S. Wide platform, or CUSW, in the Dodge Dart, which was launched in 2012. The CUSW was used in vehicles made under the Alfa Romeo brand, and has since been used in the Fiat

Viaggio (launched in the APAC region in 2012), the all-new Jeep Cherokee (launched in the NAFTA region in 2013) and Fiat Ottimo (launched in the APAC region in March 2014). The CUSW is also used in the all-new 2015 Chrysler 200.

In order to leverage the Group's brand recognition and names in various regions, the Group rebadges certain vehicles manufactured and sold in a region under one brand for sale in another region under a different brand based on brand recognition and equity in the particular region. For instance, certain vehicles sold in the NAFTA region under the Chrysler brand are sold in Europe under the Lancia brand, and the Group sells a rebadged version of the Dodge Journey as the Fiat Freemont in several markets outside the NAFTA region.

The Group also makes use of common technology and parts in its vehicles. For example, the Group manufactures and uses the Pentastar V-6 engine in a number of its vehicles. This engine was named by Wards Auto as one of its "10 Best Engines" for three consecutive years beginning with the 2011 model year for its refinement, power, fuel efficiency and low emissions. Since 2010, the Group has produced three million Pentastar V-6 engines, for use in the Jeep Grand Cherokee, the Ram 1500 and 15 other vehicles. Because the Group designed this engine with flexible architecture, the Group can use it in a range of models, potentially with a variety of advanced technologies, such as direct injection or turbocharging.

The Group's efforts to respond to customer demand have led to a number of important initiatives, including its plans to begin building a Jeep vehicle in China to be sold in China, which will leverage the Jeep brand's name recognition in that market.

Throughout the Group's manufacturing operations, the Group has deployed WCM principles. WCM principles were developed by the WCM Association, a non-profit organization dedicated to developing superior manufacturing standards. The Group is the only automotive OEM that is a member of the WCM Association. WCM fosters a manufacturing culture that targets improved safety, quality and efficiency, as well as the elimination of all types of waste. Unlike some other advanced manufacturing programs, WCM is designed to prioritize issues to focus on those initiatives believed likely to yield the most significant savings and improvements, and to direct resources to those initiatives. Concurrently with the January 2014 acquisition of the 41.5% of Chrysler owned by the VEBA Trust, Chrysler entered into a memorandum of understanding to supplement the existing collective bargaining agreement with UAW, and provide for a specific commitment to support the implementation of the WCM principles throughout Chrysler's manufacturing facilities, to facilitate benchmarking across all of the Group's manufacturing plants and actively assist in the achievement of Chrysler's long-term business plan. Beginning in 2006, the Group engaged key suppliers in the pilot phase of WCM Lite, a program through which suppliers can learn and incorporate WCM principles into their own operations.

### ***Vehicle Sales Overview***

The Group is the seventh largest automotive OEM in the world based on worldwide new vehicle sales for the year ended December 31, 2013. The Group competes with other large OEMs to attract vehicle sales and market share. See Section 6 – Prospects of FCA and the Group – Estimates and Projections, for information on the expected trends of car market demand in the regions where the Group operates in addition to the Group's targets for volumes and market share in the 2014-2018 period.

The Group new vehicle sales represent sales of vehicles primarily through dealers and distributors, or in some cases, directly to retail customers and fleet customers. The Group sales include mass-market and luxury vehicles manufactured at the Group plants, as well as by joint ventures and third party contract manufacturers and exclude sales of vehicles that

the Group contract manufactured for other OEMs. While the Group vehicle sales are illustrative of the Group competitive position and the demand for the Group vehicles, sales are not directly correlated to the Group revenues, cost of sales or other measures of financial performance, as such results are primarily driven by the Group vehicle shipments to dealers and distributors. The following table shows the Group new vehicle sales by geographic market for the periods presented. Results presented in this section for 2011 include full year sales for Chrysler.

Segment	For the six months ended June 30,	
	2014	2013
	Millions of units	
NAFTA	1.2	1.1
LATAM	0.4	0.5
APAC	0.1	0.1
EMEA	0.6	0.6
<b>Total Mass-Market Brands</b>	<b>2.4</b>	<b>2.2</b>
Luxury Brands	0.02	0.01
<b>Total Worldwide</b>	<b>2.4</b>	<b>2.3</b>

Segment	For the Years Ended December 31,		
	2013	2012	2011
	Millions of units		
NAFTA	2.1	2.0	1.7
LATAM	0.9	1.0	0.9
APAC	0.2	0.1	0.1
EMEA	1.1	1.2	1.4
<b>Total Mass-Market Brands</b>	<b>4.4</b>	<b>4.3</b>	<b>4.0</b>
Luxury Brands	0.02	0.01	0.01
<b>Total Worldwide</b>	<b>4.4</b>	<b>4.3</b>	<b>4.1</b>

## NAFTA

### NAFTA Sales and Competition

The following tables present the Group mass-market vehicle sales and market share in the NAFTA segment for the periods presented:

	For the Six Months Ended June 30,			
	2014 <sup>(1),(2)</sup>		2013 <sup>(1),(2)</sup>	
NAFTA	<u>Group Sales</u>	<u>Market Share</u>	<u>Group Sales</u>	<u>Market Share</u>
	Thousands of units (except percentages)			
U.S.	1,020	12.3%	908	11.4%
Canada	147	15.8%	139	15.5%
Mexico	36	7.0%	43	8.2%
<b>Total</b>	<b>1,203</b>	<b>12.3%</b>	<b>1,090</b>	<b>11.6%</b>

(1) Certain fleet sales that are accounted for as operating leases are included in vehicle sales.

- (2) *The Group estimated market share data presented are based on management's estimates of industry sales data, which use certain data provided by third-party sources, including IHS Global Insight, Ward's Automotive, R.L. Polk Data, Urban Science and Experian.*

<b>For the Years Ended December 31,</b>						
	<b>2013<sup>(1),(2)</sup></b>		<b>2012<sup>(1),(2)</sup></b>		<b>2011<sup>(1),(2)</sup></b>	
<b>NAFTA</b>	<b>Group Sales</b>	<b>Market Share</b>	<b>Group Sales</b>	<b>Market Share</b>	<b>Group Sales</b>	<b>Market Share</b>
	<b>Thousands of units (except percentages)</b>					
U.S.	1,800	11.4%	1,652	11.2%	1,369	10.5%
Canada	260	14.6%	244	14.2%	231	14.3%
Mexico	87	7.9%	93	9.1%	85	9.0%
<b>Total</b>	<b>2,148</b>	<b>11.5%</b>	<b>1,989</b>	<b>11.3%</b>	<b>1,685</b>	<b>10.8%</b>

(1) *Certain fleet sales that are accounted for as operating leases are included in vehicle sales.*

- (2) *The Group estimated market share data presented are based on management's estimates of industry sales data, which use certain data provided by third-party sources, including IHS Global Insight, Ward's Automotive, R.L. Polk Data, Urban Science and Experian.*

The following table presents the Group new vehicle market share information and the Group principal competitors in the U.S., the Group's largest market in the NAFTA segment:

	<b>For the Years Ended December 31,</b>		
	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>U.S.</b>			
<b>Automaker</b>	<b>Percentage of industry</b>		
GM	17.6%	17.6%	19.2%
Ford	15.7%	15.2%	16.5%
Toyota	14.1%	14.1%	12.6%
<b>The Group</b>	<b>11.4%</b>	<b>11.2%</b>	<b>10.5%</b>
Honda	9.6%	9.6%	8.8%
Hyundai/Kia	7.9%	8.6%	8.7%
Nissan	7.9%	7.7%	8.0%
Other	15.9%	16.0%	15.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Automotive market sales have steadily improved after a sharp decline from 2007 to 2010. U.S. industry sales, including medium- and heavy-duty vehicles, increased from 10.6 million units in 2009 to 15.9 million units in 2013, an increase of approximately 50%. Both macroeconomic factors, such as growth in per capita disposable income and improved consumer confidence and automotive specific factors, such as the increasing age of vehicles in operation, improved consumer access to affordably priced financing and higher prices of used vehicles, contributed to the strong recovery. Despite the recent improvement, the 2013 U.S. industry sales volume of 15.9 million light, medium and heavy-duty vehicles remains below the pre-financial crisis level of 17.0 million vehicles, which represents the average annual sales volume from 2003 to 2007.

The Group vehicle lineup in the NAFTA segment leverages the brand recognition of the Chrysler, Dodge, Jeep and Ram brands to offer cars, utility vehicles, pick-up trucks and minivans under those brands, as well as vehicles in smaller segments, such as the mini-segment Fiat 500 and the small & compact MPV segment Fiat 500L. With the reintroduction of the Fiat brand in 2011 and the launch of the Dodge Dart in 2012, the Group now sells vehicles in all vehicle segments. The Group vehicle sales and profitability in the NAFTA segment are generally weighted towards larger vehicles such as utility vehicles, trucks and vans, while overall industry sales in the NAFTA segment generally are more evenly weighted between smaller and larger vehicles. In recent years, the Group has increased the sales of mini, small and compact cars in the NAFTA segment.

#### *NAFTA Distribution*

In the NAFTA segment, the Group vehicles are sold primarily to dealers in the Group dealer network for sale to retail customers and fleet customers. The following table sets forth the number of independent entities in the Group dealer and distributor network in the NAFTA segment. The table counts each independent dealer entity, regardless of the number of contracts or points of sale the dealer operates. Where the Group has a relationship with a general distributor, this table reflects that general distributor as one distribution relationship:

<b>Distribution Relationships</b>	<b>At December 31,</b>		
	<b>2013</b>	<b>2012</b>	<b>2011</b>
NAFTA	3,204	3,156	3,044

In the NAFTA segment, fleet sales in the commercial channel are typically more profitable than sales in the government and daily rental channels since they more often involve customized vehicles with more optional features and accessories; however, vehicle orders in the commercial channel are usually smaller in size than the orders made in the daily rental channel. Fleet sales in the government channel are generally more profitable than fleet sales in the daily rental channel primarily due to the mix of products included in each respective channel. Rental car companies, for instance, place larger orders of small and mid-sized cars and minivans with minimal options, while sales in the government channel often involve a higher mix of relatively more profitable vehicles such as pick-up trucks, minivans and large cars with more options.

#### *NAFTA Segment Mass-Market Dealer and Customer Financing*

In the NAFTA segment, the Group does not have a captive finance company or joint venture and instead rely upon independent financial service providers, primarily the Group strategic relationship with Santander Consumer USA Inc., or SCUSA, to provide financing for dealers and retail customers in the U.S. Prior to the agreement with SCUSA, the Group principally relied on Ally Financial Inc., or Ally, for dealer and retail financing and support. Additionally, the Group has arrangements with a number of financial institutions to provide a variety of dealer and retail customer financing programs in Canada. There are no formal retail financing arrangements in Mexico at this time, although CF Credit provides nearly all dealers financing and about half of all retail financing of Chrysler products in Mexico.

In February 2013, the Group entered into a private label financing agreement with SCUSA, or the SCUSA Agreement, under which SCUSA provides a wide range of wholesale and retail financial services to the Group dealers and retail customers in the U.S., under the Chrysler Capital brand name. The financial services include credit lines to finance dealers' acquisition of vehicles and other products that the Group sells or distributes, retail loans and leases to finance retail customer acquisitions of new and used vehicles at dealerships, financing for commercial and fleet customers, and ancillary services. In addition, SCUSA offers dealers construction loans, real estate loans, working capital loans and revolving lines of credit.

Under the financial services arrangement, SCUSA agreed to specific transition milestones for the initial year following launch. The Group deemed SCUSA's performance toward the milestones satisfactory and agreed that the SCUSA Agreement will have a ten-year term from February 2013, subject to early termination in certain circumstances, including the failure by a party to comply with certain of its ongoing obligations under the SCUSA Agreement. In accordance with the terms of the agreement, SCUSA provided the Group with an upfront nonrefundable payment in May 2013 which is being amortized over ten years.

Under the SCUSA Agreement, SCUSA has certain rights, including limited exclusivity to participate in specified minimum percentages of certain retail financing rate subvention programs. SCUSA's exclusivity rights are subject to SCUSA maintaining price competitiveness based on market benchmark rates to be determined through a steering committee process as well as minimum approval rates.

The SCUSA Agreement replaced an auto finance relationship with Ally, which was terminated in 2013. As of December 31, 2013, Ally was providing wholesale lines of credit to approximately 43% of the Group dealers in the U.S. For the year ended December 31, 2013, the Group estimates that approximately 81% of the vehicles purchased by the Group U.S. retail customers were financed or leased through the Group dealer network, of which approximately 22% were financed or leased through subvention programs.

## LATAM

### LATAM Sales and Competition

The following tables present the Group mass-market vehicle sales and market share in the LATAM segment for the periods presented:

	<b>For the Six Months Ended June 30,</b>			
	<b>2014<sup>(1)</sup></b>		<b>2013<sup>(1)</sup></b>	
	<b>Group Sales</b>	<b>Market Share</b>	<b>Group Sales</b>	<b>Market Share</b>
<b>LATAM</b>	<b>Thousands of units (except percentages)</b>			
Brazil	345	21.8%	384	22.5%
Argentina	52	14.3%	60	12.5%
Other LATAM	20	3.3%	24	3.6%
<b>Total</b>	<b>418</b>	<b>16.2%</b>	<b>468</b>	<b>16.3%</b>

(1) The Group estimated market share data presented are based on management's estimates of industry sales data, which use certain data provided by third-party sources, including IHS Global Insight, National Organization of Automotive Vehicles Distribution and Association of Automotive Producers.

	<b>For the Years Ended December 31,</b>					
	<b>2013<sup>(1)</sup></b>		<b>2012<sup>(1)</sup></b>		<b>2011<sup>(1)</sup></b>	
	<b>Group Sales</b>	<b>Market Share</b>	<b>Group Sales</b>	<b>Market Share</b>	<b>Group Sales</b>	<b>Market Share</b>
<b>LATAM</b>	<b>Thousands of units (except percentages)</b>					
Brazil	771	21.5%	845	23.3%	760	22.2%
Argentina	111	12.0%	85	10.6%	95	11.6%
Other LATAM	51	3.6%	51	3.7%	48	3.6%
<b>Total</b>	<b>933</b>	<b>15.8%</b>	<b>982</b>	<b>16.8%</b>	<b>903</b>	<b>16.2%</b>

(1) The Group estimated market share data presented are based on management's estimates of industry sales data, which use certain data provided by third-party sources, including IHS Global Insight, National Organization of Automotive Vehicles Distribution and Association of Automotive Producers.

The following table presents the Group mass-market vehicle market share information and the Group principal competitors in Brazil, the Group's largest market in the LATAM segment:

	<b>For the Years Ended December 31,</b>		
	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Brazil</b>	<b>Percentage of industry</b>		
<b>Automaker</b>			
<b>The Group</b>	<b>21.5%</b>	<b>23.3%</b>	<b>22.2%</b>
Volkswagen	18.6%	21.1%	20.4%
GM	18.1%	17.7%	18.5%
Ford	9.4%	8.9%	9.2%
Other	32.4%	29.0%	29.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

The LATAM segment automotive industry reached a record level of 5.9 million vehicles (cars and light commercial vehicles) in 2013, a 1.3% increase over 2012. The increase was mainly due to Argentina and other countries with 14% and 1% increases, respectively, partially offsetting a 1.5% decrease in Brazil, which benefited from a period of higher tax incentives in 2012. Over the past five years industry sales in the LATAM segment grew by 35%, mainly due to growth in Brazil of 18% and Argentina of 86% and driven by economic

factors such as greater development of gross domestic product, increased access to credit facilities and incentives adopted by Brazil in 2009 and 2012.

The Group vehicle sales in the LATAM region leverage the name recognition of Fiat and the relatively urban population of countries like Brazil to offer Fiat brand mini and small vehicles in the Group key markets in the LATAM segment. The Group is the leading automaker in Brazil, due in large part to the Group market leadership in the mini and small segments (which represent almost 80% of Brazilian market vehicle sales). Fiat also leads the pickup truck market in Brazil (with the Fiat Strada).

In Brazil, the automotive industry benefitted from tax incentives in 2012, which helped the Group strong performance in that year as the Group was able to leverage operational flexibility in responding to the sharp increase in market demand. However, tax incentives have limited the ability of OEMs to recover cost increases associated with inflation by increasing prices, a problem that has been exacerbated by the weakening of the Brazilian Real. Increasing competition over the past several years has further reduced the Group overall profitability in the region. Import restrictions in Brazil have also limited the Group ability to bring new vehicles to Brazil.

The Group expects to open a new assembly plant in Brazil in 2015, which will further enhance the capacity to introduce new locally-manufactured vehicles that are not subject to such import restrictions.

#### *LATAM Distribution*

The following table presents the number of independent entities in the Group dealer and distributor network. In the LATAM segment, the Group generally enters into multiple dealer agreements with a single dealer, covering one or more points of sale. Outside Brazil and Argentina, the Group major markets, the Group distributes vehicles mainly through general distributors and their dealer networks. This table counts each independent dealer entity, regardless of the number of contracts or points of sale the dealer operates. Where the Group has relationships with a general distributor in a particular market, this table reflects that general distributor as one distribution relationship:

<b>Distribution Relationships</b>	<b>At December 31,</b>		
	<b>2013</b>	<b>2012</b>	<b>2011</b>
LATAM	450	436	430

#### *LATAM Dealer and Customer Financing*

In the LATAM segment, the Group provides access to dealer and retail customer financing through both wholly-owned captive finance companies and through strategic relationships with financial institutions.

The Group has two wholly-owned captive finance companies in the LATAM segment: Banco Fidis S.A. in Brazil and Fiat Credito Compañía Financiera S.A. in Argentina. These captive finance companies offer dealer and retail customer financing. In addition, in Brazil the Group has a significant commercial partnership with Banco Itaù, a leading vehicle retail financing company in Brazil, to provide financing to retail customers purchasing Fiat brand vehicles. This partnership was renewed in August 2013 for a ten-year term ending in 2023. Under this agreement, Banco Itaù has exclusivity on the Group promotional campaigns and preferential rights on non-promotional financing. The Group receives commissions in connection with each vehicle financing above a certain threshold. This agreement applies

only to the Group retail customers purchasing Fiat branded vehicles and excludes Chrysler, Jeep, Dodge and Ram brand vehicles, which are directly financed by Banco Fidis S.A.

## APAC

### APAC Sales and Competition

The following tables present the Group vehicle sales in the APAC segment for the periods presented:

APAC	For the Six Months Ended June 30,			
	2014 <sup>(1),(2)</sup>		2013 <sup>(1),(2)</sup>	
	Group Sales	Market Share	Group Sales	Market Share
	Thousands of units (except percentages)			
China	84	0.9%	52	0.7%
India <sup>(3)</sup>	7	0.5%	3	0.2%
Australia	21	3.9%	15	2.7%
Japan	9	0.4%	8	0.3%
South Korea	3	0.4%	2	0.3%
APAC 5 major Markets	124	0.9%	80	0.6%
Other APAC	3	-	4	-
<b>Total</b>	<b>127</b>	<b>-</b>	<b>84</b>	<b>-</b>

(1) The Group estimated market share data presented are based on management's estimates of industry sales data, which use certain data provided by third-party sources, including R.L. Polk Data, and National Automobile Manufacturing Associations.

(2) Sales data include vehicles sold by certain of the Group joint ventures within the Chinese market.

(3) India market share is based on wholesale volumes.

APAC	For the Years Ended December 31,					
	2013 <sup>(1),(2)</sup>		2012 <sup>(1),(2)</sup>		2011 <sup>(1),(2)</sup>	
	Group Sales	Market Share	Group Sales	Market Share	Group Sales	Market Share
	Thousands of units (except percentages)					
China	129	0.8%	57	0.4%	39	0.3%
India <sup>(3)</sup>	10	0.4%	11	0.4%	17	0.7%
Australia	34	3.1%	23	2.1%	15	1.6%
Japan	16	0.4%	15	0.3%	11	0.3%
South Korea	5	0.4%	4	0.3%	3	0.2%
APAC 5 major Markets	194	0.7%	109	0.5%	86	0.4%
Other APAC	6	-	6	-	4	-
<b>Total</b>	<b>199</b>	<b>-</b>	<b>115</b>	<b>-</b>	<b>90</b>	<b>-</b>

(1) The Group estimated market share data presented are based on management's estimates of industry sales data, which use certain data provided by third-party sources, including R.L. Polk Data, and National Automobile Manufacturing Associations.

(2) Sales data include vehicles sold by certain of the Group joint ventures within the Chinese and, until 2012, the Indian market. Beginning in 2013, the Group took over the distribution from the joint venture partner and the Group started distributing vehicles in India through wholly-owned subsidiaries.

(3) India market share is based on wholesale volumes.

Despite the recent financial crisis, the automotive industry in APAC has shown strong year-over-year growth, although the pace of growth is slowing. Industry sales in the five key markets (China, India, Japan, Australia and South Korea) where the Group competes

increased from 16.3 million in 2009 to 26.1 million in 2013, a compound annual growth rate, or CAGR, of approximately 13%. Industry sales in the five key markets for 2012, 2011 and 2010 were 23.8 million, 21.3 million and 20.3 million, respectively. China and India were the driving force behind the significant growth in the region. China's industry volume increased from 8.5 million passenger cars in 2009 to 16.7 million passenger cars in 2013, representing a CAGR of 19%. Industry volumes in China for 2012, 2011 and 2010 were 14.2 million, 13.1 million and 11.5 million passenger cars, respectively. The Indian market grew at a CAGR of 9% over the same period. Industry volumes in India for 2012, 2011 and 2010 were 2.7 million, 2.4 million and 2.3 million passenger cars, respectively. In 2013, the five key markets grew by 10% in the aggregate over 2012, driven by a 17% increase in sales in China, which more than compensated for a 7% decline in India for the same period.

The Group sells a range of vehicles in the APAC segment, including small and compact cars and utility vehicles. Although APAC is the Group's smallest mass-market segment by vehicle sales, the Group believes the APAC segment represents a significant growth opportunity and the Group has invested in building relationships with key joint venture partners in China and India in order to increase its presence in the region. In 2010, the demand for mid-size vehicles in China led the Group to begin a joint venture with Guangzhou Automobile Group Co. for the production of Fiat brand passenger cars. Currently the Fiat Ottimo and Fiat Viaggio, along with the Group's other vehicles that it imports into China from Europe, are distributed through the joint venture's local dealer network in that country. Chinese demand for Jeep brand vehicles, which the Group currently supports through Jeep brand SUVs imported from the U.S., drove the Group to sign an agreement in Q2 2014 with its joint venture partner GAC to manufacture a Jeep brand vehicle in China to be sold in China starting from the end of 2015. The Group also works with a joint venture partner in India to manufacture Fiat brand vehicles, which the Group distributes through wholly-owned subsidiaries. In other parts of the APAC segment, the Group also distributes vehicles that the Group manufactures in the U.S. and Europe through the Group dealers and distributors.

#### *APAC Distribution*

In several markets in the APAC segment, such as China, India, Japan and South Korea, the Group sells vehicles directly or through joint ventures to local independent dealers. In other markets in which the Group does not have a substantial presence, the Group has agreements with general distributors for the distribution of vehicles through their networks. The following table presents the number of independent entities in the Group dealer and distributor network. The table counts each independent dealer entity, regardless of the number of contracts or points of sale the dealer operates. Where the Group has relationships with a general distributor in a particular market, this table reflects that general distributor as one distribution relationship:

<b>Distribution Relationships</b>	<b>At December 31,</b>		
	<b>2013</b>	<b>2012</b>	<b>2011</b>
APAC	671	470	333

#### *APAC Dealer and Customer Financing*

In the APAC segment, the Group operates a wholly-owned captive finance company, Fiat Automotive Finance Co., Ltd, which supports, on a non-exclusive basis, the Group sales activities in China through dealer and retail customer financing and provides similar services

to dealers and customers of the CNHI Group. Vendor programs are also in place with different financial partners in India, Japan, South Korea and Australia.

## EMEA

### EMEA Sales and Competition

The following tables present the Group passenger car and light commercial vehicle sales in the EMEA segment for the periods presented:

EMEA Passenger Cars	For the Six Months Ended June 30,			
	2014 <sup>(1),(2),(3)</sup>		2013 <sup>(1),(2),(3)</sup>	
	Group Sales	Market Share	Group Sales	Market Share
	Thousands of units (except percentages)			
Italy	212	28.0%	213	29.1%
Germany	44	2.9%	43	2.9%
UK	41	3.2%	35	3.0%
France	33	3.5%	33	3.6%
Spain	21	4.5%	15	3.8%
Other Europe	64	3.4%	68	3.9%
Europe*	415	6.1%	408	6.3%
Other EMEA**	59	-	68	-
<b>Total</b>	<b>474</b>	<b>-</b>	<b>475</b>	<b>-</b>

\* 28 members of the European Union as of June 30, 2014 and 2013 and members of the European Free Trade Association (other than Italy, Germany, UK, France, and Spain).

\*\* Market share not included in Other EMEA because the Group presence is less than one percent.

(1) Certain fleet sales accounted for as operating leases are included in vehicle sales.

(2) The Group estimated market share data is presented based on the European Automobile Manufacturers Association (ACEA) Registration Databases and national Registration Offices databases.

(3) Sale data includes vehicle sales by the Group joint venture in Turkey.

EMEA Passenger Cars	For the Years Ended December 31,					
	2013 <sup>(1),(2),(3)</sup>		2012 <sup>(1),(2),(3)</sup>		2011 <sup>(1),(2),(3)</sup>	
	Group Sales	Market Share	Group Sales	Market Share	Group Sales	Market Share
	Thousands of units (except percentages)					
Italy	374	28.7%	415	29.6%	515	29.4%
Germany	80	2.7%	90	2.9%	98	3.1%
UK	72	3.2%	64	3.1%	58	3.0%
France	62	3.5%	62	3.3%	81	3.6%
Spain	27	3.7%	23	3.3%	25	3.1%
Other Europe	122	3.7%	140	4.1%	167	4.5%
Europe*	737	6.0%	795	6.3%	944	6.9%
Other EMEA**	138	-	122	-	119	-
<b>Total</b>	<b>875</b>	<b>-</b>	<b>917</b>	<b>-</b>	<b>1,063</b>	<b>-</b>

\* 27 members of the European Union as of December 31, 2013, 2012 and 2011 and members of the European Free Trade Association (other than Italy, Germany, UK, France, and Spain).

\*\* Market share not included in Other EMEA because the Group presence is less than 1%.

(1) Certain fleet sales accounted for as operating leases are included in vehicle sales.

(2) The Group estimated market share data is presented based on the European Automobile Manufacturers Association (ACEA)

Registration Databases and national Registration Offices databases.

(3) Sale data includes vehicle sales by the Group joint venture in Turkey.

	For the Six Months Ended June 30,			
	2014 <sup>(1),(2),(3)</sup>		2013 <sup>(1),(2),(3)</sup>	
EMEA Light Commercial Vehicles	Group Sales	Market Share	Group Sales	Market Share
	Thousands of units (except percentages)			
Europe*	106	12.3%	100	12.6%
Other EMEA**	25		32	
<b>Total</b>	<b>131</b>		<b>132</b>	

\* 28 members of the European Union at June 30, 2014 and 2013 and members of the European Free Trade Association

\*\* Market share not included in Other EMEA because the Group presence is less than one percent.

(1) Certain fleet sales accounted for as operating leases are included in vehicle sales.

(2) The Group estimated market share data is presented based on the national Registration Offices databases on products categorized under light commercial vehicles.

(3) Sale data includes vehicle sales by the Group joint venture in Turkey.

	For the Years Ended December 31,					
	2013 <sup>(1),(2),(3)</sup>		2012 <sup>(1),(2),(3)</sup>		2011 <sup>(1),(2),(3)</sup>	
EMEA Light Commercial Vehicles	Group Sales	Market Share	Group Sales	Market Share	Group Sales	Market Share
	Thousands of units (except percentages)					
Europe*	182	11.6%	185	11.7%	225	12.5%
Other EMEA**	68	-	72	-	78	-
<b>Total</b>	<b>250</b>	<b>-</b>	<b>257</b>	<b>-</b>	<b>303</b>	<b>-</b>

\* 27 members of the European Union at December 31, 2013 and members of the European Free Trade Association

\*\* Market share not included in Other EMEA because the Group presence is less than 1%.

(1) Certain fleet sales accounted for as operating leases are included in vehicle sales.

(2) The Group estimated market share data is presented based on the national Registration Offices databases on products categorized under light commercial vehicles.

(3) Sale data includes vehicle sales by the Group joint venture in Turkey.

The following table summarizes the Group new vehicle market share information and the Group principal competitors in Europe, the Group's largest market in the EMEA segment:

	For the Years Ended December 31,		
	2013 <sup>(1)</sup>	2012 <sup>(1)</sup>	2011 <sup>(1)</sup>
Europe-Passenger Cars*	Percentage of industry		
<b>Automaker</b>			
Volkswagen	25.1%	24.8%	23.2%
PSA	10.9%	11.7%	12.4%
Renault	8.9%	8.4%	9.5%
GM	7.9%	8.1%	8.6%
Ford	7.3%	7.5%	7.9%
BMW	6.5%	6.4%	6.0%
<b>FCA Group</b>	<b>6.0%</b>	<b>6.4%</b>	<b>7.0%</b>
Daimler	5.5%	5.2%	4.9%
Toyota	4.4%	4.3%	4.1%

	<b>For the Years Ended December 31,</b>		
	<b>2013<sup>(1)</sup></b>	<b>2012<sup>(1)</sup></b>	<b>2011<sup>(1)</sup></b>
<b>Europe-Passenger Cars*</b>			
<b>Automaker</b>	<b>Percentage of industry</b>		
Other	17.5%	17.2%	16.4%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

\* Including all 27 European Union (EU) Member States and the 4 European Free Trade Association (EFTA) member states as of December 31, 2013, 2012 and 2011.

(1) Market share data is presented based on the European Automobile Manufacturers Association (ACEA) Registration Databases, which also includes Ferrari and Maserati within the Group.

In Europe, automotive sales have declined over the past several years following a period in which sales were supported by government incentive schemes, particularly incentives designed to promote sales of more fuel efficient and low emissions vehicles. Production over-capacity has led to strong price competition from all automotive OEMs, particularly in the small and mid-size car segments. Generally weak economic conditions as well as government austerity measures have resulted in a significant reduction in European automobile sales. Prior to the global financial crisis, industry-wide sales of passenger cars in Europe, consisting of the 27 member states (as of December 31, 2013) of the European Union plus the four members of the European Free Trade Association, were 16 million units in 2007. Following six years of sales declines, in 2013, sales in that region had fallen to 12.3 million passenger cars. Similarly, sales of light commercial vehicles in Europe fell from 2.4 million units in 2007 to 1.6 million units in 2013. The Group also operates in Russia through the Group wholly-owned subsidiaries. The Group may also operate through joint ventures and other cooperation agreements.

In this context, the Group has chosen to focus its investments in selected products and segments, leveraging the strategic re-focus and realignment of the Fiat brand. This strategy was based on the expansion of the Fiat 500 family and of selected utility vehicles, which has resulted in a leading position in the “mini” and “compact MPV” segments. Building on the history of the Alfa Romeo, Fiat and Lancia brands in the region, the Group offers mini, small and compact passenger cars under these brands. The Group is also leveraging Jeep’s global brand recognition to offer Jeep brand SUVs, all of which are categorized as passenger cars in the EMEA segment. The Group also sells light commercial vehicles, which include mainly half-ton pick-up trucks and commercial vans. In Europe, sales of the Group vehicles are largely weighted to sales of passenger cars, with approximately 54% of the Group total vehicle sales in Europe in 2013 in the smaller car segments.

#### *EMEA Distribution*

In certain markets, such as Europe, the Group relationship with individual dealer entities can be represented by a number of contracts (typically, the Group enters into one agreement per brand of vehicles to be sold) and the dealer can sell those vehicles through one or more points of sale. In those markets, points of sale tend to be physically small and carry limited inventory.

In Europe, the Group sells vehicles directly to independent and own dealer entities located in most European markets. In other markets in the EMEA segment in which the Group does not have a substantial presence, the Group has agreements with general distributors for the distribution of vehicles through their existing distribution networks.

The following table summarizes the number of independent entities in the Group dealer and distributor network. The table counts each independent dealer entity, regardless of the

number of contracts or points of sale the dealer operates. Where the Group has relationships with a general distributor in a particular market, this table reflects that general distributor as one distribution relationship:

<b>Distribution Relationships</b>	<b>At December 31,</b>		
	<b>2013</b>	<b>2012</b>	<b>2011</b>
EMEA	2,300	2,495	2,377

#### *EMEA Dealer and Customer Financing*

In the EMEA segment, dealer and retail customer financing is primarily managed by FGA Capital S.p.A., or FGAC, the Group 50/50 joint venture with Crédit Agricole Consumer Finance S.A., or Crédit Agricole. FGAC operates in 14 European countries including Italy, France, Germany, the U.K. and Spain. The Group began this joint venture in 2007, and in July 2013, reached an agreement with Crédit Agricole to extend its term through December 31, 2021. Under the agreement, FGAC will continue to benefit from the financial support of the Crédit Agricole Group while continuing to strengthen its position as an active player in the securitization and debt markets. FGAC provides retail and dealer financing to support the Group mass-market brands and Maserati, as well as certain other OEMs.

Fidis S.p.A., the Group wholly-owned captive finance company, provides dealer and other wholesale customer financing in certain markets in the EMEA segment in which FGAC does not operate. The Group also operates a joint venture providing financial services to retail customers in Turkey and operates vendor programs with bank partners in other markets to provide access to financing in those markets.

#### (iv) **Luxury Brands Segment**

The Group designs, engineers, manufactures and distributes Luxury Brand vehicles under the following brands:

- **Ferrari.** Ferrari, a racing and sports car manufacturer founded in 1929 by Enzo Ferrari, began producing street cars in 1947, beginning with the 125 S. Fiat acquired 50% of Ferrari in 1969, then expanding its stake to the current 90%. Scuderia Ferrari, the brand's racing team division, has achieved enormous success, winning numerous Formula One titles, including 16 constructors' championships and 15 drivers' championships. The street car division currently produces vehicles ranging from sports cars (such as the 458 Italia, the 458 Spider and the California), to the gran turismo models (such as the F12 Berlinetta and the FF), designed for long-distance, high-speed journeys. The Group believes that Ferrari customers are seeking the state-of-the art in luxury sports cars, with a special focus on the very best Italian design and craftsmanship, along with unparalleled performance both on the track and on the road. Ferrari recently presented the California T, which brings turbocharging back to its street cars for the first time since 1992. The Group also launched the exclusive limited edition LaFerrari, which attracted orders for more than the production run before its official debut at the 2013 Geneva Motor Show. The Group believes LaFerrari sets a new benchmark for the sector, incorporating the latest technological innovations that Ferrari will apply to future models.
- **Maserati.** Maserati, a luxury vehicle manufacturer founded in 1914, became part of

the Group's business in 1993. Maserati's current vehicles include the Quattroporte and the Ghibli (luxury four door sedans), as well as the GranTurismo, the brand's first modern two door, four seat coupe, also available in a convertible version. In addition, the Group expects to launch a luxury SUV in the next few years. This luxury SUV has been designed on the same platform as the Quattroporte and the Ghibli. Further, the Group recently presented a sports car concept (the Maserati Alfieri) expected to be put into production in the coming years. The Group believes that Maserati customers typically seek a combination of style, both in high quality interiors and external design, performance, sports handling and comfort that come with a top of the line luxury vehicle. In 2013, launches of the new Maserati Quattroporte and Ghibli helped the brand significantly increase the level of units shipped in the year. The addition of the Ghibli is designed to address the luxury full-size sedan vehicle segment, which was not previously covered by Maserati, as the Quattroporte addressed only the flagship large sedan vehicle segment. Together with the luxury SUV, these products complete Maserati's product portfolio with full coverage of the global luxury vehicle market.

The following table shows the distribution of the Group luxury vehicle sales by geographic regions as a percentage of total sales for each brand for the year ended December 31, 2013:

<b>Ferrari Sales by country</b> <b>(as a percentage of 2013 sales)</b>		<b>Maserati Sales by country</b> <b>(as a percentage of 2013 sales)</b>	
Europe Top 5 countries <sup>(1)</sup>	30%	Europe Top 4 countries <sup>(2)</sup>	9%
U.S.	29%	U.S.	41%
Japan	5%	Japan	4%
China, Hong Kong & Taiwan	10%	China	26%
Other countries	26%	Other countries	20%
<b>Total</b>	<b>100%</b>	<b>Total</b>	<b>100%</b>

(1) *Europe Top 5 Countries by sales, includes Italy, UK, Germany, France and Switzerland.*

(2) *Europe Top 4 Countries by sales, includes Italy, UK, Germany and Switzerland.*

In the first six months of 2014, the Group sold 18.8 thousand luxury vehicles worldwide to retail customers, an increase from 7.0 thousand luxury vehicles sold worldwide in the same period in 2013. In the first six months of 2014, a total of 3.5 thousand Ferrari street cars were sold to retail customers and a total of 15.3 thousand Maserati vehicles were sold to retail customers.

In 2013, the Group sold 18.7 thousand luxury vehicles worldwide to retail customers, an increase from 13.7 thousand luxury vehicles sold worldwide in 2012 and 12.7 thousand luxury vehicles in 2011. In 2013, a total of 7.1 thousand Ferrari street cars were sold to retail customers. Solid growth in North America, Ferrari's largest market, Japan and the Middle East partially compensated for the effect of challenging economic conditions in Europe and a decline in sales in China. In 2013, a total of 11.6 thousand Maserati vehicles were sold to retail customers, an increase of 85% compared to 2012, due in large part to the launch of the new Quattroporte and the Ghibli, resulting in an increase of 75% in the U.S., the brand's number one market, and in a threefold increase in China, the brand's second largest market. Even in Europe, where economic conditions remained difficult, sales were up nearly 60% over 2012.

The Group's luxury vehicles are designed to maintain exclusivity and appeal to a customer looking for such rare vehicles. The Group's efforts in designing, engineering and

manufacturing luxury vehicles focus on use of state-of-the-art technology and luxury finishes to appeal to luxury vehicle customers. Although the Group deliberately limits the number of Ferrari vehicles produced each year in order to preserve the exclusivity of the brand, the Group is trying to increase the market presence and penetration of the Maserati brand. In this regard the Group launched the new Quattroporte and the new Ghibli in 2013 and the Group is targeting to launch a luxury SUV in the next few years.

The Group is passing certain technologies used by the luxury brands to some of its mass-market brands, which allows leverage of the industrial depth of the Group operations.

The Group sells its Luxury Brand vehicles through a worldwide distribution network of approximately 180 Ferrari and 310 Maserati dealers as of December 31, 2013, that is separate from the Group mass-market distribution network.

Ferrari Financial Services, a financial services company 90% owned by Ferrari, offers financial services for the purchase of all types of Ferrari vehicles. Ferrari Financial Services operates in Ferrari's major markets, including, Germany, U.K., Austria, France, Belgium, Switzerland, Italy, U.S. and, since 2012, Japan.

FGAC provides access to retail customer financing for Maserati brand vehicles in the EMEA region. In other regions, the Group relies on local agreements with financial services providers for financing of Maserati brand vehicles.

In support of the Group's sale of Luxury Brand vehicles, the Group also provides aftermarket service and customer care to its retail customers.

(v) **Components Segment**

The Group sells components and production systems under the following brands:

- **Magneti Marelli.** Founded in 1919 as a joint venture between Fiat and Ercole Marelli, Magneti Marelli is an international leader in the design and production of state-of-the-art automotive systems and components. Through Magneti Marelli, the Group designs and manufactures automotive lighting systems, powertrain (engines and transmissions) components and engine control unit, electronic systems, suspension systems and exhaust systems, and plastic components and modules. The Automotive Lighting division, headquartered in Reutlingen, Germany, is dedicated to the development, production and sale of automotive exterior lighting products for all major OEMs worldwide. The Powertrain division is dedicated to the production of engine and transmission components for automobiles, motorbikes and light commercial vehicles and has a global presence due to its own research and development centers, applied research centers and production plants. The Electronic Systems division provides know-how in the development and production of hardware and software in mechatronics, instrument clusters, telematics and satellite navigation. The Group also provides aftermarket parts and services and operate in the motorsport business, in particular electronic and electro-mechanical systems for championship motorsport racing, under the Magneti Marelli brand. The Magneti Marelli brand is characterized by key technologies available to its final customers at a competitive price compared to other components manufacturers, with high quality and competitive offerings, technology and flexibility.

Magneti Marelli provides wide-ranging expertise in electronics, through a process of ongoing innovation and environmental sustainability in order to develop intelligent systems for active and passive vehicle safety, onboard comfort and powertrain technologies. With 85 production facilities (including joint ventures), 12 research and

development centers and 26 Application Centers, Magneti Marelli has a presence in 19 countries and supplies all the major OEMs across the globe. In several countries, Magneti Marelli's activities are carried out through a number of joint ventures with local partners with the goal of entering more easily into new markets by leveraging the partner's local relationships. 38% of Magneti Marelli's 2013 revenue is derived from sales to the Group.

- **Teksid.** Originating from Fiat's 1917 acquisition of Ferriere Piemontesi, the Teksid brand was established in 1978 and today is a world leader in the production of grey and nodular iron castings. Under the Teksid brand the Group produces engine blocks, cylinder heads, engine components, transmission parts, gearboxes and suspensions. Through Teksid Aluminum, the Group is also involved in the production of aluminum cylinder heads and engine components. 32% of Teksid's 2013 revenue is derived from sales to the Group.
- **Comau.** Founded in 1973, Comau, which originally derived its name from the abbreviation of COnsorzio MAcchine Utensili (consortium of machine tools), produces advanced manufacturing systems through an international network. Comau operates primarily in the field of integrated automation technology, delivering advanced turnkey systems to its customers. Through Comau, the Group develops and sell a wide range of industrial applications, including robotics, while the Group provides support service, including training to customers. Comau's principal activities include powertrain machining (from raw material to final components); mechanical assembly systems and performance testing; innovative and high performance body welding and assembly systems; and robotics (producing versatile naked or in line robots, aimed at improving efficiency of manufacturing and quality of products manufactured). Comau's automation technology is used in a variety of industries, including automotive, aerospace, petrochemical, military, shipbuilding and energy efficiency consultancy. Comau also provides maintenance service for the Group and other customers in Brazil. 25% of Comau's revenue is derived from sales to the Group.

#### 2.1.1.4 Research and Development

The Group engages in research and development activities aimed at improving the design, performance, safety, fuel efficiency, reliability, consumer perception and sustainability of Group's products and services.

As of December 31, 2013, the Group operated 78 research and development centers worldwide with a combined headcount of approximately 18,700 employees supporting Group's research and development efforts. The Group's personnel support product development efforts and have expertise in a number of disciplines, including mechanical, electrical, materials, computer science and chemical engineering. The Group also provides several internal programs through which a portion of Group's engineers receive cross-training in various technical and business functions.

In 2013, the Group expended approximately €3.4 billion on research and development (€1.7 billion in the first half of 2014) including both capitalized costs and costs charged directly to operations, representing 3.9% of net revenues attributable to industrial operations (3.7% in the first half of 2014) excluding revenue from financial services.

The following table summarizes the Group's research and development expenditures in the six months ended at June 30, 2014 and 2013 and in the years ended December 31, 2013, 2012 and 2011:

	Six months ended June 30,		Years ended December 31,		
	2014	2013	2013	2012	2011 <sup>(1)</sup>
	(€ million)				
Research and development capitalized	985	1,010	2,042	2,138	1,438
Research and development costs expensed during the period	706	662	1,325	1,180	755
<b>Total research and development costs incurred</b>	<b>1,691</b>	<b>1,672</b>	<b>3,367</b>	<b>3,318</b>	<b>2,193</b>
Research and development costs expensed during the period	706	662	1,325	1,180	755
Amortization of capitalized development costs	506	394	887	621	626
Write-down of costs previously capitalized	15	3	24	57	4
<b>Total research and development costs</b>	<b>1,227</b>	<b>1,059</b>	<b>2,236</b>	<b>1,858</b>	<b>1,385</b>

(1) The amounts reported include seven months of operations for Chrysler.

The Group owns a significant number of patents, trade secrets, licenses, trademarks and service marks, including, in particular, the marks of the Group's vehicle and component and production systems brands, which relate to Group's products and services. The Group expects the number to grow as the Group continues to pursue technological innovations. The Group files patent applications in Europe, the U.S. and around the world to protect technology and improvements considered important to Group's business. No single patent is material to the Group's business as a whole.

#### 2.1.1.5 Supply of Raw Materials, Parts and Components

The Group purchases a variety of components (including mechanical, steel, electrical and electronic, plastic components as well as castings and tires), raw materials (steel, rubber, aluminum, resin, copper, lead, and precious metals including platinum, palladium and rhodium), supplies, utilities, logistics and other services from numerous suppliers which it uses to manufacture vehicles, parts and accessories. These purchases accounted for approximately 80% of total cost of sales for each of the years ended December 31, 2013, 2012 and 2011. Fluctuations in cost of sales are primarily related to the number of vehicles the Group produces and sells along with shifts in vehicle mix, as newer models of vehicles generally have more technologically advanced components and enhancements and therefore additional costs per unit. The cost of sales could also be affected, to a lesser extent, by fluctuations of certain raw material prices. The cost of raw materials comprised approximately 15% of the previously described total purchases for each of the years ended December 31, 2013, 2012 and 2011, respectively, while the remaining portion of purchases is made of components, transformation and overhead costs.

The Group focus on quality improvement, cost reduction, product innovation and production flexibility requires it to rely upon suppliers with a focus on quality and the ability to provide cost reductions. The Group values its relationships with suppliers, and in recent years, it has worked to establish closer ties with a significantly reduced number of suppliers by selecting those that enjoy a leading position in the relevant markets. In the past five years, the Group weighted average annual purchase value by supplier has increased by 76% reflecting the efforts to reduce the number of the Group suppliers and focus on developing stronger relationships with key suppliers. In addition, the Group sources some of the parts and components for its vehicles internally from Magneti Marelli and Teksid. Although the Group has not experienced any major loss of production as a result of

material or parts shortages in recent years, because the Group, like most of its competitors, regularly sources some of its systems, components, parts, equipment and tooling from a single provider or limited number of providers, the Group is at risk of production delays and lost production should any supplier fail to deliver goods and services on time.

Supply of raw materials, parts and components may also be disrupted or interrupted by natural disasters, as it was three years ago following the earthquake in Japan. In such circumstances, the Group works proactively with its suppliers to identify material and part shortages and take steps to mitigate their impact by deploying additional personnel, accessing alternative sources of supply and managing the production schedules. The Group also continues to refine its processes to identify emerging capacity constraints in the supplier tiers given the ramp up in manufacturing volumes to meet the Group volume targets. Further, the Group continuously monitors supplier performance according to key metrics such as part quality, delivery performance and financial solvency to proactively manage risks in the event of a downturn affecting particular suppliers.

#### 2.1.1.6 Employees

Human capital is a crucial factor in Group's success, both in terms of building a position among global leaders in the automotive sector and in creating value that is sustainable over the long-term. Recognizing performance and leadership, encouraging professional development, creating equal opportunity for individuals to develop and providing attractive career paths within the organization are all an essential part of Group's commitment toward Group's employees.

At December 31, 2013, the Group had a total of 229,053 employees, a 5% increase over December 31, 2012 and a 16.3% increase over December 31, 2011. The growth is principally due to headcount increases to support the continued development of Group's operations in the NAFTA segment. The Group also experienced an increase in employees as a result of acquisitions. As of June 30, 2014, the Group had a total of 232,758 employees, a 1.6% increase over December 31, 2013. The following table provides a breakdown of Group's employees as of December 31, 2013, 2012 and 2011, indicated by type of contract and geographical area.

	Hourly			Salaried			Total		
	2013	2012	2011	2013	2012	2011	2013	2012	2011
Europe	59,957	60,414	56,765	32,119	31,277	30,958	92,076	91,691	87,723
North America	60,145	54,356	43,143	21,220	19,357	17,205	81,365	73,713	60,348
Latin America	38,826	38,695	36,967	9,480	8,254	7,701	48,306	46,949	44,668
Asia	2,848	2,309	1,833	4,271	3,461	2,323	7,119	5,770	4,156
Rest of the world	25	25	24	162	164	102	187	189	126
<b>Total</b>	<b>161,801</b>	<b>155,799</b>	<b>138,732</b>	<b>67,252</b>	<b>62,513</b>	<b>58,289</b>	<b>229,053</b>	<b>218,312</b>	<b>197,021</b>

The Group maintains dialogue with trade unions and employee representatives to achieve consensus-based solutions for responding to different market conditions in each geographic area and reducing the impact on workers of measures adopted in response to conditions in Europe, which are particularly critical in Italy. The Group has had no significant instances of labor unrest overall, and no significant local labor actions in the past three years.

#### 2.1.1.7 Property, Plant and Equipment

As of December 31, 2013, the Group operated 159 manufacturing facilities (including vehicle and light commercial vehicle assembly, powertrain and components plants), of which 45 were located in Italy, 33 in the rest of Europe, 29 in the U.S., 15 in Brazil, 13 in Mexico, 6 in Canada, and the remaining plants in Argentina, China and other countries. The Group also own other significant

properties including parts distribution, research laboratories, test tracks, warehouses and office buildings. The total carrying value of Group's property, plant and equipment assets as of December 31, 2013 were €23.2 billion (€23.9 billion as of June 30, 2014).

A number of Group's manufacturing facilities and equipment, such as land and industrial buildings, plant and machinery and other assets, are subject to mortgages and other security interests granted to secure indebtedness to certain financial institutions. As of December 31, 2013, Group's property, plant and equipment (excluding property, plant and equipment of Chrysler) that was reported as pledged as collateral for loans in an amount of approximately €418 million, as compared to €314 million at the end of 2012 and €317 million at the end of 2011.

Substantially all the property, plant and equipment of Chrysler and its U.S. subsidiary guarantors are unconditionally pledged as security under its senior credit facilities, and Secured Senior Notes, other than the Auburn Hills, Michigan headquarters and technology center, which are not pledged.

The Group believes that planned production capacity is adequate to satisfy anticipated retail demand and the Group's operations are designed to be flexible enough to accommodate the planned product design changes required to meet global market conditions and new product programs (such as through leveraging existing production capacity in each region for export needs).

The following table provides information about Group's significant assembly plants as of December 31, 2013.

<b>Country</b>	<b>Location</b>	<b>Approximate Covered Area (square meters)</b>
<b>NAFTA</b>		
<i>U.S.</i>	Belvidere	357,888
<i>U.S.</i>	Jefferson North	199,596
<i>U.S.</i>	Sterling Heights	233,347
<i>U.S.</i>	Toledo North	225,476
<i>U.S.</i>	Toledo Supplier Park	114,267
<i>U.S.</i>	Warren Truck	296,193
<i>Mexico</i>	Toluca	306,570
<i>Mexico</i>	Saltillo (Trucks and Vans)	221,010
<i>Canada</i>	Brampton	221,687
<i>Canada</i>	Windsor	299,925
<b>LATAM</b>		
<i>Brazil</i>	Betim	677,945
<i>Argentina</i>	Cordoba	227,162
<i>Venezuela</i>	Valencia	66,925
<b>APAC</b>		
<i>China</i>	Changsha	199,800
<i>India</i>	Ranjangaon	103,289
<b>EMEA</b>		
<i>Italy</i>	Turin	495,160
<i>Italy</i>	Cassino	458,747
<i>Italy</i>	Melfi	406,599
<i>Italy</i>	Pomigliano	494,727
<i>Italy</i>	Atessa	364,532
<i>Poland</i>	Tychy	189,070
<i>Serbia</i>	Kragujevac	369,907
<i>Turkey</i>	Bursa	278,843

*Note: Plants in Changsha, Ranjangaon, Atessa and Bursa are joint ventures with other partners.*

An additional assembly plant is under construction in north-east Brazilian state of Pernambuco, with a minimum capital commitment of R\$ 4 billion (Brazilian Real) (equivalent to approximately

€1.3 billion). Start of production is expected in the first quarter of 2015 with an ongoing expected yearly output of approximately two hundred thousand vehicles with multiple models industrialized, beginning with the Jeep Renegade.

The Group has three assembly plants for Ferrari and Maserati in Italy as well as 72 worldwide manufacturing and engineering plants for Magneti Marelli (excluding joint ventures), 14 plants for Comau and six for Teksid.

### **Industrial Environmental Control**

Group operations are subject to a wide range of environmental protection laws including those laws regulating air emissions, water discharges, waste management and environmental clean-up. Certain environmental statutes require that responsible parties fund remediation actions regardless of fault, legality of original disposal or ownership of a disposal site. Under certain circumstances, these laws impose joint and several liability as well as liability for related damages to natural resources. Group's Environmental Management System, or EMS, formalizes Group's commitment to responsible management of the environment. Applied at all plants worldwide, the EMS consists of methodologies and processes designed to prevent or reduce the environmental impact of Group's manufacturing activities, and Group's Group Environmental Guidelines establish Group's policies on environmental targets.

Implementing an EMS compliant with the requirements of the ISO 14001 standard is one of Group's main objectives. Receipt of an ISO 14001 certification confirms that an organization has a management system capable of keeping the environmental impact of its operations under control and that it systematically seeks to improve this system in a way that is coherent, effective and, above all, sustainable. As of December 31, 2013, 133 of Group's plants, representing 96.3% of Group's industrial revenues (revenues attributable to the activities and plants that the Group directly control) and 88% of manufacturing employees, were ISO 14001-certified. By the end of 2014, all of Group's plants that were operating worldwide in 2012 are expected to be ISO 14001-certified.

Group's focus on environmental and sustainability issues is also reflected through Group's WCM program. During 2013, approximately 3,000 projects were implemented under the WCM program. These projects yielded a significant reduction in energy consumption, which generated cost savings of €70 million and avoided 180,000 tons of CO<sub>2</sub> emissions. In 2013, expenditures and investments for the environment amounted to €97 million.

#### *Energy Consumption and Emissions*

The Group is committed to reducing the use of fossil fuels and emission of greenhouse gases in response to increasingly stringent regulations, while at the same time yielding energy-related cost savings. As a result of several energy efficiency initiatives, the Group achieved a 2.8% reduction in total energy consumption from 2010 to 2013. At Group's vehicle assembly and stamping plants, the energy consumption per vehicle produced decreased 14.2% compared with the baseline year of 2010. The related CO<sub>2</sub> emissions per vehicle produced decreased 15.5% in that same period, falling from 0.612 tons per vehicle produced in 2010 to 0.517 tons per vehicle produced in 2013. In addition, utilization of renewable energy at Group's plants accounted for 9.7% of total energy consumed in 2013. The Group also cut CO<sub>2</sub> emissions by 4.7% over the 2010 baseline year through reductions in energy consumption and use of cleaner sources of energy.

#### *Water Management*

Water conservation has become an issue of critical importance. As a result of population growth, water is becoming an increasingly scarce and precious resource. Group's Water Management Guidelines establish methodologies and procedures targeted at maximizing water recycling and

reuse. In 2013, Group's plants reused 98.8% of water utilized in the manufacturing cycle worldwide, resulting in total water savings in excess of 2 billion cubic meters. Additionally, the Group reduced water withdrawal by 3.6% in 2013 compared to 2012 and by 27.1% from 2010 to 2013.

#### *Waste Management*

The Group prioritizes preventing the level of waste generated in order to minimize consumption of raw materials. Group's Waste Management Guidelines are intended to maximize material reuse and recovery for the production of new base materials. Where neither reuse nor recovery is possible, materials are disposed of using the method having the least environmental impact. Group's efforts to reduce the level of waste resulted in virtually no increase in the volumes of waste produced in 2013 compared with 2012, despite increased production volumes, and in the same period, the total amount of waste generated has decreased by 2.5%. Due to the continuous improvement achieved in this area, the percentage of total waste recovered has increased to 72.7% and waste sent to landfills has been reduced to 24.3 percent. The Group seek to reduce the quantities of hazardous waste generated. In 2013, the Group successfully reduced the total amount of hazardous waste generated by 3.1% compared with 2012 and 36.7% compared with 2010.

#### **Workplace Health and Safety**

The Group is committed to ensuring a safe and healthy working environment for all Group's employees, and have also extended these efforts toward suppliers, service providers and customers. Group's Occupational Health and Safety Guidelines are certified to the OHSAS 18001 standard. The Group focus on the following areas: application of uniform procedures for the identification and evaluation of risks, standards of safety and ergonomics in plant and machinery design, promotion of safe behavior through training initiatives and awareness campaigns, assurance of a healthy work environment and promotion of a healthy lifestyle. For several years, the Group have been tracking and analyzing monthly performance data in each of these areas to ensure that objectives are being met.

As of December 31, 2013, a total of 110 plants (including two operated through joint ventures), accounting for 147,000 employees, had an OHSMS in place and were OHSAS 18001-certified.

#### **Applicability of Banking Law and Regulation to Financial Services**

Several of Group's captive finance companies, each of which provide financial services to Group's customers, are regulated as financial institutions in the jurisdictions in which they operate. Fidis SpA, Ferrari Financial Services S.p.A and FGA Capital S.p.A., each incorporated in Italy, are subject to Bank of Italy supervision. Ferrari Financial Services AG, incorporated in Germany, is subject to the supervision of BAFIN, the German financial supervisory authority. Banco Fidis S.A., incorporated in Brazil, is subject to Brazilian Central Bank supervision. Fiat Credito Compañía Financiera S.A, incorporated in Argentina, is subject to Argentinian Central Bank supervision. Fiat Automotive Finance Co., Ltd, incorporated in China, is subject to the supervision of the Chinese Banking Regulatory Commission. As a result, those companies are subject to regulation in a wide range of areas including solvency, capital requirements, reporting, customer protection and account administration, among other matters.

#### **2.1.1.8 Environmental and Other Regulatory Matters**

The Group manufactures and sells its products and offers its services around the world. The Group operations are subject to a variety of environmental laws and regulations governing, among other things, vehicles, with requirements relating to emissions, reduced fuel consumption and safety becoming increasingly strict, and manufacturing facilities, with requirements for emissions, treatment of waste, water and hazardous materials and prohibitions on soil contamination. The

Group vehicles and the engines that power them must also comply with extensive regional, national and local laws and regulations, industry self-regulations (including those that regulate vehicle safety), end-of-life vehicles, emissions and noise.

The Group is substantially in compliance with the relevant global regulatory requirements affecting its facilities and products. The Group constantly monitors such requirements and adjusts its operations to remain in compliance.

The Group Environmental Guidelines apply to all Group operations worldwide. These Guidelines specify the Group approach to environmental issues and provide clear instructions on setting and updating environmental objectives, developing new products and conducting daily activities around the globe. The implementation of these Guidelines is designed to have the Group comply with all applicable environmental legislation and regulations, and where feasible, to outperform them.

### **Automotive Emissions**

Numerous laws and regulations limit automotive emissions, including vehicle exhaust emission standards, vehicle evaporative emission standards and onboard diagnostic, or OBD, system requirements. Advanced OBD systems are used to identify and diagnose problems with emission control systems. Emission and OBD requirements become more challenging each year, requiring vehicles to continually meet lower emission standards and implement new diagnostics. The Group expects these requirements will continue to become even more rigorous worldwide.

#### *NAFTA Region*

Under the U.S. Clean Air Act, the Environmental Protection Agency, or EPA, and the California Air Resources Board, or CARB (by EPA waiver), require emission compliance certification before a vehicle can be sold in the U.S. or in California (and many other states that have adopted the California emissions requirements). Both agencies impose limits on tailpipe and evaporative emissions of certain smog-forming pollutants from new motor vehicles and engines.

EPA recently issued new tailpipe and evaporative emission standards, as well as fuel requirements, under its Tier 3 Vehicle Emission and Fuel Standards Program, or Tier 3 standards. These Tier 3 standards are generally more stringent than prior standards. The Tier 3 standards are also generally aligned with California's Low Emission Vehicle III, or LEV III, tailpipe and evaporative standards, discussed below. These standards would further require the Group to conduct post-production vehicle testing to demonstrate compliance with these emissions limits for the estimated useful life of a vehicle, for up to 15 years and 150,000 miles, depending on the compliance category and are scheduled to become effective in model year 2017 for light-duty vehicles and 2018 for heavy-duty vehicles.

In addition, EPA and CARB regulations require that a vehicle's emissions performance be monitored with OBD systems. The Group has implemented hardware and software systems in all vehicles to comply with the OBD requirements. Conditions identified through OBD systems could lead to vehicle recalls (or other remedial actions such as extended warranties) with significant costs for related inspections, repairs and per-vehicle penalties.

California sets its own emissions standards pursuant to a waiver from EPA under the Clean Air Act. CARB's LEV III standards relate to vehicle certification, OBD and tailpipe and evaporative emissions limitations, and apply to 2014 and later model year vehicles. CARB regulations also require that a specified percentage of cars and certain light-duty trucks sold in California must be zero emission vehicles, or ZEVs, such as electric vehicles or hydrogen fuel cell vehicles. A manufacturer can earn credits toward the ZEV requirement through the sale of advanced-technology vehicles such as hybrid electric vehicles or natural gas vehicles with extremely low

tailpipe emissions and, as set forth in the LEV III standards, over-complying with the federal model year 2017 through 2025 greenhouse gas standards, retiring such credits and applying them to its ZEV obligation. The ZEV regulations, which CARB revised most recently in February 2009 for the 2012 and subsequent model years, require increasing volumes of battery electric and other advanced technology vehicles with each model year. The Group currently complies with ZEV requirements using a variety of vehicles, including battery electric vehicles (full ZEVs), internal combustion engine vehicles certified to very low tailpipe emissions and zero evaporative emissions (partial ZEVs) and hybrid vehicles.

The Clean Air Act permits other states to adopt California's emission standards, starting with the 2014 model year. Twelve other states, as well as the Province of Quebec, currently use California's LEV III standards in lieu of the federal EPA standards and 10 states also have adopted California's ZEV requirements.

#### *LATAM Region*

Certain countries in South America follow U.S. procedures, standards and OBD requirements, while others follow the European procedures, standards and OBD requirements described below under "EMEA Region". In Brazil, vehicle emission standards have been in place since 2009 for passenger cars and light commercial vehicles, and these regulations were extended to light diesel vehicles in 2012. Argentina has implemented regulations that mirror the Euro 4 standards and, beginning in 2014, will start applying regulations that mirror Euro 5 standards for all new vehicles.

#### *APAC Region*

China – China has implemented standards that mirror Euro 4 standards, which defined limits for polluting emissions and implemented European OBD requirements nationwide for newly registered vehicles. However, some major cities, such as Beijing and Shanghai, have already introduced more stringent emissions standards that mirror Euro 5 standards discussed under "EMEA Region" below. The Fiat Viaggio, launched in China in 2012, has been developed to meet Euro 5 standards. Nationwide implementation of Euro 5 standards is scheduled for 2018.

Other Countries in APAC – South Korea has adopted regulations that largely mirror CARB's Lev II regulations and likely will implement regulations that mirror CARB's Lev III regulations beginning in 2016. In Japan, vehicle emissions are regulated through the requirement that vehicles undergo the "specific driving cycle" procedure, an emissions testing procedure unique to Japan. However, Japan is expected to adopt the Worldwide Harmonized Light Vehicle Testing Procedures by 2016. These regulations will define a global harmonized standard for determining the levels of pollutants and CO<sub>2</sub> emissions, fuel or energy consumption and electric range for light-duty vehicles. Since 2010, 13 metropolitan cities in India have adopted regulations that are aligned with the Euro 4 standards that predate the Euro 5 standards described below under "EMEA Region". These cities also enacted the European OBD requirements in 2013.

#### *EMEA Region*

In Europe, emissions are regulated by two different entities: the European Commission, or EC, and the United Nations Economic Commission for Europe, or UNECE. The EC imposes standardized emission control requirements on vehicles sold in all 28 EU member states, while other countries apply regulations under the UNECE framework. EU Member States can give tax incentives to automobile manufacturers for vehicles that meet emission standards earlier than the compliance date. The Group must demonstrate that its vehicles will meet emission requirements and receive approval from the appropriate authorities before its vehicles can be sold in EU Member States. The regulatory requirements include random testing of newly assembled vehicles and a manufacturer in-use surveillance program. EU and UNECE requirements are equivalent in terms of stringency and implementation.

In 2011, updated standards, Euro 5, for exhaust emission by cars and light-duty trucks, became effective. Impending European emission standards focus particularly on further reducing emissions from diesel vehicles. The new Euro 6 emission levels, which was effective for new vehicles on September 1, 2014 and will be effective for all vehicles one year later, will require additional technologies and further increase the cost of diesel engines, which currently cost more than gasoline engines, although Chrysler's gasoline models are already compliant with Euro 6. To comply with Euro 6 standards, the Group expects that it will need to implement technologies identical to those being developed to meet U.S. emission standards as described under "NAFTA Region." These new technologies will put additional cost pressures on the already challenging European market for small and mid-size diesel-powered vehicles. Further requirements of Euro 6 have been developed by the EC and are expected to be implemented in 2017.

### **Automotive Fuel Economy and Greenhouse Gas Emissions**

#### *NAFTA Region*

Since the enactment of the 1975 Energy Policy and Conservation Act, or EPCA, the National Highway Traffic Safety Administration (NHTSA) has established minimum corporate average fuel economy requirements, known as CAFE standards, for fleets of new passenger cars and light-duty trucks sold in the U.S. A manufacturer is subject to civil penalties if it fails to meet the CAFE standard in any model year, after taking into account all available credits for performance in the last three model years or expected performance in the next five model years. Passenger cars imported into the U.S. are averaged separately from those manufactured in the U.S., but all light duty trucks are averaged together.

The 2007 Energy Independence and Security Act revised EPCA and required NHTSA to establish more stringent CAFE standards beginning with the 2011 model year. Among other things, although there will continue to be separate standards for cars and light-duty trucks, standards must be set such that they increase year over year to achieve an industry-wide standard by 2016. These CAFE standards applicable to all manufacturers' 2011-2016 model year domestic and imported passenger car and light-duty truck fleets are "footprint-based," meaning that each manufacturer's fuel economy requirement is dependent on the size of the vehicle, and averaged per the sales volumes and the mix of models in the manufacturer's fleet for that model year. In order to meet these CAFE standards the Group will be required to make costly adjustments to its product plans through the 2016 model year.

Because the control of fuel economy also controls GHG emissions, vehicle manufacturers, governmental authorities and environmental groups have sought to harmonize fuel economy regulations to the regulation of GHG vehicle emissions (primarily CO<sub>2</sub>).

As such, in May 2009, President Obama announced an agreement in principle among EPA, NHTSA, CARB and the automotive industry to establish a coordinated national program to reduce GHGs under the Clean Air Act and improve fuel economy. EPA (under its GHG standards) and NHTSA (under its CAFE standards) subsequently issued a joint final rule to implement a coordinated national GHG and fuel economy program for light-duty vehicles (passenger cars, light-duty trucks, and medium-duty passenger vehicles), establishing standards for model years 2012 through 2016. Although California adopted a more stringent GHG rule under California law, CARB agreed that compliance with the federal rule constitutes compliance with CARB's rule. Additionally, EPA and NHTSA issued a joint final rule in September 2011 that establishes a similar GHG/fuel economy national program for medium and heavy-duty vehicles, beginning with model year 2014 for GHG standards and model year 2016 for fuel economy standards.

In August 2012, EPA and NHTSA issued a joint final rule to extend the joint GHG/fuel economy national program for light-duty vehicles to model years 2017 through 2025, calling for year-over-

year increases in fuel economy until the average fleet-wide standards reach 54.5 mpg by 2025. The rule calls for a “mid-term review” to be completed by 2021 that compels EPA and NHTSA to evaluate the market acceptance of advance vehicle technology, as well as the other assumptions that formed the basis for the stringency of this rule, to determine whether the standards are appropriate. Again, under California law, compliance with the federal GHG rule constitutes compliance with CARB’s GHG rule. The model year federal 2017-2025 GHG rule contains a variety of compliance flexibilities, including incentives for sales of electric vehicles and hybrids, as well as alternative fuels like compressed natural gas or hydrogen fuel cell vehicles, and the use of the ultra-low global warming potential refrigerant HFO1234yf. NHTSA’s corresponding CAFE rule imposes new vehicle safety standards in conjunction with the fuel economy standards.

While the Group believes that its current product plan will meet the applicable federal and California GHG/fuel economy standards established through model year 2016, the compliance depends on the Group ability to implement design and testing features to generate GHG credits pursuant to the federal GHG rule for model years 2012-2016, and 2017-2025 on a credit carry-forward and carry-back basis. Moreover, based on projected sales volumes and fleet mix, compliance with the standards as proposed for the 2017 through 2025 model years will require the Group to take further costly actions or to limit the sale of certain of its vehicles in some states. If the vehicles developed by the Group to comply with these requirements are not appealing to consumers or cannot be sold at a competitive price, the Group may not be able to achieve the vehicle fleet mix, depending on the type and volume of its customers’ purchases, which would enable the Group to meet the stringent fuel economy/GHG requirements, even though its long-range projection plans out a compliant path.

Canada and Mexico each have adopted GHG regulations that are generally harmonized with the U.S. GHG laws.

#### *LATAM Region*

In Brazil, governmental bodies and the Automobile Manufacturers Association have established a voluntary national program for the evaluation and labeling of light passenger and commercial vehicles equipped with internal combustion gasoline engines. This voluntary program, which the Group participates in, aims to increase vehicle energy efficiency by labeling vehicles with fuel consumption measurements for urban, extra-urban and combined (equivalent to city and highway mpg measurements in the U.S.) driving conditions.

In October 2012, the Brazilian government issued a decree which provides indirect tax incentives to eligible participant companies that meet certain energy efficiency targets beginning on January 1, 2013. The level of potential indirect tax incentives varies based on the degree to which and timing of when targets are met. To the extent targets are not met, penalties and interest are levied and no indirect tax incentives are available.

#### *APAC Region*

In China, Phase III of the Corporate Average Fuel Consumption is in place from 2012 to 2015 calendar year. Phase IV, covering 2016-2020 calendar years, provides a corporate target of 5.0 liters per 100 kilometers by 2020. Regulators are considering additional provisions for Phase IV, including single vehicle limits, yearly phase-in coefficients, off-cycle credits and penalties. India is also expected to introduce a corporate average fuel economy regulation in 2016.

South Korea and Japan have implemented single vehicle limits, which require each individual vehicle sold in the country to meet a minimum fuel economy. In South Korea, for model year 2015, each vehicle must have a minimum fuel economy of 17 kilometers per liter and a maximum emission standard of 140 grams of CO<sub>2</sub> per kilometer, and by model year 2020, each vehicle must have a minimum fuel economy of 25.3 kilometers per liter and maximum emissions of 97 grams of

CO<sub>2</sub>. In Japan, each vehicle must have a minimum fuel economy of 16.8 kilometers per liter by model year 2015 and 20.3 kilometers per liter by model year 2020, with penalties established for non-compliance.

#### *EMEA Region*

Legislation governing vehicle greenhouse gas, or GHG, emissions as a means of improving automotive fuel economy was passed in 2009 and went into effect in 2012 (generally GHG regulations focus on CO<sub>2</sub>). Each automobile manufacturer must meet a specific sales-weighted fleet average target for CO<sub>2</sub> emissions as related to vehicle weight. The phase in of this fleet-average requirement began in 2012, with full compliance required by 2015. In order to promote the sale of ultra-efficient vehicles, automobile manufacturers that sell vehicles emitting less than 50 grams of CO<sub>2</sub> per kilometer earn additional CO<sub>2</sub> credits. Furthermore, automobile manufacturers that make use of innovative technologies (eco-innovations) which improve real-world fuel economy but may not show in the test cycle, such as solar panels or low-emission glass, may gain a credit of up to seven grams of CO<sub>2</sub> per kilometer. These credits may not be transferred. The legislation also sets a fleet average target of 95 grams of CO<sub>2</sub> per kilometer for 2020. The Group is developing a compliance plan to achieve these required targets.

Penalties will progressively reach up to €95 per g/Km for those vehicles exceeding the target by 2019. The Group has signed a pooling agreement for all of its brands other than Ferrari, which will benefit from certain exceptions applicable to low volume manufacturers. This pooling agreement is expected to allow the Group to be treated as one manufacturer for purposes of complying with the regulations. The Group is developing a compliance plan to achieve these required targets.

In 2011, the EU adopted standards for regulating CO<sub>2</sub> emissions from light commercial vehicles. This new regulation, modeled after CO<sub>2</sub> emissions regulation for passenger cars, proposes that new light commercial vehicles meet a fleet average CO<sub>2</sub> target of 175 grams of CO<sub>2</sub> per kilometer. The new regulation is scheduled to be phased in starting 2014, with full compliance required by 2017. The manufacturer-specific CO<sub>2</sub> compliance target will be determined as a function of the weight of the vehicle in running order (including driver). Flexible compliance strategies, such as eco-innovations and super credits, are part of these light commercial vehicle standards as well. Additionally, an EU long-term target for 2020 of 147 grams of CO<sub>2</sub> per kilometer has been adopted for light commercial vehicles. The Group is developing a compliance plan to achieve the required targets.

The regulatory implementation of the 95 grams of CO<sub>2</sub> per kilometer (for passenger cars) and 147 grams of CO<sub>2</sub> per kilometer (for light commercial vehicles) targets have been approved. The individual manufacturer's targets will continue to be determined based on average vehicle mass. Other compliance flexibilities have been proposed, adding additional challenges to compliance with the CO<sub>2</sub> fleet target. Flexibilities include: phase-in, which, for 2020 only, excludes from the average calculation the 5% of passenger cars with higher fuel consumption; and supercredits and eco-innovations award passenger cars equipped with low emission technologies, challenging automakers to introduce increasingly innovative technologies. In this sense, phase-in makes compliance easier while supercredits and eco-innovations encourage low-emission technologies and vehicles. The Group is also taking into consideration these challenges while defining a compliance plan.

An EC regulation requiring low-rolling resistance tires, tire pressure monitoring systems and gear shift indicators was adopted in 2011 and became effective in 2012. Further, an additional EC regulation has been adopted that will require labeling of tires for noise and fuel efficiency, affecting vehicles at the point of sale as well as the sale of tires in the aftermarket.

Seventeen EU Member States have introduced fuel consumption or CO<sub>2</sub>-based vehicle taxation

schemes. These tax measures are within the jurisdiction of the EU Member States. The Group is faced with significant challenges with respect to the predictability of future tax laws and differences in tax schemes and thresholds.

By December 2015, the European Commission is required to review the specific emission targets to set standards beyond 2020 with a recommendation to the European Parliament to vote on an indicative range of 68-78 g/KM for 2025.

## **Vehicle Safety**

### *NAFTA Region*

Under U.S. federal law, all vehicles sold in the U.S. must comply with Federal Motor Vehicle Safety Standards (FMVSS) promulgated by NHTSA, and also must be certified by their manufacturer as being in compliance with those standards. In addition, if a vehicle contains a defect that is related to motor vehicle safety or does not comply with an applicable FMVSS, the manufacturer must notify vehicle owners and provide a remedy. Moreover, the Transportation Recall Enhancement, Accountability, and Documentation Act requires manufacturers to report certain information related to claims and lawsuits involving fatalities and injuries in the U.S. if alleged to be caused by their vehicles, and other information related to customer complaints, warranty claims, and field reports in the U.S., as well as information about fatalities and recalls outside the U.S.

Several new or amended FMVSSs will take effect during the next few years in certain instances under phase-in schedules that require only a portion of a manufacturer's fleet to comply in the early years of the phase-in. These include an amendment to the side impact protection requirements that added several new tests and performance requirements (FMVSS No. 214), an amendment to roof crush resistance requirements (FMVSS No. 216), and a new rule for ejection mitigation requirements (FMVSS No. 226). In addition, NHTSA has adopted a new FMVSS that would require all light vehicles to be equipped with a rear-mounted video camera and an in-vehicle visual display, and another to mandate the content recorded on event data recorders. Compliance with these new requirements, as well as other possible prospective NHTSA requirements, is likely to be difficult and/or costly.

NHTSA recently published guidelines for driver distraction, and, although not rising to the level of a FMVSS, there may be substantial costs associated with conformance.

At times, organizations like NHTSA or the IIHS issue or reissue safety ratings applicable to vehicles. Changes to these ratings are subject to the agencies' discretion. IIHS recently introduced new tests and modified its "Top Safety Pick" protocol. Pursuant to the new protocol, many of the Group vehicles' existing Top Safety Pick ratings are at risk, and the Group could incur significant expense to maintain those ratings, or could suffer negative public relations if it does not maintain them.

Finally, NHTSA previously announced that it would issue regulations regarding its Connected Vehicles strategy in 2013. These regulations could subject the Group to substantial costs for vehicle integration components and software and may require auto manufacturers to provide significant funding for a national technology operating system. The regulations may also implicate cybersecurity issues that place additional legal and financial responsibilities on the Group.

### *LATAM Region*

Most countries, including Argentina and Brazil, have adopted standards that follow the European regulations for vehicle safety. In these countries, efforts are under way to further conform regulations to those in place in Europe. See "EMEA Region" below.

### *APAC Region*

Many countries in the Asia Pacific region, including China, South Korea, Japan and India, have adopted or are adopting measures for pedestrian protection.

### *EMEA Region*

Vehicles sold in Europe are subject to vehicle safety regulations established by the EU or by individual Member States. In 2009, the EU established a simplified framework for vehicle safety, repealing more than 50 then-existing directives and replacing them with a single regulation aimed at incorporating relevant United Nations, or UN, standards. The incorporation of UN standards commenced in 2012. With respect to regulations on advanced safety systems, the EC now requires new model cars from 2011 on to have electronic stability control systems, required tire pressure monitoring systems beginning in 2012, introduced regulations relating to low-rolling resistance tires in 2013 and require heavy vehicles to have advanced emergency braking systems and lane departure warning systems. From April 2009, the criteria for whole vehicle type approval were extended to cover all new road vehicles, to be phased in over five years depending on the vehicle category. The extension also clarifies the criteria applicable to small commercial vehicles. In the EU, new safety requirements came into force starting in November 2012 for new vehicle types and come into force in 2014 for all new vehicles sold in the EU market. The new mandatory measures include safety belt reminders, electric car safety requirements and easier child seat anchorages.

#### **2.1.1.9 Principal Subsidiaries**

The following table sets forth a list of the principal subsidiaries that are directly or indirectly controlled by Fiat. Companies in the list are grouped according to each reportable segment.

For each company, the following information is provided: name, country of incorporation or residence, and the percentage interest held by Fiat and its subsidiaries at June 30, 2014.

Following effectiveness of the Merger, the principal subsidiaries of Fiat will be the principal subsidiaries of FCA.

**PRINCIPAL SUBSIDIARIES AT JUNE 30, 2014**

Name	Country	Percentage Interest Held
<b>NATFA Segment</b>		
Fiat North America LLC	Delaware	100.00
Chrysler Group LLC	Delaware	100.00
Chrysler Canada Inc.	Canada	100.00
Chrysler de Mexico S.A. de C.V.	Mexico	100.00
<b>LATAM Segment</b>		
Fiat Automoveis S.A. - FIASA	Brazil	100.00
Banco Fidis S.A.	Brazil	100.00
Chrysler de Venezuela LLC	Delaware	100.00
Fiat Auto Argentina S.A.	Argentina	100.00
TCA - Tecnologia em Componentes Automotivos SA	Brazil	100.00
<b>APAC Segment</b>		
Chrysler Australia Pty. Ltd.	Australia	100.00
Chrysler Group (China) Sales Co. Ltd.	People's Republic of China	100.00
<b>EMEA Segment</b>		
Fiat Group Automobiles S.p.A.	Italy	100.00
C.R.F. Società Consortile per Azioni	Italy	100.00
Chrysler Russia SAO	Russia	100.00
Chrysler South Africa (Pty) Limited	South Africa	100.00
Fiat Auto Poland S.A.	Poland	100.00
Fiat Automobiles Serbia Doo Kragujevac	Serbia	66.67
Fiat Center Italia S.p.A.	Italy	100.00
Fiat France	France	100.00
Fiat Group Automobiles Switzerland S.A.	Switzerland	100.00
Fiat Group Automobiles Belgium S.A.	Belgium	100.00
Fiat Group Automobiles Germany AG	Germany	100.00
Fiat Group Automobiles Spain S.A.	Spain	100.00
Fiat Group Automobiles UK Ltd	United Kingdom	100.00
Fiat Group Marketing & Corporate Communication S.p.A.	Italy	100.00
Fiat Powertrain Technologies Poland Sp. z o.o.	Poland	100.00
Fidis S.p.A.	Italy	100.00
Sata-Società Automobilistica Tecnologie Avanzate S.p.A.	Italy	100.00
<b>Luxury Brands</b>		
Ferrari S.p.A.	Italy	90.00
Ferrari North America Inc.	Delaware	90.00
Ferrari Financial Services AG	Germany	81.00
Ferrari Financial Services, Inc.	Delaware	81.00
Ferrari Maserati Cars International Trading (Shanghai) Co. Ltd.	People's Republic of China	53.10
Maserati S.p.A.	Italy	100.00
Maserati North America Inc.	Delaware	100.00
<b>Components</b>		
Magneti Marelli S.p.A.	Italy	99.99 <sup>(1)</sup>
Automotive Lighting LLC	Delaware	99.99
Automotive Lighting Reutlingen GmbH	Germany	99.99
Magneti Marelli Sistemas Automotivos Industria e Comercio Ltda	Brazil	99.99
Comau S.p.A.	Italy	100.00
Comau Inc.	Michigan	100.00
Teksid S.p.A.	Italy	84.79
<b>Holding Companies and Other Companies</b>		
Fiat Finance and Trade Ltd S.A.	Luxembourg	100.00
Fiat Finance North America Inc.	Delaware	100.00
Fiat Finance S.p.A.	Italy	100.00
Fiat Partecipazioni S.p.A.	Italy	100.00
Fiat Polska Sp. z o.o.	Poland	100.00
Neptunia Assicurazioni Marittime S.A.	Switzerland	100.00

(1) Fiat holds 100% of the voting interest in Magneti Marelli S.p.A.

There are no arrangements additional to what is described in the Note 33 of the Fiat Group Consolidated Financial Statements at December 31, 2013 (incorporated by reference herein) and in this Information Document whereby any capital of any member of the Group is under option or agreed, conditionally or unconditionally, to be put under option that would have a material effect of the Group's financial statements.

### 2.1.1.10 Material contracts entered into by the Group following June 30, 2014

Except for those contracts entered into in the ordinary course of business of the Group (including those instrumental to said activities, such as financial contracts, joint venture contracts, supply contracts and acquisition agreements), the Group has not, in the last two (2) years and following the reference date of the 2014 Half-year Financial Report, entered into any material contract outside to the context of the main business of the Group that may have a material impact to the Group.

## 2.1.2 Description of the structure, terms and conditions of the Merger

### 2.1.2.1 Legal form, structure and conditions of the Merger

#### Legal form and structure of the Merger

The Merger qualifies as a cross-border merger within the meaning of the provisions of EU Directive 2005/56/EC of the European Parliament and Council of October 26, 2005 on cross-border mergers of limited liability companies, implemented for Dutch law purposes under Title 2.7 of the Dutch Civil Code and for Italian law purposes by the Legislative Decree 108.

As a result of the Merger, Fiat will be merged with and into FCA.

As far as the Merger is concerned:

- (a) the common cross-border merger terms relating to the Merger (the “**Common Merger Terms**”) were approved on June 15, 2014 by the board of directors of Fiat and on May 27, 2014 by the board of directors of FCA;
- (b) the Common Merger Terms (together with all the relevant annexes) were filed with the Companies’ Register of Turin on June 23, 2014 and registered on June 26, 2014, for Italian law purposes;
- (c) the Common Merger Terms (together with all the relevant annexes) were filed with the Dutch Trade Register on June 20, 2014 and communicated to the public in the Netherlands through a notice on the newspaper *Het Financieele Dagblad* and on the Dutch State Gazette, on July 11, 2014 for Dutch law purposes; the one-month period established in connection with the possible opposition by creditors to the Merger under Section 2:316 of the Dutch Civil Code started upon the publication of the above mentioned notices and has expired on August 12, 2014, without any creditors opposing the Merger;
- (d) the Common Merger Terms were approved by Fiat shareholders at the relevant extraordinary session of the Fiat Extraordinary Meeting of Shareholders held on August 1, 2014 and by Fiat, as the sole shareholder of FCA, on September 26, 2014;
- (e) the resolution adopted by the Fiat Extraordinary Meeting of Shareholders was registered with the Companies’ Register of Turin on August 5, 2014;
- (f) the term established under Italian law in connection with the opposition by Fiat creditors to the Merger was 60 days from the above mentioned registration date; this term has expired on October 4, 2014;
- (g) as to the cash exit right of Fiat shareholders, the period for the exercise of the cash exit right expired on August 20, 2014; during such period, the cash exit right was exercised in connection with 60,002,027 Fiat ordinary shares for an overall value of €463,635,662.63;
- (h) the shares for which the cash exit right was exercised were offered to other Fiat shareholders at the cash exit price (*i.e.*, €7.727 per share) starting from September 5 until October 6, 2014 inclusive;

- (i) at completion of the above mentioned offer period, Fiat shareholders had elected to purchase 6,085,630 shares of the total of 60,002,027 shares with respect to which cash exit rights were exercised. Subject to the Merger becoming effective, the purchased shares will be delivered to purchasing shareholders against payment of the cash exit price on the settlement date (expected to be October 14, 2014) and, on the settlement date referred to above, FCA will also pay the cash exit price of €7.727 per share for each of the residual shares. On the same date shareholders that exercised cash exit rights will receive the cash exit price to which they are entitled.

Below is reported the content of the press release issued by Fiat on October 9, 2014 with respect to the results of the offer to Fiat shareholders of the shares for which the cash exit right was exercised:

*“Fiat S.p.A. (“Fiat”) today announced the results of the preemptive offer to Fiat shareholders of the shares with respect to which cash exit rights were exercised in connection with the pending merger of Fiat with and into Fiat Investments NV (to be renamed Fiat Chrysler Automobiles N.V., “FCA”). At completion of the offer period, Fiat shareholders had elected to purchase 6,085,630 shares of the total of 60,002,027 shares with respect to which cash exit rights were exercised.*

*Fiat has determined not to exercise its right to offer on the market the residual shares with respect to which cash exit rights were exercised and therefore, subject to the merger becoming effective, the purchased shares will be delivered to purchasing shareholders against payment of the cash exit price on the settlement date (expected to be October 14, 2014).*

*Subject to the merger becoming effective, on the settlement date referred to above, FCA will also pay the cash exit price of €7.727 per share for each of the residual shares and on the same date shareholders that exercised cash exit rights will receive the cash exit price to which they are entitled.”*

In accordance with the regulation on related-party transactions approved by Consob through the resolution no. 17221 dated March 12, 2010 (the “**Related Party Regulation**”), it is hereby indicated that FCA is a related party of Fiat as a wholly-owned subsidiary of Fiat. The Merger – which qualifies as a “significant transaction” pursuant to the Related Party Regulation – was approved with the favorable vote of the entire board of directors of Fiat. The transaction benefits from the exemption set forth by article 14 of the Related Party Regulation and article 2.3 (“Intragroup transactions”) of the “Procedures for transactions with related parties” adopted by Fiat and published on its website [www.fiatspa.com](http://www.fiatspa.com). In the light of such exemptions, Fiat did not publish the relevant information document (*documento informativo*) pursuant to article 5 of the Related Party Regulation. Nevertheless, the information document provided for under article 70, paragraph 6, of the Issuers’ Regulation was made available, as anticipated, for the benefit of the shareholders in accordance with the applicable terms.

#### **Conditions to the Transaction**

The effectiveness of the Merger was subject to certain closing conditions as better described in the Common Merger Terms. In addition to these closing conditions precedent, the Merger shall not be established other than after delivery by the Italian public notary selected by Fiat of the pre-merger compliance certificate to the Dutch civil law notary, such certificate being the pre-merger scrutiny certificate pursuant to the EU Directive 2005/56/EC of the European Parliament and Council of October 26, 2005 on cross-border mergers of limited liability companies. As of the date of publication of this Information Document, all the conditions precedent have been met.

#### **2.1.2.2 Values attributed to companies participating in the Merger**

The value of the assets and liabilities of Fiat to which FCA will succeed as of the Merger Effective Date will be determined on the basis of the relevant accounting net value as of the Merger Effective

Date. These assets and liabilities are recorded as of December 31, 2013 in the Fiat statutory financial statements approved by the Fiat shareholders' meeting on March 31, 2014.

The conditions of the Merger have been established on the basis of the statutory financial statements as of December 31, 2013 of Fiat and the interim balance sheet as of April 1, 2014 of FCA, attached to the Common Merger Terms as Schedules 6 and 7, respectively.

### **2.1.2.3 The Exchange Ratio**

FCA has been incorporated as the wholly-owned direct subsidiary of Fiat. FCA's issued share capital is EUR 350,000. As a result of the Merger, FCA will succeed to all assets and assume all liabilities of Fiat and the value of FCA will equal the value of Fiat immediately prior to the Merger (considering the application of book value for this Merger). The shareholders of Fiat, as the sole parent company of the surviving company FCA, will receive one common share in the capital of FCA for each Fiat ordinary share held by them. As the value of each FCA Common Share in the capital of FCA immediately after the Merger equals the value of each Fiat ordinary share immediately prior to the Merger, the one for one exchange ratio has been applied.

In the context of a merger, the objective of the Fiat board of directors' valuation is to estimate the "relative" equity values in order to determine the exchange ratio; the estimated relative values should not be taken as reference in different contexts.

The relative value of Fiat has been determined under the going-concern assumption and ignoring any potential economic and financial impacts of the Merger.

In the light of the above, and taking into account the objective of the valuation analysis, the methods applied as set out above are considered appropriate for the Merger.

No particular difficulties have arisen as a result of the valuation method used and as a result of the determination of this Exchange Ratio.

### **2.1.2.4 Exchange Ratio expert reports by auditors**

As required under Dutch law, the Exchange Ratio must be accompanied by a report by an auditor with respect to among others the reasonableness of the Exchange Ratio (the "**Exchange Ratio Reports**"). To this end, Reconta Ernst & Young S.p.A. ("**E&Y**") was appointed upon Fiat request and KPMG Accountants N.V. ("**KPMG**") was appointed upon Fiat Investments N.V. request.

Neither the board of directors of Fiat nor the board of directors of FCA relied on the Exchange Ratio Reports in proposing the Merger to their respective shareholders. The Exchange Ratios were determined by mutual agreement of Fiat and Fiat Investments N.V. without any recommendation, analysis or advice from E&Y or KPMG. The Exchange Ratio Reports were prepared solely for compliance with Italian and Dutch law.

On June 18, 2014, E&Y issued its written report to the Fiat board of directors with respect to the reasonableness and non-arbitrariness of the valuation methods adopted by the Fiat board of directors to determine the Exchange Ratio. E&Y was appointed by the Fiat as expert, which, under Italian law, must be an external firm of auditors and is usually the auditor of the company. Such Exchange Ratio Report is attached as Annex 2 to this Information Document and is also available at the offices of Fiat, on the website of Fiat and will be available at the Companies' Register of Turin.

On June 15, 2014, KPMG issued its auditors reports (*Controleverklaringen van de onafhankelijke accountant ex artikel 2:328 leden 1 en 2 BW*) to board of directors of FCA with respect to, among others the reasonableness of the proposed Exchange Ratio, as required by Dutch law.

### **2.1.2.5 Allocation of FCA Common Shares to the shareholders of Fiat and date of entitlement**

Upon the Merger becoming effective, FCA will issue FCA Common Shares having a nominal value of €0.01 each, for allocation to the shareholders of Fiat, in exchange for their existing ordinary shares of Fiat (each having a nominal value of €3.58), on the basis of the established Exchange Ratio, as specified under Section 2.1.2.3 above.

The FCA Common Shares being allotted in connection with the Merger – to be listed, at the time of completion of the Merger, on the NYSE and subsequently on the MTA – will be allotted in dematerialized form and delivered to shareholders through the relevant centralized clearing system with effect as of the Merger Effective Date. Further information on the conditions and procedure for allocation of the assigned FCA Common Shares will be included in a notice published on the website of Fiat, as well as on the daily newspaper La Stampa. Fiat and FCA will charge no costs to Fiat shareholders in relation to the shares exchange.

As a result of the Merger becoming effective, all the Fiat ordinary shares currently outstanding will be cancelled by operation of law and FCA shall continue to operate and own, as the case may be, all the existing business activities, shareholdings and other assets of Fiat.

As provided for by Section 6.1 of the Common Merger Terms, all 35,000,000 FCA shares currently held by Fiat and any additional FCA shares issued to or otherwise acquired by Fiat that are held by Fiat at the time of completion of the Merger will not be cancelled in accordance with Section 2:325, paragraph 3, of the Dutch Civil Code, but will continue to exist as FCA Common Shares held by FCA in treasury. Under Dutch law and the New Articles of Association, FCA Common Shares that are held in treasury are not entitled to any distribution or voting rights. These treasury shares may be offered and allocated for trading on the market by FCA after the Merger in accordance with applicable laws and regulations for any purpose, including to help develop a more liquid trading market for FCA Common Shares on the NYSE. FCA may take technical steps prior to completion of the Merger (including the preparation and filing with the foreign competent authorities of registration documents containing no material information additional to that contained in this Information Document) to facilitate such transactions, but FCA will not proceed with any such transaction unless it has been presented to and approved by the New Board of Directors of FCA following the Merger.

In addition, following the Merger, newly-issued FCA Common Shares and/or FCA Common Shares held in treasury may also be used to service certain incentive plans, approved by FCA prior to or after the Merger Effective Date, for the benefit of certain FCA's directors and employees.

Each FCA Common Share will carry entitlement to participation in the 2014 profits of FCA in proportion to its participation in the nominal share capital of FCA.

As explained in the Common Merger Terms and its annexes, in connection with the Transaction, immediately upon the Merger Effective Date, FCA will issue Special Voting Shares, with a nominal value of €0.01 each, to those eligible shareholders of Fiat who have validly elected to receive such Special Voting Shares upon completion of the Merger in addition to FCA Common Shares. Holders of Fiat ordinary shares who wish to receive Special Voting Shares upon completion of the Merger are required to follow the procedures as described in the Fiat corporate documents which will be made available on the corporate website of Fiat ([www.fiatspa.com](http://www.fiatspa.com)) when the Fiat Extraordinary Meeting of Shareholders for the purposes of approving the Common Merger Terms is called. The characteristics of the Special Voting Shares are substantially further set out in the New Articles of Association attached as Schedule 4 to the Common Merger Terms and in the Terms and Conditions of the Special Voting Shares attached to the Common Merger Terms as Schedule 5.

For the avoidance of doubt, those Special Voting Shares are not part of the Exchange Ratio set out under Section 2.1.2.3 above.

For further information on the main features, rights pertaining to and obligations arising out from the Special Voting Shares, please refer to Section 2.1.1.3 above.

Fiat shareholders who did not vote in favor of the Common Merger Terms were entitled to exercise their cash exit rights pursuant to:

- (i) Article 2437, paragraph 1, letter (c) of the Italian Civil Code, given that Fiat's registered office is to be transferred outside Italy;
- (ii) Article 2437-quinquies of the Italian Civil Code, given that Fiat's shares will be delisted; and
- (iii) Article 5 of Legislative Decree 108, given that FCA is organized and managed under the laws of a country other than Italy (*i.e.*, the Netherlands).

Subject to the Transaction becoming effective, the redemption price payable to shareholders exercising the cash exit right will be equal to €7.727 per share, *i.e.*, the arithmetic average of the daily closing price of Fiat ordinary shares for the 6-month period prior to the date of publication of the notice calling the Fiat Extraordinary Meeting of Shareholders to vote on the Common Merger Terms.

Settlement of the shares submitted for redemption will proceed in accordance with the applicable law. In particular, the shares submitted for redemption were offered to existing Fiat shareholders at the cash exit price (€7.727 per share) from September 5, 2014 until October 6, 2014, inclusive; any shares not purchased by Fiat shareholders may, at Fiat's or FCA's discretion, as the case may be, be offered to the public (for duration to be determined by Fiat or FCA) at the above cash exit price and any shares remaining unpurchased after 180 days from the date on which the cash exit right was notified to Fiat may, subject to the completion of the Merger, be purchased by FCA at the cash exit price.

As described above, the exercise of the cash exit rights by qualifying Fiat shareholders will be subject to the completion of the Transaction.

#### **2.1.2.6 Effectiveness of the Merger for the purposes of the FCA financials statements and date of distribution entitlement**

Pursuant to Article 15 of Legislative Decree 108 and Section 2:318 of the Dutch Civil Code and subject to the satisfaction of the conditions precedent to the Merger, as better described under Section 2.1.2 above, or (to the extent permitted by applicable law) waiver of any such conditions precedent, the Merger shall be carried out in accordance with and pursuant to Section 2:318 of the Dutch Civil Code by means of execution before a civil law notary, residing in the Netherlands, of the notarial deed in respect of the Merger (the "**Closing Date**").

The Merger will become effective on the day following the Closing Date (*i.e.* on the Merger Effective Date).

The Dutch registrar will subsequently inform the Turin Companies' Register that the Merger has become effective. As per the Merger Effective Date, Fiat will be merged into FCA, which will succeed to all assets and assume all liabilities and other legal relationships of Fiat under universal title of succession (*verkrijging onder algemene titel*).

The financial information with respect to the assets, liabilities and other legal relationships of Fiat will be reflected in the annual accounts of FCA as of January 1, 2014, and, as a result of the above, the accounting effects of the Merger will be recognized in FCA's annual accounts from that date.

The Merger Effective Date is expected to occur on October 12, 2014.

FCA Common Shares issued as of the Merger Effective Date will carry entitlement to participation in the profits of FCA as from the FCA Incorporation Date in proportion to the relevant participation

in the nominal share capital of FCA.

#### **2.1.2.7 Accounting treatment applicable to the Merger**

Fiat prepares its consolidated financial statements in accordance with IFRS. Immediately following the Merger, FCA will prepare its consolidated financial statements in accordance with IFRS. Under IFRS, the Merger consists of a reorganization of existing legal entities that does not give rise to any change of control, and therefore is outside the scope of application of IFRS 3—Business Combinations. Accordingly, it will be accounted for as an equity transaction at the existing carrying amounts.

As anticipated, pursuant to Section 2:321 of the Dutch Civil Code, the accounting effects of the Transaction will be recognized in FCA annual accounts from January 1, 2014.

#### **2.1.2.8 Tax consequences of the Merger**

This section describes the material Italian and non-Italian tax consequences of the Merger and of the ownership and transfer of FCA Common Shares. The following description does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to own or dispose of the shares (such as Italian inheritance and gift tax considerations, and transfer tax considerations) and, in particular does not discuss the treatment of shares that are held in connection with a permanent establishment or a fixed base through which a non-Italian resident shareholder carries on business or performs personal services in Italy.

For the purposes of this discussion, an “Italian Shareholder” is a beneficial owner of shares that is:

- an Italian-resident individual, or
- an Italian-resident corporation.

This section does not apply to shareholders subject to special rules, including:

- non-profit organizations, foundations and associations that are not subject to tax,
- Italian commercial partnerships and assimilated entities (*società in nome collettivo, in accomandita semplice*),
- Italian non-commercial partnerships (*società semplice*),
- Individuals holding the shares in connection with the exercise of a business activity,
- Italian real estate investment funds (*fondi comuni di investimento immobiliare*), and
- shareholders not resident in Italy.

This discussion is limited to Italian Shareholders that hold their shares directly and whose shares represent, and have represented in any 12-month period preceding each disposal: (i) a percentage of voting rights in the ordinary shareholders’ meeting not greater than 2% for listed shares; or (ii) a participation in the share capital not greater than 5% for listed shares.

In addition, where specified, this section also applies to Italian pension funds, Italian investment funds (*fondi comuni di investimento mobiliare*) and *Società di Investimento Collettivo A Capitale Variabile* (SICAVs).

This section is based upon tax laws and applicable tax treaties and what is understood to be the current practice in Italy in effect on the date of this prospectus which may be subject to changes in the future, even on a retroactive basis. Italian Shareholders should consult their own advisors as to the Italian tax consequences of the ownership and disposal of FCA Common Shares in their particular circumstances.

#### **Material Italian tax impacts**

### *Tax consequences on Fiat and FCA*

The Merger should be qualified as a cross-border merger transaction within the meaning of Article 178 of the CTA, implementing the Directive 90/434/EEC of 23 July 1990 (codified in the Directive 2009/133/CE, the Merger Directive).

Under recently enacted Italian law (Article 166 (2-*quater*) of the CTA), companies that cease to be Italian-resident and become tax-resident in another EU Member State may apply to suspend any Italian Exit Tax under the principles of the Court of Justice of the European Union case C-371/10, National Grid Indus BV. Italian rules implementing Article 166 (2-*quater*), issued in August 2013, excluded cross-border merger transactions from the suspension of the Italian Exit Tax. As a result, the Merger will result in the immediate charge of an Italian Exit Tax in relation to those Fiat assets that will not be connected with the Italian P.E.. Whether or not the Italian implementing rules are deemed compatible with EU law is unlikely to be determined before the payment of the Italian Exit Tax is due. FCA intends to maintain a permanent establishment in Italy.

The Merger is tax neutral with respect to Fiat's assets that will remain connected with the Italian P.E., such as the shareholdings in Fiat's Italian subsidiaries. Conversely, such merger will trigger the realization of capital gains or losses embedded in Fiat's assets that will not be connected with the Italian P.E. Capital gains on certain assets of the Group that are expected to be transferred out of the Italian P.E. in connection with the Merger will be realized for Italian tax purposes. However, Fiat expects that such gains may be largely offset by tax losses available to the Group.

Pursuant to Article 180 of the CTA, the tax-deferred reserves included in Fiat's net equity before the Merger should be included in the Italian P.E.'s net equity after the Merger, so as to preserve their tax-deferred status.

Pursuant to Article 181 of the CTA any of Fiat's carried-forward losses not generated within the Fiscal Unit and those generated within the Fiscal Unit which upon possible termination of such fiscal unit would be attributable to Fiat, if any, can be carried forward by the Italian P.E. after the Merger, subject to Article 172(7) of the CTA, in proportion to the difference between the assets and liabilities connected with the Italian P.E. and within the limits of the said difference.

A fixed registration tax of €200 is due in Italy in respect of the Merger.

### *Tax consequences of the Merger on Fiat's Fiscal Unit*

On April 16, 2014 FCA submitted a ruling request to the Italian tax authorities in respect of the Merger and on August 14 FCA provided further information and clarifications officially requested, on August 7, 2014, by the *Direzione Centrale Normativa e Contenzioso*.

Fiat has actually filed a ruling request to the Italian tax authorities in respect of the Merger. According to Article 124(5) of the CTA, a mandatory ruling request should be submitted to the Italian tax authorities in order to ensure the continuity, via the Italian P.E., of the Fiscal Unit currently in place between Fiat and Fiat's Italian subsidiaries.

The company believes that all the requirements and conditions for the obtainment of a favorable answer to the submitted tax ruling are met; the result of the termination of the Fiscal Unit might cause certain tax losses to be carried forward, thus increasing the fiscal burden only for the fiscal year 2014, due to the re-establishment of a new Fiscal Unit starting from 2015.

### *Exchange of Shares for FCA Stock Pursuant to the Merger*

Currently Fiat is resident in Italy for tax purposes.

On April 1, 2014, Fiat incorporated a wholly-owned company, FCA, with legal seat in the Netherlands under the name of Fiat Investments N.V. For the purposes of the Italy-U.K. tax treaty, FCA is expected to be resident in the United Kingdom from its incorporation.

According to Italian tax laws, the Merger will not trigger any taxable event for Italian income tax purposes for Fiat Italian Shareholders. FCA Common Shares received by such Fiat shareholders at the effective time of the Merger would be deemed to have the same aggregate tax basis as the FCA Common Shares or Fiat ordinary shares held by the said Italian Shareholders prior to the Merger.

Italian Shareholders that receive cash in lieu of fractional interests in FCA Common Shares sold in the market for cash will recognize a capital gain or loss equal to the difference between the amount received and their tax basis in such fractional interests (see “Taxation of Capital Gains” for further discussion).

Fiat Italian Shareholders that exercise their cash exit rights shall be entitled to receive an amount of cash per share of Fiat ordinary shares under Article 2437-*ter* of the Italian Civil Code (“cash exit price”).

Italian Shareholders that receive the cash exit price as a consideration for their shares being sold to other Fiat shareholders or to the market will recognize a capital gain or loss equal to the difference between the amount received and their tax basis in their Fiat ordinary shares (see “Taxation of Capital Gains” for further discussion).

Italian resident individual shareholders of Fiat that have their shares redeemed and cancelled pursuant to their cash exit rights will be subject to a 26% final withholding tax on any profits derived from such redemption, which profits will be deemed equal to the difference between the cash exit price and their tax basis in their Fiat ordinary shares (see “Tax Consequences of Owning FCA Stock – Italian resident individual shareholders” for further discussion). Any losses are not deductible (unless an election is made for *Regime del Risparmio Gestito*, discussed further below).

Italian resident corporate shareholders of Fiat that have their shares redeemed and cancelled pursuant to their cash exit rights will recognize gain or loss equal to the difference between the cash exit price (or portion thereof) which is paid out of share capital and capital reserves and their tax basis in their Fiat ordinary shares (see “Taxation of Capital Gains – Italian resident corporations” for further discussion), while the portion of the cash exit price (if any) which is paid out of annual profit or profit reserves will be treated as a dividend distribution (see “Tax Consequences of Owning FCA Stock—Italian resident corporations” for further discussion).

Italian Shareholders should consult their tax advisor in connection with any exercise of cash exit rights in their particular circumstances.

#### *Tax Consequences of Owning FCA Stock*

##### *Taxation of Dividends.*

The tax treatment applicable to dividend distributions depends upon the nature of the dividend recipient, as summarized below.

*Italian resident individual shareholders.* Dividends paid by a non-Italian-resident company, such as FCA, to Italian resident individual shareholders are subject to a 26% tax. Such tax (i) may be applied by the taxpayer in its tax assessment or (ii) if an Italian withholding agent intervenes in the collection of the dividends, may be withheld by such withholding agent.

In the event that a taxpayer elects to be taxed under the “*Regime del Risparmio Gestito*” (discussed below in the paragraph entitled “Taxation of Capital Gains – Italian resident individual shareholders”), dividends are not subject to the 26% tax, but are subject to taxation under such “*Regime del Risparmio Gestito*.”

*Italian resident corporations.* Subject to the paragraph below, Italian Shareholders subject to Italian corporate income tax (“**IRES**”) should benefit from a 95% exemption on dividends. The remaining 5% of dividends are treated as part of the taxable business income of such Italian resident

corporations, subject to tax in Italy under the IRES.

Dividends, however, are fully subject to tax in the following circumstances: (i) dividends paid to taxpayers using IAS/IFRS in relation to shares accounted for as “held for trading” on the balance sheet of their statutory accounts; (ii) dividends which are considered as “deriving from” profits accumulated by companies or entities resident for tax purposes in States or Territories with a preferential tax system; or (iii) dividends paid in relation to shares acquired through repurchase transactions, stock lending and similar transactions, unless the beneficial owner of such dividends would have benefited from the 95% exemption described in the above paragraph. In the case of (ii), 100% of the dividends are subject to taxation, unless a special ruling request is filed with the Italian tax authorities in order to prove that the shareholding has not been used to enable taxable income to build up in the said States or Territories.

For certain companies operating in the financial field and subject to certain conditions, dividends are included in the tax base for IRAP purposes (*Imposta regionale sulle attività produttive*).

*Italian pension funds.* Dividends paid to Italian pension funds (subject to the regime provided for by article 17 of Italian legislative decree No. 252 of 5 December 2005) are not subject to any withholding tax, but must be included in the result of the relevant portfolio accrued at the end of the tax period, subject to substitute tax at the rate of 11% (11.5% in 2014).

*Italian investment funds (fondi comuni di investimento mobiliare) and SICAVs.* Dividends paid to Italian investment funds and SICAVs are not subject to any withholding tax nor to any taxation at the level of the fund or SICAV. A withholding tax may apply in certain circumstances at the rate of up to 26% on distributions made by the Fund or SICAV.

#### Taxation of Capital Gains

*Italian resident individual shareholders.* Capital gains realized upon disposal of shares or rights by an Italian resident individual shareholder are subject to Italian final substitute tax (*imposta sostitutiva*) at a 26% rate.

Capital gains and capital losses realized in the relevant tax year have to be declared in the annual income tax return (*regime di tassazione in sede di dichiarazione dei redditi*). Losses in excess of gains may be carried forward against capital gains realized in the four subsequent tax years. While losses generated as of July 1, 2014 can be carried forward for their entire amount, losses realized until December 31, 2011 can be carried forward for 48.08% of their amount only and losses realized between January 1, 2012 and June 30, 2014 for 76.92% of their amount.

As an alternative to the *regime di tassazione in sede di dichiarazione dei redditi* described in the above paragraph, Italian resident individual shareholders may elect to be taxed under one of the two following regimes:

- (i) *Regime del Risparmio Amministrato:* under this regime, separate taxation of capital gains is allowed subject to (i) the shares and rights in respect of the shares being deposited with Italian banks, *società di intermediazione mobiliare* or certain authorized financial intermediaries resident in Italy for tax purposes and (ii) an express election for the *Regime del Risparmio Amministrato* being timely made in writing by the relevant shareholder. Under the *Regime del Risparmio Amministrato*, the financial intermediary is responsible for accounting for the substitute tax in respect of capital gains realized on each sale of the shares or rights on the shares, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the shareholder. Under the *Regime del Risparmio Amministrato*, where a sale of the shares or rights on the shares results in a capital loss, such loss may be deducted (up to 48.08% for capital losses realized until December 31, 2011 and up to 76.92% for capital

losses realized between January 1, 2012 and June 30, 2014) from capital gains of the same kind subsequently realized under the same relationship of deposit in the same tax year or in the four subsequent tax years. Under the *Regime del Risparmio Amministrato*, the shareholder is not required to declare the capital gains in its annual tax declaration;

- (ii) *Regime del Risparmio Gestito*: under this regime, any capital gains accrued to Italian resident individual shareholders, that have entrusted the management of their financial assets, including the shares and rights in respect of the shares, to an authorized Italian-based intermediary and have elected for the *Regime del Risparmio Gestito*, are included in the computation of the annual increase in value of the managed assets accrued, even if not realized, at year-end, subject to the substitute tax to be applied on behalf of the taxpayer by the managing authorized Italian-based intermediary. Under the *Regime del Risparmio Gestito*, any fall in value of the managed assets accrued at year-end may be carried forward (up to 48.08% if accrued until December 31, 2011 and up to 76.92% if accrued between January 1, 2012 and June 30, 2014) and set against increases in value of the managed assets which accrue in any of the four subsequent tax years. Under the *Regime del Risparmio Gestito*, the shareholder is not required to report capital gains realized in its annual tax declaration.

*Italian resident corporations.* Capital gains realized through the disposal of FCA Common Shares by Italian Shareholders which are companies subject to IRES benefit from a 95% exemption (referred to as the “**Participation Exemption Regime**”), if the following conditions are met:

- (i) the shares have been held continuously from the first day of the 12th month preceding the disposal; and
- (ii) the shares were accounted for as a long term investment in the first balance sheet closed after the acquisition of the shares (for companies adopting IAS/IFRS, shares are considered to be a long term investment if they are different from those accounted for as “held for trading”).

Based on the assumption that FCA should be resident in the U.K. and that its shares will be listed on a regulated market, the two additional conditions set forth by Article 87 of the CTA in order to enjoy the Participation Exemption Regime (i.e., the company is not resident in a State with a preferential tax system and carrying on a business activity) are both met.

The remaining 5% of the amount of such capital gain is included in the aggregate taxable income of the Italian resident corporate shareholders and subject to taxation according to ordinary IRES rules and rates.

If the conditions for the Participation Exemption Regime are met, capital losses from the disposal of shareholdings realized by Italian resident corporate shareholders are not deductible from the taxable income of the company.

Capital gains and capital losses realized through the disposal of shareholdings which do not meet at least one of the aforementioned conditions for the Participation Exemption Regime are, respectively, fully included in the aggregate taxable income and fully deductible from the same aggregate taxable income, subject to taxation according to ordinary rules and rates. However, if such capital gains are realized upon disposal of shares which have been accounted for as a long-term investment on the last three balance sheets, then if the taxpayer so chooses the gains can be taxed in equal parts in the year of realization and the four following tax years.

The ability to use capital losses to offset income is subject to significant limitations, including provisions against “dividend washing.” In addition, Italian resident corporations that recognize capital losses exceeding €50,000 are subject to tax reporting requirements. Italian resident corporations that recognize capital losses should consult their tax advisors as to the tax

consequences of such losses. For certain types of companies operating in the financial field and subject to certain conditions, the capital gains are included in the net production value subject to the regional tax on productive activities.

*Italian pension funds.* Capital gains realized by Italian pension funds are not subject to any withholding or substitute tax. Capital gains and capital losses must be included in the result of the relevant portfolio accrued at the end of the tax period, which is subject to an 11% substitute tax (11.5% in 2014).

*Italian investment funds (fondi comuni di investimento mobiliare) and SICAVs.* Capital gains realized by Italian investment funds and SICAVs are not subject to any withholding or substitute tax. Capital gains and capital losses must be included in the fund's or SICAV's annual result, which is not subject to tax. A withholding tax may apply in certain circumstances at the rate of up to 26% on distributions made by the fund or SICAV.

#### IVAFE-Imposta sul Valore delle Attività Finanziarie detenute all'Estero

According to Article 19 of the Decree of 6 December 2011, No. 201 (“**Decree No. 201/2011**”), converted with Law of 22 December 2011, No. 214, Italian resident individuals holding financial assets – including shares – outside the Italian territory are required to pay a special tax (IVAFE). From 2013, such tax is applied at the rate of 0.20%. The tax applies to the market value at the end of the relevant year of such financial assets held outside the Italian territory. Taxpayers may deduct from the tax a tax credit equal to any wealth taxes paid in the State where the financial assets are held (up to the amount of the Italian tax due).

#### Stamp Duty (Imposta di bollo)

According to Article 19 of Decree No. 201/2011, a proportional stamp duty applies on a yearly basis on the market value of any financial product or financial instruments. From 2013 the stamp duty applies at the rate of 0.20% and cannot be lower than €34.2 but, in respect of Italian shareholders other than individuals, it cannot exceed €14,000. The stamp duty applies with respect to any Italian Shareholders (other than banks, insurance companies, investments and pension funds and certain other financial intermediaries) to the extent that the shares are held through an Italian-based banking or financial intermediary or insurance company.

#### Financial Transaction Tax

According to Art. 1 of the Law of December 24, 2012, No. 228, an Italian Financial Transaction tax (“**FTT**”) shall apply as of March 1, 2013 on the transfer of property rights in shares issued by Italian resident companies, such as Fiat, regardless of the tax residence of the parties and/or where the transaction is entered into. If a holder of Fiat ordinary shares exercises its cash exit rights, according to Italian law such holder must first offer its Fiat ordinary shares for sale to the holders of Fiat ordinary shares that have not chosen to exercise cash exit rights. Shareholders of Fiat that purchase shares of a holder exercising its cash exit rights may be subject to the FTT. In 2013, the FTT applies at a rate of 0.20%, reduced to 0.10% if the transaction is executed on a regulated market or a multilateral trading system, as defined by the law. The taxable base is the transaction value, which is defined as the consideration paid for the transfer or as the net balance of the transactions executed by the same subject in the course of the same day. The FTT is due by the party that acquires the shares and shall be levied by the financial intermediary (or by any other person) that is involved, in any way, in the execution of the transaction. Specific exclusions and exemptions are set out by the law by Decree 21 February 2013 which also regulates in detail other aspects of the FTT. Specific rules apply for the application of the FTT on derivative financial instruments having as underlying instruments shares issued by Italian resident companies and on high frequency trading transactions.

### *Loyalty Voting Structure*

No statutory, judicial or administrative authority directly discusses how the receipt, ownership or disposal of Special Voting Shares should be treated for Italian income tax purposes and as a result, the Italian tax consequences are uncertain. Accordingly, the Group urges Italian shareholders to consult their tax advisors as to the tax consequences of the receipt, ownership and disposal of Special Voting Shares.

*Receipt of Special Voting Shares.* An Italian Shareholder that receives Special Voting Shares issued by FCA should in principle not recognize any taxable income upon the receipt of Special Voting Shares. Under a possible interpretation, the issue of Special Voting Shares can be treated as the issue of bonus shares free of charge to the shareholders out of existing available reserves of FCA. Such issue should not have any material effect on the allocation of the tax basis of an Italian Shareholder between its FCA Common Shares and its Special Voting Shares. Because the Special Voting Shares are not transferrable and their limited economic rights can be enjoyed only at the time of the liquidation of FCA, FCA believes and intends to take the position that the fair market value of each special voting share is immaterial. However, because the determination of the fair market value of the Special Voting Shares is not governed by any guidance that directly addresses such a situation and is unclear, the Italian tax authorities could assert that the value of the Special Voting Shares as determined by FCA is incorrect.

As far as the shareholders not requesting the allocation of Special Voting Shares are concerned, FCA believes that no tax consequence will derive therefrom and the tax regime applicable to the shares held by said shareholders would not change. Shareholders are urged to consult their tax advisors also in respect of this item.

*Ownership of Special Voting Shares.* Italian Shareholders of Special Voting Shares should not have to recognize income in respect of any amount transferred to the Special Voting Shares dividend reserve, but not paid out as dividends, in respect of the Special Voting Shares.

*Disposition of Special Voting Shares.* The tax treatment of an Italian Shareholder that has its Special Voting Shares redeemed for no consideration (*om nict*) after removing its shares from the Loyalty Register is unclear. It is possible that an Italian Shareholder should recognize a loss to the extent of the Italian Shareholder's tax basis (if any). The deductibility of such loss depends on individual circumstances and conditions required by Italian law. It is also possible that an Italian Shareholder would not be allowed to recognize a loss upon the redemption of its Special Voting Shares and instead should increase its basis in its FCA Common Shares by an amount equal to the tax basis (if any) in its Special Voting Shares.

### **Material Netherlands Tax Consequences**

This section describes solely the material Dutch tax consequences of (i) the exchange of shares pursuant to the Merger and (ii) the ownership of FCA Common Shares that are issued pursuant to the Merger. It does not consider every aspect of Dutch taxation that may be relevant to a particular holder of shares (as defined below) in Fiat or FCA in special circumstances or who is subject to special treatment under applicable law. Shareholders and/or potential investors should consult their own tax advisor regarding the Dutch tax consequences of (i) the Merger and (ii) of owning and disposing of FCA Common Shares and, if applicable, Special Voting Shares in their particular circumstances.

Where in this section English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch tax law. Where in this section the terms "the Netherlands" and "Dutch" are used, these refer solely to the European part of the Kingdom of the Netherlands. This summary also assumes that FCA is organized, and that the business will be conducted, in the

manner outlined in this Information Document. A change to the organizational structure or to the manner in which FCA conducts its business may invalidate the contents of this section, which will not be updated to reflect any such change.

This description is based on the tax law of the Netherlands (unpublished case law not included) as it stands at the date of this Information Document. The law upon which this description is based is subject to change, perhaps with retroactive effect. Any such change may invalidate the contents of this description, which will not be updated to reflect such change.

Where in this Dutch taxation discussion reference is made to “a holder of shares”, that concept includes, without limitation:

1. an owner of one or more shares who in addition to the title to such shares, has an economic interest in such shares;
2. a person who or an entity that holds the entire economic interest in one or more shares;
3. a person who or an entity that holds an interest in an entity, such as a partnership or a mutual fund, that is transparent for Dutch tax purposes, the assets of which comprise one or more shares, within the meaning of 1. or 2. above; or
4. a person who is deemed to hold an interest in shares, as referred to under 1. to 3., pursuant to the attribution rules of article 2.14a, of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), with respect to property that has been segregated, for instance in a trust or a foundation.

The summary set out in this section applies only to a holder of shares if such holder satisfies the following tests:

- a. such holder is neither resident, nor deemed to be resident in the Netherlands for purposes of Dutch income tax or corporation tax, as the case may be, and if such holder is an individual, such holder has not elected to be treated as a resident of the Netherlands for Dutch income tax purposes;
- b. such holder's shares and any benefits derived or deemed to be derived from such shares have no connection with past, present or future employment, management activities and functions or membership of a management board (*bestuurder*) or a supervisory board (*commissaris*);
- c. such holder does not derive profits from an enterprise directly, or pursuant to a co-entitlement to the net value of such enterprise, other than as a holder of securities, which enterprise either is managed in the Netherlands or carried on, in whole or in part, through a permanent establishment or a permanent representative which is taxable in the Netherlands and such holder's Fiat Ordinary Shares, FCA Common Shares and/or Special Voting Shares are attributable to such enterprise;
- d. if such holder is an individual, such holder does not derive benefits from Fiat Ordinary Shares, FCA Common Shares and/or Special Voting Shares that are taxable as benefits from miscellaneous activities in the Netherlands; and
- e. such holder's shares do not form part of a substantial interest or a deemed substantial interest in Fiat or FCA within the meaning of Chapter 4 of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*).

Generally, if a person holds an interest in Fiat or FCA, such interest forms part of a substantial interest, or a deemed substantial interest, in Fiat or FCA if any one or more of the following circumstances is present:

1. Such person – either alone or, in the case of an individual, together with his partner, if any – owns or is deemed to own, directly or indirectly, either a number of shares representing five per cent. or more of Fiat's or FCA's total issued and outstanding capital (or the issued and outstanding capital of any class of shares), or rights to acquire, directly or indirectly, shares,

whether or not already issued, representing five per cent. or more of Fiat's or FCA's total issued and outstanding capital (or the issued and outstanding capital of any class of shares), or profit participating certificates relating to five per cent. or more of Fiat's or FCA's annual profit or to five per cent. or more of Fiat's or FCA's liquidation proceeds.

2. Such person's shares, profit participating certificates or rights to acquire shares in Fiat or FCA are held by him or deemed to be held by him following the application of a non-recognition provision.
3. Such person's partner or any of his relatives by blood or by marriage in the direct line (including foster-children) or of those of his partner has a substantial interest (as described under 1. and 2. above) in Fiat or FCA.

A person who is entitled to the benefits from shares or profit participating certificates (for instance a holder of a right of usufruct) is deemed to be a holder of shares or profit participating certificates, as the case may be, and such person's entitlement to such benefits is considered a share or a profit participating certificate, as the case may be.

#### *Dividend withholding tax in connection with implementation of the Merger*

The exchange of Fiat ordinary shares for FCA Common Shares pursuant to the Merger will not be subject to Dutch dividend withholding tax.

The issuance of Special Voting Shares will not give rise to Dutch dividend withholding tax provided that the par value of the special voting rights is paid-up out of FCA reserves which are recognized as paid-up capital for Dutch dividend withholding tax purposes and otherwise no actual or deemed distribution of profits occurs.

#### *Other taxes and duties in connection with the implementation of the Merger*

No Dutch registration tax, transfer tax, stamp duty or any other similar documentary tax or duty will be payable in the Netherlands in respect of or in connection with the exchange of Fiat ordinary shares for FCA Common Shares.

#### *Dividend withholding tax*

FCA is generally required to withhold Dutch dividend withholding tax at a rate of 15% from dividends distributed by it.

As an exception to this rule, FCA may not be required to withhold Dutch dividend withholding tax if it is considered to be a tax resident of both the Netherlands and another jurisdiction in accordance with the domestic tax residency provisions applied by each of these jurisdictions, while an applicable double tax treaty between the Netherlands and such other jurisdiction attributes the tax residency exclusively to that other jurisdiction.

The concept of "dividends distributed by FCA" as used in this section "Material Dutch Tax Consequences" includes, but is not limited to, the following:

- distributions in cash or in kind, deemed and constructive distributions and repayments of capital not recognised as paid-in for Dutch dividend withholding tax purposes;
- liquidation proceeds and proceeds of repurchase or redemption of shares in excess of the average capital recognised as paid-in for Dutch dividend withholding tax purposes;
- the par value of shares issued by FCA to a holder of FCA Common Shares and/or Special Voting Shares or an increase of the par value of shares, as the case may be, to the extent that it does not appear that a contribution, recognised for Dutch dividend withholding tax purposes, has been made or will be made; and
- partial repayment of capital, recognised as paid-in for Dutch dividend withholding tax purposes, if and to the extent that there are net profits (*zuivere winst*), unless (a) the general

meeting of FCA's shareholders has resolved in advance to make such repayment and (b) the par value of the shares concerned has been reduced by an equal amount by way of an amendment to FCA's articles of association.

*Other taxes and duties after implementation of the Merger*

No Dutch registration tax, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, is payable in the Netherlands by a holder in respect of or in connection with (i) the subscription, issue, placement or allotment of FCA Common Shares and/or Special Voting Shares, (ii) the enforcement by way of legal proceedings (including the enforcement of any foreign judgment in the courts of the Netherlands) of the documents relating to the issue of FCA Common Shares and/or Special Voting Shares or the performance by FCA of FCA's obligations under such documents, or (iii) the transfer of FCA Common Shares and/or Special Voting Shares.

As to the tax consequences for Dutch shareholders, please refer to the Registration Statement (Section "*Tax Consequences*").

**Material U.K. Tax Consequences**

This section describes the material United Kingdom tax consequences of the Merger and the ownership of FCA Common Shares for shareholders who are not resident in the U.K. and do not hold their shares in connection with a trade, profession or vocation which they carry on in the U.K.. It does not purport to be a complete analysis of all potential U.K. tax consequences of holding Fiat and FCA Common Shares. This section is based on current U.K. tax law and what is understood to be the current practice of H.M. Revenue and Customs, as well as on applicable tax treaties. This law and practice and these treaties are subject to change, possibly on a retroactive basis. Shareholders of Fiat should consult their own tax advisors on the U.K. tax consequences of the Merger and of owning and disposing of FCA Common Shares in their particular circumstances.

***Exchange of Fiat ordinary shares for FCA Common Shares; Exercise of Cash Exit Rights***

*Stamp duty and stamp duty reserve tax ("SDRT")*

Fiat does not and will not maintain any share register in the U.K. and, accordingly, no liability to U.K. stamp duty or SDRT will arise to shareholders on the tendering or cancellation of Fiat ordinary shares in the course of the Merger.

***Tax Consequences of Owning FCA Common Shares***

*Taxation of Dividends*

*Withholding from dividend payments.* Dividend payments may be made without withholding or deduction for or on account of U.K. income tax.

***Stamp duty and stamp duty reserve tax***

No liability to U.K. stamp duty or SDRT will arise on the issue of FCA Common Shares to shareholders. FCA will not maintain any share register in the U.K. and, accordingly, (i) U.K. stamp duty will not normally be payable in connection with a transfer of common shares, provided that the instrument of transfer is executed and retained outside the U.K. and no other action is taken in the U.K. by the transferor or transferee, and (ii) no U.K. SDRT will be payable in respect of any agreement to transfer FCA Common Shares.

As to the tax consequences for U.K. shareholders, please refer to the Registration Statement (Section "*Tax Consequences*").

**2.1.3 Shareholder structure and control of FCA subsequently to the completion of the Merger**

Taking into account the Exchange Ratio, as determined under Section 2.1.1.3 above, on the basis of which one (1) FCA Common Share will be assigned to each holder of one (1) Fiat ordinary share, the pre-Merger shareholders of Fiat will hold the same percentage of FCA Common Shares as of Fiat ordinary shares held before the Merger (subject to the exercise of cash exit rights by Fiat shareholders and, following the Merger, to the offer and sale on the market of FCA Common Shares, including FCA treasury shares as described under Section 2.1.1.3 above). However, as a result of the Loyalty Voting Structure, a particular shareholders' voting power in FCA will depend on the extent to which the shareholder and the other shareholders participate in the Loyalty Voting Structure with respect to FCA.

On the basis of the publicly available information, the following table shows the percentage interest held by Exor as well as by further major shareholders (*i.e.*, shares representing 2% or more of voting rights, calculated having as basis the aggregate amount of outstanding shares, including treasury shares) in Fiat that will be exchanged into FCA Common Shares as of the Merger Effective Date, on the basis of the Exchange Ratio. These percentages represent economic interest and do not take into account voting power that may be obtained by virtue of any shareholder's election to receive Special Voting Shares and the relevant allocation thereof, nor any possible change to the percentage interest in FCA deriving from the cash exit right procedure for the settlement of the shares submitted for redemption (equal to 60,002,027 Fiat ordinary shares for an overall value of €463,635,662.63).

<b><i>FCA shareholders (post Merger) (*)</i></b>		
<b><i>Declarant or party at the top of the investment chain</i></b>	<b><i>Party directly holding the major shareholding</i></b>	<b><i>%</i></b>
Giovanni Agnelli & C S.a.p.az.	Exor S.p.A.	30.05%
Baillie Gifford & Co.	Baillie Gifford & Co. (non-discretionary asset management regime)	0.49%
	Baillie Gifford Overseas Limited (non-discretionary asset management regime)	2.15%
Vanguard International Growth Fund	Vanguard International Growth Fund	2.00%
People's Bank of China	People's Bank of China	2.00%
FCA	FCA	2.40%
<b>Market (**)</b>		<b>60.90%</b>

(\*) Reports by shareholders to the company and Consob may be not updated in the event that no disclosure obligation is imposed on the relevant holder under the applicable laws in connection with changes in the interest held by such holder.

(\*\*) "Market" includes directors owning shares of Fiat and Fiat treasury shares that will be exchanged for FCA Common Shares on the Merger Effective Date.

In addition, as of the date of this Information Document, directors and Executive Officers of Fiat owning Fiat shares, that will be exchanged into FCA Common Shares as of the Merger Effective Date, on the basis of the Exchange Ratio, are the following:

<b><i>No. of shares</i></b>	<b><i>%</i></b>
-----------------------------	-----------------

<b><i>Fiat directors</i></b>		
Sergio Marchionne	6,496,666	0.52%
John Elkann	133,000	–
Luca Cordero di Montezemolo	127,172	–

In addition to the above, as of the date of this Information Document, Executive Officers of the Group owning Fiat shares (who will, therefore, be expected to receive FCA Common Shares on the basis of the Exchange Ration) are Alfredo Altavilla (17,158), Stefan Ketter (4,803), Eugenio Razelli (6,908), Riccardo Tarantini (3,000), Harald Wester (12,000) and Alessandro Baldi (35,450).

In particular, Exor, which holds (based on the publicly available information) 30.05% of Fiat's share capital and will hold the same interest in FCA Common Shares following the Merger (subject to the exercise of cash exit rights by other Fiat shareholders and, following the Merger, to the offer and sale on the market of FCA Common Shares, including FCA treasury shares as described under Section 2.1.1.3 above). The voting power of FCA shareholders following the Merger will depend on the extent to which Fiat shareholders participate in the Loyalty Voting Structure. If all shareholders elect to participate in the Loyalty Voting Structure with respect to all of their FCA Common Shares, the voting power of all shareholders, including Exor, will be unchanged. On the other hand, if Exor is the only shareholder electing to participate in the Loyalty Voting Structure, Exor's voting power in FCA, immediately following completion of the Merger, could be as high as approximately 46% (before considering exercise of any cash exit rights and, following the Merger, the offer and sale on the market of FCA Common Shares, including FCA treasury shares as described under Section 2.1.1.3 above).

For information regarding the Special Voting Shares issued by FCA and the relevant impact on the FCA shareholding structure, please refer to Section 2.1.1.3 above.

#### **2.1.4 Effect of the Merger on shareholders' agreements**

On the basis of the publicly available information, no shareholders' agreement, within the meaning of article 122 of the Italian Financial Act, currently exists in connection with Fiat ordinary shares or FCA Common Shares.

## **2.2 RATIONALE OF THE MERGER**

### **2.2.1 Introduction**

The main purpose of the Merger is to better reflect the increasingly global nature of the Group's business, enhance its appeal to international investors and facilitate the listing and trading of FCA Common Shares on the NYSE, taking into account the recently completed acquisition by Fiat, through a subsidiary, of the approximately 41.5% interest in Chrysler that it did not already own.

The Fiat board of directors believes that an Italian holding company and a sole Italian listing are no longer optimal for the increasingly global character of the Group's business also in the light of the capital markets needs of the business. The reorganization, of which the Merger forms a part, is expected to:

- create a well-established, investor friendly corporate form that will improve flexibility in raising capital or making strategic acquisitions or investments in the future;
- enhance the access to capital with the dual listing on the NYSE and the MTA that will improve the liquidity of the shares as well as provide the ability to access a deeper pool of equity and debt financing sources; and
- increase the strategic flexibility of the Group to pursue attractive acquisition and strategic investments opportunities and reward long-term shareholding.

In particular:

- Following the Merger, Fiat will cease to exist as a standalone entity and will survive in the form of FCA, a Dutch public limited liability company, or *naamloze vennootschap*, or N.V. The Netherlands is a neutral jurisdiction that is not identified with either of the historical jurisdictions of the largest businesses operated by the Group and offers an attractive environment for multinational enterprises and global investors. The board of directors believes that Dutch incorporation better reflects the increasing international dimension of the Group's business and shareholder base. The board of directors also believes that with a Dutch holding company, the Group will have additional flexibility in raising capital or making strategic acquisitions or investments in the future.
- Moving the Group's primary listing to the NYSE, where the shares of the major automotive companies that have the majority of their sales and profitability located in North America are listed, together with a listing on the MTA, is expected to enhance liquidity in FCA's shares and to further the Group's ability to access a deeper pool of equity and debt financing sources.

With a NYSE listing, the Group will endeavour to attract U.S. retail and institutional investor interest seeking to gain exposure to the business of Chrysler as part of the integrated group to which Chrysler now belongs. Furthermore, a listing on the MTA will facilitate engagement by a pan-European investor base while at the same time discouraging any flowback of shares held by Italian retail investors.

The board of directors believes that the Merger, by redomiciling the Group in the Netherlands in the context of the broader Group reorganization following the acquisition of the remaining interest in Chrysler which the Group did not already own, will provide the appropriate conditions and create a natural catalyst to position FCA successfully with a global investor base, historically under-represented in Fiat's capital, as well as a European investor base.

- The board of directors believes that a strong base of core shareholders has benefited and will continue to benefit the Group. Multiple voting mechanisms, particularly those that recognize the importance of core shareholders while encouraging new shareholders to invest for the long term can be effective in promoting long-term stability of a business. These mechanisms in varying form are common in a number of jurisdictions such as the United States, Sweden, France and the Netherlands. Dutch law allows for the creation of multiple voting mechanisms and, therefore, the Merger will enable the adoption of an appropriate multiple voting mechanism.

The board of directors believes that the long-term support provided to the Group by its founding family has been beneficial to the Group's strategic development historically and wishes for such support to continue. The Group also believes that the Loyalty Voting Structure may provide additional strategic flexibility for the Group to pursue attractive acquisition and strategic investment opportunities because the Loyalty Voting Structure will ease the impact of any dilution in the economic interest of these core shareholders. Furthermore, the board of directors believes that enhancing the stability and loyalty of the Group's broader shareholder base will strengthen the relationship between management and shareholders by limiting the distractions that may tend to arise from opportunistic short-term investors. The Loyalty Voting Structure is designed to encourage investment by shareholders whose objectives are aligned with the Group's strategic long-term development plans.

### **2.2.2 Principal investments of FCA and the Group**

Since incorporation, the activities of FCA have consisted only of preparing for the Merger and it is not expected that FCA will carry out any activity of any other nature until the Merger Effective Date.

As far as the execution of any future strategic transactions or other principal investment by FCA or the Group are concerned, no firm commitments have been undertaken, as of the date of this Information Document, by FCA in connection therewith.

The Group makes capital investments in the regions in which it operates principally related to initiatives to introduce new products, enhance manufacturing efficiency, improve capacity, and for maintenance and engineering. In 2013, the Group's total capital expenditures were €7,440 million (including €2,042 million in capitalized development costs). These capital expenditures were lower than cash generated from operating activities. In 2012, the Group's total capital expenditures were €7,534 million (including €2,138 million in capitalized development costs). In 2011, the Group's total capital expenditures were €5,528 million (including €1,438 million in capitalized development costs). In the first half of 2014 the Group's total capital expenditures were €3,233 million (including €985 million in capitalized development costs). These capital expenditures were lower than cash generated from operating activities. The Group continually analyzes the allocation of its industrial resources taking into account such things as relative currency values, existing and anticipated industry demand, the cost of goods and labor, and plant utilization levels.

A vehicle assembly plant is currently under construction in north-east Brazilian state of Pernambuco, with a minimum capital commitment of R\$ 4 billion (equivalent to approximately €1.3 billion). Start of production is expected in the first quarter of 2015 with an ongoing expected yearly output of approximately two hundred thousand vehicles with multiple models industrialized, beginning with Jeep Renegade.

### 2.3 PUBLICLY AVAILABLE DOCUMENTS

The following documents are available for inspection at the offices of Fiat in Turin, Via Nizza 250 for the persons provided for by law, on Fiat website ([www.fiatspa.com](http://www.fiatspa.com)) and are published in accordance with the applicable laws and regulations:

- (i) this Information Document;
- (ii) the Information Document published by Fiat on July 17, 2014;
- (iii) the Common Merger Terms (together with all the relevant annexes), pursuant to article 2501-*ter* of the Italian Civil Code and article 6 of the Legislative Decree 108;
- (iv) the report of the board of directors of Fiat prepared pursuant to article 2501-*quinquies* of the Italian Civil Code, article 8 of the Legislative Decree 108 and article 70 of the Issuers' Regulation;
- (v) the report prepared by the board of directors of FCA;
- (vi) the merger accounts of Fiat as of December 31, 2013 and the interim balance sheet of FCA as of April 1, 2014 pursuant to article 2501-*quater* of the Italian Civil Code and Section 2:314 of the Dutch Civil Code;
- (vii) the expert report prepared by Reconta Ernst & Young S.p.A. for the benefit of Fiat and the expert report prepared by KPMG Accountants N.V. for the benefit of FCA on the Exchange Ratio;
- (viii) the 2013, 2012 and 2011 yearly financial statements of Fiat, together with the relevant reports attached thereto; with regard to FCA, no financial statements are made available in the light of the fact that the first financial year is not closed yet;
- (ix) the Fiat half-year condensed financial statements for the six months ended June 30, 2014.

All information (such as that under Sections 2.1.2.2, 2.1.2.3 and 2.1.2.4 above) sourced from a

third party has been accurately reproduced and, as far as FCA and Fiat are aware based on the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Reconta Ernst & Young S.p.A. (issuing the expert report for the benefit of Fiat, the auditor's reports for the 2013 and 2012 yearly financial statements of Fiat and the report on the examination of projections), Deloitte (issuing the auditor's report for the 2011 yearly financial statements of Fiat) and KPMG Accountants N.V. (issuing the expert report for the benefit of FCA) gave their consent in respect to the publication of the documents prepared, respectively, by each them, attached to this Information Document.

Moreover, in this Information Document, industry and market data, including market share, ranking and other data, derived from or based upon a variety of official, non-official and internal sources, such as internal surveys and management estimates, market research, publicly available information and industry publications are included and referred to. Market share, ranking and other data contained in this Information Document may also be based on the Group's good faith estimates, the Group's own knowledge and experience and such other sources as may be available. Market share data may change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data-gathering process, different methods used by different sources to collect, assemble, analyze or compute market data, including different definitions of vehicle segments and descriptions and other limitations and uncertainties inherent in any statistical survey of market shares or size. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. Although the Group believes that this information is reliable, the Group has not independently verified the data from third-party sources. In addition the Group normally estimates its market share for automobiles and commercial vehicles based on registration data. In a limited number of markets where registration data are not available, the Group calculates its market share based on estimates relating to sales to final customers. Such data may differ from data relating to shipments to the Group's dealers and distributors. While the Group believes its internal estimates with respect to the industry are reliable, the Group's internal company surveys and management estimates have not been verified by an independent expert, and the Group cannot guarantee that a third party using different methods to assemble, analyze or compute market data would obtain or generate the same result. The market share data presented in this Information Document represents the best estimates available from the sources indicated as of the date hereof but, in particular as they relate to market share and Group's future expectations, involve risks and uncertainties and are subject to change based on various factors, including those discussed under the Section 1 "Risk Factors".

### 3. SIGNIFICANT EFFECT OF THE MERGER

#### 3.1 SIGNIFICANT EFFECTS OF THE MERGER ON THE GROUP AND ITS BUSINESS ACTIVITIES

As a result of the Merger, the increasingly global nature of the Group's business will be better reflected, its appeal to international investors enhanced and the listing and trading of FCA Common Shares on the NYSE facilitated, taking into account the recently completed acquisition by Fiat, through a subsidiary, of the approximately 41.5% interest in Chrysler that it did not already own.

The board of directors of Fiat believes that an Italian holding company and a sole Italian listing are no longer optimal for the increasingly global character of the Group's business also in the light of the capital markets needs of the business. The reorganization, of which the Merger forms a part, is expected to:

- create a well-established, investor friendly corporate form that will improve flexibility in raising capital or making strategic acquisitions or investments in the future;
- enhance the access to capital with the dual listing on the NYSE and the MTA that will improve the liquidity of the shares as well as the ability to access a deeper pool of equity and debt financing sources; and
- increase the strategic flexibility of the Group to pursue attractive acquisition and strategic investments opportunities and reward long-term shareholding.

In particular:

- following the Merger, Fiat will cease to exist as a standalone entity and will survive in the form of FCA, a Dutch public limited liability company, or *naamloze vennootschap*, or N.V. The Netherlands is a neutral jurisdiction that is not identified with either of the historical jurisdictions of the largest businesses operated by the Group and offers an attractive environment for multinational enterprises and global investors. The board of directors believes that Dutch incorporation better reflects the increasing international dimension of the Group's business and shareholder base. The board of directors also believes that with a Dutch holding company, the Group will have additional flexibility in raising capital or making strategic acquisitions or investments in the future as well as in issuing equity awards as a tool to incentivize and reward management and employees.
- Moving the Group's primary listing to the NYSE, where the shares of the major automotive companies that have the majority of their sales and profitability located in North America are listed, together with a listing on the MTA, is expected to enhance liquidity in the issuer's shares and to further the Group's ability to access a deeper pool of equity and debt financing sources.

With a NYSE listing, the Group will endeavour to attract U.S. retail and institutional investor interest seeking to gain exposure to the business of Chrysler as part of the integrated group to which Chrysler now belongs. Furthermore, a listing on the MTA will facilitate engagement by a pan-European investor base while at the same time discouraging any flowback of shares held by Italian retail investors.

The board of directors believes that the Merger, by redomiciling the Group in the Netherlands in the context of the broader Group reorganization following the acquisition of the remaining interest in Chrysler which the Group did not already own, will provide the appropriate conditions and create a natural catalyst to position FCA successfully with a global investor base, historically under-represented in Fiat's capital, as well as a European investor base.

- The board of directors believes that a strong base of core shareholders has benefited and will continue to benefit the Group. Multiple voting mechanisms, particularly those that recognize the importance of core shareholders while encouraging new shareholders to invest for the long term can be effective in promoting long-term stability of a business. These mechanisms in varying form are common in a number of jurisdictions such as the United States, Sweden, France and the Netherlands. Dutch law allows for the creation of multiple voting mechanisms and, therefore, the Merger will enable the adoption of an appropriate multiple voting mechanism.

The board of directors believes that the long-term support provided to the Group by its founding family has been beneficial to the Group's strategic development historically and wishes for such support to continue. The Group also believes that the Loyalty Voting Structure may provide additional strategic flexibility for the Group to pursue attractive acquisition and strategic investment opportunities because the Loyalty Voting Structure will ease the impact of any dilution in the economic interest of these core shareholders. Furthermore, the board of directors believes that enhancing the stability and loyalty of the Group's broader shareholder base will strengthen the relationship between management and shareholders by limiting the distractions that may tend to arise from opportunistic short-term investors. The Loyalty Voting Structure is designed to encourage investment by shareholders whose objectives are aligned with the Group's strategic long-term development plans.

### **3.2 EXPECTED IMPACTS OF THE TRANSACTION ON COMMERCIAL AND FINANCIAL RELATIONSHIPS BETWEEN GROUP COMPANIES AND THE PROVISION OF CENTRALIZED SERVICES**

The Merger will not result in any significant variations in the commercial or financial relationships between Group companies or the provision of centralized services.

### **3.3 WORKING CAPITAL STATEMENT**

As of the date of this Information Document, the issuer, at group level, has a consolidated working capital position which is sufficient to meet the Group's requirements for the 12 months following the date of the Information Document. For the purpose of this statement working capital is intended, in accordance with Recommendation n. 2013/319 of March 20, 2013 issued by ESMA, as the liquid resources available to the Group in order to meet its liabilities as they fall due.

### **3.4 CAPITALIZATION AND INDEBTEDNESS**

The following table shows the composition of the own capital and debt of Fiat Group at June 30, 2014, December 31, 2013, December 31, 2012 and December 31, 2011.

(€ million)	At June 30, 2014	At December 31, 2013	At December 31, 2012	At December 31, 2011
<b>Debt</b>				
Current debt – due within 12 months:				
Guaranteed	-	-	-	-
Secured (*)	756	926	667	908
Unguaranteed/Unsecured (**)	8,697	6,686	5,345	5,594
<b>Total current debt</b>	<b>9,453</b>	<b>7,612</b>	<b>6,012</b>	<b>6,502</b>
Non-current debt – due beyond 12 months:				
Guaranteed	-	-	-	-
Secured (***)	9,198	5,443	5,681	5,938
Unguaranteed/Unsecured	13,658	17,365	16,397	14,761
<b>Total non-current debt</b>	<b>22,856</b>	<b>22,808</b>	<b>22,078</b>	<b>20,699</b>
<b>Total debt (a)</b>	<b>32,309</b>	<b>30,420</b>	<b>28,090</b>	<b>27,201</b>
<b>Shareholder's equity (****)</b>				
(a) Share capital	4,478	4,477	4,476	4,466
(b) Legal reserve	529	529	529	524
(c) Other reserves	4,549	2,416	3,706	2,403
(d) Profit/(loss) of the period	(14)	904	348	1,334
<b>Total own capital (b)</b>	<b>9,542</b>	<b>8,326</b>	<b>9,059</b>	<b>8,727</b>
<b>Total own capital and debt (a)+(b).....</b>	<b>41,851</b>	<b>38,746</b>	<b>37,149</b>	<b>35,928</b>

(\*) The item mainly includes the amount of debt for advances on sale of receivables (€545 million at June 30, 2014, €596 million at December 31, 2013, €449 million at December 31, 2012 and €710 million at December 31, 2011) and the amounts due within 12 months of other debt whose payment is guaranteed by assets.

(\*\*) The item also includes the negative fair value of derivative financial instruments of €313 million at June 30, 2014, €137 million at December 31, 2013, €201 million at December 31, 2012 and €429 million at December 31, 2011.

(\*\*\*) At June 30, 2014, these items include €8,034 million (€4,402 million at December 31, 2013, €4,642 million at December 31, 2012 and €4,845 at December 31, 2011) due beyond 12 months of the Chrysler Group LLC's *Secured Senior Notes* and *Secured Senior Facilities*, which are secured by liens on assets held by the Chrysler Group LLC and its U.S. subsidiaries. In addition, it includes the amount due beyond 12 months to creditors for assets acquired under finance leases and for other debt secured by assets.

(\*\*\*\*) Amount attributable to owners of the parent.

The following table shows the net financial indebtedness of Fiat Group at June 30, 2014, December 31, 2013, December 31, 2012 and December 31, 2011.

(€ million)	At June 30, 2014	At December 31, 2013	At December 31, 2012	At December 31, 2011
A. Cash at banks	10,362	9,936	7,560	9,382
B. Cash with a pre-determined use	4	3	8	1
C. Money market securities	8,149	9,516	10,089	8,143
D. Current securities	204	247	256	199
<b>E. Liquidity (A)+(B)+(C)+(D)</b>	<b>18,719</b>	<b>19,702</b>	<b>17,913</b>	<b>17,725</b>
<b>F. Current financial receivables (*)</b>	<b>4,443</b>	<b>4,204</b>	<b>4,246</b>	<b>4,525</b>
G. Bank debt – due within 12 months	3,275	2,584	2,489	2,042
H. Bond issued – due within 12 months	4,099	2,572	1,389	1,954
I. Other debt – due within 12 months (**)	2,079	2,456	2,134	2,506
<b>J. Current debt (G)+(H)+(I)</b>	<b>9,453</b>	<b>7,612</b>	<b>6,012</b>	<b>6,502</b>
<b>K. Net financial receivables (J)-(F)-(E)</b>	<b>(13,709)</b>	<b>(16,294)</b>	<b>(16,147)</b>	<b>(15,748)</b>
L. Bank debt – due beyond 12 months	7,852	6,246	5,650	5,541
M. Bond issued – due beyond 12 months	13,599	11,894	11,327	9,730
N. Other debt – due beyond 12 months	1,405	4,668	5,101	5,428
<b>O. Non-current financial indebtedness (L)+(M)+(N)</b>	<b>22,856</b>	<b>22,808</b>	<b>22,078</b>	<b>20,699</b>
<b>P. Net financial indebtedness (K)+(O)</b>	<b>9,147</b>	<b>6,514</b>	<b>5,931</b>	<b>4,951</b>

(\*) The item also includes the positive fair value of derivative financial instruments of €386 million at June 30, 2014, €533 million at December 31, 2013, €519 million at December 31, 2012 and €557 million at December 31, 2011.

(\*\*) The item also includes the negative fair value of derivative financial instruments of €313 million at June 30, 2014, €137 million at December 31, 2013, €201 million at December 31, 2012 and €429 million at December 31, 2011.

Fiat Group has no material indirect or contingent indebtedness. For further information, please refer to Note 27 of the Fiat 2013 Annual Report, incorporated herein by reference.

In the table here below the amounts of net financial indebtedness at June 30, 2014 and 2013 are compared with those at August 31, 2014 and 2013 respectively. The amounts of net financial indebtedness at August 31 for both periods here reported are based on the Group's internal data and were not submitted to any audit or limited review procedure. Moreover they do not reflect all valuations and accruals processes that would be performed in connection with the Group's quarterly reporting.

(€ billion)	At August 31, 2014	At June 30, 2014	At August 31, 2013	At June 30, 2013 (*)
a) Liquidity	14.3	18.7	13.6	18.0
b) Current financial receivables	3.8	4.4	4.2	4.7
c) Current debt	8.0	9.5	4.8	5.2
<b>d) Net current financial indebtedness (c)-(b)-(a)</b>	<b>(10.1)</b>	<b>(13.7)</b>	<b>(12.9)</b>	<b>(17.4)</b>
e) Non-current financial indebtedness	23.6	22.9	22.8	23.5
<b>f) Net financial indebtedness (d)+(e)</b>	<b>13.5</b>	<b>9.1</b>	<b>9.9</b>	<b>6.1</b>
<b>g) Total own capital (**)</b>	<b>9.5</b>	<b>9.5</b>	<b>6.4</b>	<b>6.4</b>
<b>Total own capital and debt (g)+(e)+(c)</b>	<b>41.2</b>	<b>41.9</b>	<b>34.1</b>	<b>35.2</b>

(\*) As originally reported

(\*\*) It does not include the comprehensive income for the periods subsequent to June 30.

The increase in net financial indebtedness from June 30 to August 31 in both periods considered

reflects the recurring seasonal trend due to the planned reduction in the operations during summer time, principally in Europe and North America.

#### 4. FINANCIAL INFORMATION FOR FIAT, AS ABSORBED COMPANY

The following Section contains a presentation of the consolidated statements of income, comprehensive income, financial position and cash flows for the years ended December 31, 2013, 2012 and 2011.

Comments on the consolidated financial information referred to above should be read in conjunction with the related consolidated financial statements and notes, which are incorporated herein by reference pursuant to Article 11 of the Directive 2003/71/EC of the European Parliament and of the Council of November 4, 2003 and Article 28 of the Regulation 809/2004/EC of the European Commission of April 29, 2004.

The consolidated financial statements were prepared in accordance with the IFRS.

The consolidated financial statements for the years ended December 31, 2013 and 2012 were subject to a full audit by E&Y. The consolidated financial statements for the year ended December 31, 2011 were subject to a full audit by Deloitte.

#### 4.1 CONSOLIDATED FINANCIAL STATEMENTS FOR FIAT GROUP FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011

Financial data included in the following tables were taken from the Fiat Group Annual Reports for the years ended December 31, 2013, 2012 and 2011, incorporated herein by reference.

##### 4.1.1 Fiat Group – Consolidated income statement for the years ended December 31, 2013, 2012 and 2011

(€ million)	2013	2012 (*) restated	2012 as reported	2011(**)
Net revenues	86,816	83,957	83,957	59,559
Cost of sales	74,570	71,701	71,474	50,704
Selling, general and administrative costs	6,689	6,763	6,731	5,047
Research and development costs	2,231	1,850	1,835	1,367
Other income/(expenses)	68	(102)	(103)	(49)
<b>TRADING PROFIT/(LOSS)</b>	<b>3,394</b>	<b>3,541</b>	<b>3,814</b>	<b>2,392</b>
Result from investments:	97	107	107	131
Share of the profit/(loss) of investees accounted for using the equity method	87	94	94	146
Other income/(expenses) from investments	10	13	13	(15)
Gains/(losses) on the disposal of investments	8	(91)	(91)	21
Restructuring costs	28	15	15	102
Other unusual income/(expenses)	(499)	(138)	(138)	1,025
<b>EBIT</b>	<b>2,972</b>	<b>3,404</b>	<b>3,677</b>	<b>3,467</b>
Financial income/(expenses)	(1,964)	(1,885)	(1,641)	(1,282)
<b>PROFIT/(LOSS) BEFORE TAXES</b>	<b>1,008</b>	<b>1,519</b>	<b>2,036</b>	<b>2,185</b>
Tax (income)/expenses	(943)	623	625	534
<b>PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>	<b>1,951</b>	<b>896</b>	<b>1,411</b>	<b>1,651</b>
Profit/(loss) from Discontinued Operations	-	-	-	-
<b>PROFIT/(LOSS)</b>	<b>1,951</b>	<b>896</b>	<b>1,411</b>	<b>1,651</b>
<b>PROFIT/(LOSS) ATTRIBUTABLE TO:</b>				
Owners of the parent	904	44	348	1,334
Non-controlling interests	1,047	852	1,063	317

(\*) Following the retrospective application of the amendment to IAS 19 from 1 January 2013, the 2012 comparative amounts were restated as required by IAS 1. Compared to the previously reported figures, Profit for 2012 decreased by €515 million, of which mainly €273 million in Trading Profit/EBIT and €244 million in Financial expenses.

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

#### 4.1.2 Fiat Group – Consolidated income statement of Comprehensive Income/(Losses) for the years ended December 31, 2013, 2012 and 2011

(€ million)	<b>2013</b>	<b>2012 (*) restated</b>
<b>PROFIT/(LOSS) (A)</b>	<b>1,951</b>	<b>896</b>
Items that will never be reclassified to the Income statement:		
Gains/(losses) on remeasurements of defined benefit plans	2,678	(1,843)
Share of gains/(losses) on remeasurements of defined benefit plans for equity accounted entities	(9)	1
Related tax impact	239	3
Total items that will never be reclassified to the Income statement (B1)	<b>2,908</b>	<b>(1,839)</b>
Items that may be reclassified to the Income statement:		
Gains/(losses) on cash flow hedging instruments	162	184
Gains/(losses) on available-for-sale financial assets	4	27
Exchange differences on translating foreign operations	(708)	(270)
Share of Other comprehensive income/(losses) for equity accounted entities	(100)	21
Related tax impact	(27)	(24)
Total items that may be reclassified to the Income statement (B2)	<b>(669)</b>	<b>(62)</b>
<b>TOTAL OTHER COMPREHENSIVE INCOME/(LOSSES), NET OF TAX (B1)+(B2)=(B)</b>	<b>2,239</b>	<b>(1,901)</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSSES) (A)+(B)</b>	<b>4,190</b>	<b>(1,005)</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSSES) ATTRIBUTABLE TO:</b>		
Owners of the parent	2,117	(1,062)
Non-controlling interests	2,073	57
(*) Following the retrospective application of the amendment to IAS 19 from 1 January 2013, the 2012 comparative amounts were restated as required by IAS 1. Compared to the previously reported, Total comprehensive income for 2012 decreased by €2,265 million, of which €515 million arose from lower Profit for 2012 and €1,750 million from a decrease in Total other comprehensive income/(losses).		

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

#### 4.1.3 Fiat Group – Consolidated statement of Financial Position for the years ended December 31, 2013, 2012 and 2011

(€ million)	At 31 December 2013	At 31 December 2012 (*) restated	At 31 December 2012 as reported	At 31 December 2011
<b>ASSETS</b>				
Intangible assets	19,509	19,284	19,284	18,200
Goodwill and intangible assets with indefinite useful lives	12,439	12,947	12,947	13,213
Other intangible assets	7,070	6,337	6,337	4,987
Property, plant and equipment	22,843	22,061	22,061	20,785
Investments and other financial assets:	2,260	2,287	2,290	2,660
Investments accounted for using the equity method	1,561	1,507	1,510	1,579
Other investments and financial assets	699	780	780	1,081
Leased assets	1	1	1	45
Defined benefit plan assets	105	93	105	97
Deferred tax assets	2,893	1,738	1,736	1,690
<b>TOTAL NON-CURRENT ASSETS</b>	<b>47,611</b>	<b>45,464</b>	<b>45,477</b>	<b>43,477</b>
Inventories	10,230	9,295	9,295	9,123
Trade receivables	2,406	2,702	2,702	2,625
Receivables from financing activities	3,671	3,727	3,727	3,968
Current tax receivables	291	236	236	369
Other current assets	2,302	2,163	2,163	2,088
Current financial assets:	815	807	807	789
Current investments	35	32	32	33
Current securities	247	256	256	199
Other financial assets	533	519	519	557
Cash and cash equivalents	19,439	17,657	17,657	17,526
<b>TOTAL CURRENT ASSETS</b>	<b>39,154</b>	<b>36,587</b>	<b>36,587</b>	<b>36,488</b>
Assets held for sale	9	55	55	66
<b>TOTAL ASSETS</b>	<b>86,774</b>	<b>82,106</b>	<b>82,119</b>	<b>80,031</b>
<b>EQUITY AND LIABILITIES</b>				
Equity:	12,584	8,369	13,173	12,260
Equity attributable to owners of the parent	8,326	6,187	9,059	8,727
Non-controlling interest	4,258	2,182	4,114	3,533
Provisions:	17,360	20,276	15,484	15,624
Employee benefits	8,265	11,486	6,694	7,026
Other provisions	9,095	8,790	8,790	8,598
Debt:	29,902	27,889	27,889	26,772
Asset-backed financing	596	449	449	710
Other debt	29,306	27,440	27,440	26,062
Other financial liabilities	137	201	201	429
Trade payables	17,235	16,558	16,558	16,418
Current tax payables	314	231	231	230
Deferred tax liabilities	278	801	802	760
Other current liabilities	8,943	7,781	7,781	7,538
Liabilities held for sale	21	-	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>86,774</b>	<b>82,106</b>	<b>82,119</b>	<b>80,031</b>

(\*) Following the retrospective application of the amendment to IAS 19 from 1 January 2013 the comparative figures at 1 January and 31 December 2012 were restated as required by IAS 1. More specifically, the amount of Equity at 31 December 2012 decreased by €4,804 million, of which €2,872 million in Equity attributable to owners of the parent and €1,932 million in Non-controlling interest.

#### 4.1.4 FIAT – Consolidated statement of Cash Flow for the years ended December 31, 2013, 2012 and 2011

(€ million)	2013	2012 restated	2012 as reported	2011 (**)
<b>A) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>17,657</b>	<b>17,526</b>	<b>17,526</b>	<b>11,967</b>
<b>B) CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES DURING THE YEAR:</b>				
Profit/(loss) for the year	1,951	896 <sup>(*)</sup>	1,411	1,651
Amortization and depreciation	4,574	4,134	4,134	3,358
(Gains)/losses on disposal of:				
Property, plant and equipment and intangible assets	31	14	14	21
Investments	(8)	91	91	(21)
Other non-cash items	522	562 <sup>(*)</sup>	47	(1,106)
Dividends received	92	89	89	105
Change in provisions	444	77	77	(116)
Change in deferred taxes	(1,578)	(72)	(72)	(19)
Change in items due to buy-back commitments	92	(51)	(51)	(62)
Change in operating lease items	1	(10)	(10)	(28)
Change in working capital	1,468	714	714	1,412
<b>TOTAL</b>	<b>7,589</b>	<b>6,444</b>	<b>6,444</b>	<b>5,195</b>
<b>C) CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES:</b>				
Investments in:				
Property, plant and equipment and intangible assets	(7,440)	(7,534)	(7,534)	(5,528)
Investments in consolidated subsidiaries	(19)	-	-	(22)
Other investments	(212)	(24)	(24)	(120)
Cash and cash equivalents from consolidation of Chrysler, net of consideration paid for the additional 16% ownership interest	-	-	-	5,624
Proceeds from the sale of:				
Property, plant and equipment and intangible assets	43	118	118	324
Investments in consolidated subsidiaries	-	-	-	29
Other investments	5	21	21	96
Net change in receivables from financing activities	(449)	(24)	(24)	(1,218)
Change in current securities	(10)	(64)	(64)	(14)
Other changes	(4)	(30)	(30)	(29)
<b>TOTAL</b>	<b>(8,086)</b>	<b>(7,537)</b>	<b>(7,537)</b>	<b>(858)</b>
<b>D) CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES:</b>				
New issuance of bonds	2,866	2,535	2,535	2,500
Repayment of bonds	(1,000)	(1,450)	(1,450)	(2,448)
Issuance of other medium-term borrowings	3,188	1,925	1,925	2,149
Repayment of other medium-term borrowings	(2,549)	(1,528)	(1,528)	(3,895)
Changes in net financial receivables from CNH Industrial group	-	-	-	2,761
Net change in other financial payables and other financial assets/liabilities	686	197	197	143
Increase in share capital	4	22	22	41
Dividends paid	(1)	(58)	(58)	(181)
(Purchase)/sale of ownership interests in subsidiaries	-	-	-	(438)
Distribution for tax withholding obligations on behalf of non-controlling interests ("NCI")	(6)	-	-	-
<b>TOTAL</b>	<b>3,188</b>	<b>1,643</b>	<b>1,643</b>	<b>632</b>
Translation exchange differences	(909)	(419)	(419)	590
<b>E) TOTAL CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>1,782</b>	<b>131</b>	<b>131</b>	<b>5,559</b>
<b>F) CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>19,439</b>	<b>17,657</b>	<b>17,657</b>	<b>17,526</b>

(\*) Following the retrospective application of the amendment to IAS 19 from 1 January 2013, the 2012 comparative amounts for Profit decreased by €515 million with a corresponding increase in Other non-cash items.

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

#### 4.1.5 Notes to the principal lines items in Fiat Group 2013 and 2012 Consolidated financial statements

##### Net revenues

(€ million)	2013	2012	2011 <sup>(*)</sup>	2011 <sup>(**)</sup> Pro- forma	Change % 2013/2012	Change % 2012/2011 pro-forma
<b>NAFTA</b>	45,777	43,521	19,830	33,800	5.2	28.8
<b>LATAM</b>	9,973	11,062	10,562	11,068	-9.8	-0.05
<b>APAC</b>	4,621	3,128	1,513	2,086	47.7	51.3
<b>EMEA</b>	17,420	17,800	19,591	20,078	-2.1	-11.3
<b>Luxury Brands</b>	3,809	2,898	2,699	2,699	31.4	7.4
<i>Ferrari</i>	2,335	2,225 <sup>(1)</sup>	2,251	2,251	4.9	8.1
<i>Maserati</i>	1,659	755 <sup>(1)</sup>	588	588	119.7	7.8
<b>Components</b>	8,080	8,030	8,122	8,122	0.6	-1.1
<i>Magneti Marelli</i>	5,988	5,828	5,860	5,860	2.7	-0.5
<i>Teksid</i>	688	780	922	922	-11.8	-15.4
<i>Comau</i>	1,463	1,482	1,402	1,402	-1.3	5.7
<b>Other</b>	929	979	1,068	1,068	-5.1	-8.3
<b>Eliminations and adjustments</b>	(3,793)	(3,461)	(3,826)	(3,972)	-	-
<b>Total</b>	<b>86,816</b>	<b>83,957</b>	<b>59,559</b>	<b>74,949</b>	<b>3.4</b>	<b>12.0</b>

(1) Ferrari and Maserati stand-alone have been restated to reflect the allocation to Maserati of its activities in China conducted, from a legal entity standpoint, through the local Ferrari subsidiary.

(\*) Includes Chrysler from June 1, 2011.

(\*\*) Pro-forma calculated by including Chrysler results as if consolidated from January 1, 2011.

The trend of revenues for the period 2011- 2013 and the main underlying factors, are described in summary below with respect to the Group reporting segment. For the four regions of the car mass-market business, the “pro-forma” figures for 2011 were used for comparison assuming the contribution of Chrysler for the full year rather than from June 1, 2011, the date of its consolidation, as presented in the previously published Fiat Group Annual Reports for the years ended December 31, 2012 and December 31, 2011.

##### NAFTA

**Revenues for 2013** were €45.8 billion, up €2.3 billion or 5% over the prior year (+9% at constant exchange rates). The U.S. vehicle market, the main market of the region, finished FY 2013 up 7% year-over-year to 15.9 million vehicles. The Group’s overall market share was up 0.2 p.p. versus the prior year to 11.4%. Increase in revenues was attributable to:

- a 6% (or 2.2 million vehicles) increase in shipments driven primarily by the Ram 1500 pick-up, the all-new 2014 Jeep Cherokee which began shipping to dealers in late October 2013, the Jeep Grand Cherokee, which launched in the first quarter of 2013, as well as the Jeep Wrangler;
- favorable vehicle line mix as there was a higher percentage growth in Ram shipments as compared to minivan and passenger car shipments;
- a result of favorable net pricing from vehicle content enhancements in the Group’s 2014 model year vehicles as compared to prior model years;
- additionally, revenues were negatively impacted by €1.5 billion in currency translation impacts.

In **2012**, the NAFTA region reported full year 2012 net **revenues** of €43.5 billion, up 28.8% over the prior year on a pro-forma basis (+19% at constant exchange rates), due to higher volumes and positive pricing, partially offset by an unfavorable mix. In 2012, vehicle shipments in NAFTA totaled 2.1 million units for 2012, representing a 19% increase over 2011, on a pro-forma basis. The U.S. vehicle market was up 13% in 2012 to 14.8 million vehicles. Group share increased to 11.2% from 10.5% for the prior year.

##### LATAM

In **2013 revenues** were down €1.1 billion over 2012 to approximately €10 billion, mainly impacted by negative currency translation effect of €1.2 billion, net of which revenues increased by 1%, with the net pricing benefit being partially offset by 3% decrease in shipments year-over-year to 950,000 vehicles. In Brazil, the Group's largest market in the region, the passenger car and LCV market was down 1.5% over the prior year to 3.6 million units. For 2013, the Group confirmed its leadership in the Brazilian market, with an overall share of 21.5%, 1.8 p.p. lower than 2012, driven by the Group's flexibility in responding to the sharp increase in demand following the government's introduction of incentives.

In **2012**, revenues for the region totaled €11.1 billion, substantially in line with the prior year (on a pro-forma basis) with the effect of increased volumes being offset by negative currency translation impacts. At constant exchange rates, revenues were 5% higher. In 2012, shipments in the LATAM region totaled 979,000 units, representing an increase of 5% over the prior year (on a pro-forma basis).

### APAC

**Revenues for 2013** increased by €1.5 billion over 2012 to €4.6 billion, mainly driven by the increase in shipments from 103,000 to 163,000 vehicles, primarily driven by the strong demand for the Jeep brand across the region, the successful return of the Dodge Journey in China, increased focus on development of the Fiat and Alfa Romeo brands in Australia, and the consolidated India sales after the Group took complete control of sales and distribution operations. The positive impact of increased volumes was partially offset by a negative currency translation effect, a less favorable mix and lower pricing due to an increasingly competitive environment, particularly in China.

In **2012**, revenues in the APAC region totaled €3.1 billion, up 51.3% (+39% at constant exchange rates) over 2011 on a pro-forma basis, primarily driven by the strong performance of the Jeep brand. Vehicle shipments in the APAC region (excluding joint ventures) totaled approximately 103,000 units for 2012, up 39% over the prior year (on a pro-forma basis). Demand increased in most of the Group's key markets (i.e., India, China, Japan, Australia), but contracted slightly in South Korea.

### EMEA

In **2013**, EMEA **revenues** were €17.4 billion, decreasing by €0.4 billion or 2% over 2012. Revenues were negatively impacted by a 3% decrease in shipments, unfavorable net pricing and lower volumes for the parts and services business, with lower demand resulting from a decrease in cars on the road. These reductions were partially offset by a favorable product mix, primarily driven by the results for the 500 family (particularly the 500L), and for LCVs (particularly the Ducato), higher sales of used vehicles and the consolidation of VM Motori. In Europe (EU27+EFTA), the passenger car market was down 2% over 2012 to 12.3 million vehicles. Group brands accounted for a combined 6.0% share of the European market, representing a 0.3 p.p. decrease over 2012 reflecting the lower overall weighting of the Italian market in Europe. In 2013 passenger car and LCV shipments in the EMEA region totaled 979,000 units for the year, a decrease of approximately 33,000 units (-3%) over 2012. Passenger car shipments were down 4% to 776,000 units, while LCV shipments were in line with the prior year at 203,000 units.

In **2012**, EMEA had revenues of €17.8 billion, a decrease of 11.3% over 2011 (on a pro-forma basis) attributable primarily to the drop in volumes. In Europe (EU27+EFTA), the passenger car market registered an 8% decline over the prior year to 12.5 million vehicles, the lowest level since 1995. In 2012, Group brands recorded a 6.3% combined share of the European market, representing a 0.6 percentage point decline over 2011. Passenger car and LCV shipments in the EMEA region totaled 1,012,000 units for the year, a decrease of 14% over 2011 (on a pro-forma

basis). The Group shipped a total of 810,000 passenger cars (-14% year-over-year) and 202,000 LCVs (-15%).

### **Luxury brands**

#### - *Ferrari*

**Revenues** for **2013** were up 5% over 2012 to €2,335 million. Consistent with the 2013 announcement that production would be maintained below 2012 level to preserve brand exclusivity, Ferrari managed shipments to the network down to 6,922 street cars (-5% vs. 2012).

Ferrari reported **2012** revenues of €2,433 million, increasing 8,1% over 2011 on the strength of higher volumes, a more favorable product mix and the contribution from the “personalization” program.

#### - *Maserati*

In **2013**, **Revenues** were up 120% over 2012 to €1,659 million. For 2013, shipments were up 148% to 15,400 vehicles, driven by the success of the new Quattroporte and Ghibli models launched during the year.

In **2012**, revenues totaled €634 million for the year, up 7,8% over 2011 primarily due to higher sales volumes.

### **Components**

#### - *Magneti Marelli*

In **2013**, Magneti Marelli reported **revenues** of €6 billion, an increase of 3% over 2012 (6% at constant exchange rates), driven by performance in NAFTA and China, in addition to a modest gain in Europe. In Brazil, revenues were substantially in line with 2012 on a constant currency basis.

Magneti Marelli posted **2012** revenues of €5.8 billion, substantially in line with the prior year. The strong performance in the German market (although slowing in the fourth quarter), NAFTA and China largely compensated for difficult trading conditions in other European markets and a mixed performance in Brazil.

#### - *Teksid*

In **2013**, Teksid **revenues** totaled €688 million, down 11.8% over the prior year. The Cast Iron business unit posted a 7% decrease in volumes in Europe and the Americas. For the Aluminum business unit, volumes were up 13% year-over-year.

Revenues for **2012** totaled €780 million, down 15.4% on the prior year. The Cast Iron business unit recorded a 16% decrease in volumes, attributable primarily to lower demand in the heavy vehicle segment in most core markets. For the Aluminum business unit, volumes were down 5% on the prior year.

#### - *Comau*

Comau posted 2013 **revenues** of €1,463 million, substantially in line with the prior year.

In **2012**, Comau posted revenues of €1,482 million for 2012, a 5.7% increase over 2011 primarily attributable to the Powertrain Systems activities.

## EBIT

(€ million)	2013	2012 <sup>(*)</sup>	Change	2012	2011 <sup>(**)</sup>	2011 <sup>(***)</sup>	Change
				published	2011 <sup>(**)</sup>	Pro-forma	vs pro-forma
<b>NAFTA</b>	2,290	2,491	-201	2,741	1,087	1,770	971
<b>LATAM</b>	492	1,025	-533	1,032	1,331	1,385	-353
<b>APAC</b>	318	255	63	255	63	119	136
<b>EMEA</b>	(520)	(737)	217	(738)	(941)	(897)	159
<b>Luxury Brands</b>	470	392	78	392	358	358	34
<i>Ferrari</i>	364	335 <sup>(1)</sup>	29	350	318	318	32
<i>Maserati</i>	106	57 <sup>(1)</sup>	49	42	40	40	2
<b>Components</b>	146	165	-19	167	(110)	(110)	277
<i>Magneti Marelli</i>	169	131	38	130	9	9	121
<i>Teksid</i>	(70)	4	-74	4	1	1	3
<i>Comau</i>	47	30	17	33	(120)	(120)	153
<b>Other</b>	(167)	(149)	-18	(149)	(108)	(108)	-41
<b>Eliminations and adjustments</b>	(57)	(38)	-19	(23)	1,787 <sup>(2)</sup>	1,788 <sup>(2)</sup>	-1,811
<b>Total</b>	<b>2,972</b>	<b>3,404</b>	<b>-432</b>	<b>3,677</b>	<b>3,467</b>	<b>4,305</b>	<b>-628</b>

(\*) Restated for adoption of IAS 19 as amended: Trading profit and EBIT reduced by €250 million for NAFTA, €7 million for LATAM €2 million for Components (+€1 million for Magneti Marelli, -€3 million for Comau) and €15 million for Eliminations and Adjustments. For EMEA, loss reduced by €1 million.

(\*\*) Includes Chrysler from June 1, 2011.

(\*\*\*) Pro-forma calculated by including Chrysler results as if consolidated from January 1, 2011.

(1) Ferrari and Maserati stand-alone have been restated to reflect the allocation to Maserati of its activities in China conducted, from a legal entity standpoint, through the local Ferrari subsidiary.

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

The trend of EBIT for the period 2011- 2013 and the main underlying factors, are described in summary below with respect to the Group reporting segment. For the four regions of the car mass-market business, the “pro-forma” figures for 2011 were used for comparison assuming the contribution of Chrysler for the full year rather than from June 1, 2011, the date of its consolidation.

### • NAFTA

In **2013**, EBIT was €2,290 million (€2,491 million for 2012, IAS 19 restated). The €201 million decrease, net of €23 million in higher net unusual income, reflects:

- positive volume/mix (+€588 million) and pricing (+€868 million) effects that were more than offset by:
  - higher industrial costs (€1,456 million), including costs associated with new models and content enhancements;
  - higher R&D amortization, increased SG&A costs (€90 million) to support volume growth and commercial launches of the new products; and
  - negative currency translation impacts (~€80 million).

In **2012**, EBIT (as published) was €2,741 million, up €971 million over the prior year (on a pro-forma basis), with volume increases and positive net pricing partially offset by higher advertising expense and higher industrial costs, impacted by additional shifts at certain plants and higher capacity utilization.

### • LATAM

In **2013**, EBIT totaled €492 million (€1,025 million in 2012). The €533 million decrease reflects:

- higher industrial costs (€257 million), almost entirely related to input cost inflation in Brazil (with the weakening of the Real affecting prices of imported materials), partially offset by €64 million in positive pricing;
- a negative volumes/mix (€111 million) impact;

- higher SG&A costs (€37 million);
- a negative €85 million in currency translation impacts; and
- net unusual charges of €127 million, mainly related to the negative impact of the February 2013 devaluation of the Venezuelan bolivar (VEF) relative to the U.S. dollar (net €43 million) and to the streamlining of architectures and models associated with the region's refocused product strategy (€75 million).

In **2012**, EBIT totaled €1,032 million (as published), including €31 million in unusual charges, compared to €1,385 million for 2011 (on a pro-forma basis). The positive impacts of higher volumes and increased manufacturing efficiencies were more than offset by cost inflation (mainly labor, advertising and SG&A), pricing pressure, higher expense related to new vehicle launches and currency translation impacts.

- **APAC**

In **2013**, EBIT totaled €318 million, up 25% from the €255 million in 2012, reflecting:

- strong volume growth and an improved sales mix contributing €423 million, partially offset by:
  - higher industrial costs (€106 million) and SG&A expenses (€72 million) to support Group growth in the region;
  - less favorable pricing (€79 million); and
  - unfavorable currency translation effects (€13 million).

In **2012**, EBIT totaled €255 million, more than double as compared to €119 million in 2011 (on a pro-forma basis). The increase was attributable to the volume growth and a favorable currency translation impact (approximately €30 million).

- **EMEA**

In **2013**, EBIT was a negative €520 million. The change over 2012 (-€737 million for 2012) mainly reflects:

- the positive impacts of better product mix (€135 million), driven primarily by results for the 500 family;
- lower industrial costs (€139 million), driven by higher industrial efficiencies and purchasing savings; and
- a €199 million reduction in SG&A.

These positive effects more than offset negative net pricing (€172 million), lower volumes (€58 million) and higher R&D amortization. For 2013, unusual charges were flat at €195 million.

In **2012**, EMEA reported an EBIT loss of €738 million (as published), including €194 million in unusual charges, compared to a loss of €897 million for 2011 on a pro-forma basis (including €544 million in unusual charges). Net of unusual items, EBIT loss increased by €191 million with negative volume and price effects being only partially offset by industrial efficiencies, World Class Manufacturing synergies and benefits from cost containment actions.

- **Luxury brands**

- *Ferrari*

In **2013**, EBIT totaled €364 million, an increase of €29 million over €335 million for 2012 reflecting a better sales mix and the contribution from licensing and the personalization program. In **2012**, EBIT totaled €350 million for the year (14.4% of revenues). The increase over 2011 (€312 million) reflected higher volumes, a more

favorable product mix and positive contributions from licensing and financial services.

- *Maserati*

In **2013**, **EBIT** totaled €106 million, representing a €49 million increase over 2012 (€57 million in 2012) and included a €65 million write-down of capitalized R&D related to development of a new model, which has now been switched to a more technically advanced platform considered more appropriate for the Maserati brand. Net of unusual items, the €114 million year-over-year improvement reflected the significant increase in volumes. In **2012**, EBIT was €42 million (as published), in line with 2011. The positive impact of higher volumes and continued improvements in operating costs were offset by significant costs incurred during the year in connection with the production start-up of new models in 2013.

• **Components**

- *Magneti Marelli*

In **2013**, **EBIT** totaled €169 million, an increase of €38 million over 2012 reflecting, with top-line growth only partially offset by higher costs associated with new product launches in NAFTA. In **2012**, EBIT totaled €130 million for the year, compared to €9 million for 2011 which included €154 million in unusual charges. Net of unusual items, the year-over-year decline in EBIT was primarily attributable to lower volumes in Europe, costs associated with the significant number of production start-ups in the NAFTA region and cost inflation in Brazil, only partially offset by cost containment and efficiency gains achieved during the year.

- *Teksid*

In **2013**, **EBIT** was a negative €70 million (positive €4 million in 2012), including €60 million in unusual charges mainly related to asset impairments for the Cast Iron business unit. Net of unusual items, EBIT was a negative of €10 million compared to break-even in 2012: the decrease was primarily attributable to volume declines. Teksid closed **2012** with an EBIT of €4 million, compared with €1 million in 2011, which included €28 million in unusual charges. Net of unusual charges, the decrease was primarily attributable to volume declines.

- *Comau*

In **2013**, **EBIT** totaled €47 million, compared with €30 million for 2012. The increase primarily driven by the Body Welding operations. In **2012**, EBIT totaled €33 million, compared with a loss of €120 million for 2011, which included unusual charges of €130 million. Net of unusual items, the increase was primarily attributable to the Body Welding and Powertrain Systems activities.

**Net financial expense**

In **2013**, net financial expense totaled €1,964 million, an increase of €79 million over 2012 (IAS 19 restated). Excluding the gains on the Fiat stock option-related equity swaps (€31 million for 2013, at their expiration, compared to €34 million for 2012), net financial expense was €76 million higher, largely due to a higher average net debt level.

In **2012**, net financial expense (as determined under the accounting principles applicable at that time) totaled €1,641 million, compared to €1,282 million (as reported in the profit and loss published that includes 7 months of Chrysler contribution from June 1<sup>st</sup>, 2011).

**Income taxes**

In **2013**, income taxes were a positive €943 million, including a positive one-off of €1,500 million

from the recognition of net deferred tax assets related to Chrysler. Net of this item, there was income tax expense of €557 million (€623 million for 2012), of which €244 million for Fiat excluding Chrysler primarily related to the taxable income of companies operating outside Italy and IRAP in Italy.

In **2012**, Income taxes totaled €625 million (€534 million for 2011). Excluding Chrysler, income taxes were €420 million and related primarily to the taxable income of companies operating outside Europe and IRAP in Italy.

### **Net Profit**

In **2013**, net profit was €1,951 million (€896 million for 2012, IAS 19 restated). Excluding unusual items and the positive deferred tax impact, there was a net profit of €943 million for the year (€1,140 million for 2012, IAS 19 restated).

In **2012**, net profit reported in 2012 Annual Report was €1,411 million as compared to €1,651 million for 2011 that includes seven months contribution from Chrysler (consolidated from June 1, 2011). Additionally, in 2011 unusual items were positive by €944 million, while they were negative by €244 million in 2012.

### **Consolidated Statement of Financial Position**

#### **Non-current assets**

At **December 31, 2013**, Non-current assets totaled €47.6 billion, €2.1 billion higher than year-end 2012, or €4.3 billion higher net of currency translation impacts. This increase related primarily to the change in deferred tax assets (€1.3 billion net of currency effects), including a €1.7 billion positive impact from the recognition of deferred tax assets related to Chrysler, a €2.6 billion increase in fixed assets (net of depreciation and amortization) and consolidation of the assets of VM Motori from July 1, 2013.

At **December 31, 2012**, Non-current assets totaled €45.5 billion, €2 billion higher than the prior year mainly due to the €3.2 billion increase in property, plant & equipment and intangible assets, net of depreciation and amortization, partially offset by negative currency translation differences (approximately €0.7 billion) and the decrease in investments and other financial assets of approximately €0.4 billion in connection with the receiving of a 5% stake in Chrysler. This right had a carrying value of €0.4 billion at December 31, 2011 and was then reversed against minority interests.

#### **Current assets**

At **December 31, 2013**, Current assets totaled €39.2 billion, an increase of €2.6 billion for the year. At constant exchange rates, current assets were €4.6 billion higher, primarily due to increases in net inventory (€1.4 billion), mainly related to increased finished vehicle and work in process levels at December 31, 2013 compared to December 31, 2012, in part driven by higher production levels in late 2013 to meet anticipated consumer demand in NAFTA, APAC and for Luxury Brands; cash and cash equivalents increased by approximately €2.7 billion (excluding currency translation effects), mainly reflecting the positive contribution from financing activities throughout the year.

At **December 31, 2012**, Current assets totaled €36.6 billion, substantially in line with December 31, 2011 (€36.5 billion). Net of currency translation differences, current assets were approximately €900 million higher due to increases in cash and cash equivalents (+€550 million) and inventory.

#### **Equity**

Following the retrospective application of the amendment to IAS 19 from January 1, 2013, the €13,173 million equity at December 31, 2012 reduced to €8.369 million at January 1, 2013. During **2013**, equity increased by €4,215 million almost fully attributable to the total comprehensive

income of €4,190 million, including €2,678 million related to the gain on remeasurements of defined benefit plans of U.S. and Canadian employees.

During **2012**, equity increased by €913 million due to the €1,260 million total comprehensive income, net of €320 million related to the non-cash acquisition of a 5% stake in Chrysler equity upon achievement of the last “performance event” included in the agreements.

### Provisions

At **December 31, 2013**, Provisions totaled €17.4 billion from €20.3 billion at December 31, 2012 (restated following the retrospective adoption of IAS 19 as amended).

(€ million)	At December 31, 2013	At December 31, 2012	Change.
Employee benefits	8,265	11,486 <sup>(1)</sup>	-3,221
Other provisions	9,095	8,790	305
<b>Provisions</b>	<b>17,360</b>	<b>20,276</b>	<b>-2,916</b>

<sup>(1)</sup> Restated following the retrospective adoption of IAS 19 as amended.

The €3.2 billion reduction in Employee benefits provisions was mainly attributable to U.S. and Canadian pension plans following the increase in discount rates resulted in actuarial gains, the employer contributions and the changes in exchange rates.

Other provisions increased by €305 million mainly related to accrued sales incentives due to higher activity levels.

At **December 31, 2012**, Provisions totaled €15.5 billion from €15.6 billion at December 31, 2011.

(€ million)	At December 31, 2012	At December 31, 2011	Change.
Employee benefits	6,694	7,026	-332
Other provisions	8,790	8,598	192
<b>Provisions</b>	<b>15,484</b>	<b>15,624</b>	<b>-140</b>

The €332 million reduction in Employee benefits provisions was mainly attributable to U.S. and Canadian pension plans and to the decrease in “Other provisions for employees and liabilities for share based payments”, the last mainly referred to the exchange rates impact.

Other provision increased by €192 million, driven by increase in Warranty provision and accrued sales incentives following the higher levels of activity, particularly in NAFTA e APAC.

### Debt

Details are reported hereinafter under Consolidated statements of Cash Flow – Financing activities.

#### Trade payables and Other current liabilities

At **December 31, 2013**, Trade payables and Other current liabilities totaled approximately €26.2 billion, a €1.8 billion increase over December 31, 2012. Net of exchange rates impact, Trade payables and Other current liabilities increased by €2.5 billion, of which €1.4 billion related to Trade payables, mainly related to increased production in NAFTA, and increased production for Luxury Brands, while €1.1 billion referred to Other current liabilities mainly related to increases in advances received for vehicles sold under buy-back agreements, due to higher volumes, in addition to accruals and pre-payments, largely related to the deferral of grants recognized in 2012 for the construction of Pernambuco plant in Brazil.

At **December 31, 2012**, Trade payables and Other current liabilities totaled approximately €24.4 billion, a €0.4 billion increase over December 31, 2011. Net of exchange rates impact, Trade payables and Other current liabilities increased by €1.4 billion, of which €0.5 billion related to Trade payables, mainly related to increased production in response to increased consumer demand

of our vehicles especially in NAFTA and APAC, partially offset by reduced production and sales levels in EMEA, while €0.9 billion referred to Other current liabilities related to a series of items.

### Consolidated statement of Cash Flows

(€ million)	<u>2013</u>	<u>2012</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	17,657	17,526
CASH FROM OPERATING ACTIVITIES	7,589	6,444
CASH (USED) IN INVESTING ACTIVITIES	(8,086)	(7,537)
CASH FROM FINANCING ACTIVITIES	3,188	1,643
Currency translation differences	(909)	(419)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,782	131
CASH AND CASH EQUIVALENTS AT END OF YEAR	19,439	17,657

### Operating activities

For **2013**, operating activities generated cash of €7,589 million, of which €6,121 million from income-related cash inflows (i.e., net profit plus amortization and depreciation, dividends, changes in provisions and items related to sales with buy-back commitments, net of gains/losses on disposals and other non-cash items) and €1,468 million from the decrease in working capital.

For **2012**, operating activities generated cash of €6,444 million, of which €5,730 million from income-related cash inflows and €714 million from the decrease in working capital.

### Investing activities

For **2013** investing activities absorbed €8,086 million in cash, consisting primarily of a €7,440 million increase in tangible and intangible fixed assets (including €2,042 million in capitalized development costs) and a €449 million increase in receivables from financing activities, mainly consisting of dealer financing in Latin America and China, as well as a €231 million increase in equity investments.

For **2012**, investing activities absorbed €7,537 million in cash. Expenditure on tangible and intangible fixed assets (including €2,138 million in capitalized development costs) totaled €7,534 million.

### Financing activities

For **2013**, Financing activities generated €3.2 billion in cash. During the year, bonds issued totaling €2.9 billion and bonds repaid at maturity in February were €1 billion. In addition, there were new medium-term borrowings of approximately €2.6 billion, which more than covered medium-term borrowings maturing during the period (€2.0 billion).

For **2012**, financing activities generated €1,643 million in cash. During 2012, the €2.5 billion in proceeds from bonds issued offset by repayment of approximately €1.5 billion in bond maturities. In addition, repayment of medium-term borrowing totaling €1.5 billion was more than offset by €1.9 billion in new medium-term borrowings.

### Net Debt

Group Net Debt for the year 2013, 2012 and 2011 is set out below:

(€ million)	<u>At December 31,</u>		
	<u>2013</u>	<u>2012</u>	<u>2011</u>
Debt:	(29.902)	(27,889)	(26,772)
Asset-backed financing	(596)	(449)	(710)
Other debt	(29.306)	(27,440)	(26,062)
Current financial receivables from jointly-controlled financial services companies (a)	27	58	21
<b>Debt, net of current financial receivables from jointly-controlled financial services companies</b>	<b>(29.875)</b>	<b>(27,831)</b>	<b>(26,751)</b>
Other financial assets (b)	533	519	557
Other financial liabilities (b)	(137)	(201)	(429)
Current securities	247	256	199
Cash and cash equivalents	<u>19.439</u>	<u>17.657</u>	<u>17.526</u>
<b>Net debt</b>	<b><u>(9.793)</u></b>	<b><u>(9,600)</u></b>	<b><u>(8,898)</u></b>
	<i>Industrial Activities</i>	<i>(6,649)</i>	<i>(5,529)</i>
	<i>Financial Services</i>	<i>(3,144)</i>	<i>(3,369)</i>
Cash, cash equivalents and current securities	19.686	17,913	17,725
Undrawn committed credit lines	<u>3.043</u>	<u>2.935</u>	<u>2.955</u>
<b>Total available liquidity</b>	<b><u>22.729</u></b>	<b><u>20,848</u></b>	<b><u>20,680</u></b>
(a)	Includes current financial receivables from FGA Capital Group.		
(b)	Includes fair value of derivative financial instruments.		

At **31 December 2013**, consolidated **net debt** totaled €9,793 million, an increase of €193 million over year-end 2012. For Fiat excluding Chrysler, net debt was €10,008 million, €1,905 million higher than 2012 year-end. Capital expenditure for the year (€3.9 billion), an increase in the financial services portfolio (€0.5 billion), equity investments and a change in the scope of operations (€0.4 billion) were only partially compensated for by income-related cash inflows (€2.4 billion) and positive currency translation differences (€0.4 billion). Chrysler reported a net cash position of €215 million, compared with net debt of €1.5 billion at year-end 2012, with €5.2 billion in operating cash flow more than offsetting €3.6 billion in capital expenditure.

At **31 December 2012**, consolidated net debt totaled €9,600 million, up €702 million over the beginning of the year. Excluding Chrysler, net debt increased by €2.3 billion over 31 December 2011 to €8,103 million, primarily as a result of €3.2 billion in capital expenditure and around €0.6 billion in working capital absorption, both of which were only partially offset by income-related cash inflows (€1.1 billion) and currency translation differences (€0.2 billion). For Chrysler, net debt was down €1.6 billion, reflecting €5.9 billion in cash flow from operations net of €4.3 billion in capital expenditure for the period.

## 4.2 HALF-YEAR CONDENSED FINANCIAL STATEMENTS FOR FIAT GROUP FOR THE SIX MONTHS ENDED AT JUNE 30, 2014

Financial data included in the following tables were taken from the Fiat Group Half-year Interim Financial Report for the six months ended June 30, 2014, incorporated herein by reference.

### 4.2.1 Fiat Group – Consolidated Income Statement for the six months ended June 30, 2014<sup>(\*)</sup>

(€ million)	<u>For the six months ended</u>	
	<u>2014</u>	<u>2013<sup>(**)</sup></u>
Net revenues	45,453	41,988
Cost of sales	39,338	35,959
Selling, general and administrative costs	3,434	3,262
Research and development costs	1,227	1,059

Other income/(expenses)	89	(37)
Result from investments:	69	44
<i>Share of the profit and (loss) of equity method investees</i>	52	28
<i>Other income and (expenses) from investments</i>	17	16
Gains on the disposal of investments	8	2
Restructuring costs/(income)	8	(5)
Other unusual income/(expenses)	(381)	(42)
<b>EBIT</b>	<b>1,231</b>	<b>1,680</b>
Net financial expenses	(999)	(960)
<b>Profit before taxes</b>	<b>232</b>	<b>720</b>
Tax expenses	208	254
Profit from continuing operations	<b>24</b>	<b>466</b>
<b>Net profit</b>	<b>24</b>	<b>466</b>
<b>Net profit/(loss) for the period attributable to:</b>		
Owners of the parent	(14)	59
Non-controlling interests	38	407

(\*) The Group no longer reports Trading profit as a supplementary performance assessment measure.

(\*\*) Following the retrospective application of IFRS 11, the 2013 comparative amounts were restated as required by IAS 1. Compared to the previously reported figures, Net revenues decreased by €94 million, EBIT increased by €20 million, Profit before taxes increased by €5 million. Profit for the period unchanged.

**4.2.2 Fiat Group – Consolidated Statement of Comprehensive Income for the six months ended June 30, 2014**

	<u>For the six months ended June</u>	
		<u>30,</u>
(€ million)	<u>2014</u>	<u>2013 <sup>(*)</sup></u>
<b>Net profit for the period (A)</b>	<b>24</b>	<b>466</b>
<b>Items that will never be reclassified to the Consolidated Income Statement:</b>		
Gains/(losses) on remeasurements of defined benefit plans	(18)	511
Related tax impact	1	-
<b>Total items that will never be reclassified to the Consolidated Income Statement (B1)</b>	<b>(17)</b>	<b>511</b>
<b>Items that may be reclassified to the Consolidated Income Statement:</b>		
Gains/(losses) on cash flow hedging instruments	(272)	110
Gains/(losses) on available-for-sale financial assets	(11)	3
Exchange differences on translating foreign operations	184	(102)
Share of Other comprehensive income/(loss) for equity method investees	15	(28)
Related tax impact	85	(2)
<b>Total items that may be reclassified to the Consolidated Income Statement (B2)</b>	<b>1</b>	<b>(19)</b>
<b>Total Other comprehensive income, net of tax (B1)+(B2)=(B)</b>	<b>(16)</b>	<b>492</b>
<b>Total Comprehensive income (A)+(B)</b>	<b>8</b>	<b>958</b>
<b>Total Comprehensive income/(loss) attributable to:</b>		
Owners of the parent	(103)	254
Non-controlling interests	111	704

(\*) Following the retrospective application of IFRS 11, the 2013 comparative amounts were restated as required by IAS 1. See Section 4.2.5 below for further details.

### 4.2.3 Fiat Group – Consolidated Statement of Financial Position at June 30, 2014

(€ million)	<u>At June 30, 2014</u>	<u>At December 31, 2013<sup>(*)</sup></u>
<b>Assets</b>		
Intangible assets	20,203	19,514
<i>Goodwill and intangible assets with indefinite useful lives</i>	12,553	12,440
<i>Other intangible assets</i>	7,650	7,074
Property, plant and equipment	23,865	23,233
Investments and other financial assets:	2,033	2,052
<i>Investments accounted for using the equity method</i>	1,398	1,388
<i>Other investments and financial assets</i>	635	664
Defined benefit plan assets	79	105
Deferred tax assets	3,261	2,903
<b>Total Non-current assets</b>	<b>49,441</b>	<b>47,807</b>
Inventories	12,202	10,278
Trade receivables	3,046	2,544
Receivables from financing activities	4,057	3,671
Current tax receivables	361	312
Other current assets	2,494	2,323
Current financial assets:	627	815
<i>Current investments</i>	37	35
<i>Current securities</i>	204	247
<i>Other financial assets</i>	386	533
Cash and cash equivalents	18,515	19,455
<b>Total Current assets</b>	<b>41,302</b>	<b>39,398</b>
Assets held for sale	26	9
<b>Total Assets</b>	<b>90,769</b>	<b>87,214</b>
<b>Equity and liabilities</b>		
Equity:	9,890	12,584
<i>Equity attributable to owners of the parent</i>	9,542	8,326
<i>Non-controlling interest</i>	348	4,258
Provisions:	18,322	17,427
<i>Employee benefits</i>	8,412	8,326
<i>Other provisions</i>	9,910	9,101
Deferred tax liabilities	203	278
Debt	31,996	30,283
Other financial liabilities	313	137
Other current liabilities	11,134	8,963
Current tax payables	238	314
Trade payables	18,673	17,207
Liabilities held for sale	-	21
<b>Total Equity and liabilities</b>	<b>90,769</b>	<b>87,214</b>

(\*) Following the retrospective application of IFRS 11, the 2013 comparative amounts were restated as required by IAS 1. See Section 4.2.5 below for further details.

#### 4.2.4 Fiat Group – Consolidated Statement of Cash Flows for the six months ended June 30, 2014

(€ million)	<u>For the six months ended June</u>	
	<u>2014</u>	<u>30, 2013<sup>(*)</sup></u>
<b>Cash and cash equivalents at beginning of the period</b>	<b>19,455</b>	<b>17,666</b>
<b>Cash flows from/(used in) operating activities:</b>		
Net profit for the period	24	466
Amortization and depreciation	2,359	2,226
Net (gains)/losses on disposal of tangible and intangible assets	(1)	2
Net (gains)/losses on disposal of investments	(8)	(2)
Other non-cash items	233	35
Dividends received	59	93
Change in provisions	721	(361)
Change in deferred taxes	(58)	(47)
Change in items due to buy-back commitments and GDP vehicles	269	173
Change in working capital	180	764
<b>Total</b>	<b>3,778</b>	<b>3,349</b>
<b>Cash flows from/(used in) investing activities:</b>		
Investments in property, plant and equipment and intangible assets	(3,233)	(3,483)
Capital increases in joint ventures, associates and unconsolidated subsidiaries	(3)	(31)
Proceeds from the sale of tangible and intangible assets	21	15
Proceeds from disposal of other interests	7	2
Net change in receivables from financing activities	(280)	(523)
Change in current securities	49	40
Other changes	11	14
<b>Total</b>	<b>(3,428)</b>	<b>(3,966)</b>
<b>Cash flows from/(used in) financing activities:</b>		
Issuance of bonds	3,010	1,250
Repayment of bonds	-	(1,000)
Issuance of other medium-term borrowings	2,840	1,354
Repayment of other medium-term borrowings	(4,660)	(1,147)
Net change in other financial payables and other financial assets/liabilities	168	420
Increase in share capital	3	2
Dividends paid	-	(1)
Distribution for certain tax obligation of the VEBA	(45)	-
Acquisition of non-controlling interests	(2,691)	-
<b>Total</b>	<b>(1,375)</b>	<b>878</b>
Translation exchange differences	85	(148)
<b>Total change in cash and cash equivalents</b>	<b>(940)</b>	<b>113</b>
<b>Cash and cash equivalents at end of the period</b>	<b>18,515</b>	<b>17,779</b>

(\*) Following the retrospective application of IFRS 11, the 2013 comparative amounts were restated as required by IAS 1. See Section 4.2.5 below for further details.

## 4.2.5 Notes to the principal line items in the Fiat Group 1<sup>st</sup> Half 2014 consolidated financial statements

### Net revenues

(€ million)	For the six months ended June 30,		
	2014	2013 <sup>(*)</sup>	% Change
<b>NAFTA</b>	23,990	21,509	11.5
<b>LATAM</b>	4,153	5,307	-21.7
<b>APAC</b>	3,019	2,117	42.6
<b>EMEA</b>	8,951	9,086	-1.5
<b>Luxury Brands</b>	2,613	1,569	66.5
<i>Ferrari</i>	1,349	1,177	14.6
<i>Maserati</i>	1,387	439	215.9
<b>Components</b>	4,154	4,055	2.4
<i>Magneti Marelli</i>	3,166	3,056	3.6
<i>Teksid</i>	328	362	-9.4
<i>Comau</i>	697	665	4.8
<b>Other</b>	402	469	-
<b>Eliminations and adjustments</b>	(1,829)	(2,124)	-
<b>Total</b>	<b>45,453</b>	<b>41,988</b>	<b>8.3</b>

(\*) Following the retrospective application of IFRS 11, the 2013 comparative amounts were restated as required by IAS 1. Net revenues: Group -€94 million, APAC +€32 million, EMEA -€44 million, Unallocated items & adjustments -€82 million.

**Net revenues** for the six months ended June 30, 2014 were €45.5 billion, an increase of €3.5 billion, or 8.3% (+13.2% on a constant currency basis), from €42.0 billion for the six months ended June 30, 2013.

The increase in net revenues was primarily attributable to:

- a €2.5 billion increase in NAFTA net revenues, related to an increase in shipments and improved product and distribution channel mix, which was only partially offset by unfavorable foreign currency translation effect;
- a €1.0 billion increase in Luxury Brands net revenues primarily attributable to an increase in Maserati shipments;
- a €0.9 billion increase in APAC net revenues attributable to an increase in shipments and improved product mix; and
- an increase of €0.1 billion in Components net revenues.

These increases were partially offset by:

- a decrease of €1.2 billion in LATAM net revenues attributable to the combined effect of lower vehicle shipments and unfavorable foreign currency translation effect related to the weakening of the Brazilian Real against the Euro.
- a decrease of €0.1 billion in EMEA net revenues, as higher shipments were offset by the impact of lower used car volumes and component sales in addition to less favorable distribution channel mix attributable to an increase in the proportion of sales with buyback commitments.

## EBIT

(€ million)	For the six months ended June 30,		
	2014	2013 <sup>(*)</sup>	Change
<b>NAFTA</b> (mass-market brands)	481	1,133	-652
<b>LATAM</b> (mass-market brands)	13	351	-338
<b>APAC</b> (mass-market brands)	241	185	56
<b>EMEA</b> (mass-market brands)	(78)	(176)	98
<b>Luxury Brands</b> (Ferrari, Maserati)	305	181	124
<i>Ferrari</i>	185	176	9
<i>Maserati</i>	120	5	115
<b>Components</b> (Magneti Marelli, Teksid, Comau)	102	95	7
<i>Magneti Marelli</i>	87	81	6
<i>Teksid</i>	(5)	(5)	-
<i>Comau</i>	20	19	1
<b>Other</b>	(36)	(78)	42
<b>Eliminations and adjustments</b>	203 <sup>(1)</sup>	(11)	214
<b>Total</b>	<b>1,231</b>	<b>1,680</b>	<b>-449</b>

(\*) Following the retrospective application of IFRS 11, the 2013 comparative amounts were restated as required by IAS 1: Group +€20 million, APAC +€11 million, EMEA +€9 million.

(1) Includes the unusual non-cash and non-taxable gain of €223 million recognized in Q1 2014 resulting from the fair value of the options represented approximately 10% of Chrysler equity interest which was a portion of the 41.5% stake that Fiat acquired from the VEBA Trust on January 21, 2014.

**EBIT** was €1,231 million for the six months ended June 30, 2014, a decrease of €449 million or 27% (-22% CER) from €1,680 million for the six months ended June 30, 2013 due to unusual items negatively impacting by €346 million, primarily reflecting the €495 million charge in Q1 2014 connected with the UAW Memorandum of Understanding entered into by Chrysler on January 21<sup>st</sup> partially offset by the non-taxable gain of €223 million on the re-measurement to fair value of the previously exercised options on approximately 10% of Chrysler's membership interest in connection with the Equity Purchase Agreement.

Excluding unusual items, EBIT decreased by €103 million.

For the six months ended June 30, 2014, **NAFTA**, EBIT decreased by €652 million, as compared to the six months ended June 30, 2013, to €481 million due to a €563 million year-over-year difference in unusual items, primarily reflecting the €495 million charge in Q1 2014 connected with the UAW Memorandum of Understanding. Excluding unusual items, NAFTA EBIT was €89 million lower, or €44 million CER, largely explained by the same drivers experienced in the second quarter.

For **LATAM**, EBIT decreased from €351 million for the six months ended June 30, 2013, to €13 million for the six months ended June 30, 2014, primarily explained by lower volumes, positive net pricing which was more than offset by input cost inflation, poor business conditions in Venezuela and negative currency translation impacts, as well as a €35 million increase in net unusual charges.

For **APAC**, EBIT was up from €185 million for the six months ended June 30, 2013, to €241 million for the six months ended June 30, 2014, on the back of higher volumes and a better product mix, which were partially compensated by increased sales and marketing spending to support volume expansion in the region in addition to foreign exchange effects.

For **EMEA**, EBIT for the six months ended June 30, 2014, was -€78 million, compared with -€176 million for the six months ended June 30, 2013. The year-over-year improvement of €98 million was primarily attributable to industrial efficiencies and a more favorable product mix, partially offset by competitive pricing pressures and higher advertising expense as well as by a reduction in net unusual charges of €7 million.

For **Luxury Brands**, EBIT was €305 million, from €181 million in H1 2013, with Maserati

improving from €5 million to €120 million driven by record volume growth.

For **Components**, EBIT was up from €95 million to €102 million.

### Net financial (expenses)

<i>(€ million, except percentages)</i>	<b>For the six months ended June 30,</b>		<b>Increase/(decrease)</b>	
	<b>2014</b>	<b>2013</b>	<b>2014 vs. 2013</b>	
Net financial (expense)	(999)	(960)	-39	4.1%

Net financial expenses for the six months ended June 30, 2014 were €999 million, an increase of €39 million, or 4.1%, from €960 million for the six months ended June 30, 2013.

Excluding the gain on the Fiat stock option-related equity swaps of €36 million recognized in the six months ended June 30, 2013, net financial expenses were substantially unchanged with benefits from the recent Chrysler refinancing transactions being offset by higher average debt levels and negative exchange rate effects.

### Tax expenses

<i>(€ million, except percentages)</i>	<b>For the six months ended June 30,</b>		<b>Increase/(decrease)</b>	
	<b>2014</b>	<b>2013</b>	<b>2014 vs. 2013</b>	
Tax expenses	208	254	-46	-18.1%

Tax expenses for the six months ended June 30, 2014 were €208 million, a decrease of €46 million, or 18.1%, from €254 million for the six months ended June 30, 2013. At December 31, 2013, previously unrecognized deferred tax assets of €1,500 million were recognized, principally related to tax loss carry forwards and temporary differences in the NAFTA operations. In 2014, the utilization of a part of these temporary differences resulted in higher deferred tax expense as compared to the prior year, that were more than offset by the recognition of a €125 million deferred tax benefit during the three months ended March 31, 2014 which did not occur in the three months ended March 31, 2013.

## Consolidated Statement of Financial Position

### Non-current assets

At **June 30, 2014**, Non-current assets totaled €49.4 billion, €1.6 billion higher than year-end 2013, or approximately €1 billion net of currency translation impacts. This increase related primarily to the change in deferred tax assets (€0.3 billion net of currency effects) and a €0.8 billion increase in fixed assets (net of depreciation and amortization).

### Current assets

At **June 30, 2014**, Current assets totaled €41.3 billion, an increase of €1.9 billion for the six months ended June 30, 2014. At constant exchange rates current assets were €1.5 billion higher, primarily due to increases in net inventory (€1.8 billion), mainly attributable to the seasonal increase vehicles sold with a buy-back commitment and the higher level of finished products. Additionally, commercial receivables increased by approximately €0.5 billion, following the increased shipments in NAFTA. These increases were partially offset by a decrease in Cash and cash equivalents (approximately €1 billion) related to the disbursement to purchase the remaining 41.5% stake in Chrysler and capital expenditure for the period, net of cash flow from operating activities.

### Equity

During the **first six months of 2014**, Equity decreased by €2,694 million almost entirely attributable to the impact on non-controlling interest of the acquisition of the remaining 41.5% interest in Chrysler settled in January 2014.

## Provisions

At June 30, 2014 Provisions totaled €18.3 billion from €17.4 billion at December 31, 2013.

(€ million)	At June 30, 2014	At December 31, 2013 <sup>(1)</sup>	Change.
Employee benefits	8,412	8,326	86
Other provisions	9,910	9,101	809
<b>Provisions</b>	<b>18,322</b>	<b>17,427</b>	<b>895</b>

<sup>(1)</sup> Restated following the retrospective adoption of IFRS 11 as amended.

The €895 million total increase in Provisions was almost entirely attributable to the increase in Other provisions following higher accrued sales incentives, primarily due to an increase in retail incentives as well as an increase in dealer stock levels to support increased sales volumes in NAFTA, and net adjustments to warranties for NAFTA, including those related to recent recall campaign.

## Debt

Details are reported hereinafter under Consolidated statements of Cash Flow – Financing activities.

### Trade payables and Other current liabilities

At June 30, 2014, Trade payables and Other current liabilities totaled approximately €30 billion, a €3.6 billion increase over December 31, 2013.

Trade payable increased by €1.5 billion following higher volume of activities. Additionally Other current liabilities increased by €2.2 billion due to higher liabilities for sales with buy-back commitments, as well as higher accrued expenses and deferred income which includes the outstanding obligation (€368 million at June 30, 2014) arising from the Memorandum of Understanding entered into by Chrysler and the UAW on January 2014.

## **Consolidated statement of Cash Flows**

### Cash flows from operating activities

**For the six months ended June 30, 2014**, net cash from operating activities was €3,778 million and was primarily the result of:

- a net profit of €24 million adjusted to add back (a) €2,359 million for depreciation and amortization expense and (b) other non-cash items of €233 million, which primarily includes (i) €366 million related to the non-cash portion of the expense recognized in connection with the execution of the Memorandum of Understanding entered into by the UAW and Chrysler on January 21, 2014 (ii) €94 million re-measurement charge recognized as a result of the Group's change in the exchange rate used to re-measure its Venezuelan subsidiary's net monetary assets in U.S. Dollars which were partially offset by (iii) the non-taxable gain of €223 million on the re-measurement at fair value of the previously exercised options on approximately 10% of Chrysler's membership interests in connection with the equity purchase agreement (see Note 7 to the Half-year Condensed Financial Statements for further information);
- a net increase of €721 million in provisions, mainly related to: (i) increase in accrued sales incentives, primarily due to an increase in retail incentives as well as an increase in dealer stock levels as of June 30, 2014 versus December 31, 2013 to support increased sales volumes in NAFTA, and (ii) net adjustments to pre-existing warranties, including those related to recent recall campaigns; and
- €59 million of dividends received from jointly-controlled entities.

The decrease in working capital contributed cash of €180 million primarily driven by (a) €1,339 million increase in trade payables, mainly related to increased production in NAFTA and EMEA which was partially offset by (b) €646 million increase in inventory (net of vehicles sold under buy-back commitments) due to increased finished vehicles levels for all regions and Luxury brands, (c) €476 million increase in trade receivables, principally in NAFTA following the increased shipments at the end of June 2014 as compared to the end of December 2013 as a result of the annual plant shutdowns, and (d) €37 million in net other current assets and liabilities.

### Cash flows (used in) investing activities

**For the six months ended June 30, 2014**, net cash used in investing activities was €3,428 million and was primarily the result of:

- €3,223 million of capital expenditures, including €985 million of capitalized development costs, to support investments in existing and future products. Capital expenditure primarily relates to the mass-market operations in NAFTA and EMEA and the ongoing construction of the new plant at Pernambuco, Brazil; and
- €280 million of a net increase in receivables from financing activities, of which €193 million related to the increased lending portfolio of the financial services activities of the Group and €64 million related to increased financial receivables due from jointly controlled financial services companies.

### Cash flows from/(used in) financing activities

**For the six months ended June 30, 2014**, net cash used in financing activities was €1,375 million and was primarily the result of:

- Cash payment to the VEBA Trust for the acquisition of the remaining approximately 41.5% ownership interest in Chrysler held by the VEBA Trust equal to U.S.\$3.65 billion (€2.69 billion) and U.S.\$60 million (€45 million) of tax distribution by Chrysler to cover the VEBA

Trust's tax obligation. In particular the consideration for the acquisition consisted of a special distribution paid by Chrysler to its members on January 21, 2014 of U.S. \$1.9 billion, or €1.4 billion (FNA's portion of the special distribution was assigned to the VEBA Trust as part of the purchase consideration) which served to fund a portion of the transaction; and a cash payment by FNA to the VEBA Trust of U.S.\$1.75 billion or €1.3 billion. The special distribution by Chrysler and the cash payment by FNA for an aggregate amount of €2,691 million is classified as acquisition of non-controlling interest on the cash flow statement while the tax distribution (€45 million) is classified separately,

- payment of medium-term borrowings for a total of €4,660 million, mainly related to the prepayment of all amounts under the VEBA Trust Note amounting to approximately U.S.\$5 billion (€3.6 billion), including accrued and unpaid interest; which were partially offset by
- proceeds from bond issuances for a total amount of €3,010 million which includes (a) €1 billion of notes issued as part of the Global Medium Term Notes Program ("GMTN Program") and €2 billion (for a total face value of U.S.\$ 2,755 million) of senior secured notes issued by Chrysler as part of the VEBA Trust Note refinancing transaction (see Note 21 to the Half-Year Condensed Financial Statements for further information); and
- proceeds from new medium-term borrowings for a total of €2,840 million, which include the incremental term loan entered into by Chrysler of U.S.\$ 250 million (€181 million) under its existing tranche B term loan facility, the new U.S.\$ 1.75 billion tranche B, issued under a new term loan credit facility entered into by Chrysler as part of the refinancing transaction to facilitate repayment of the VEBA Trust Note, and new medium term borrowing in Brazil.

#### **4.3 AUDIT OF FINANCIAL INFORMATION RELATING TO PRIOR YEARS**

The 2013 and 2012 Fiat Group consolidated financial statements were subject to a full audit by E&Y (appointed after expiration of the statutory term of appointment of Deloitte in accordance with Italian law), which issued an unqualified opinion on March 4, 2014 and February 25, 2013, respectively.

The 2011 Fiat Group consolidated financial statements were subject to a full audit by Deloitte, which issued an unqualified opinion on February 27, 2012.

The Fiat Group consolidated financial statements as of and for the period ended June 30, 2014 were subject to a limited review by E&Y, which issued an unqualified review report on August 4, 2014.

All such E&Y and Deloitte opinions and report are available on Fiat Group corporate website.

#### **4.4 RELATED PARTY TRANSACTIONS OF FIAT GROUP**

Pursuant to IAS 24, the related parties of the Fiat Group are entities and individuals capable of exercising control, joint control or significant influence over Fiat Group and its subsidiaries, companies belonging to the Exor Group, (including the CNH Industrial Group) and unconsolidated subsidiaries, associates or joint ventures of the Fiat Group. In addition, members of Fiat Group board of directors, Board of Statutory Auditors and executives with strategic responsibilities and their families are also considered related parties.

The Group carries out transactions with unconsolidated subsidiaries, jointly-controlled entities, associates and other related parties, on commercial terms that are normal in the respective markets, considering the characteristics of the goods or services involved.

##### **Transactions with related parties for the years ended December 31, 2013, 2012 and 2011**

The impacts of these transactions on Fiat Group's 2013, 2012 and 2011 consolidated income statement are presented below:

(€ million)	Totale 2013	of which: Related parties						Total related parties	Percentage of line item
		Unconsolidated subsidiaries	Jointly controlled entities	Associates	CNH Industrial Group	Other related parties			
Net revenues	<b>86,816</b>	44	2,015	70	703	-	<b>2,832</b>	3.3	
Cost of sales.	<b>74,570</b>	15	3,034	4	314	24	<b>3,391</b>	4.5	
Selling, general and administrative costs	<b>6,689</b>	28	24	5	-	62	<b>119</b>	1.8	
Financial income/(expenses)	<b>(1,964)</b>	1	(23)	-	-	-	<b>(22)</b>		

(€ million)	Totale 2012	of which: Related parties						Total related parties	Percentage of line item
		Unconsolidated subsidiaries	Jointly controlled entities	Associates	CNH Industrial Group	Other related parties			
Net revenues	<b>83,957</b>	36	2,002	78	676	1	<b>2,793</b>	3.3	
Cost of sales.	<b>71,701</b>	99	3,272	3	264	36	<b>3,674</b>	5.1	
Selling, general and administrative costs	<b>6,763</b>	27	17	7	1	64	<b>116</b>	1.7	
Financial income/(expenses)	<b>(1,885)</b>	3	(28)	-	-	-	<b>(25)</b>		

(€ million)	Totale 2011	of which: Related parties						Total related parties	Percentage of line item
		Unconsolidated subsidiaries	Jointly controlled entities	Associates	CNH Industrial Group	Other related parties			
Net revenues	<b>59,559</b>	38	2,049	218	663	2	<b>2,970</b>	5.0	
Cost of sales.	<b>50,704</b>	71	3,373	313	428	87	<b>4,272</b>	8.4	
Selling, general and administrative costs	<b>5,047</b>	21	24	10	1	61	<b>117</b>	2.3	
Financial income/(expenses)	<b>(1,282)</b>	2	(34)	-	72	-	<b>40</b>		

The impacts on the consolidated statement of financial position at December 31, 2013, 2012 e 2011 are presented below:

(€ million)	At December 31, 2013	of which: Related parties						Total related parties	Percentage of line item
		Unconsolidated subsidiaries	Jointly controlled entities	Associates	CNH Industrial Group	Other related parties			
Current Receivables from financing activities	<b>3,671</b>	38	100	7	18	-	<b>163</b>	4.4	
Trade receivables.	<b>2,406</b>	39	170	22	48	-	<b>279</b>	11.6	
Other current assets	<b>2,302</b>	4	6	-	24	-	<b>34</b>	1.5	
Asset-backed financing	<b>596</b>	-	85	-	-	-	<b>85</b>	14.3	
Other debt	<b>29,306</b>	20	290	-	53	-	<b>363</b>	1.2	
Trade payables	<b>17,235</b>	11	829	6	20	7	<b>873</b>	5.1	
Other current liabilities	<b>8,943</b>	1	107	25	13	18	<b>164</b>	1.8	

(€ million)	At December 31, 2012	of which: Related parties						Total related parties	Percentage of line item
		Unconsolidated subsidiaries	Jointly controlled entities	Associates	CNH Industrial Group	Other related parties			
Current Receivables from financing activities	<b>3,727</b>	66	117	-	18	-	<b>201</b>	5.4	

Trade receivables.	<b>2,702</b>	24	246	40	74	-	<b>384</b>	14.2
Other current assets	<b>2,163</b>	4	18	-	27	-	<b>49</b>	2.3
Asset-backed financing	<b>449</b>	-	56	-	5	-	<b>61</b>	13.6
Other debt	<b>27,440</b>	20	100	4	87	-	<b>211</b>	0.8
Trade payables	<b>16,558</b>	15	901	7	30	16	<b>969</b>	5.9
Other current liabilities	<b>7,781</b>	1	92	27	45	14	<b>179</b>	2.3

(€ million)	At December 31, 2011	of which: Related parties						
		Unconsolidated subsidiaries	Jointly controlled entities	Associates	CNH Industrial Group	Other related parties	Total related parties	Percentage of line item
Current Receivables from financing activities	<b>3,968</b>	38	114	2	43	-	<b>197</b>	5.0
Trade receivables.	<b>2,625</b>	36	258	20	97	-	<b>411</b>	15.7
Other current assets	<b>2,088</b>	8	34	-	28	-	<b>70</b>	3.4
Asset-backed financing	<b>710</b>	-	92	-	9	-	<b>101</b>	14.2
Other debt	<b>26,062</b>	40	118	4	68	-	<b>230</b>	0.9
Trade payables	<b>16,418</b>	13	1,061	11	30	24	<b>1,139</b>	6.9
Other current liabilities	<b>7,538</b>	3	90	24	13	-	<b>130</b>	1.7

### Transactions with jointly-controlled entities

These transactions primarily impacted revenues, cost of sales, and trade receivables and payables. The impacts of individual transactions by line item are summarized below.

#### Net revenues

These primarily relate to the sale of motor vehicles, engines, other components and productions systems and provision of services, recharges of research costs and the sale of goods to the following companies:

(€ million)	2013	2012	2011
Tofas-Turk Otomobil Fabrikasi A.S.....	1,145	1,115	1,257
Società Europea Veicoli Leggeri-Sevel S.p.A.....	475	470	465
FGA Capital Group	223	200	207
Fiat India Automobiles Limited	27	38	42
GAC FIAT Automobiles Co Ltd.....	137	147	42
Société Européenne de Véhicules Légers du Nord-Sevelnord Société Anonyme (*).....	-	24	32
VM Motori Group	-	-	-
Other	8	8	4
<b>Revenues from jointly-controlled entities.....</b>	<b>2,015</b>	<b>2,002</b>	<b>2,049</b>

(\*) At 31 December 2012, the Investment was classified as Asset held for sale, then transferred at the beginning of the 2013.

#### Cost of sales

These primarily relate to the purchase of commercial vehicles and engines from the following companies:

(€ million)	2013	2012	2011
Tofas-Turk Otomobil Fabrikasi A.S.....	1,287	1,227	1,289
Società Europea Veicoli Leggeri-Sevel S.p.A.....	1,557	1,526	1,603
FGA Capital Group	62	82	80
Fiat India Automobiles Limited	1	-	14
GAC FIAT Automobiles Co Ltd.....	-	-	3

Société Européenne de Véhicules Légers du Nord- Sevelnord Société Anonyme (*).....	-	218	265
VM Motori Group	121	215	115
Other	6	4	4
<b>Cost of sales from jointly-controlled entities</b> .....	<b>3,034</b>	<b>3,272</b>	<b>3,373</b>

(\*) At 31 December 2012, the Investment was classified as Asset held for sale, then transferred at the beginning of the 2013.

#### Trade receivables

Receivables arising in relation to the revenues described above. In particular:

(€ million)	2013	2012	2011
Tofas-Turk Otomobil Fabrikasi A.S.....	50	32	26
Società Europea Veicoli Leggeri-Sevel S.p.A.....	21	23	44
FGA Capital Group	49	64	63
Fiat India Automobiles Limited	10	96	102
GAC FIAT Automobiles Co Ltd.....	35	23	18
Société Européenne de Véhicules Légers du Nord- Sevelnord Société Anonyme (*).....	-	1	1
VM Motori Group	-	-	-
Other	5	7	4
<b>Trade receivables from jointly-controlled entities</b> .....	<b>170</b>	<b>246</b>	<b>258</b>

(\*) At 31 December 2012, the Investment was classified as Asset held for sale, then transferred at the beginning of the 2013.

#### Trade payables

Payables arising in relation to the costs described above. In particular:

(€ million)	2013	2012	2011
Tofas-Turk Otomobil Fabrikasi A.S.....	232	257	262
Società Europea Veicoli Leggeri-Sevel S.p.A.....	406	396	615
FGA Capital Group	165	147	104
Fiat India Automobiles Limited	10	5	6
GAC FIAT Automobiles Co Ltd.....	3	4	3
Société Européenne de Véhicules Légers du Nord- Sevelnord Société Anonyme (*).....	-	55	35
VM Motori Group	-	20	34
Other	13	17	2
<b>Trade payables from jointly-controlled entities</b> .....	<b>829</b>	<b>901</b>	<b>1,061</b>

(\*) At 31 December 2012, the Investment was classified as Asset held for sale, then transferred at the beginning of the 2013.

#### **Transactions with associates**

These transactions primarily impacted revenues and trade receivables. The impacts of individual transactions by line item are summarized below.

#### Net revenues

These primarily relate to the sale of publishing products to To-dis S.r.l. and the sale of engines, other components and productions systems to the Chrysler Group in the first five months of 2011. In details:

(€ million)	2013	2012	2011
Chrysler Group (**)	-	-	165
To-dis S.r.l.	48	48	51
Arab American Vehicles Company S.A.E. ....	15	24	-
Other	7	6	2
<b>Revenues from associates</b>	<b>70</b>	<b>78</b>	<b>218</b>

(\*\*) The revenues relating to the Chrysler Group refer in 2011 to the first five months as consolidated on a line-by-line basis by Fiat Group from June 1, 2011.

### Cost of sales

These primarily relate to transactions with the following companies:

(€ million)	2013	2012	2011
Chrysler Group (**)	-	-	310
To-dis S.r.l.	4	48	3
Arab American Vehicles Company S.A.E. ....	-	24	-
Other	-	6	-
<b>Cost of sales from associates</b>	<b>4</b>	<b>78</b>	<b>313</b>

(\*\*) The cost of sales relating to the Chrysler Group refer in 2011 to the first five months as consolidated on a line-by-line basis from June 1, 2011.

### Trade receivables

This item, amounting to €22 million at December 31, 2013 (€40 million at December 31, 2012 and €20 million at December 31, 2011), relates to receivables arising from the revenues discussed above.

### **Transactions with CNH Industrial Group**

These amounts relate to revenues and costs resulting from transactions between the Fiat Group companies and those belonging to the CNH Industrial Group, and related asset and liability balances.

The effects of individual transactions on financial statement items are as follows.

### Net revenues

At December 31, 2013, the total of €703 million (€676 million and €663 million at December 31, 2012 and 2011, respectively) primarily relates to the sale of engines, other components and productions systems and provision of services (accounting, administrative, tax, IT, corporate affairs, treasury, purchasing, personnel management, communications and security services).

### Cost of sales

At December 31, 2013, the total of €314 million (€264 million and €428 million at December 31, 2012 and 2011, respectively) primarily relates to the purchase of commercial vehicles under contract manufacturing agreement.

### Trade receivables

At December 31, 2013, the total of €48 million (€74 million and €97 million at December 31, 2012 and 2011, respectively) relates to amounts receivable in relation to the revenues described above.

### Current Receivables from financing activities

This item includes financial receivables due from CNH Industrial Group companies mainly arising from customer factoring provided by the Fiat Group's financial services companies.

### Other debt

This item includes non-current payables arising from items due to the CNH Industrial Group, mainly relating to factoring and dealer financing activities in Latin America.

### Trade payables

At December 31, 2013, the total of €20 million (€30 million and €30 million at December 31, 2012 and 2011, respectively) relates to amounts payable as a result of the costs described above.

## Transactions with other related parties

The most significant amount in 2013 affects Selling, general and administrative costs and consists of the fees of the Director and Statutory Auditors of Fiat S.p.A. and Key management of Fiat Group for carrying out their respective functions, including those in other consolidated companies, as follows:

(in € thousands)	2013	2012	2011
Directors (a)	18,912	22,780	24,570
Statutory auditors	230	229	260
<b>Total Emoluments</b>	<b>19,142</b>	<b>23,009</b>	<b>24,830</b>

(a) This amount includes the notional compensation cost arising from stock grants granted to the Chief Executive Officer.

The aggregate compensation payable to executives with strategic responsibilities was approximately €30 million for 2013 (€34 million in 2012 and €32 million in 2011).

The most significant amount in 2011 affected Cost of sales and consisted of the cost for the purchase of steel of €55 million from Tata Steel IJmuiden BV, part of the Tata Group, which is controlled by Ratan Tata, who is a member of the board of directors of Fiat, in office until April 4, 2012.

## Transactions with related parties for the six months ended June 30, 2014

The impacts of these transactions on Fiat Group's consolidated income statement for the six months ended June 30, 2014 and 2013 are presented below:

(€ million)	Total 1 <sup>st</sup> Half 2014	of which: Related parties						
		Unconsolidated subsidiaries	Jointly controlled entities	Associates	CNH Industrial Group	Other related parties	Total related parties	Percentage of line item
Net revenues	45,453	27	905	38	338	-	1,308	2.9
Cost of sales.	39,338	5	641	1	260	3	910	2.3
Selling, general and administrative costs	3,434	14	9	1	-	24	48	1.4
Financial income/(expenses)	(999)	-	(17)	-	-	-	(17)	

(€ million)	Total 1 <sup>st</sup> Half 2013	of which: Related parties						
		Unconsolidated subsidiaries	Jointly controlled entities	Associates	CNH Industrial Group	Other related parties	Total related parties	Percentage of line item
Net revenues	41,988	22	967	27	360	-	1,376	3.3
Cost of sales.	35,959	57	847	1	243	13	1,161	3.2
Selling, general and administrative costs	3,262	12	8	2	-	25	47	1.4
Financial income/(expenses)	(960)	2	(12)	-	-	-	(10)	

The impacts on the consolidated statement of financial position at June 30, 2014 are presented below:

(€ million)	At June 30, 2014	of which: Related parties						
		Unconsolidated subsidiaries	Jointly controlled entities	Associates	CNH Industrial Group	Other related parties	Total related parties	Percentage of line item
Receivables from financing activities	4,057	22	180	16	9	-	227	5.6
Trade receivables.	3,046	30	203	32	57	-	322	10.6
Other current assets	2,494	2	3	-	22	-	27	1.1

Debt	31,996	29	267	-	57	-	353	1.1
Trade payables	18,673	23	221	13	88	6	351	1.9
Other current liabilities	11,134	1	287	25	6	12	331	3.0

### Transactions with jointly-controlled entities

These transactions primarily impacted revenues, cost of sales, and trade receivables and payables. The impacts of individual transactions by line item are summarized below.

#### Net revenues

These primarily relate to the sale of motor vehicles, engines, other components and productions systems and provision of services, recharges of research costs and the sale of goods to the following companies:

(€ million)	For the six months ended June 30, 2014	For the six months ended June 30, 2013
Tofas-Turk Otomobil Fabrikasi A.S. ....	559	621
Società Europea Veicoli Leggeri-Sevel S.p.A. ....	144	125
FGA Capital Group	109	130
Fiat India Automobiles Limited	10	7
GAC FIAT Automobiles Co Ltd	78	80
VM Motori Group	-	-
Other	5	4
<b>Net revenues from jointly-controlled entities</b> .....	<b>905</b>	<b>967</b>

#### Cost of sales

These primarily relate to the purchase of commercial vehicles and engines from the following companies:

(€ million)	For the six months ended June 30, 2014	For the six months ended June 30, 2013
Tofas-Turk Otomobil Fabrikasi A.S. ....	606	692
Società Europea Veicoli Leggeri-Sevel S.p.A. ....	-	-
FGA Capital Group	30	31
Fiat India Automobiles Limited	-	-
GAC FIAT Automobiles Co Ltd	-	-
VM Motori Group	-	121
Other	5	3
<b>Cost of sales from jointly-controlled entities</b> .....	<b>641</b>	<b>847</b>

#### Trade receivables

Receivables arising in relation to the revenues described above. In particular:

(€ million)	At June 30, 2014
Tofas-Turk Otomobil Fabrikasi A.S. ....	85
Società Europea Veicoli Leggeri-Sevel S.p.A. ....	12
FGA Capital Group	57
Fiat India Automobiles Limited	4
GAC FIAT Automobiles Co Ltd	39
Other	6
<b>Trade receivables from jointly-controlled entities</b> .....	<b>203</b>

#### Trade payables

Payables arising in relation to the costs described above. In particular:

(€ million)	At June 30, 2014
Tofas-Turk Otomobil Fabrikasi A.S. ....	140
Società Europea Veicoli Leggeri-Sevel S.p.A. ....	-
FGA Capital Group	68

Fiat India Automobiles Limited	8
GAC FIAT Automobiles Co Ltd	4
Other	1
<b>Trade payables from jointly-controlled entities</b> .....	<b>221</b>

### **Transactions with associates**

These transactions primarily impacted revenues and trade receivables. The impacts of individual transactions by line item are summarized below.

#### Net revenues

These primarily relate to the sale of publishing products to To-dis S.r.l. In details:

(€ million)	For the six months ended June 30, 2014	For the six months ended June 30, 2013
To-dis S.r.l.	22	20
Arab American Vehicles Company S.A.E.....	14	6
Other	2	1
<b>Net revenues from associates</b>	<b>38</b>	<b>27</b>

#### Cost of sales

These primarily relate to transactions with the following companies:

(€ million)	For the six months ended June 30, 2014	For the six months ended June 30, 2013
To-dis S.r.l.	1	1
Arab American Vehicles Company S.A.E.....	-	-
Other	-	-
<b>Cost of sales from associates</b>	<b>1</b>	<b>1</b>

#### Trade receivables

This item, amounting to €32 million at June 30, 2014, relates to receivables arising from the revenues discussed above.

### **Transactions with CNH Industrial Group**

These amounts relate to revenues and costs resulting from transactions between the Fiat Group companies and those belonging to the CNH Industrial Group, and related asset and liability balances.

The effects of individual transactions on financial statement items are as follows.

#### Net revenues

The total of €338 million for the six months ended June 30, 2014 primarily relates to the sale of engines, other components and productions systems and provision of services (accounting, administrative, tax, IT, corporate affairs, treasury, purchasing, personnel management, communications and security services).

#### Cost of sales

The total of €260 million the six months ended June 30, 2014 primarily relates to the purchase of commercial vehicles under contract manufacturing agreement.

#### Trade receivables

At June 30, 2014, the total of €57 million relates to amounts receivable in relation to the revenues described above.

#### Receivables from financing activities

This item includes financial receivables due from CNH Industrial Group companies mainly arising from customer factoring provided by the Fiat Group's financial services companies.

#### Debt

This item includes non-current payables arising from items due to the CNH Industrial Group, mainly relating to factoring and dealer financing activities in Latin America.

#### Trade payables

At June 30, 2014, the total of €88 million relates to amounts payable as a result of the costs described above.

#### **Transactions with other related parties**

The most significant amount for the six months ended June 30, 2014 affects Selling, general and administrative costs and consists of the fees of the Director and Statutory Auditors of Fiat S.p.A. and Key management of Fiat Group for carrying out their respective functions, including those in other consolidated companies, as follows:

(in € thousands)	For the six months ended June 30, 2014	For the six months ended June 30, 2013
Directors (a)	5,503	8,241
Statutory auditors	115	115
<b>Total Emoluments</b>	<b>5,618</b>	<b>8,356</b>

(a) This amount includes the notional compensation cost arising from stock grants granted to the Chief Executive Officer.

The aggregate compensation payable to executives with strategic responsibilities was €6.6 million for the six months ended June 30, 2014 (€10.7 million for the six months ended June 30, 2013).

#### **Transactions with related parties following June 30, 2014**

On July 31, 2014, Juventus Football Club S.p.A. and Fiat Group Automobiles S.p.A., that are both subject to control by Exor, entered into a sponsorship agreement of the Juventus football jersey until June 30, 2021 (the previous agreement was signed in April 2012 and covered the next 3 football seasons).

Fiat Group Automobiles S.p.A. will continue to be the sole jersey sponsor of Juventus Football Club S.p.A. in all competitions for an annual consideration of €17 million, starting from the 2015/2016 football season, in addition to the supply of Fiat Group vehicles for promotional purposes and bonus based on the targets achieved by Juventus Football Club S.p.A. in national and international competitions. In light of the exceptional nature of the results already achieved, Fiat Group Automobiles S.p.A. recognized an extraordinary bonus in the 2013/2014 football season, amounting to €6 million.

The terms and conditions of the existing agreement (April 2012) will continue to apply for the 2014/2015 football season, providing for a fixed consideration of €13 million.

The above mentioned transaction did not represent a related party transaction of significant importance for Fiat.

With the exception of the aforesaid transaction, no additional transactions with related parties have been entered into in the period between June 30, 2014 and the date of this Information Document.

## **4.5 LEGAL PROCEEDINGS**

As a global group with a diverse business portfolio, the Group is exposed to numerous legal risks, particularly in the areas of product liability, competition and antitrust law, environmental risks and

tax matters, dealer and supplier relationships and intellectual property rights. Various legal proceedings, claims and governmental investigations are pending against the Group on a wide range of topics, including vehicle safety; emissions and fuel economy; dealer, supplier and other contractual relationships; intellectual property rights; product warranties and environmental matters. Some of these proceedings allege defects in specific component parts or systems (including air bags, seats, seat belts, brakes, ball joints, transmissions, engines and fuel systems) in various vehicle models or allege general design defects relating to vehicle handling and stability, sudden unintended movement or crashworthiness. These proceedings seek recovery for damage to property, personal injuries or wrongful death, and in some cases include a claim for exemplary or punitive damages. Adverse decisions in one or more of these proceedings could require the Group to pay substantial damages, or undertake service actions, recall campaigns or other costly actions.

In particular, as of December 31, 2013, contingent liabilities estimated by the Group amounted to approximately €100 million (compared to approximately €100 million as of December 31, 2012), for which no provisions have been recognized since an outflow of resources is not considered probable at the present moment. To the knowledge of the Group, there is no legal proceeding that individually considered may have, or had in the recent past, a material adverse effect on the Group's financial position or profitability. The ultimate outcome of the legal matters pending against the Group is uncertain, and although such claims, lawsuits and other legal matters are not expected individually to have a material adverse effect on the Group's financial condition or results of operations, such matters could have, in the aggregate, a material adverse effect on the Group's financial condition or results of operations if determined adversely to the Group.

The provision "Legal proceedings and other disputes" represents management's best estimate of the liability to be recognized by the Group with regard to: (i) legal proceedings arising in the ordinary course of business with dealers, customers, suppliers or regulators (such as contractual or patent disputes), (ii) legal proceedings involving claims with active and former employees and (iii) legal proceedings involving different tax authorities. None of these provisions is individually significant. This provision amounts to €545 million as of December 31, 2013 (€528 million as of December 31, 2012). To the knowledge of the Group, the amount of said provisions is deemed to be sufficient to cover the possible Group's liability in connection with legal proceedings when it is deemed likely that the proceedings will result in an outflow of resources.

On June 11, 2014 the European Commission announced the opening of an investigation against the Grand Duchy of Luxembourg into a tax ruling issued by the Luxemburg Tax Authorities in 2012 regarding the calculation of the taxable basis of the financing activities carried out by the Group subsidiary Fiat Finance and Trade for the benefit of the Group's European operations, on the ground that such ruling could yield a tax treatment for Fiat Finance and Trade income in alleged violation of EU state aid rules (In the event that the relevant authorities determine such a violation occurred, Fiat Finance and Trade could be financially liable to the relevant authorities).

While there can be no assurance as to the outcome of this investigation, as Fiat has already stated in its press releases issued on June 11, 2014 and October 2, 2014, Fiat is confident of the legitimacy of such tax ruling and, in any case, is of the view that any potential financial exposure associated with the case would not be material.

## 5. **CONSOLIDATED PRO FORMA FINANCIAL INFORMATION FOR FIAT GROUP**

The Merger will not determine any impact on Fiat Group Consolidated accounts, which include Chrysler from June 1 2011, and, following effectiveness of the Merger, the business of FCA will be the same business as that of Fiat prior to the Merger. Since incorporation, the activities of FCA have consisted only of preparing for the Merger and it is not expected that the company will carry out any activity of any other nature until the Merger Effective Date. As of the date of this Information Document, FCA has not recorded any significant assets or liabilities.

Following the Merger, FCA will prepare its consolidated financial statements in accordance with IFRS. Under IFRS, the Merger consists of a reorganization of existing legal entities that does not give rise to any change of control and, therefore, is outside the scope of application of IFRS 3—Business Combinations. Accordingly, it will be accounted for as an equity transaction with no change in the accounting basis.

Consequently, no pro-forma consolidated financial information is required in connection with the Merger.

### ***Significant Corporate transactions entered into as of the date of this Information Document***

In January 2014, Fiat purchased all of the VEBA Trust's equity interests in Chrysler, which represented the approximately 41.5% of Chrysler interest not then held by Fiat. The transaction was completed on January 21, 2014, resulting in Chrysler becoming a 100% owned subsidiary of Fiat. Profit for the year ended December 31, 2013 and equity at December 31, 2013 attributable to non-controlling interests pertaining to Chrysler were €992 million and €3,944 million respectively.

## **6. PROSPECTS OF FCA AND THE GROUP**

### **6.1 OUTLOOK FOR THE GROUP**

#### **Overview of performance of FCA and the Group subsequently to June 30, 2014**

FCA was incorporated on April 1, 2014 as a preliminary step to the Merger. Since incorporation, its activities have consisted only of preparing for the Merger and it is not expected that FCA will carry out activity of any other nature until the Merger Effective Date.

Between July 1, 2014 and the date of this Information Document, no significant changes in the financial or trading position of the Group have occurred.

#### **Outlook for the current year**

For the Group, the Merger will have no impact on the overall 2014 outlook communicated to the market on July 30, 2014.

As of the date of this Information Document, taking into account the Group's trading performance to June 30, 2014, as well as the subsequent developments until the date of this Information Document, it is reasonable to confirm that the outlook for 2014, as identified in the Plan, may be achieved.

In the period from July 1 and the date of this Information Document, Group's vehicle sales in the major markets, based on available data, posted a growth over the prior year on the back of strong performances in NAFTA and APAC partially offset by a decrease in LATAM while EMEA is slightly improving. In more details, Group's July and August vehicle sales (based on preliminary information) amount to nearly 780 thousand units, a more than 7% growth over 724 thousand units sold in the same period of the prior year. NAFTA and APAC regions increased sales by 18% and 23% respectively with EMEA posting a 1% growth. LATAM sales decreased by 15% in a weak market environment where car demand declined more than 16%. The positive trend of Group's sales continued in September in the major markets of the NAFTA region, posting a 19% growth in both US and Canada. In the EMEA region, Group's vehicle sales increased by 4.4% in Italy. In September vehicle sales (passenger cars and light commercial vehicles jointly) in Brazil decreased by 7%, while no data is available yet with respect to the APAC region where the timing for processing the data in major markets, in line with prior months, is longer. These performances are widely in line with the assumptions on which the targets that the Plan sets for 2014 are based.

In connection with the publication of financial results for the period ended September 30, 2014, management and the New Board of Directors of FCA will analyze financial information currently not yet available, including results for such period. Consistent with Fiat's historical practice, the Group will provide any update to the financial guidance in connection with the Group's financial results expected to be published at the end of October.

#### **Estimates and projections**

##### ***Principal assumptions underlying the Projections***

On May 6, 2014 the Business Plan (available on the Group's website: [www.fiatspa.com](http://www.fiatspa.com)) was presented to the financial community. The Plan included operating and financial targets and in particular targets for consolidated Revenues, EBIT, Net Income, Capital Expenditures and Net Debt from Industrial Activities. This Section summarizes the targets for the Group for the period 2014-2018 (these targets are defined as "Projections" solely for the purposes of this Information Document and are set out hereinafter under the paragraph "Projections").

The accounting principles applied in preparation of the Projections are consistent with those

applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2013, amended to reflect any subsequent changes applied since January 1, 2014 (as described in the half-year report for the period ended June 30, 2014) in accordance with IFRS.

The Projections are based on a series of assumptions regarding future events and actions that the Group intends to undertake, including assumptions about future events and actions that may not occur. As the Projections are based on assumptions about future events and actions to be taken by management, the Projections inherently contain elements of subjectivity and uncertainty. In particular, the risk that expected events and actions dependent on such events may not occur or that the degree or timing may differ from expectations, while, conversely, events and actions may occur that were not foreseeable at the time the Projections were made. This risk, which is intrinsic to the Projections given the general uncertainty of predictions of any nature, increases progressively over the Plan period and is further accentuated by the intrinsic uncertainties presented by current macro-economic conditions, which may differ significantly in the different markets in which the Group operates worldwide. Consequently, changes between actual results and Plan targets could be significant, even if the events considered in the hypothetical assumptions described below occur.

The Business Plan sets forth a number of clearly defined strategic initiatives designed to capitalize on the Group's position as a single integrated automaker to become a leading global automaker, including:

- **Premium Brand Strategy.** The Group intends to continue to execute on its premium brand strategy by developing the Alfa Romeo and Maserati brands to service global markets. The Group believes these efforts will help to address the issue of industry overcapacity in the European market, as well as the Group's own excess production capacity in the EMEA region, by leveraging the strong heritage and historical roots of these brands to grow the reach of these brands in all of the regions in which the Group operates.

Recently, the Group has successfully expanded in the premium end of the market through the introduction of two new Maserati vehicles. The Group intends to replicate this on a larger scale with Alfa Romeo by introducing several new vehicles being developed as part of an extensive product plan to address the premium market worldwide. In addition, the Group intends to continue development of the Maserati brand as a larger scale luxury vehicle brand capitalizing on the recent successful launches of the next generation Quattroporte and the all new Ghibli. The Group intends to introduce additional new vehicles that will allow Maserati to cover the full range of the luxury vehicle market and position it to substantially expand volumes.

- **Building Brand Equity.** As part of the Business Plan, the Group intends to further develop its brands to expand sales in markets throughout the world with particular focus on the Jeep and Alfa Romeo brands, which the Group believes have global appeal and are best positioned to increase volumes substantially in the regions in which the Group operates.

In particular, the Business Plan highlights the Group's intention to leverage the global recognition of the Jeep brand and extend the range of Jeep vehicles to meet global demand through localized production, particularly in APAC and LATAM. The Group is also developing a range of vehicles that are expected to re-establish the Alfa Romeo brand, particularly in NAFTA, APAC and EMEA, as a premier driver-focused automotive brand with distinctive Italian styling and performance.

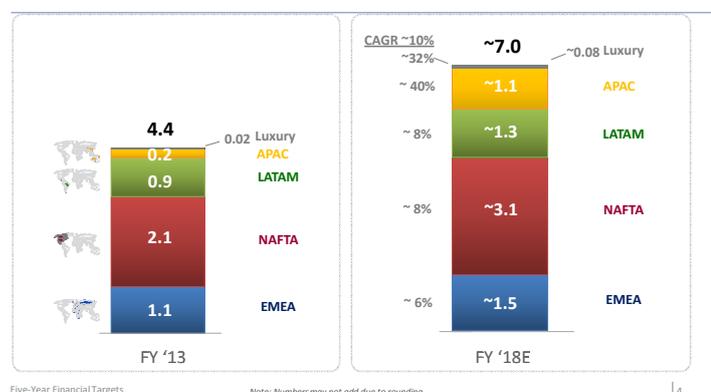
In addition, the Group expects to take further steps to strengthen and differentiate its brand identities in order to address differing market and customer preferences in each of the regions in which the Group operates. The Group believes that it can increase sales and improve pricing by ensuring that all of its vehicles are more closely aligned with a brand

identity established in the relevant regional markets. For example, the Group announced as part of the Business Plan that Chrysler would be the mainstream North American brand, with a wider range of models, including crossovers and the Group's minivan offering. Dodge will be restored to its performance heritage, which is expected to enhance brand identity and minimize overlapping product offerings which tend to cause consumer confusion. The Group also intends to continue the repositioning strategy of the Fiat brand in the EMEA region, leveraging the image of the Fiat 500 family, while focusing Lancia as an Italy-focused brand. The Group will also continue to develop its pick-up truck and light commercial vehicle brands leveraging its wide range of product offerings to expand further in the EMEA region as Fiat Professional, in LATAM as Fiat and in NAFTA as Ram.

- **Global Growth.** As part of the Business Plan, over the next five years, the Group intends to expand vehicle sales in key markets throughout the world. In order to achieve this objective, the Group intends to continue its efforts to localize production of Fiat brand vehicles through its joint venture in China and India, while increasing sales of Jeep vehicles in LATAM and APAC by localizing production through the new facility in Brazil and the extension of the joint venture agreement in China to cover the production of Jeep vehicles. Local production will enable the Group to expand its product portfolio in these important markets and, importantly, position its vehicles to better address the local market demand by offering vehicles that are competitively priced within the largest segments of these markets without the cost of transportation and import duties. The Group also intends to increase its vehicle sales in the NAFTA region, continue to build U.S. market share by offering more competitive products under its distinctive brands. Further, the Group intends to leverage manufacturing capacity in the EMEA region to support growth in all regions in which it operates by producing vehicles for export from EMEA, including Jeep brand vehicles.
- **Continue convergence of platforms.** The Group intends to continue to rationalize its vehicle architectures and standardize components, where practicable, to more efficiently deliver the range of products it believes necessary to increase sales volumes in each of the regions in which it operates. The Group seeks to optimize its number of global vehicle architectures based on the range of flexibility of each architecture while ensuring that the products at each end of the range are not negatively impacted, taking into account unique brand attributes and market requirements. The Group believes that continued architectural convergence within these guidelines will facilitate speed to market, quality improvement and manufacturing flexibility allowing the Group to maximize product functionality and differentiation and to meet diversified market and customer needs. Over the course of the period covered by the Business Plan, the Group intends to reduce the number of architectures in its mass market brands by approximately 25%.
- **Continue focus on cost efficiencies.** An important part of the Business Plan is the continued commitment to maintain cost efficiencies necessary to compete as a global automaker in the regions in which the Group operates. The Group intends to continue to leverage its increased combined annual purchasing power to drive savings. Further, the efforts on powertrain and engine research are intended to achieve the greatest cost-to-environmental impact return, with a focus on new global engine families and an increase in use of the 8- and 9-speed transmissions to drive increased efficiency and performance and refinement. The Group also plans to continue efforts to extend WCM principles into all of its production facilities and benchmark its efforts across all facilities around the world, which is supported by Chrysler's January 2014 Memorandum of Understanding with the UAW. The Group believes that the continued extension of WCM principles will lead to further meaningful progress to eliminate waste of all types in the manufacturing process, which will improve worker efficiency, productivity, safety and vehicle quality. Finally, the Group intends to drive growth in its



**Sales Volumes (including JV's)**  
By Region (Units, Millions)



The expected industry growth, together with new product launches and brand strategies, are expected to drive the Group's volume growth through the Plan period of approximately 10% per year on average, from 4.4 million vehicles in 2013 to approximately 7.0 million vehicles in 2018. These figures include joint venture volumes which are expected to contribute significantly beginning in 2015. The biggest individual brand contributor to the Group's growth is the Jeep Brand which is expected to increase from 732 thousand vehicles in 2013 to approximately 1.9 million vehicles in 2018 driven by planned production localization in EMEA, LATAM and APAC and the expansion of the product lineup in NAFTA.

Jeep accounts for nearly 50% of the projected 2.6 million vehicle increase over the Plan period and elevates the brand to represent over 25% of Group unit sales including joint ventures by 2018. The Alfa Romeo brand is expected to contribute to growth in late 2015 when the first new model is expected launch and is projected to account for approximately 13% of the Group's total unit growth, achieving 400 thousand units in 2018. Over the Plan period, Chrysler brand is expected to evolve into the Group's full line passenger car brand in NAFTA, double its volumes to 800 thousand vehicles and expand its lineup, accounting for approximately 15% of total unit growth. Ram and Fiat Professional are expected to grow by approximately 300 thousand units in the aggregate over the Plan period, reflecting an annual growth rate of over 6%, driven mainly by sales in the NAFTA and LATAM regions. The Fiat Brand is expected to grow at 5% per year driven predominantly by volume expansion in APAC, while volumes remain substantially flat in EMEA.

With reference to sales by region, Group sales in APAC are projected to show an average annual growth rate of over 40% driven by the localization of the Jeep Brand. This allows the Group to capitalize on its recent successes with imported products by localizing vehicle production in China with joint venture partner GAC and also by the expansion of the Fiat brand product lineup. NAFTA growth is expected to be driven by the Jeep and Ram brands in the earlier years of the Plan and then by the Chrysler and Alfa Romeo brands in later years. LATAM growth is expected to be driven by the new products coming out of the Pernambuco plant where production is expected to begin in the second half of 2015. The growth in EMEA is expected to be driven by the introduction of new smaller segment Jeep vehicles and also by the Alfa Romeo Brand.

Assuming constant pricing, mix and cost of sales per vehicle, that all results of operations were attributable to vehicle shipments and that all other variables remain constant, a 10% decrease in

Group vehicle shipments would reduce Group EBIT (earnings before interest and taxes, as reported in the Fiat Group Consolidated Financial Statements at December 31, 2013) by approximately 40%, without accounting for actions and cost containment measures the Group may take in response to decreased vehicle sales.

Following is a description of the principal strategic actions identified by each reportable segment to achieve the Group targets indicated above.

### NAFTA

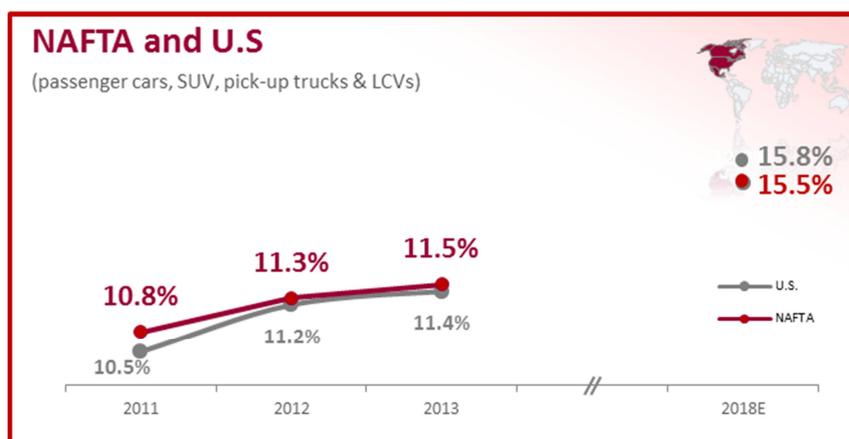
NAFTA revenues and EBIT margin projections for 2018 are as follows:

(€ billion)	<b>2013 actual</b>	<b>2018 target</b>
Revenues	46	~67
EBIT Margin	4.8%	6%-7%

A compound annual growth rate (CAGR) of approximately 8% is targeted for revenues in the NAFTA region, with 2018 revenues up more than 45% compared to 2013 revenues. The increase reflects higher volumes due to the completion of the product renewals with launches of new or significantly refreshed vehicles such as the new Jeep Cherokee, new Chrysler Town & Country minivan, and new small Jeeps, and the launch of additional products into new segments through the Chrysler and Alfa Romeo brands.

The growth is supported by increased volumes in NAFTA which are expected to reach approximately 20 million units in 2016 from 18.7 million units in 2013, and then to remain stable over the remainder of the Plan period (in line with the levels previously experienced from 2000 to 2006).

In NAFTA the Group's market share is expected to grow from 11.5% in 2013 to 15.5% in 2018. In the U.S., the Group's principal market in the region, market share is expected to increase from 11.4% in 2013 to 15.8% in 2018. This share improvement in the Plan period is driven by the continued product launches with the aim to renew or replace the remaining products such as the Chrysler Town and Country minivan and the Dodge Grand Caravan, the Dodge Journey, the Jeep Compass and the Jeep Patriot, that together still account for slightly over 20% of the Group's total volumes in the U.S., and to expand the presence in segments where the Group is currently under represented, such as the C-segment and D-segment sedans, the crossover segments and the premium vehicle segments. The following chart presents the Group's market share in NAFTA and U.S.



The Group has identified the following strategic initiatives to support the achievement of the plan

targets embedded in the above Projections:

- Investments in the manufacturing infrastructure over a five year period to improve processes and increase capacity utilization, with added shifts and debottlenecking actions at six Assembly Plants and eleven Powertrain Plants;
- Capacity supplemented by import of vehicles produced in other regions;
- Significant enhancements to the product portfolio and focus on brand positioning, with clear product priorities identified for each brand;
- Continue to manage the Fleet business with an approximately 20% mix in the U.S. market to maintain brand equity, through growth in the more profitable channels of the Fleet segments and improvement of the vehicle mix;
- Increase productivity and throughput of dealer network;
- Pricing improvements due to the renewed product portfolio and industrial efficiencies enabled by leveraging global platforms, higher use of common components, efficiencies of scale are intended to offset increased product costs driven in particular by additional content to comply with emissions standards.

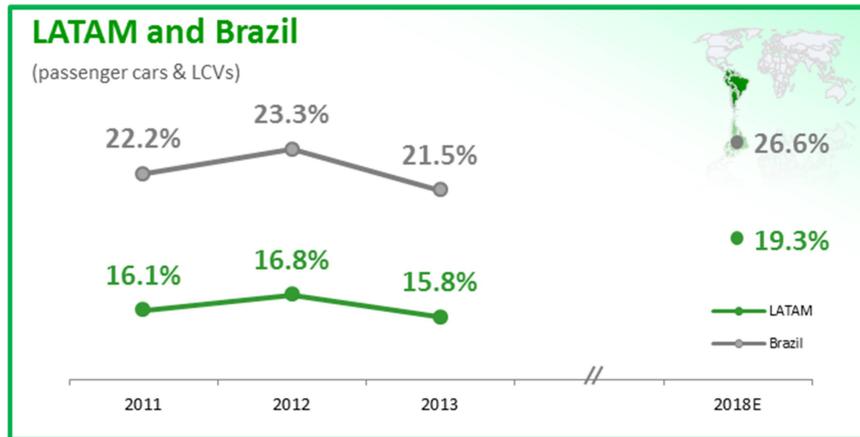
### LATAM

LATAM revenues and EBIT margin projections for 2018 are as follows:

(€ billion)	<b>2013 actual</b>	<b>2018 target</b>
Revenues	10	~15
EBIT Margin	6.2%	>10%

Targeted revenues for 2018 represent an increase of more than 50% over 2013 with a CAGR of approximately 9% during the Plan period. The increase in volumes will mainly be driven by the localization of Jeep Brand production in the new Pernambuco site, where production is expected to start in 2015. This production will facilitate the expansion of Jeep product offerings in LATAM supported by growth in car market demand, that is expected to increase by approximately 1 million units in the LATAM region from 2013 and reach approximately 6.9 million units in 2018, with a CAGR of approximately 3.2%.

The Group's market share in Brazil (the principal market for the Group in the region) is expected to increase to approximately 26.6% by 2018 up from 21.5% in 2013 due mainly to product lineup expansion into SUV segments through the Jeep Brand. The Group's market share in the LATAM region is expected to increase from 15.8% in 2013 to 19.3% in 2018. The following chart presents the Group's market share in LATAM and Brazil.



The Jeep brand product strategy in the region will be supported by:

- The development of a dedicated dealer network for the brand;
- The positioning in the growing SUV market in LATAM through the delivery of industry-first segment features and fuel-efficient powertrains; and
- A long term marketing plan to build and sustain awareness and brand equity.

EBIT margin targeted improvement is based on planned improvements in product mix due to the new Jeep products manufactured in Pernambuco together with the benefits of the government incentive program associated with the Pernambuco site investment and to the renewal of the Fiat brand product offering in the second part of the Plan period, which will allow better pricing to offset inflationary cost pressures. Further initiatives are in place to improve margins by managing the cost structure by leveraging global platforms, higher use of common components and efficiencies of scale.

#### APAC

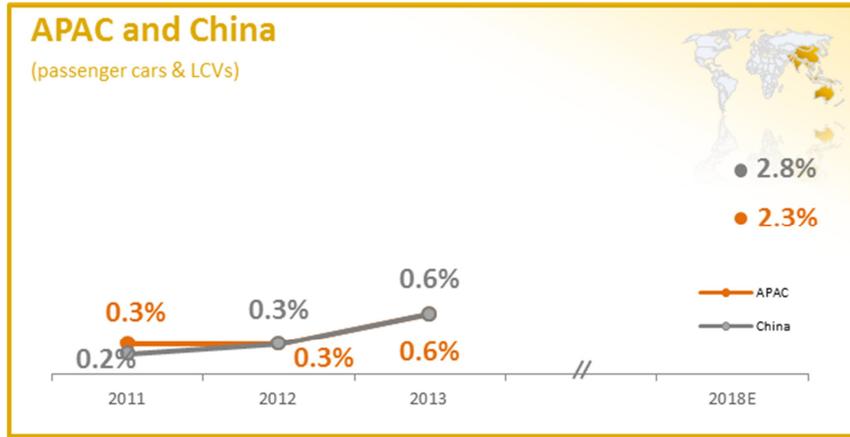
APAC revenues and EBIT margin projections for APAC for 2018 are as follows:

(€ billion)	2013 actual	2018 target
Revenues	5	~11
EBIT Margin	7.2%	>10%

In APAC, revenues are expected to more than double over the Plan period representing a CAGR of approximately 20% over 2013 as Group volumes are projected to increase from 200 thousand units in 2013 to over 400 thousand in 2018 on the back of the fastest growing regional industry. Total industry passenger car sales in the region are expected to grow from 35.3 million units in 2013 to 46.2 million units in 2018 posting a CAGR of approximately 5.5%, driven predominantly by China, where the year over year industry increases are expected to be in excess of one million units, and India which is projected to be the world's third largest market by 2018, growing at 12% over the Plan period.

In the rest of the region, the industry is expected to be broadly flat throughout the Plan period.

The Group's market share in APAC is projected to increase from less than 1% in 2013 to 2.3% in 2018 with most of the growth to be achieved in China as a result of the localization of Jeep vehicle production and the expansion of the Fiat lineup. Market share in China is expected to increase from less than 1% in 2013 to 2.8% in 2018. The following chart presents the Group's market share in APAC and China.



The localization of Jeep vehicle production will rely on the industrial expansion in the assembly and powertrain operations carried out by the Group's Chinese joint venture partner, GAC. The new plant in Guanzhou is expected to contribute a four-fold increase in the total production capacity in China to approximately 800 thousand of both vehicles and engines, as well as approximately 700 thousand transmissions in 2018.

The Group's operations in India will expand its product portfolio through the industrialization and launch of Jeep vehicles and the continued development of the Fiat network. The launch of new Alfa Romeo products in the region is expected to additionally support growth.

EBIT margins are expected to grow to be in excess of 10% supported by investment income from joint ventures as their expected volumes increase by over 500 thousand units.

EMEA

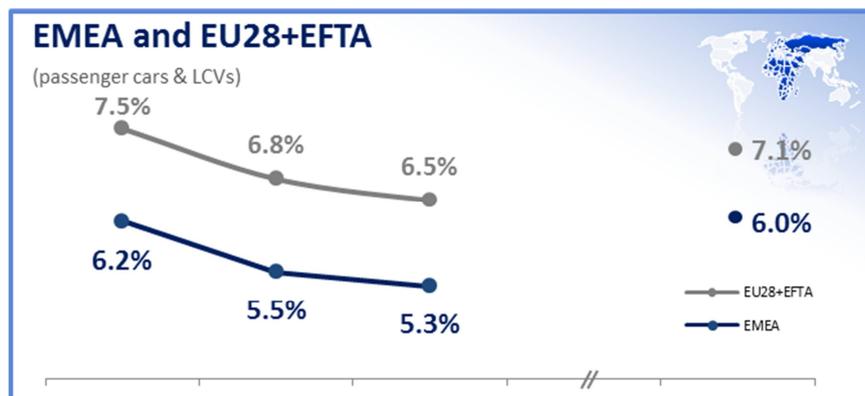
EMEA revenues and EBIT margin projections for 2018 are as follows:

(€ billion)	2013 actual	2018 target
Revenues	17	~26
EBIT Margin	-1.8%	2%-3%

EMEA revenues are projected to grow approximately 50% by 2018 compared to 2013 representing a CAGR of approximately 9% with most of the growth driven by Jeep, with an increase of approximately 200 thousand units, and Alfa Romeo.

Industry vehicles sales in EMEA are expected to grow, reaching 25 million units in 2018, with Europe still below pre-crisis levels. Group sales are targeting 1.5 million units in 2018, driven by product portfolio evolution, leveraging on new models and increasing market coverage supported by industry growth.

Group market share in EMEA is expected to increase to 6% from the current level of 5.3%, driven



mainly by the growth of the Jeep and Alfa Romeo brands. Group market share in EMEA and EU28 + EFTA is expected to increase to 7.1% from the current level of 6.5%. The following chart presents the Group's market share in EMEA and Europe.

The development of the product portfolio is based on shifting a significant portion of volume toward less price-focused market segments exploiting the potential of the Group's brand equity (Alfa Romeo, Jeep, FIAT 500 family) and focusing, at the same time, on a more affordable offering to meet the market's bi-polar trend with increased volumes in the premium and value segments.

The brands' positioning will be based on Alfa Romeo re-entering the premium vehicle market and Jeep increasing its presence in the SUV segments, the Fiat brand re-shaping to focus on both the 500 family and on value driven demand and Fiat Professional consolidating its leadership in the LCV segment.

The portfolio strategy by vehicle segment will rely on:

- Sustained leadership and expansion in core vehicle segments: Mini car, LCV and Small MPV;
- Achieving a primary role through product line expansion in:
  - SUV segments: reinforced presence leveraging Jeep Brand traditional strength;
  - Premium segments: entering these segments with a brand new Alfa Romeo line-up;
  - LCV with continued product renewals.

The network strategy will be based on:

- delivering premium-quality customer experience across all brands;
- refocused dealer network to improve sustainability while maintaining/expanding market coverage, with Lancia becoming an Italy-focused brand; and
- upgraded Alfa Romeo/Jeep franchise combination.

In terms of manufacturing strategy, the target is to utilize EMEA production capacity to support worldwide volume growth by:

- Supporting the global brands expansion (Maserati, Jeep, Alfa Romeo) and Fiat 500 Family;
- Focusing existing production capacity in Italy on higher value-added production;
- Supporting a significant increase in export volumes.

The Plan target is for the EMEA region to reach 100% capacity utilization by 2018.

EBIT is targeted to be positive from 2016 and margins are expected to range between 2 to 3% by 2018, driven by positive mix due to the growth of Jeep and Alfa Romeo brands, and the repositioning of the Fiat Brand based on the 500 Family strategy. Additionally the region will benefit from cost efficiencies through the utilization of the manufacturing footprint for Jeep, Maserati, and Alfa Romeo production for worldwide distribution.

### Luxury Brands

Luxury Brand revenues and EBIT margin for 2018 are projected as follows:

(€ billion)	2013 actual	2018 target
Revenues	4	~9
EBIT Margin	14.0%	>15%

The Luxury Brands are projected to double revenues representing a CAGR of approximately 18% over 2013 and reach EBIT margins of over 15% in 2018 driven primarily by increased volumes of Maserati, targeted to reach 75,000 vehicles in 2018, with revenues at €6 billion. Ferrari volumes are maintained at 7,000 cars per year cap in the Plan.

The Ferrari 2014-18 plan is based on:

- Full-line offerings of high-end performance 8- and 12-cylinder street cars;
- Sustained profit stream from personalization program and licensing; and
- Focused investments in sport activities.

Ferrari margins are targeted in excess of 15% by 2018.

Maserati's 2014-2018 plan is based on the extension of the product portfolio, through the addition of a Luxury SUV, a sports coupé and a sports convertible, with Ghibli and Quattroporte continuing to address the luxury sedans segment and the GranTourer being replaced with a brand new model. By 2018, this expansion will achieve full coverage of the luxury market segment, from the current 50%, addressing over one million potential customers, and global growth will be supported by distribution throughout the Group's main markets.

#### Components

Component revenues and EBIT margin projections for 2018 are as follows:

(€ billion)	2013	2018
Revenues	8	~12
EBIT Margin	2.5%	4%-5%

Components revenue is expected to grow by approximately 50% representing a CAGR of approximately 9% compared to 2013 with an EBIT margin target in the range of 4% to 5% by 2018. The growth driver is expected to be Magneti Marelli which is expected to maintain its leadership position in the lighting and powertrain businesses.

**Magneti Marelli's** 2014-18 key priorities are the following:

#### By business:

- Lighting and powertrain as key businesses for growth on the back of technological leadership;
- Focus on key innovation drivers (carbon dioxide, safety, connectivity) as a competitive advantage;
- Progression of annual order intake consistent with a €10 billion top-line company by 2018.

#### By geography:

- Overall top-line development driven by expansion in NAFTA and APAC, less reliance on moderately growing European market and consolidating its leadership position in LATAM.

#### Continued role of key technology provider for the Group:

- Global manufacturing and engineering footprint to support the Group's growth and expansion;
- Pursuing opportunities to upgrade technological know-how as value for the Group.

**Comau** will focus on the following 2014-18 key priorities:

Top-line growth:

- Increasing penetration in key mature markets while continuing to expand in developing countries, leveraging on proprietary modular and flexible solutions in body welding and powertrain systems;
- Exploiting emerging automation needs in non-automotive industries and enhancing robotics market penetration;
- Moving from maintenance services to full asset management.

Sustainable margin improvement:

- Increasing reliance on Comau's manufacturing footprint in lower cost countries such as China, Romania and Mexico to maintain cost leadership.

**Teksid** will focus on the following 2014-18 key priorities:

Top-line growth:

- Moderate volume growth in Cast Iron business, with higher volumes for heavy-duty applications offsetting reduced demand for light vehicle applications;
- Investment in high-pressure die castings to address light vehicle foundry market trend;
- New order acquisition of engine blocks expected to double volumes of aluminum business.

Increased capacity utilization and cost efficiencies as key drivers of margin improvement:

- Higher supply to Group companies (approximately 75% in 2013 to approximately 90% in 2018) in aluminum business to maximize capacity utilization, captive sales of cast iron products stable at 20-25%.

***Hypothetical Assumptions***

Following is a review of the primary assumptions related to conditions specific to each industry segment in which the Group operates, as well as the macro-economic variables underlying the Plan. These assumptions developed by management on the basis of knowledge of the business, experience and judgment are also based on studies and data published by leading national and international economic research centers and organizations (primarily IHS Global Insight).

The most significant assumptions underlying revenues and, as a consequence, EBIT, are sales volumes estimates, which in turn are based on expected demand levels, closely correlated with the economic cycle.

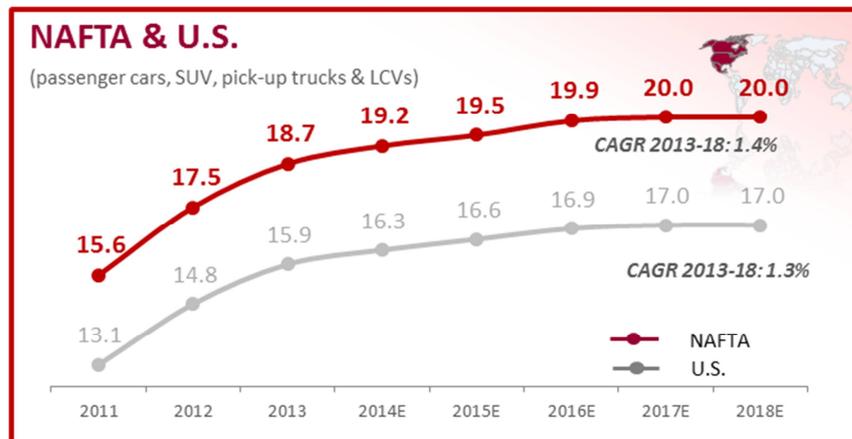
Following is an analysis, by segment, of the principal considerations underlying the assumptions made in relation to the markets and the economic environment.

Industry-specific market assumptions in each segment

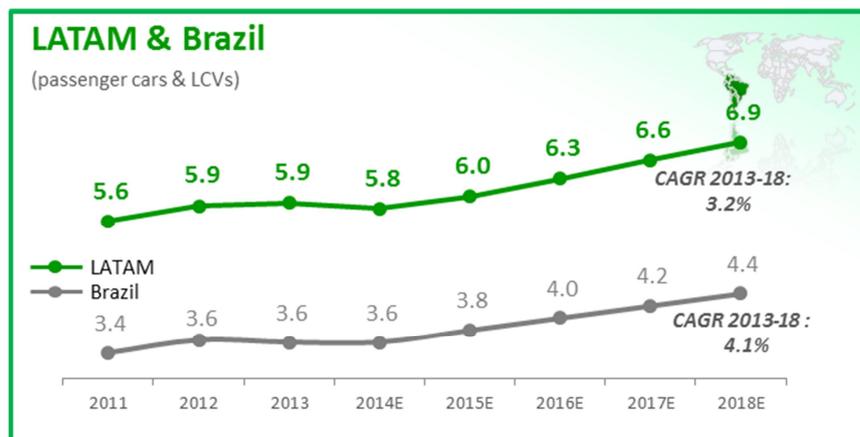
According to industry expert IHS, the worldwide market for vehicles is expected to grow from 83 million vehicles in 2013 to approximately 100 million in 2018, representing an annual growth rate of about 4%.

Projections of vehicle market demand through 2014-2018 in the four regions in which the Group operates are based on IHS indications.

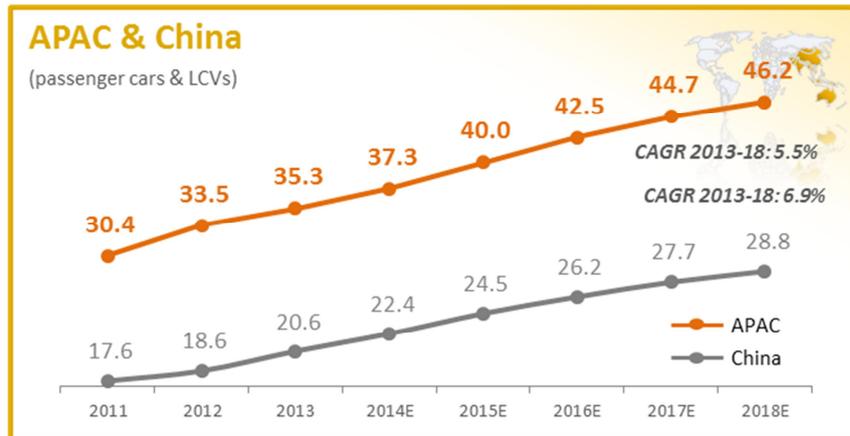
Within NAFTA, the U.S. market is expected to grow by more than 1 million vehicles to pre-recessionary levels of 17 million vehicles by 2017, while total NAFTA volumes grow to 20 million vehicles.



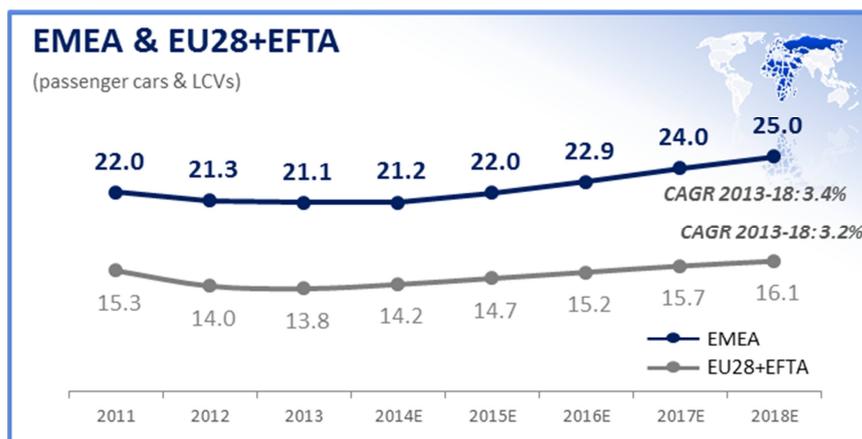
LATAM and the Brazilian car industry volumes are projected to grow annually by more than 3% and 4% respectively, supported by economic fundamentals and demographics, particularly in Brazil, and increasing total LATAM volumes to nearly 7 million vehicles, by 2018.



APAC is expected to continue to be the main contributor to growth in the worldwide car market continuing its strong growth rate of approximately 5% annually driven by China's growth of about 7% per year. Total APAC volumes are projected to grow from 35 million units in 2013 to approximately 46 million units in 2018.



EMEA vehicle market (passenger cars and light commercial vehicles together) is expected to grow at around 3% annually as the economy and consumer confidence continue to slowly improve with a total market reaching 25 million vehicles by 2018 and Europe (EU28 plus EFTA) reaching 16 million vehicles, a level not seen since 2009, although still lower than the pre-crisis levels.



### Macro-economic assumptions

The Plan is based on macro-economic variables correlated to market conditions in the principal regions where the Group operates. The principal elements considered are the EUR/USD and EUR/BRL exchange rates, as well as GDP growth rates for each major market.

For the 2015-2018 Plan period, a EUR/USD exchange rate of 1.30 and a EUR/BRL exchange rate of 3.575 were assumed.

As stated above, the most significant assumptions underlying Revenues and EBIT are sales volumes estimates, which in turn are based on expected demand levels, closely correlated with the economic cycle. In order to consider the influence of macroeconomic factors and, consequently the demand for their products, individual sectors of the Group have referred, if and where relevant to their business, to estimates for GDP growth in the countries and regions where they conduct their business activities based on reports issued by primary research institutions, namely EIU – Economist Intelligence Unit.

### **Net Income**

The targets for net income in the Plan period are the following:

(€ billion)	<b>2014</b>	<b>2016</b>	<b>2018</b>
Net Income	0.6-0.8(*)	1.9-2.5	4.7-5.5

(\*) Excluding unusual items

Net income is expected to increase from a range of €0.6-0.8 billion in 2014 to a range of €4.7-5.5 billion in 2018 primarily due to the EBIT trend as described above.

Total interest expense is expected to be stable at approximately €2 billion through 2016 and then decrease to approximately €1.7 billion in 2018, reflecting reduced net industrial debt levels. Assumptions utilized in this analysis include the roll-over of credit lines and bonds at similar rates as anticipated improvement in credit quality is expected to offset any increase in interest rates.

Income taxes increase through the Plan period as Profit Before Taxes increases across most jurisdictions. For 2014 to 2016, U.S. cash taxes are expected to be reduced using deductions generated by the VEBA Trust note prepayment that occurred in February 2014 and by utilizing the existing tax loss carry-forwards and Research and Development credits through 2016. The U.S. cash tax rate is assumed to trend to 33% by 2018. Conversely, the cash tax rate for EMEA based business is assumed to decrease through the Plan period as income generated in Europe will be offset by tax losses. The average cash tax rate for income taxes for the Group through the Plan period is expected at approximately 30%.

### Capital Expenditure

Capital expenditure (Capex) projected trend over the Plan period is the following:

(€ billion)	<b>2014</b>	<b>2016</b>	<b>2018</b>
Capital Expenditure (Fixed assets) .....	7.5-8.5	10.5-11.5	8.5-9.5
Capital expenditure (Fixed assets) and R&D costs charged to operations	9.4	12.6	10.7

Capex is expected to peak in 2016 in support of the intense cadence of product programs, particularly for Alfa Romeo, Chrysler and Jeep brands, and the completion of the upgrade of the manufacturing infrastructure for both assembly and powertrain plants including the installation of new global vehicle platforms across the Group's manufacturing footprint and the renewal of paint facilities in NAFTA as well as the completion of the installation of new engines and transmissions together with the associated capacity requirements. The level of infrastructure spending is expected to be reduced from over 20% of total Capex at the beginning of the Plan period to about half that level by 2018. Other key projects in the Plan period include the launch of the Alfa Romeo product lineup for a total investment of €5 billion and the greenfield construction of the Pernambuco plant in Brazil for €2 billion as well as spending to support the launch of products in APAC through the joint ventures.

At the end of the Plan period it's expected that Group's Capex spending on Property Plant and Equipment will be reduced to 4 to 5% of revenues going forward.

### Net Industrial Debt

Net industrial Debt projected trend over the Plan period is the following:

(€ billion)	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2018</b>
Net Industrial Debt	9.8-10.3	11.0	9.8-10.3	0.5-1.0

The Group is targeting to reduce net industrial debt from about €10 billion at the end of 2013, including the impact of acquiring the VEBA stake in Chrysler Group, to below €1 billion at the end of 2018. The reduction reflects operating cash generation (represented by EBIT plus depreciation and amortization or EBITDA) during the Plan period of over €70 billion and favorable working capital impact of about €8 billion partly offset by Capex and R&D spending of €55 billion and net financial charges and taxes of around €15 billion. The Plan assumes that no cash is used (1) to serve any newly formed captive Financial Services companies nor (2) to pay dividends to shareholders. The Plan also assumes that there are no capital increases and, as of the date of this Information Document, no resolution has been adopted in respect of transactions that may impact the Group's capital structure; however, the Group continuously considers financing and other opportunities available on the market. The Group may refinance indebtedness falling due in the 12-month period following the date of this Information Document and may carry out capital market transactions in accordance with its financing and liquidity management practices; these transactions can be carried out at any time, independently from the roll-out of the Plan and the achievement of related targets.

Ring-fencing of Chrysler's balance sheet is assumed to terminate in 2016, consistent with the earliest fixed-premium optional redemption date for the Chrysler secured senior notes, which are assumed to be refinanced at the FCA level.

The Plan can be split in two halves with the period through 2014-2016 focused on completing the product renewal in NAFTA, the new plant in Pernambuco, the Alfa Romeo industrial investments and first vehicle launches, the Maserati lineup, and the rollout of Jeep in APAC and LATAM. During this period the Group targets to hold net debt substantially flat and to offset the investment program with improving cash generated by operations and rigorous management of working capital. During 2016 the acceleration in profitability is expected to begin to drive positive cash generation resulting in a rapid de-leveraging of the balance sheet in 2017 and 2018 as cash from operations is expected to significantly exceed other operating cash requirements before any contribution from working capital. As a result, credit metrics are expected to improve with investment grade ratings being obtained by 2017.

## Projections

The Group Business Plan includes the following targets for the period 2014-2018:

(€ billion)	2014	2016	2018
Revenues	~93	~104	~132
EBIT	3.6-4.0 <sup>(*)</sup>	5.1-5.9	8.7-9.8
Net Income	0.6-0.8 <sup>(*)</sup>	1.9-2.5	4.7-5.5
Capital Expenditure	7.5-8.5	10.5-11.5	8.5-9.5
Net Industrial Debt	9.8-10.3	9.8-10.3	0.5-1.0

(\*) Excluding unusual items

As indicated above, the Projections for the Group are based on management assumptions concerning future events and are subject to uncertainties, outside of the Group's control, whose actual occurrence could cause significant variations from projected results. Those uncertain events include the actual achievement of revenue and margin targets and the financial capacity to meet capital requirements. Furthermore, the level of uncertainty increases progressively over the Plan period and is further accentuated by the intrinsic uncertainties presented by current macro-economic conditions in certain regions. Therefore, undue reliance should not be placed on these targets and Projections.

## 6.2 REPORT OF THE AUDIT FIRM ON THE PROJECTIONS

The Report of the independent auditors following their examination of the Projections is provided as an annex to this Information Document.

## **7. INFORMATION CONCERNING THE SECURITIES TO BE ADMITTED TO TRADING**

This Section 7 contains information on the FCA Common Shares expected to be admitted to listing on the MTA. This Section does not contain any information in connection with the Special Voting Shares which are neither transferable nor tradable (save for what is provided by New Articles of Association) and not admitted to listing (for further information on the Special Voting Shares, please refer to Section 2.1.1.3 above).

### **7.1 TYPE AND CLASS OF SECURITIES TO BE LISTED**

The securities admitted for listing are the common shares of FCA, having a par value of €0.01 each (i.e., the FCA Common Shares). Upon the Merger becoming effective, the authorized share capital of FCA will be equal to € 40,000,000.00 divided into 2,000,000,000 FCA Common Shares and 2,000,000,000 Special Voting Shares, all having a nominal value of €0.01 each. As provided for by Section 6.1 of the Common Merger Terms, all 35,000,000 FCA shares currently held by Fiat and any additional FCA shares issued to or otherwise acquired by Fiat that are held by Fiat at the time of completion of the Merger will not be cancelled in accordance with Section 2:325, paragraph 3, of the Dutch Civil Code, but will continue to exist as FCA Common Shares held by FCA in treasury. Under Dutch law and the New Articles of Association, FCA Common Shares that are held in treasury are not entitled to any distribution or voting rights. These treasury shares may be offered and allocated for trading on the market by FCA after the Merger in accordance with applicable laws and regulations for any purpose, including to help develop a more liquid trading market for FCA Common Shares on the NYSE. FCA may take technical steps prior to completion of the Merger (including the preparation and filing with the foreign competent authorities of registration documents containing no material information additional to that contained in this Information Document) to facilitate such transactions, but FCA will not proceed with any such transaction unless it has been presented to and approved by the New Board of Directors of FCA following the Merger.

In addition, following the Merger, newly-issued FCA Common Shares and/or FCA Common Shares held in treasury may also be used to service certain incentive plans, approved by FCA prior to or after the Merger Effective Date, for the benefit of certain FCA's directors and employees.

It is expected that the FCA Common Shares to be allocated to Fiat shareholders upon closing of the Merger will be equal a maximum of 1,250,963,898 shares (without taking into account treasury shares) for an overall par value of €12,509,638.98, as a result of the application of the Exchange Ratio to the number of outstanding Fiat shares as of the date of this Information Document. The FCA Common Shares which will be allocated to the shareholders of Fiat in connection with the Merger will be issued on the Merger Effective Date following the execution of the notarial deed to consummate the Merger, by operation of law.

FCA Common Shares that are traded on the NYSE will be held through the book-entry system provided by the DTC. FCA Common Shares traded on the MTA will be held through Monte Titoli, as a participant of DTC. FCA Common Shares that have been entered into the DTC book-entry system will be registered in the name of Cede & Co., as nominee for DTC and transfers of beneficial ownership of shares held through DTC will be effected by electronic transfer made by DTC participants. Article 12 of the New Articles of Association (regarding transfer of shares) does not apply to the trading of such FCA Common Shares on a regulated market or the equivalent thereof.

Transfers of shares held outside of DTC (including Monte Titoli, as a participant in DTC) or another direct registration system maintained by Computershare US, FCA's transfer agent in New York, and not represented by certificates are effected by a stock transfer instrument and require the written acknowledgement by FCA. Transfer of registered certificates is effected by presenting and

surrendering the certificates to the FCA's transfer agent in New York. A valid transfer requires the registered certificates to be properly endorsed for transfer as provided for in the certificates and accompanied by proper instruments of transfer and stock transfer tax stamps for, or funds to pay, any applicable stock transfer taxes.

FCA Common Shares are freely transferable, while Special Voting Shares are non-transferable except in limited specified circumstances (e.g., transfers to affiliates or relatives through succession, donation or other transfers). At any time, a holder of FCA Common Shares that are Electing Common Shares or Qualifying Common Shares wishing to transfer such common shares other than in the limited specified circumstances must first request a de-registration of such Electing Common Shares or Qualifying Common Shares from the Loyalty Register and, if held outside the Regular Trading System, move such common shares back into the Regular Trading System. After de-registration from the Loyalty Register, such FCA Common Shares no longer qualify as Electing Common Shares or Qualifying Common Shares and, as a result, the holder of such FCA Common Shares is required to offer and transfer the Special Voting Shares associated with the transferred FCA Common Shares to FCA for no consideration. No shareholder required to transfer Special Voting Shares pursuant to the Terms and Conditions of the Special Voting Shares shall be entitled to any purchase price for such Special Voting Shares and each shareholder is required to expressly waive any rights in that respect as a condition to participation in the Loyalty Voting Structure.

The board of directors of FCA may authorize the issuance of FCA Common Shares free from preemptive rights, thereby enabling FCA, at any time following the Merger, to offer and sell newly issued FCA Common Shares or securities convertible into or exercisable for FCA Common Shares. Such market transactions may be carried out for any purpose, including to facilitate the development of a more liquid trading market for FCA Common Shares on the NYSE, promptly following the Merger.

## **7.2 LAW GOVERNING ISSUANCE OF SHARES**

The FCA Common Shares will be issued under Dutch law.

## **7.3 RULES GOVERNING THE TRANSFER OF THE SHARES**

In accordance with the provisions of Dutch law, pursuant to Article 12 of the New Articles of Association the transfer of shares or the creation of a right *in rem* thereon requires a deed of transfer executed before a Dutch civil law notary, unless shares are (or shall shortly be) admitted to trading on a regulated market or multilateral trading facility as referred to in article 1:1 of the Dutch Financial Supervision Act or a system comparable to a regulated market or multilateral trading facility.

The transfer of FCA Common Shares that have not been entered into a book-entry system will be effected in accordance with article 12 of the New Articles of Association.

FCA Common shares that have been entered into the DTC book-entry system will be registered in the name of Cede & Co., as nominee for DTC and transfers of beneficial ownership of shares held through DTC will be effected by electronic transfer made by DTC participants. Article 12 of the New Articles of Association does not apply to the trading of such FCA Common Shares on a regulated market or the equivalent thereof.

Transfers of shares held outside of DTC (including Monte Titoli, as a participant in DTC) and not represented by certificates are effected by a stock transfer instrument and require the written acknowledgement by FCA. Transfer of registered certificates is effected by presenting and surrendering the certificates to the FCA's transfer agent in New York. A valid transfer requires the registered certificates to be properly endorsed for transfer as provided for in the certificates and

accompanied by proper instruments of transfer and stock transfer tax stamps for, or funds to pay, any applicable stock transfer taxes.

FCA Common Shares are freely transferable, while Special Voting Shares are generally not transferable. In particular, at any time, a holder of FCA Common Shares that are registered in the Loyalty Register as Electing Common Shares or as Qualifying Common Shares, wishing to transfer such common shares other than in limited specified circumstances (e.g., transfers to affiliates or relatives through succession, donation or other transfers) must first request a de-registration of such Electing Common Shares or Qualifying Common Shares from the Loyalty Register and, if held outside the Regular Trading System, move such common shares back into the Regular Trading System. After de-registration from the Loyalty Register, any Qualifying Common Shares no longer qualify as Qualifying Common Shares and, as a result, the holder of such FCA Common Shares is required to offer and transfer the Special Voting Shares associated with such FCA Common Shares that were previously Qualifying Common Shares to FCA for no consideration (*om niet*).

#### **7.4 CURRENCY OF DENOMINATION**

The FCA Common Shares will be denominated in euros.

#### **7.5 DESCRIPTION OF THE RIGHTS, AND ANY LIMITATIONS, ATTACHED TO THE FCA COMMON SHARES AND PROCEDURES FOR EXERCISE OF THOSE RIGHTS**

The general meeting of shareholders of FCA has the authority to resolve on any issuance of shares. In such a resolution, the general meeting must determine the price and other terms of issuance. The board of directors of FCA may have the power to issue shares if it has been authorized to do so by the general meeting, or pursuant to the New Articles of Association. Under Dutch law, such authorization may not exceed a period of five years, but may be renewed by a resolution of the general meeting for subsequent five-year periods at any time. The New Board of Directors of FCA will be designated by the New Articles of Association as the competent body to issue FCA Common Shares and Special Voting Shares for an initial period of five years, which may be extended by the general meeting with additional consecutive periods of up to a maximum of five years each.

FCA will not be required to obtain approval from the general meeting of shareholders to issue shares pursuant to the exercise of a right to subscribe for shares that was previously granted pursuant to authority granted by the shareholders or pursuant to delegated authority by the board of directors of FCA. The general meeting of shareholders of FCA shall, for as long as any such designation of the board of directors of FCA for this purpose is in force, no longer have authority to decide on the issuance of shares.

Under Dutch law and the New Articles of Association, each FCA shareholder will have a right of pre-emption in proportion to the aggregate nominal value of its shareholding upon the issuance of new FCA Common Shares (or the granting of rights to subscribe for FCA Common Shares). Exceptions to this right of pre-emption include the issuance of new FCA Common Shares (or the granting of rights to subscribe for FCA Common Shares): (i) to employees of FCA or another member of its Group pursuant to a stock compensation plan of FCA or any of its subsidiaries, (ii) against payment in kind (contribution other than in cash) and (iii) to persons exercising a previously granted right to subscribe for FCA Common Shares.

In the event of an issuance of Special Voting Shares, shareholders shall not have any right of pre-emption.

The general meeting may resolve to limit or exclude the rights of pre-emption upon an issuance of FCA Common Shares, which resolution requires approval of at least two-thirds of the votes cast, if less than half of the issued share capital is represented at the general meeting. The New Articles of

Association or the general meeting may also designate the board of directors of FCA to resolve to limit or exclude the rights of pre-emption in relation to the issuance of FCA Common Shares. Pursuant to Dutch law, the designation by the general meeting may be granted to the board of directors of FCA for a specified period of time of not more than five years and only if the board of directors of FCA has also been designated or is simultaneously designated the authority to resolve to issue FCA Common Shares. The New Board of Directors of FCA will be designated in the New Articles of Association as the competent body to exclude or limit rights of pre-emption for an initial period of five years, which may be extended by the general meeting with additional periods up to a maximum of five years per period.

The board of directors of FCA may authorize the issuance of FCA Common Shares free from pre-emptive rights, thereby enabling FCA, at any time following the Merger, to offer and sell newly issued FCA Common Shares or securities convertible into or exercisable for FCA Common Shares. Such market transactions may be carried out for any purpose, including to facilitate the development of a more liquid trading market for FCA Common Shares on the NYSE, promptly following the Merger.

Upon agreement with the relevant FCA shareholder, FCA may acquire its own shares at any time for no consideration (*om niet*), or subject to certain provisions of Dutch law and the New Articles of Association, for consideration if: (i) FCA's shareholders' equity less the payment required to make the acquisition does not fall below the sum of called-up and paid-in share capital and any statutory reserves, (ii) FCA and its subsidiaries would thereafter not hold shares or hold a pledge over FCA Common Shares with an aggregate nominal value exceeding 50% of the FCA's issued share capital and (iii) the board of directors of FCA has been authorized to do so by the general meeting.

The acquisition of fully paid-up shares by FCA other than for no consideration (*om niet*) requires authorization by the general meeting. Such authorization may be granted for a period not exceeding 18 months and shall specify the number of shares, the manner in which the shares may be acquired and the price range within which shares may be acquired. The authorization is not required for the acquisition of shares for employees of FCA or another member of its Group, under a scheme applicable to such employees and no authorization is required for repurchase of shares acquired in certain other limited circumstances in which the acquisition takes place by operation of law, such as pursuant to mergers or demergers. Such shares must be officially listed on a price list of an exchange.

Prior to the Merger Effective Date, Fiat, as the sole shareholder of FCA, will resolve to designate the board of directors of FCA as the competent body to resolve on FCA acquiring any FCA's fully paid-up FCA Common Shares other than for no consideration (*om niet*) for a period of 18 months.

FCA may, jointly with its subsidiaries, hold shares in its own capital exceeding one-tenth of its issued capital for no more than three years after acquisition of such FCA shares for no consideration (*om niet*) or in certain other limited circumstances in which the acquisition takes place by operation of law, such as pursuant to mergers or demergers. Any FCA shares held by FCA in excess of the amount permitted shall transfer to all members of the board of directors of FCA jointly at the end of the last day of such three-year period. Each member of the board of directors of FCA shall be jointly and severally liable to compensate FCA for the value of the FCA shares at such time, with interest at the statutory rate thereon from such time. The term FCA shares in this paragraph shall include depositary receipts for shares and shares in respect of which FCA holds a right of pledge.

No votes may be cast at a general meeting on the FCA shares held by FCA or its subsidiaries. Also no voting rights may be cast at a general meeting in respect of FCA shares for which depositary receipts have been issued that are owned by FCA. Nonetheless, the holders of a right of usufruct or

pledge in respect of shares held by FCA and its subsidiaries in FCA's share capital are not excluded from the right to vote on such shares, if the right of usufruct or pledge was granted prior to the time such shares were acquired by FCA or its subsidiaries.

Neither FCA nor any of its subsidiaries may cast votes in respect of a share on which it or its subsidiaries holds a right of usufruct or pledge. Currently, none of the FCA Common Shares are held by it or its subsidiaries.

Shareholders at a general meeting have the power to cancel shares acquired by FCA or to reduce the nominal value of the shares. A resolution to reduce the share capital requires a majority of at least two-thirds of the votes cast at the general meeting, if less than one-half of the issued capital is present or represented at the meeting. If more than one-half of the issued share capital is present or represented at the meeting, a simple majority of the votes cast at the general meeting is required. Any proposal for cancellation or reduction of nominal value is subject to general requirements of Dutch law with respect to reduction of share capital.

Each FCA Common Share and each Special Voting Share confers the right on the holder to cast one vote at a general meeting. Resolutions are passed by a simple majority of the votes cast, unless Dutch law or the New Articles of Association prescribes a larger majority. Under Dutch law and/or the New Articles of Association, the following matters require at least two-thirds of the votes cast at a meeting if less than half of the issued share capital is present or represented:

- a resolution to reduce the issued share capital;
- a resolution to amend the New Articles of Association;
- a resolution to restrict or exclude rights of pre-emption;
- a resolution to authorize the board of directors of FCA to restrict or exclude shareholder rights of pre-emption;
- a resolution to enter into a legal merger or a legal demerger; or
- a resolution to liquidate FCA.

FCA may make distributions to the shareholders and other persons entitled to the distributable profits only to the extent that its shareholders' equity exceeds the sum of the paid-up portion of the share capital and the reserves that must be maintained in accordance with Dutch law. No distribution of profits may be made to FCA itself for shares that FCA holds in its own share capital.

FCA may only make a distribution of dividends to the shareholders after the adoption of its statutory annual accounts demonstrating that such distribution is legally permitted. The board of directors of FCA may determine that other distributions shall be made, in whole or in part, from FCA's share premium reserve or from any other freely distributable reserve, provided that payments from reserves may only be made to the shareholders that are entitled to the relevant reserve upon the dissolution of FCA and provided further that the policy of FCA on additions to reserves and dividends is duly observed.

Insofar as the profits have not been distributed or allocated to the reserves, they may, by resolution of the general meeting, be distributed as dividends on the FCA Common Shares only. The general meeting may resolve, on the proposal of the board of directors of FCA, to declare and distribute dividends in U.S. dollars. The board of directors of FCA may decide, subject to the approval of the general meeting and the board of directors of FCA having been designated as the body competent to pass a resolution for the issuance of shares, that a distribution shall, wholly or partially, be made in the form of shares, or that shareholders shall be given the option to receive a distribution either in cash or in the form of shares.

The right to dividends and distributions will lapse if the dividends or distributions are not claimed

within five years following the day after the date on which they first became payable. Any dividends or other distributions made in violation of the New Articles of Association or Dutch law will have to be repaid by the shareholders who knew or should have known, of such violation.

The general meeting may resolve to dissolve FCA, upon a proposal of the board of directors of FCA thereto. A majority of at least two-thirds of the votes cast shall be required if less than one-half of the issued capital is represented at the meeting. In the event of dissolution, FCA will be liquidated in accordance with Dutch law and the New Articles of Association and the liquidation shall be arranged by the members of the board of directors of FCA, unless the general meeting appoints other liquidators. During liquidation, the provisions of the New Articles of Association will remain in force as long as possible.

If FCA is dissolved and liquidated, whatever remains of FCA's equity after all its debts have been discharged shall first be applied to distribute the aggregate balance of share premium reserves and other reserves (other than the special dividend reserve), to holders of FCA Common Shares in proportion to the aggregate nominal value of the FCA Common Shares held by each holder; secondly, from any balance remaining, an amount equal to the aggregate amount of the nominal value of the FCA Common Shares will be distributed to the holders of FCA Common Shares in proportion to the aggregate nominal value of FCA Common Shares held by each of them; thirdly, from any balance remaining, an amount equal to the aggregate amount of the special voting shares dividend reserve will be distributed to the holders of Special Voting Shares in proportion to the aggregate nominal value of the Special Voting Shares held by each of them; fourthly, from any balance remaining, the aggregate amount of the nominal value of the Special Voting Shares will be distributed to the holders of Special Voting Shares in proportion to the aggregate nominal value of the Special Voting Shares held by each of them; and, lastly, any balance remaining will be distributed to the holders of FCA Common Shares in proportion to the aggregate nominal value of FCA Common Shares held by each of them.

For further information on the rights attached to the FCA Common Shares, please refer to Section 2.1.1.3 above as well as to the comparative table attached to this Information Document.

## **7.6 RESOLUTIONS, AUTHORIZATIONS AND APPROVALS FOR THE CREATION AND/OR ISSUE OF FCA COMMON SHARES**

The FCA Common Shares which will be allocated to the shareholders of Fiat in connection with the Merger will be issued on the Merger Effective Date following the execution of the notarial deed to consummate the Merger, by operation of law.

Upon the Merger becoming effective, the authorized share capital of FCA will be equal to € 40,000,000.00 divided into 2,000,000,000 FCA Common Shares and 2,000,000,000 Special Voting Shares, all having a nominal value of €0.01 each.

As provided for by Section 6.1 of the Common Merger Terms, all 35,000,000 FCA shares currently held by Fiat and any additional FCA shares issued to or otherwise acquired by Fiat that are held by Fiat at the time of completion of the Merger will not be cancelled in accordance with Section 2:325, paragraph 3, of the Dutch Civil Code, but will continue to exist as FCA Common Shares held by FCA in treasury. Under Dutch law and the New Articles of Association, FCA Common Shares that are held in treasury are not entitled to any distribution or voting rights. These treasury shares may be offered and allocated for trading on the market by FCA after the Merger in accordance with applicable laws and regulations for any purpose, including to help develop a more liquid trading market for FCA Common Shares on the NYSE. FCA may take technical steps prior to completion of the Merger (including the preparation and filing with the foreign competent authorities of registration documents containing no material information additional to that contained in this Information Document) to facilitate such transactions, but FCA will not proceed

with any such transaction unless it has been presented to and approved by the New Board of Directors of FCA following the Merger.

In addition, following the Merger, newly-issued FCA Common Shares and/or FCA Common Shares held in treasury may also be used to service certain incentive plans, approved by FCA prior to or after the Merger Effective Date, for the benefit of certain FCA's directors and employees.

## **7.7 RESTRICTIONS ON TRANSFER OF THE FCA COMMON SHARES**

FCA Common Shares are freely transferable, while, as described below, Special Voting Shares are non transferable except in limited specified circumstances (e.g., transfers to affiliates or relatives through succession, donation or other transfers). At any time, a holder of FCA Common Shares that are Electing Common Shares or Qualifying Common Shares wishing to transfer such common shares other than in the limited specified circumstances must first request a de-registration of such Electing Common Shares or Qualifying Common Shares from the Loyalty Register and, if held outside the Regular Trading System, move such common shares back into the Regular Trading System. After de-registration from the Loyalty Register, such FCA Common Shares no longer qualify as Electing Common Shares or Qualifying Common Shares and, as a result, the holder of such FCA Common Shares is required to offer and transfer the Special Voting Shares associated with the transferred FCA Common Shares to FCA for no consideration.

## **7.8 APPLICABILITY OF REGULATIONS ON PUBLIC OFFERS TO BUY AND/OR RESIDUAL OFFERS**

Under Dutch law any person, acting alone or in concert with others, who, directly or indirectly, acquires 30% or more of FCA's voting rights after the FCA Common Shares are listed on the MTA will be obliged to launch a public offer for all outstanding shares in FCA's share capital. An exception is made for shareholders who, whether alone or acting in concert with others, have an interest of at least 30% of FCA's voting rights before the shares are first listed on the MTA and who still have such an interest after such first listing. It is expected that immediately upon the first listing of FCA Common Shares on the MTA, Exor will hold more than 30% of FCA's voting rights. It is therefore expected that Exor's interest in FCA will be grandfathered and that the exception will apply to it upon such first listing and will continue to apply to it for as long as its holding of shares represents over 30% of FCA's voting rights.

Pursuant to Section 2:92a of the Dutch Civil Code, a shareholder who, for its own account, holds at least 95% of the issued share capital of FCA may institute proceedings against the other shareholders jointly for the transfer of their shares to it. The proceedings are held before the Dutch Enterprise Chamber and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure. The Enterprise Chamber may grant the claim for the squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three expert(s) who will offer an opinion on the value to be paid for the shares of the minority shareholders. Once the order to transfer becomes final before the Enterprise Chamber, the person acquiring the shares must give written notice of the date and place of payment and the price to the holders of the shares to be acquired whose addresses are known to it. Unless the addresses of all of them are known to it, it must also publish the same in a Dutch daily newspaper with a national circulation. A shareholder can only appeal against the judgment of the Enterprise Chamber before the Dutch Supreme Court.

In addition, pursuant to Section 2:359c of the Dutch Civil Code, following a public offer, a holder of at least 95% of the issued share capital and of voting rights of FCA has the right to require the minority shareholders to sell their shares to it. Any such request must be filed with the Enterprise

Chamber within three months after the end of the acceptance period of the public offer. Conversely, pursuant to Section 2:359d of the Dutch Civil Code each minority shareholder has the right to require the holder of at least 95% of the issued share capital and the voting rights of FCA to purchase its shares in such case. The minority shareholder must file such claim with the Enterprise Chamber within three months after the end of the acceptance period of the public offer.

Following the possible admission to listing of FCA Common Shares on the MTA, certain rules provided for under Italian law with respect to both voluntary and mandatory public tender offers shall apply to any offer launched for FCA shares and these tender offers will be subject to the supervision by CONSOB. In particular, pursuant to article 101-*ter* of the Italian Financial Act, Italian provisions concerning, among other things, the tender offer price, the content of the offer document and the disclosure of the tender offer shall apply.

## **8. ADMISSION TO LISTING AND METHOD OF TRADING**

### **8.1 LISTINGS**

On September 11, 2014, the application for the admission to listing of the FCA Common Shares on the MTA was submitted to Borsa Italiana and on October 6, 2014 the NYSE authorized for listing the FCA Common Shares on the NYSE. FCA Common Shares were admitted to listing on the MTA (with the ISIN code NL0010877643) through the formal notification of admission no. 7935 issued by Borsa Italiana on October 6, 2014, it being understood that the admission is conditional upon and subsequent to the closing and effectiveness of the Transaction.

Start of trading on the NYSE of the FCA Common Shares is expected to occur on October [13], 2014.

### **8.2 INITIAL DATE OF TRADING**

Borsa Italiana is expected to issue a formal notification, following the issuance of the opinion on the equivalence to the prospectus of this Information Document, pursuant to Article 2.4.2 (4) of the Market Rules, setting the initial date for trading of FCA Common Shares as of October [13], 2014.

**9. PERSON RESPONSIBLE**

**9.1 PERSON RESPONSIBLE OF THE INFORMATION CONTAINED IN THIS INFORMATION DOCUMENT**

FCA and Fiat are the responsible parties for the completeness and truthfulness of the information contained in this Information Document.

**9.2 RESPONSIBILITY STATEMENT**

FCA and Fiat declare that, having taken all reasonable care to ensure that such is the case the information contained in the Information Document is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

## ANNEXES

The following annexes, attached hereto, are also incorporated by reference to this Information Document:

1. Common Merger Terms prepared pursuant to Article 2501-ter of the Italian Civil Code and Article 6 of the Legislative Decree 108
2. Expert report prepared by Reconta Ernst & Young S.p.A. for the benefit of Fiat and the expert report prepared by KPMG Accountants N.V. for the benefit of FCA on the Exchange Ratio
3. Independent auditor's report on the half-year condensed financial statements for the six months ended June 30, 2014
4. Independent auditor's report on the 2013, 2012 and 2011 consolidated financial statements pursuant to articles 14 and 16 of legislative decree n. 39 of January 27, 2010
5. Independent auditor's report on projections
6. Press releases issued by rating agencies in respect of Fiat mentioned in this Information Document

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*The manager responsible for preparing Fiat S.p.A.'s financial reports, Richard K. Palmer, declares, pursuant to paragraph 2 of article 154-bis of the Italian Financial Act, that the accounting information for Fiat S.p.A. contained in this Information Document corresponds to the results documented in the books, accounting and other records of Fiat S.p.A.*

## **APPENDIX**

### **COMPARISON OF RIGHTS OF SHAREHOLDERS OF FIAT AND FCA**

## COMPARISON OF RIGHTS OF SHAREHOLDERS OF FIAT AND FCA

The chart below contains the summary comparison of (a) the current rights of Fiat shareholders under Italian law and Fiat by-laws; and (b) the rights Fiat shareholders will have as FCA shareholders upon the effectiveness of the Merger under Dutch law and the New Articles of Association.

Provisions Applicable to Holders of Fiat Ordinary Shares	Provisions Applicable to Holders of FCA Common Shares
<b><i>Capitalization – General</i></b>	
As of September 23, 2014, Fiat’s share capital was equal to €4,478,450,754.84, divided into 1,250,963,898 ordinary shares having a nominal value of €3.580 each.	Following the Merger, the FCA authorized share capital will be equal to €40,000,000 divided into 2,000,000,000 common shares and 2,000,000,000 special voting shares, each having a nominal value of €0.01.
Shares issued by Fiat are listed and traded on the MTA organized and managed by Borsa Italiana S.p.A. and are a component of the FTSE MIB index.	FCA common shares issued by FCA will be listed on the NYSE and are expected to be listed on the MTA.
<b><i>Corporate Governance – General</i></b>	
The corporate bodies of Fiat are the general meeting ( <i>Assemblea</i> ) of shareholders, the Board of Directors ( <i>Consiglio di Amministrazione</i> ) and the board of statutory auditors ( <i>Collegio Sindacale</i> ).	The corporate bodies of FCA are the general meeting of shareholders of FCA and the FCA Board of Directors. FCA will not have a board of statutory auditors.
<b><i>Shareholders’ Meetings – Voting Rights and Quorum</i></b>	
<p>According to Italian law and the Fiat By-laws, the annual general meeting of shareholders must be held at least once a year within 180 days after the end of Fiat’s fiscal year.</p> <p>Pursuant to the Italian law and Fiat By-laws, all shareholders having obtained a statement from the intermediary with whom Fiat shares are deposited may attend the general meeting.</p> <p>To attend the general meeting, the owners of Fiat’s shares held through the book-entry system managed by Monte Titoli S.p.A. are required to instruct the relevant banks or financial institutions associated with Monte Titoli S.p.A., or any other relevant authorized intermediary with which their accounts are held, to provide Fiat with certificates evidencing the shares owned as of close of business on the</p>	<p>According to Dutch law and the New Articles of Association, the annual general meeting of shareholders must be held at least once a year within six months after the end of FCA’s fiscal year.</p> <p>When convening a general meeting of shareholders, the right to vote or attend meetings shall accrue to those persons who have these rights at the 28<sup>th</sup> day prior to the day of the meeting (the “record date”) and are registered as such in the register of shareholders or another register to be designated by the FCA Board of Directors for such purpose, irrespective of whether they will have these rights at the date of the meeting.</p> <p>In addition to the record date, the notice of the meeting shall further state the manner in which shareholders and other parties with meeting rights</p>

<p>seventh trading day prior to the date scheduled for the meeting in first call (provided that the date of any subsequent call is indicated in the notice of call, otherwise the date of each call shall be taken into account for determining the relevant record date) or in single call, without taking into consideration changes in the ownership of said shares, occurred between such registration and the date of the general meeting.</p> <p>Such communication from the relevant intermediary to Fiat must be provided by close of business on the third trading day preceding the date of the general meeting. However, shareholders may attend the meeting even if such communication is received by Fiat subsequently, provided that it is received before the relevant meeting begins. Such registration allows them to gain admission to the general meeting.</p> <p>Any shareholder entitled to attend the general meeting may be represented according to the relevant provisions of Italian law. Representation requires a written proxy. The proxy can be given only for one meeting (having effect, however, for each subsequent call of the same meeting).</p> <p>The general meeting is chaired by the chairman of the Board of Directors or, in his absence, by the vice chairman (if any) or by another person designated by the general meeting.</p> <p>Pursuant to Fiat By-laws, the shareholders' meeting can be convened on single call, with the application of the majorities provided for the general meeting held on second call.</p> <p>In order to be validly held, the general meeting requires the attendance of shareholders representing at least 50% of the voting capital on the first call, while no quorum is required on second call or on single call. On both first and second call, as well as on single call, resolutions are passed by a simple majority of the votes cast, save for the resolutions concerning the appointment of the members of the Board of Directors and of the board of statutory auditors, in which case a slate system applies. See “—Board of Directors—Election—Removal—Vacancies.” Every share shall confer the right to cast one vote.</p>	<p>may have themselves registered and the manner in which those rights may be exercised.</p> <p>Accordingly, following the Merger, a longer period of time will elapse from the record date to the date of the meeting (28 days) than is currently the case for Fiat shareholders.</p> <p>According to the New Articles of Association, shareholders and those permitted by law to attend the meetings may elect to be represented at any meeting by a proxy duly authorized in writing, provided they notify FCA in writing of their wish to be represented at such time and place as shall be stated in the notice of the meetings. The FCA Board of Directors may determine further rules concerning the deposit of the powers of attorney; these shall be mentioned in the notice of the meeting.</p> <p>Pursuant to the New Articles of Association, the general meeting of shareholders shall be presided over by the Chairman or, in his absence, by the person chosen by the FCA Board of Directors to act as chairman for such meeting.</p> <p>In connection with the Merger, FCA will issue special voting shares with a nominal value of €0.01 per share, to Fiat shareholders who are eligible and elect to receive such special voting shares upon closing of the Merger in addition to FCA common shares. The special voting shares cannot be traded and they have only minimal economic entitlements. However, they carry one vote per share as do FCA common shares. See Section 2.1.1.3 of the Information Document “Description of FCA following the Merger - Share capital of FCA”.</p> <p>All resolutions shall be passed with an absolute majority of the votes validly cast, unless otherwise specified in the New Articles of Association or provided by Dutch law. See below “—Extraordinary Shareholders' Meetings/Supermajority Matters” and “—Amendment to By-laws / Articles of Association / Increases in Share Capital/Capital Reduction”.</p>
<p><b><i>Extraordinary Shareholders' Meetings / Supermajority Matters</i></b></p>	
<p>Extraordinary shareholders' meetings are required to</p>	<p>According to the New Articles of Association, a</p>

<p>vote on all amendments of Fiat’s By-laws, including capital increases, transfer of Fiat’s registered office abroad, changes in the corporate purposes and all other matters referred to it by Italian law such as the liquidation or winding-up of the company as well as mergers and demergers.</p> <p>In order to be validly approved, resolutions pertaining to the above matters require the attendance of shareholders representing at least 50% of the ordinary share capital on first call, more than one-third on second call and at least one-fifth on any subsequent calls or in the event of a unique call, and the affirmative vote of holders of at least two-thirds of the Fiat share capital participating in the vote on the resolution.</p>	<p>resolution adopted with a majority of at least two-thirds of the votes cast is, inter alia, required to approve reduction of the issued share capital and to limit or exclude pre-emptive rights or to grant to the Board of Directors the power to do so, if in the general meeting less than one-half of the issued share capital is represented. Under Dutch law, if less than one-half of the issued share capital is represented, a resolution to enter into a legal merger or legal demerger will need to be adopted with a majority of two-thirds of the votes cast.</p> <p>Accordingly, following the Merger, different supermajorities will be required to adopt certain extraordinary resolutions compared to those required under Italian law with respect to Fiat.</p>
<p><b><i>Notice of Shareholders’ Meetings</i></b></p>	
<p>Under Italian law and Fiat’s By-laws, a written notice calling a shareholders’ meeting indicating the time, place and agenda of the meeting must be published in a national newspaper and on Fiat’s website not less than 30 days before the date scheduled for the meeting.</p> <p>For general meetings called to appoint, by means of the “voting lists” mechanism, the members of the Board of Directors and Board of Statutory Auditors, the notice of call shall be published at least 40 days prior to the date of the general meeting.</p> <p>For extraordinary shareholders’ meetings called to resolve upon the decrease of the share capital under Articles 2446, 2447 and 2448 of the Italian Civil Code, the notice of call shall be published at least 21 days prior to the date of the extraordinary shareholders’ meeting in accordance with the modalities mentioned above.</p>	<p>A general meeting of shareholders may be called by the FCA Board of Directors, the chairman, or the chief executive officer of the FCA Board of Directors, in such manner as is required to comply with the law and the applicable stock exchange regulations, not later than on the 42<sup>nd</sup> day prior to the meeting. All convocations of meetings of shareholders and all announcements, notifications and communications to shareholders and other persons entitled to attend a general meeting of shareholders shall be made by means of an announcement on FCA’s corporate website and such announcement shall remain accessible until the relevant general meeting of shareholders. Any communication to be addressed to the general meeting of shareholders by virtue of law or the New Articles of Association may be either included in the notice, referred to in the preceding sentence or, to the extent provided for in such notice, posted on FCA’s corporate website and/or in a document made available for inspection at the office of the company and such other place(s) as the FCA Board of Directors shall determine. Further, convocations of meetings of shareholders may be sent to shareholders and other persons entitled to attend general meetings of shareholders, through the use of an electronic means of communication to the address provided by such persons to FCA for this purpose.</p> <p>The notice shall state the place, date and hour of the meeting and the agenda of the meeting or shall state that the shareholders and all other persons who shall</p>

	<p>have the statutory right to attend the meeting may inspect the same at the office of FCA and at such other place(s) as the FCA Board of Directors shall determine.</p> <p>Accordingly, following the Merger, a longer minimum period will be required to elapse between the date of convocation and the shareholders meeting than is currently applicable to Fiat shareholders.</p>
<p><b><i>Shareholders' Right to Call a Shareholders' Meeting</i></b></p>	
<p>The directors must convene without delay a shareholders' meeting if requested to do so by shareholders representing at least five percent of the share capital of Fiat, indicating the agenda of the meeting (provided that the shareholders may only request the call of those meetings in relation to which a directors' proposal is not necessary under Italian law or a plan or report is not to be mandatorily drafted by the directors).</p> <p>Should the shareholders' meeting not be called by the directors or the board of statutory auditors in case of failure by the directors, the shareholders' meeting may be convened by the competent Court where the failure to call said shareholders' meeting is not properly justified.</p> <p>Shareholders representing at least 2.5% of the share capital of Fiat may request to add items on the agenda within ten days of the publication of the notice of call of the shareholders' meeting (or five days in the event that the shareholders' meeting is called to resolve upon the decrease of the share capital).</p>	<p>The FCA Board of Directors shall have the obligation to call a general meeting of shareholders, if one or more of those having the right to vote who hold, as between them, at least ten percent of the issued share capital make a request in writing to the board to that effect, stating the matters to be dealt with.</p> <p>If the FCA Board of Directors fails to call a meeting, then such shareholders may, on their application, be authorized by the interim provisions judge of the court to convene a general meeting of shareholders. The interim provisions judge shall reject the application if he is not satisfied that the applicants have previously requested the FCA Board of Directors in writing, stating the exact subjects to be discussed, to convene a general meeting of shareholders.</p> <p>Accordingly, following the Merger, a higher threshold will be required for exercising the right to call the shareholders' meeting than is currently applicable to Fiat shareholders.</p>
<p><b><i>Proxy solicitation</i></b></p>	
<p>Under Italian law, Fiat, one or more of its shareholders or any other eligible person can solicit other shareholders' proxies. Solicitation of proxies must be made through the publication of a prospectus and a proxy form; the relevant notice must be published on Fiat's website and must also be disclosed to CONSOB, Borsa Italiana S.p.A. and Monte Titoli S.p.A.</p> <p>Proxies must be dated, signed and indicate the voting instructions. The voting instructions can also be referred exclusively to certain items on the agenda. Proxies so granted can be revoked until one day prior to the shareholders' meeting. Proxies can only be</p>	<p>Under Dutch law, there is no regulatory regime for the solicitation of proxies. Solicitation of proxies is an <i>ad hoc</i> process, generally dealt with by an outside firm.</p>

<p>given for one single, already convened, shareholders' meeting but remain valid for the subsequent dates of the same shareholders' meeting.</p>	
<p><b><i>Amendment to By-laws / Articles of Association / Increases in Share Capital / Capital Reduction</i></b></p>	
<p>Under Italian law, amendments to the by-laws of a joint stock company (including increases in share capital and capital reduction) may be resolved at any time by the shareholders at an extraordinary shareholders' meeting. See “—Extraordinary Shareholders' Meetings/Supermajority Matters” for the required quorums and voting thresholds.</p>	<p>A resolution to amend the New Articles of Association can only be passed by a general meeting of shareholders pursuant to a prior proposal of the FCA Board of Directors. A majority of at least two-thirds of the votes cast shall be required if less than one half of the issued capital is represented at the meeting. Accordingly, following the Merger, a different supermajority will be required to amend the articles of association compared to that applicable for Fiat shareholders: an absolute majority of the votes validly cast if more than 50 percent is represented compared to the previously required 50 percent of the ordinary share capital on first call, more than one-third on second call and at least one-fifth on any subsequent calls.</p> <p>Under Dutch law and the New Articles of Association, when a proposal to amend the New Articles of Association is to be dealt with, a copy of that proposal shall be made available for inspection to the shareholders and others who are permitted by law to attend the meeting, at the office of FCA, as from the day the general meeting of shareholders is called until after the close of that meeting.</p> <p>The general meeting of shareholders or alternatively the FCA Board of Directors, if it has been designated to do so by the New Articles of Association or the general meeting of shareholders, shall have authority to resolve on any further issue of shares. The FCA Board of Directors will be designated by the New Articles of Association as the competent body to issue FCA common shares and FCA special voting shares for an initial period of five years which may be extended by the general meeting of shareholders with additional consecutive periods of up to a maximum of five years each.</p> <p>The general meeting of shareholders shall have power to pass a resolution to reduce the issued share capital by the cancellation of shares or by reducing the amount of the shares by means of an amendment to the New Articles of Association. The shares to which such resolution relates shall be stated in the resolution and it shall also be stated therein how the resolution shall be implemented.</p>

	<p>For a resolution to reduce the share capital, a majority of at least two-thirds of the votes cast shall be required, if less than one-half of the issued capital is represented at the meeting.</p>
<p><b><i>Pre-emptive Rights</i></b></p>	
<p>Under Italian law, an existing shareholder in a joint stock company has a preemptive right for any issue of shares by such company or debt convertible into shares in proportion to the shares held by such shareholder at the time of the issuance, with the exception summarized below.</p> <p>Under Italian law, shareholders of listed companies may exercise their pre-emptive rights for a period of at least 15 days after the registration of the relevant minutes with the competent Register of Enterprises.</p> <p>Existing shareholders are not entitled to preemptive rights with respect to newly issued shares to be paid for by contribution in kind. Preemptive rights can also be excluded in case Fiat's interest requires such exclusion. In both cases, the reasons for the exclusion must be adequately illustrated by a report of the Board of Directors.</p> <p>In addition, the by-laws of listed companies can exclude preemptive rights with respect to newly issued shares for an amount up to a maximum of ten percent of the existing share capital.</p> <p>Finally, the preemptive rights may be excluded up to a maximum of 25 percent of the newly issued shares if these shares are offered to Fiat's employees or to the employees of its subsidiaries or parent company.</p> <p>The preemptive rights can also be exercised by the holders of debt convertible into shares of Fiat on the basis of the relevant exchange ratio.</p>	<p>In the event of an issue of shares of any class every holder of shares of that class shall have pre-emptive rights with regard to the shares to be issued of that class in proportion to the aggregate amount of his shares of that class, provided however that no such pre-emptive rights shall exist in respect of shares to be issued to employees of FCA pursuant to any stock option plan of FCA.</p> <p>In the event of an issuance of special voting shares to Qualifying Shareholders, shareholders shall not have any right of pre-emption.</p> <p>Pre-emptive rights may be exercised during at least two weeks after the announcement.</p> <p>Pre-emptive rights may be limited or excluded by resolution of the general meeting of shareholders or resolution of the FCA Board of Directors if it has been designated to do so by the New Articles of Association or the general meeting of shareholders provided the FCA Board of Directors has also been authorized to resolve on the issue of shares of the company. In the proposal to the general meeting of shareholders in respect thereof, the reasons for the proposal and the choice of the intended price of issue shall be explained in writing.</p> <p>For a period of five years the New Articles of Association authorizes the FCA Board of Directors and not the General Meeting to issue FCA common shares and special voting shares and to limit or exclude pre-emptive rights in respect of the issuance of FCA common shares or rights to acquire FCA common shares.</p> <p>Following the Merger, the pre-emptive rights will be capable of being limited or excluded whenever an appropriate resolution of the FCA Board of Directors is passed and not only in certain specific cases provided by the law, as is the case for Fiat currently.</p>
<p><b><i>Approval of the Financial Statements</i></b></p>	
<p>Under Italian law, the yearly financial statement of a joint stock company that prepares consolidated</p>	<p>The FCA Board of Directors shall annually close the books of FCA as at the last day of every financial</p>

<p>financial statements must be approved by the shareholders at an ordinary shareholders' meeting to be held no later than 180 days following the end of the relevant fiscal year. See “—Shareholders' Meetings – Voting Rights and Quorum.”</p>	<p>year and shall within four months thereafter draw up annual accounts consisting of a balance sheet, a profit and loss account and explanatory notes. Within such four month period the FCA Board of Directors shall publish the annual accounts, including the accountant's certificate, the annual report and any other information that would need to be made public in accordance with the applicable provisions of law and the requirements of any stock exchange on which FCA common shares are listed.</p> <p>According to Section 2:394 of the Dutch Civil Code, such in conjunction with the Dutch Financial Supervision Act (<i>Wet op het financieel toezicht</i>), the annual accounts, annual report and other documents referred to in Section 2:392 of the Dutch Civil Code must be sent to the AFM within five days after adoption of the annual accounts. The AFM will file the annual accounts with the Dutch trade register within three days upon receipt.</p> <p>If justified by the activity of FCA or the international structure of its Group as determined by the FCA Board of Directors, FCA's annual accounts or its consolidated accounts may be prepared in a foreign currency.</p>
<p><b><i>Dividend and Liquidation Rights</i></b></p>	
<p>Under Italian law, Fiat may pay dividends out of the net profits recorded in the company's audited and approved financial statements for the preceding fiscal year or out of its distributable legal reserves. The dividend distribution must be approved by the general meeting approving the company's yearly financial statements.</p> <p>Distributions may not be made if the distribution would reduce shareholders' equity below the sum of the paid-up capital and any reserves required by Italian law or Fiat By-laws.</p> <p>According to Fiat By-laws, net profit reported in the annual financial statements shall be allocated as follows:</p> <ul style="list-style-type: none"> <li>• to the legal reserve, five percent of net profit until the amount of such reserve is equivalent to one-fifth of share capital;</li> <li>• further allocations to the legal reserve, allocations to the extraordinary reserve, retained profit reserve and/or other allocations</li> </ul>	<p>Dutch law provides that, subject to certain exceptions, dividends may only be paid out of profits as shown in the FCA annual financial statements as adopted by the general meeting of shareholders.</p> <p>Distributions may not be made if the distribution would reduce shareholders' equity below the sum of the paid-up capital and any reserves required by Dutch law or the New Articles of Association.</p> <p>According to the New Articles of Association, FCA shall maintain a separate capital reserve for the purpose of facilitating any issuance or cancellation of special voting shares. The special voting shares shall not carry any entitlement to the balance of the special capital reserve. The FCA Board of Directors shall be authorized to resolve upon any distribution or allocation of the special capital reserve.</p> <p>FCA shall maintain a separate dividend reserve for the special voting shares. The special voting shares shall not carry any entitlement to any other reserve of FCA.</p> <p>From the profits, shown in the annual accounts, as</p>

<p>that shareholders may approve; and</p> <ul style="list-style-type: none"> <li>• to each share, distribution of any remaining profit that shareholders may approve.</li> </ul> <p>The Board of Directors may authorize the payment of interim dividends during the year. Any dividends unclaimed within five years of the date they become payable shall be forfeited and shall revert to the company.</p> <p>Under Italian law, and subject to satisfaction of the claims of all other creditors, shareholders are entitled to a distribution of Fiat’s remaining liquidated assets in proportion to the nominal value of the shares they hold in Fiat’s capital stock.</p>	<p>adopted, such amounts shall be reserved as the FCA Board of Directors may determine.</p> <p>The profits remaining thereafter shall first be applied to allocate and add to the special voting shares dividend reserve an amount equal to one percent of the aggregate nominal amount of all outstanding special voting shares. The special voting shares shall not carry any other entitlement to the profits.</p> <p>Any profits remaining thereafter shall be at the disposal of the general meeting of shareholders for distribution of dividends on the FCA common shares only, subject to the provisions below.</p> <p>Subject to a prior proposal of the FCA Board of Directors, the general meeting of shareholders may declare and make distributions in U.S. dollars. Furthermore, subject to the approval of the general meeting of shareholders, the FCA Board of Directors may decide that a distribution shall be made in the form of shares or that shareholders shall be given the option to receive a distribution either in cash or in the form of shares.</p> <p>The FCA Board of Directors shall have the power to declare one or more interim dividends or other distributions, subject to certain conditions set forth in the New Articles of Association.</p> <p>Dividends and other distributions shall be made payable in the manner and at such date(s)–within four weeks after declaration thereof–and notice thereof shall be given, as the general meeting of shareholders, or in the case of interim dividends, the FCA Board of Directors shall determine.</p> <p>Dividends and other distributions of profit, which have not been collected within five years and one day after the same have become payable, shall become the property of FCA.</p> <p>According to the New Articles of Association, whatever remains of FCA’s equity after all its debts have been discharged:</p> <ul style="list-style-type: none"> <li>• shall first be applied to distribute the aggregate balance of share premium reserves and other reserves of FCA to the holders of FCA common shares in proportion to the aggregate nominal value of the FCA common shares held by each of them;</li> <li>• secondly, from any balance remaining, an amount equal to the aggregate amount of the</li> </ul>
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	<p>nominal value of the FCA common shares will be distributed to the holders of FCA common shares in proportion to the aggregate nominal value of FCA common shares held by each of them;</p> <ul style="list-style-type: none"> <li>• thirdly, from any balance remaining, an amount equal to the aggregate amount of the special voting shares dividend reserve will be distributed to the holders of special voting shares in proportion to the aggregate nominal value of the special voting shares held by each of them;</li> <li>• fourthly, from any balance remaining, the aggregate amount of the nominal value of the special voting shares will be distributed to the holders of special voting shares in proportion to the aggregate nominal value of the special voting shares held by each of them; and</li> <li>• lastly, the balance remaining will be distributed to the holders of FCA common shares in proportion to the aggregate nominal value of FCA common shares held by each of them.</li> </ul>
<p><b><i>Cash Exit Rights / Appraisal Rights</i></b></p>	
<p>Under Italian law, shareholders of Italian joint stock companies are entitled to exercise cash exit rights whenever a resolution is adopted at a shareholders' meeting with respect to, <i>inter alia</i>:</p> <ul style="list-style-type: none"> <li>• a change in the business purpose of the company;</li> <li>• a change in the legal form of the company;</li> <li>• the transfer of the registered office of the company outside of Italy;</li> <li>• revocation of the winding-up of the company;</li> <li>• change of the corporate and economic rights attached to the shares as provided for in the by-laws; or</li> <li>• a merger in which the shareholders of a listed company receive shares which are not listed on a regulated stock market in Italy.</li> </ul> <p>Cash exit rights can be exercised for all or part of the shares held by the relevant shareholder.</p> <p>In order to validly exercise their cash exit rights, shareholders entitled to do so must send notice</p>	<p>Shareholders of FCA will have no appraisal rights and/or cash exit rights, as Dutch law does not recognize this concept (other than in the context of a cross-border merger whereby FCA would be the entity ceasing to exist).</p>

<p>thereof to Fiat by registered mail within 15 days after the publication in the Companies' Register of the resolution approved at the relevant meeting of shareholders.</p> <p>The shares with respect to which cash exit rights are being exercised cannot be sold by the relevant shareholder and must be deposited with Fiat (or the relevant intermediary).</p>	
<p><b><i>Rights to Inspect Corporate Books and Records</i></b></p>	
<p>Under Italian law, any shareholder, in person or through an agent, may inspect Fiat's shareholders' ledger and the minutes of shareholders' meetings at any time and may request a copy of the same at his or her own expense.</p>	<p>Under Dutch law, the annual accounts of a company are submitted to the general meeting of shareholders for their adoption. Shareholders have the right to obtain a copy of any proposal to amend the New Articles of Association at the same time as meeting notices referring to such proposals are published (See above "—Amendment to By-laws / Articles of Association / Increases in Share Capital / Capital Reduction"). Under Dutch law, the shareholders' register is available for inspection by the shareholder.</p>
<p><b><i>Purchase of Treasury Shares</i></b></p>	
<p>Under Italian law, the purchase of treasury shares must be authorized by the shareholders at any ordinary meeting and only paid out of retained earnings or distributable reserves remaining from the last approved unconsolidated financial statements and provided, in any case, that all shares are fully paid-in.</p> <p>The nominal value of the treasury shares (to be repurchased, together with any shares previously held) by Fiat or any of its subsidiaries, may not exceed in aggregate 20 percent of Fiat's share capital then issued and outstanding.</p> <p>Treasury shares may only be sold or disposed of in any manner pursuant to a shareholders' resolution. Fiat is not entitled to vote or to receive dividends on the shares it owns. Neither Fiat (except in limited circumstances) nor any of its subsidiaries can subscribe for new shares in the case of capital increases. Shares owned by its subsidiaries are not entitled to voting rights but are entitled to receive dividends. Shares owned by Fiat and its subsidiaries are considered at shareholders' meetings for quorum purposes.</p> <p>For listed companies, as Fiat, the purchase of its own</p>	<p>According to the New Articles of Association, FCA has the authority to acquire fully paid-up shares in its own share capital, provided that such acquisition is made for no consideration. It shall have authority to acquire fully paid-up shares in its own capital for consideration if:</p> <ol style="list-style-type: none"> <li>a. the general meeting of shareholders has authorized the board of directors to make such acquisition – which authorization shall be valid for no more than eighteen months – and has specified the number of shares which may be acquired, the manner in which they may be acquired and the limits within which the price must be set;</li> <li>b. FCA's equity, after deduction of the acquisition price of the relevant shares, is not less than the sum of the paid-up portion of the share capital and the reserves that have to be maintained by provision of law; and</li> <li>c. the aggregate par value of the shares to be acquired and the shares in its share capital FCA already holds, holds as pledgee or are held by a subsidiary company, does not amount to more than one-half of the aggregate</li> </ol>

<p>treasury shares and the purchase of shares of a listed company by its subsidiaries must take place in a manner that ensures the equality of treatment among shareholders (e.g., on the market or through a voluntary tender offer addressed to all shareholders).</p>	<p>par value of the issued share capital.</p> <p>FCA's equity as shown in the last confirmed and adopted balance sheet, after deduction of the acquisition price for shares in the share capital of FCA, the amount of the loans as referred to in Article 2:98c of the Dutch Civil Code and distributions from profits or reserves to any other persons that became due by the company and its subsidiary companies after the date of the balance sheet, shall be decisive for purposes of items b) and c) above. If no annual accounts have been confirmed and adopted when more than six months have expired after the end of any financial year, then an acquisition by virtue of this paragraph shall not be allowed.</p>
<p><b><i>Class Action, Shareholder Derivative Suits and Other Minority Shareholders' Rights</i></b></p>	
<p>The Italian code of consumers provides for the possibility for consumers' associations to start a class action for the protection of collective interests. Single consumers may adhere to a class action suit that has already been initiated by the association. While it is possible to pursue compensation for the breach of consumer contracts, it is not possible to claim punitive damages.</p> <p>With respect to minority shareholders' rights, shareholders representing at least 2.5 percent of the share capital of Italian listed companies may bring a liability claim (on behalf of the company) against the directors for breach of their duties towards the company.</p> <p>The shareholders promoting such claim appoint a representative to lead the action and perform all necessary ancillary activities.</p> <p>If the action is successful, damages granted inure to the exclusive benefit of the company. The company must reimburse the shareholders, who initiated the action, for the costs and expenses related to the action.</p> <p>Any shareholder representing 1/1000 of the voting share capital of an Italian listed company may also challenge any resolution of the Board of Directors within 90 days of such resolution being passed, if the resolution is prejudicial to the shareholder's rights.</p> <p>Any shareholder representing 1/1000 of the voting share capital may challenge any shareholders' meeting resolution that contravenes provisions of the By-laws or applicable law, if (i) the resolution was</p>	<p>In the event a third party is liable to FCA, only FCA itself can bring a civil action against that party. Individual shareholders do not have the right to bring an action on behalf of the company. Only in the event that the cause for the liability of a third party to the company also constitutes a tortious act directly against a shareholder, does that shareholder have an individual action against such third party in its own name. The Dutch Civil Code provides for the possibility to initiate such actions collectively. A foundation or association whose objective is to protect the rights of a group of persons having similar interests can alternatively institute a collective action. Such collective action can only result in a declaratory judgment. In order to obtain compensation for damages, the foundation or association and the defendant may reach, often on the basis of such declaratory judgment, a settlement. A Dutch court may declare the settlement agreement binding upon all the injured parties with an opt-out choice for an individual injured party.</p> <p>In the event a director is liable to the company (e.g., for breach of fiduciary duties towards the company) only FCA itself can bring a civil action against that director. Individual shareholders do not have the right to bring an action against the director.</p> <p>Shareholders representing shares with a value of at least €20,000,000 may request the Dutch Enterprise Chamber of the Court of Appeal of Amsterdam to investigate the policy and/or overall activities of the company (over a certain period of time) on the basis that there are valid grounds to question the policy as</p>

<p>adopted at a shareholders' meeting not attended by such shareholder, (ii) the shareholder dissented, (iii) the shareholder abstained from voting, or (iv) the shareholder purchased the shares between the record date and the beginning of the meeting.</p>	<p>conducted by the company. The Enterprise Chamber may order an investigation and grant other measures to remedy the alleged mismanagement, including replacement of directors, suspension of voting rights and annulment of corporate resolutions.</p>
<p><b><i>Board of Directors-Election-Removal-Vacancies</i></b></p>	
<p>Fiat is managed by a Board of Directors consisting of a number varying from nine to fifteen members, as determined by the shareholders in a General Meeting.</p> <p>Under Italian law the directors are appointed for a period of no more than three years, the third year expiring on the day of the general meeting of shareholders approving the yearly financial statements relevant for the last financial year of their office.</p> <p>The current board is comprised of 9 directors.</p> <p>The Board of Directors is appointed through a voting-list mechanism to ensure election of directors designated by minority shareholders in accordance with Italian law.</p> <p>Directors can be removed from office at any time by the general meeting. Directors removed without cause before the end of their term may claim damages resulting from their removal from office. The Board of Directors shall include at least two directors qualifying as "independent directors" pursuant to applicable laws and regulations and a number of directors (currently at least one-fifth of the directors) belonging to the less represented gender.</p> <p>Vacancies on the Board of Directors are filled by a majority vote of the remaining directors (with a resolution approved by the board of statutory auditors) and confirmed/replaced by a resolution adopted by the general meeting. Directors so appointed remain in office for the remaining part of the relevant term. The appointment, revocation, expiration of the term of office or replacement of Directors is governed by the applicable laws. According to Fiat By-Laws, if as a result of resignations or other reasons the majority of the Directors elected by Shareholders is no longer in office, the term of office of the entire Board of Directors will be deemed to have expired, and a general meeting of shareholders will be convened on</p>	<p>FCA shall have a board of directors, consisting of three or more members, comprising both members having responsibility for the day-to-day management of FCA (executive directors) and members not having such day-to-day responsibility (non-executive directors). The majority of the members of the FCA Board of Directors shall consist of non-executive directors.</p> <p>The chairman of the FCA Board of Directors as referred to by law shall be a non-executive director with the title Chairman. The FCA Board of Directors may grant titles to directors, including—without limitation—the titles of co-chairman, vice chairman, chief executive officer, Senior Independent Board Member, president or vice-president.</p> <p>The term of office of all directors will be for a period of approximately one year after appointment, such period expiring on the day the first annual general meeting of shareholders is held in the calendar year that the term of the appointment expires (or such shorter period as included in the resolutions of the General Meeting appointing the relevant director). Each director may be reappointed at any subsequent general meeting of shareholders.</p> <p>Following the Merger, the terms of appointment of directors will therefore be reduced from three years to approximately one year.</p> <p>The current FCA Board of Directors is comprised of three directors. According to the information already communicated to the public on August 1, 2014, the FCA Board of Directors upon closing of the Merger will be comprised of eleven directors.</p> <p>The general meeting of shareholders appoints the directors and has at all times the power to suspend or to dismiss any of the directors.</p> <p>Following the Merger, the directors of FCA will not be appointed through a voting-list mechanism as is currently the case for Fiat.</p> <p>If the office(s) of one or more directors is vacated or</p>

<p>an urgent basis by the Directors still in office for the purpose of electing a new Board of Directors.</p> <p>Under Italian law and the Fiat By-laws, the Board of Directors is validly convened with the presence of at least the majority of the directors in office and acts by the majority of those present. In case of deadlock, the chairman of the meeting has the deciding vote.</p>	<p>if one or more directors be otherwise unavailable, the remaining directors or the remaining director shall temporarily be vested with the entire management, provided, however, that in such event the FCA Board of Directors shall have the power to designate one or more persons to be temporarily entrusted with the co-management of FCA.</p> <p>If the offices of all directors be vacated or if all directors be otherwise unable to act, the management shall temporarily be vested in the person or persons whom the general meeting of shareholders shall every year appoint for that purpose.</p> <p>Under Dutch law and the New Articles of Association, all resolutions shall be adopted by the favorable vote of the majority of the directors present or represented at the meeting. Each director shall have one vote.</p> <p>Pursuant to the New Articles of Association, the FCA Board of Directors is authorized to adopt resolutions without convening a meeting if all directors shall have expressed their opinions in writing, unless one or more directors shall object in writing to the resolution being adopted in this way prior to the adoption of the resolution. A resolution shall in this case be adopted if the majority of all directors shall have expressed themselves in favor of the resolution concerned.</p>
<p><b><i>Board of Directors – Powers and Duties</i></b></p>	
<p>Under the Fiat By-laws, the Board of Directors is vested with the fullest powers for ordinary and extraordinary management without exclusion or exception other than those acts where the approval of shareholders is required by law.</p> <p>The Board of Directors is also authorized to adopt resolutions relating to:</p> <ul style="list-style-type: none"> <li>• issuance of non-convertible bonds;</li> <li>• merger and demerger of companies, where specifically allowed by law;</li> <li>• establishment or closure of branch offices;</li> <li>• designation of Directors empowered to represent the company;</li> <li>• reduction of share capital in the event of shareholders exercising their cash exit;</li> <li>• amendment of the By-laws to reflect changes</li> </ul>	<p>Under the New Articles of Association, the FCA Board of Directors is in charge of the management of the company. However, the FCA Board of Directors shall require the approval of the general meeting of shareholders for resolutions concerning an important change in the company’s identity or character, including in any case:</p> <ul style="list-style-type: none"> <li>• the transfer to a third party of the business of the company or practically the entire business of the company;</li> <li>• the entry into or breaking off of any long-term cooperation of the company or a subsidiary with another legal entity or company or as a fully liable partner of a general partnership or limited partnership, where such entry into or breaking off is of far-reaching importance to the company; and</li> <li>• the acquisition or disposal by the company or</li> </ul>

<p>in the law; and</p> <ul style="list-style-type: none"> <li>• transfer of the company’s registered office to another location in Italy.</li> </ul> <p>The Board of Directors, and any individual or bodies it may delegate, shall also have the power to carry out, without the requirement for specific shareholder approval, all acts and transactions necessary to defend against a public tender or exchange offer, from the time of the public announcement of the decision or obligation to make the offer until expiry or withdrawal of the offer itself.</p>	<p>a subsidiary of an interest in the capital of a company with a value of at least one-third of the company’s assets according to the consolidated balance sheet with explanatory notes included in the last adopted annual accounts of the company.</p>
<p><b><i>Board of Directors – Conflicts of Interest Transactions</i></b></p>	
<p>Under Italian law, a director with a direct or indirect interest, which does not have to be necessarily conflicting, in a transaction contemplated by Fiat must inform the Board of Directors of any such conflict of interest in a comprehensive manner. If a managing director has a conflict of interest, he must refrain from executing the transaction and refer the relevant decision to the Board of Directors.</p> <p>If the Board of Directors approves the transaction, such decision must be duly motivated, in particular with regard to its economic rationale for the company.</p> <p>In case the conflicted director has not informed the board of the conflict, the board has not motivated its decision, or such decision has been adopted with the decisive vote of an interested director, the relevant resolution, in case it may cause damage to the company, can be challenged in court by any of the directors who did not participate in the adoption of the resolution or by the statutory auditors of the company or by any of the directors (including those who participated in the adoption of the resolution) or by the statutory auditors of the company or by any of the directors (including those who participated in the adoption of the resolution) if the conflicted director did not inform the board of the existing conflict.</p> <p>The challenge must be brought within 90 days from the date of the relevant resolution.</p> <p>Conflicted directors are liable towards the company for damages deriving from any action or omission carried out breaching the above provisions.</p>	<p>A director shall not take part in any vote on a subject or transaction in relation to which he has a conflict of interest with the company. If there is such a conflict of interest of all directors, the preceding sentence does not apply and the FCA Board of Directors shall maintain its authority to resolve upon the relevant matter, subject to the approval of the general meeting of shareholders.</p>

<b><i>Committee of Directors</i></b>	
<p>Pursuant to the Fiat By-laws, the Board of Directors may establish an executive committee and/or other committees having specific functions and tasks, determining both the composition and procedures of such committees. More specifically, the Board of Directors has currently established a committee to supervise the Internal Control System and committees for the nomination and compensation of directors and Executive Officers.</p>	<p>Pursuant to the New Articles of Association, the FCA Board of Directors shall have the power to appoint any committees, composed of directors and officers of the company.</p>
<b><i>Board of Directors – Liability</i></b>	
<p>Under Italian law, directors must perform their duties with the care required by the nature of their office and their specific competences.</p> <p>Directors are jointly and severally liable towards the company for damages resulting from breach of the duties of their office. Directors are also jointly liable if they have knowledge of facts that may be prejudicial to the company but have not implemented, to the extent possible, measures necessary to avoid or limit the effects of such facts.</p> <p>The company may initiate a liability claim against its own directors with the approval of the general meeting of the company or a resolution of the board of statutory auditors approved with a two-thirds majority of its members. The liability claim can be waived or settled, provided the waiver or settlement is authorized by the general meeting. Such authorization is deemed not granted in the event that shareholders representing at least five percent of the company's share capital vote against the authorization.</p> <p>Directors may also be held liable vis-à-vis shareholders or company's creditors in the event of an act prejudicial to the company's shareholders or in the event of any act prejudicial to the company's assets, respectively.</p>	<p>Under Dutch law, the management of a company is a joint undertaking and each member of the Board of Directors can be held jointly and severally liable to FCA for damages in the event of improper or negligent performance of their duties.</p> <p>An individual director is only exempted from liability if he proves that he cannot be held seriously culpable for the mismanagement and that he has not been negligent in seeking to prevent the consequences of the mismanagement. In this regard a director may, however, refer to the allocation of tasks between the directors.</p> <p>Further, members of the Board of Directors can be held liable to third parties based on tort, pursuant to certain provisions of the Dutch Civil Code.</p>
<b><i>Rights of Directors and Officers to Obtain Indemnification</i></b>	
<p>Italian law and national collective bargaining agreements provide that Fiat will reimburse its executives for legal expenses incurred in defending against criminal prosecution, provided that such prosecution is related to actions taken by the executive in the performance of his duties to Fiat.</p>	<p>The concept of indemnification of directors of a company for liabilities arising from their actions as members of the board as an executive or non-executive director is, in principle, accepted in the Netherlands.</p>

<p>This rule does not apply to instances of intentional misconduct or gross negligence.</p>	<p>Under the New Articles of Association, FCA is required to indemnify its directors, officers, former directors, former officers and any person who may have served at FCA’s request as a director or officer of another company in which FCA owns shares or of which FCA is a creditor who were or are made a party or are threatened to be made a party or are involved in, any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitral or investigative (each a “Proceeding”), or any appeal in such a Proceeding or any inquiry or investigation that could lead to such a Proceeding, against any and all liabilities, damages, reasonable and documented expenses (including reasonably incurred and substantiated attorney’s fees), financial effects of judgments, fines, penalties (including excise and similar taxes and punitive damages) and amounts paid in settlement in connection with such Proceeding by any of them. Notwithstanding the above, no indemnification shall be made in respect of any claim, issue or matter as to which any of the above-mentioned indemnified persons shall be adjudged to be liable for gross negligence or wilful misconduct in the performance of such person’s duty to FCA. This indemnification by FCA is not exclusive of any other rights to which those indemnified may be entitled otherwise.</p>
<p><b><i>Mandatory Public Offerings</i></b></p>	
<p>Under Italian law, defense measures can only be adopted by Italian companies listed on an Italian or EU regulated market if approved by a shareholders’ meeting, unless the By-laws provides otherwise.</p> <p>The Fiat By-laws set forth that the Board of Directors, and any individual or bodies it may delegate, has the power to carry out, without the requirement for specific shareholder approval, all acts and transactions necessary to defend against a public tender or exchange offer, from the time of the public announcement of the decision or obligation to make the offer until expiry or withdrawal of the offer itself.</p>	<p>Under Dutch law, any person, acting alone or in concert with others, who, directly or indirectly, acquires 30 percent or more of voting rights in a company listed on a Dutch or EU regulated market will be obliged to launch a public offer for all outstanding shares in the company’s share capital.</p> <p>An exception is made for shareholders who, whether alone or acting in concert with others, have an interest of at least 30 percent of the company’s voting rights before the shares are first admitted to trading on the MTA and who still have such an interest after such first admittance to trading. It is expected that immediately after the first admittance to trading of the shares on MTA, Exor will hold more than 30 percent of FCA’s voting rights. It is, therefore, expected that Exor’s interest in FCA will be grandfathered and that the exception will apply to it upon such first admittance and will continue to apply to it for as long as its holding of shares will</p>

	represent over 30 percent of FCA's voting rights.
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## **Annex 1**

**Common Merger Terms prepared pursuant to Article 2501-ter of the Italian Civil Code and Article 6 of the Legislative Decree 108**

## PROGETTO COMUNE DI FUSIONE TRANSFRONTALIERA

### PREDISPOSTO DAL CONSIGLIO DI AMMINISTRAZIONE DI:

(1)

**FIAT INVESTMENTS N.V.**, una società per azioni (*naamloze vennootschap*) costituita ai sensi del diritto olandese, con sede legale in Amsterdam (Olanda) e indirizzo della sede operativa principale in 240 Bath Road, SL1 4DX, Slough, Regno Unito, numero di iscrizione presso la Camera di Commercio di Amsterdam (*Kamer van Koophandel*): 60372958, società che assumerà, a seguito dell'efficacia della Fusione (come *infra* definita) la denominazione di "Fiat Chrysler Automobiles N.V." (**FCA**); e

(2)

**FIAT S.P.A.**, una società per azioni di diritto italiano, con sede legale in Via Nizza 250, 10126 - Torino (Italia), numero di iscrizione presso il Registro delle Imprese di Torino: 00469580013 (**FIAT**),

FCA e FIAT sono di seguito congiuntamente definite come: le **Società**.

#### **Considerato che:**

(A) Il presente Progetto Comune di Fusione Transfrontaliera è stato predisposto dai consigli di amministrazione delle Società (i **Consigli di Amministrazione**) al fine di dare esecuzione ad una fusione transfrontaliera ai sensi delle previsioni della Direttiva Europea 2005/56/CE del Parlamento Europeo e del Consiglio del 26 ottobre 2005 sulle fusioni transfrontaliere di società di capitali, attuata in Olanda secondo quanto previsto dal Titolo 2.7 del Codice Civile Olandese (il **Codice Olandese**) e in Italia secondo quanto previsto dal Decreto Legislativo n. 108 del 30 maggio 2008 (il **Decreto Legislativo 108**).

## COMMON CROSS-BORDER MERGER TERMS

### DRAWN UP BY THE BOARDS OF DIRECTORS OF:

(1)

**FIAT INVESTMENTS N.V.**, a company with limited liability (*naamloze vennootschap*) incorporated under the laws of the Netherlands, having its official seat in Amsterdam, the Netherlands, and its principal executive offices at 240 Bath Road, SL1 4DX, Slough, United Kingdom, registered with the trade register of the Amsterdam Chamber of Commerce (*Kamer van Koophandel*) under number: 60372958, which company will, upon effectiveness of the Merger (as defined below) be renamed "Fiat Chrysler Automobiles N.V." (**FCA**); and

(2)

**FIAT S.P.A.**, a public joint stock company (*Società per Azioni*) organised under the laws of the Republic of Italy, having its registered official seat at Via Nizza 250, 10126, Turin, Italy, registered with the Companies' Register of Turin (*Registro delle Imprese*) under number: 00469580013 (**FIAT**),

FCA and FIAT are hereinafter jointly also referred to as: the **Companies**.

#### **Considering that:**

(A) These Common Cross-Border Merger Terms have been prepared by the boards of directors of the Companies (the **Boards**) in order to establish a cross-border legal merger within the meaning of the provisions of EU Directive 2005/56/EC of the European Parliament and Council of October 26, 2005 on cross-border mergers of limited liability companies, implemented for Dutch law purposes under Title 2.7 of the Dutch Civil Code (the **DCC**) and for Italian law purposes by Italian Legislative Decree no. 108 of May 30, 2008 (the **Legislative Decree 108**).

In esecuzione della fusione transfrontaliera qui descritta, FIAT sarà fusa in FCA, società il cui capitale è interamente e direttamente detenuto da FIAT che subentrerà in tutte le attività ed assumerà tutte le passività nonché gli altri rapporti giuridici di FIAT a titolo di successione universale (*verkrijging onder algemene titel*) (la **Fusione**).

Come descritto in maggior dettaglio nelle relazioni illustrative predisposte rispettivamente dal Consiglio di Amministrazione di FIAT e dal Consiglio di Amministrazione di FCA in relazione al presente Progetto Comune di Fusione Transfrontaliera riportate rispettivamente quali Allegato 1 e Allegato 2, scopo principale della Fusione è di meglio riflettere la crescente dimensione globale del *business* operato dal gruppo, valorizzare la sua capacità attrattiva nei confronti degli investitori internazionali e rendere maggiormente agevole la quotazione delle azioni ordinarie FCA sul New York Stock Exchange (**NYSE**), a seguito dell'acquisizione da parte di FIAT, attraverso una società controllata, di una partecipazione totalitaria nel capitale sociale di Chrysler Group LLC recentemente perfezionata.

- (B) Le azioni ordinarie FIAT sono attualmente quotate sul Mercato Telematico Azionario organizzato e gestito da Borsa Italiana S.p.A. (**Mercato Telematico Azionario**), nonché su Euronext Parigi e sulla borsa di Francoforte. Nel contesto della Fusione, le azioni ordinarie FCA (le **Azioni Ordinarie FCA**) saranno ammesse a quotazione sul NYSE e si prevede siano anche ammesse a quotazione sul Mercato Telematico Azionario, così da incrementare la domanda degli investitori e la liquidità del titolo. I volumi di negoziazione delle azioni ordinarie FIAT su Euronext Parigi e sulla borsa di Francoforte sono stati storicamente irrilevanti e, pertanto, non si prevede che le Azioni Ordinarie FCA siano quotate su tali mercati borsistici a seguito della Fusione. Il perfezionamento della Fusione sarà subordinato, *inter alia*, all'ammissione a quotazione delle Azioni Ordinarie FCA sul NYSE, nonché ad un esborso di complessivi massimi Euro 500 milioni in relazione all'ammontare in denaro eventualmente da pagarsi (a) ai sensi

By virtue of the cross-border legal merger described herein, FIAT will be merged into FCA, a wholly-owned direct subsidiary of FIAT, which will succeed to all assets and assume all liabilities and other legal relationships of FIAT under universal title of succession (*verkrijging onder algemene titel*) (the **Merger**).

As further explained in the reports prepared by the Board of FIAT and by the Board of FCA, respectively, in connection with these Common Cross-Border Merger Terms (attached as Schedule 1 and Schedule 2, respectively), the main purpose of the Merger is to better reflect the increasingly global nature of the group's business, enhance its appeal to international investors and facilitate the listing of FCA common shares on the New York Stock Exchange (**NYSE**), taking into account the recently completed acquisition by FIAT, through a subsidiary, of 100% ownership interest in Chrysler Group LLC.

- (B) FIAT ordinary shares are currently listed on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. (**Mercato Telematico Azionario**), as well as Euronext Paris and Frankfurt stock exchange. In connection with the Merger, FCA common shares (the **FCA Common Shares**) will be listed on the NYSE and they are expected to be listed on the Mercato Telematico Azionario which is expected to enhance investors' demand and trading liquidity. The volume of trading of FIAT ordinary shares on Euronext Paris and Frankfurt stock exchange has historically been minimal and, therefore, it is not expected that FCA Common Shares will be listed on those stock exchanges following the Merger. Completion of the Merger will be subject to, *inter alia*, approval for listing of the FCA Common Shares on the NYSE and to a cap equal to maximum Euro 500 million in the aggregate in connection with the amount of cash, if any, to be paid (a) under Article 2437-*quater* of the Italian Civil Code (the **ICC**), to FIAT

dell'Articolo 2437-*quater* del codice civile italiano (il **Codice Civile**) agli azionisti di FIAT che abbiano esercitato il diritto di recesso in relazione alla Fusione e/o (b) ai creditori che abbiano proposto opposizione alla Fusione ai sensi di legge. A tal fine, FCA: (i) depositerà presso la *United States Securities and Exchange Commission* (la **SEC**) un documento di registrazione sulla base del modello F-4 (congiuntamente a tutte le relative modifiche, il **Documento di Registrazione**), ai fini della registrazione, in base all'US Securities Act del 1933, come modificato, e alle relative norme e regolamenti di implementazione (il **Securities Act**), delle Azioni Ordinarie FCA e delle azioni FCA a voto speciale, e (ii) depositerà presso il NYSE una domanda per la quotazione delle Azioni Ordinarie FCA.

La documentazione richiesta ai fini dell'ammissione a quotazione delle Azioni Ordinarie FCA sul Mercato Telematico Azionario sarà predisposta e depositata presso le autorità competenti.

Per effetto e in occasione della Fusione, gli azionisti di FIAT riceveranno, sulla base del Rapporto di Cambio come indicato nel successivo Paragrafo 8.1, Azioni Ordinarie FCA, nonché, nella misura in cui gli azionisti FIAT siano legittimati e ne facciano richiesta, azioni a voto speciale, come descritto nel successivo Paragrafo 6.3. Non sono previsti pagamenti, né in denaro né di altro tipo, da effettuarsi ad opera di FCA in favore degli azionisti di FIAT in relazione alla Fusione (fatto salvo il caso di legittimo esercizio del diritto di recesso, come indicato al successivo Paragrafo 15, e fermo restando il limite di cui al successivo Paragrafo 17.1 (iii)).

- (C) Il presente Progetto Comune di Fusione Transfrontaliera sarà pubblicato ai sensi delle applicabili disposizioni legislative e regolamentari. Il presente Progetto Comune di Fusione Transfrontaliera sarà, inoltre, messo a disposizione sul sito internet di FIAT ([www.fiatspa.com](http://www.fiatspa.com)), nonché presso la sede di FIAT e gli uffici di FCA al fine di consentire a tutti gli aventi diritto di prenderne visione.

shareholders exercising cash exit rights, and/or (b) to creditors exercising any creditor opposition rights. To this end, FCA: (i) will file with the United States Securities and Exchange Commission (the **SEC**) a registration statement on Form F-4 (together with all amendments thereto, the **Registration Statement**), in connection with the registration under the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the **Securities Act**) of FCA Common Shares and FCA special voting shares, and (ii) will file with the NYSE a listing application for the listing of FCA Common Shares.

The listing documentation required for the purposes of the listing of FCA Common Shares on the Mercato Telematico Azionario will be prepared and submitted to the relevant authorities.

As a result of and in connection with the Merger, FIAT shareholders will receive, on the basis of the Exchange Ratio specified under Section 8.1 below, FCA Common Shares and special voting shares, to the extent FIAT shareholders are eligible to, and elect to, receive these special voting shares, as described under Section 6.3 below. No consideration, either in cash or otherwise, will be paid by FCA to the shareholders of FIAT in connection with the Merger (except with respect to the valid exercise of cash exit rights, as described under Section 15 below and subject to the limitation specified under Section 17.1 (iii)).

- (C) These Common Cross-Border Merger Terms will be published in accordance with the applicable laws and regulations. These Common Cross-Border Merger Terms will also be made available on the corporate website of FIAT ([www.fiatspa.com](http://www.fiatspa.com)), as well as, for inspection, at the registered seat of FIAT and FCA's offices by whomever is entitled to by applicable law.

Alla luce della nazionalità delle Società, delle disposizioni di cui al Titolo 2.7 del Codice Olandese e di cui al Decreto Legislativo 108, nonché della prospettata quotazione delle Azioni Ordinarie FCA sul NYSE e successivamente sul Mercato Telematico Azionario, il presente Progetto Comune di Fusione Transfrontaliera è stato predisposto in italiano e inglese.

Ai sensi del diritto italiano, il presente Progetto Comune di Fusione Transfrontaliera deve essere sottoscritto e depositato in lingua italiana.

In caso di difformità della versione italiana rispetto alla versione inglese, il testo in lingua italiana avrà prevalenza.

Le informazioni che devono essere fornite ai sensi della Sezione 2:312, comma 2, 2:326 e 2:333d del Codice Olandese, nonché dell'Articolo 2501-ter del Codice Civile e dell'Articolo 6 del Decreto Legislativo 108 sono le seguenti.

## **1. FORMA GIURIDICA, NOME E SEDE DELLE SOCIETÀ**

### **1.1 La società incorporante:**

#### **FIAT INVESTMENTS N.V.**

- società per azioni (*naamloze vennootschap*) costituita ai sensi del diritto olandese;
- sede legale in Amsterdam, Olanda;
- indirizzo della sede operativa principale in 240 Bath Road, SL1 4DX, Slough, Regno Unito;
- capitale sociale emesso: Euro 350.000,00, interamente sottoscritto e versato, suddiviso in n. 35.000.000 di azioni ordinarie, con valore nominale pari a Euro 0,01 ciascuna;
- capitale sociale autorizzato di Euro 1.000.000,00;

In consideration of the nationality of the Companies, the relevant provisions of Title 2.7 of the DCC, the Legislative Decree 108 and the intended listing of the FCA Common Shares on the NYSE and subsequently on the Mercato Telematico Azionario, these Common Cross-Border Merger Terms have been prepared in Italian and English.

Italian law provides that these Common Cross-Border Merger Terms must be executed and filed in Italian.

In the event of any discrepancies between the Italian version and the English version, the text in the Italian language shall prevail.

The information which has to be made available pursuant to Sections 2:312, paragraph 2, 2:326 and 2:333d of the DCC, Article 2501-ter of the ICC and Article 6 of the Legislative Decree 108 is the following.

## **1. LEGAL FORM, NAME AND SEAT OF THE COMPANIES**

### **1.1 The surviving company:**

#### **FIAT INVESTMENTS N.V.**

- limited liability company (*naamloze vennootschap*) incorporated under the laws of the Netherlands;
- official seat in Amsterdam, the Netherlands;
- principal executive offices at 240 Bath Road, SL1 4DX, Slough, United Kingdom;
- issued share capital: Euro 350,000.00, fully paid-in, divided into no. 35,000,000 common shares, having a nominal value of Euro 0.01 each;
- authorized share capital of Euro 1,000,000.00;

- nessuna azione di FCA è stata concessa in pegno o usufrutto;
- nessun certificato di deposito (*depository receipt*) delle azioni di FCA è stato emesso con la cooperazione di FCA;
- numero di iscrizione alla Camera di Commercio di Amsterdam (*Kamer van Koophandel*): 60372958.

A seguito dell'efficacia della Fusione, Fiat Investments N.V. assumerà la denominazione di “Fiat Chrysler Automobiles N.V.” (FCA). In virtù dell'efficacia della Fusione, FCA, quale società incorporante, manterrà la propria attuale forma giuridica e la propria attuale sede legale e continuerà, pertanto, ad essere una società retta dal diritto olandese.

Lo statuto di FCA in vigore alla data del presente Progetto Comune di Fusione Transfrontaliera è riportato quale Allegato 3 al presente Progetto Comune di Fusione Transfrontaliera.

A seguito del perfezionamento della Fusione, lo statuto di FCA, che include la nuova denominazione sociale di FCA, “Fiat Chrysler Automobiles N.V.”, sarà conforme alla versione proposta dello statuto riportata quale Allegato 4 al presente Progetto Comune di Fusione Transfrontaliera.

1.2 La società incorporanda:

**FIAT S.P.A.**

- società per azioni di diritto italiano;
- sede legale in Via Nizza 250, 10126, Torino, (Italia);
- capitale sociale: Euro 4.478.046.214,84, interamente sottoscritto e versato;

- no shares in the share capital of FCA have been pledged or encumbered with a right of usufruct;
- no depository receipts of shares in the share capital of FCA have been issued with the co-operation of FCA;
- registration number with the Amsterdam Chamber of Commerce (*Kamer van Koophandel*): 60372958.

Upon effectiveness of the Merger, Fiat Investments N.V. will be renamed “Fiat Chrysler Automobiles N.V.” (FCA). As a result of the Merger becoming effective, FCA will be the surviving company and will maintain its current legal form and official seat and will therefore be subject to the laws of the Netherlands.

The articles of association of FCA in force as of the date of these Common Cross-Border Merger Terms are attached hereto as Schedule 3.

Upon completion of the Merger, FCA’s articles of association, which include the new corporate name to be adopted by FCA, “Fiat Chrysler Automobiles N.V.”, will be in the form of the proposed articles of association attached hereto as Schedule 4.

1.2 The disappearing company:

**FIAT S.P.A.**

- Joint stock company (*Società per Azioni*) organized under the laws of the Republic of Italy;
- registered office in Via Nizza 250, 10126 Turin, Italy;
- share capital: Euro 4,478,046,214.84, fully paid-in;

- n. 1.250.850.898 azioni ordinarie, con valore nominale pari a Euro 3,58 ciascuna, e quotate sul Mercato Telematico Azionario, nonché su Euronext Parigi e sulla borsa di Francoforte; e
- partita IVA, codice fiscale e numero di iscrizione al Registro delle Imprese di Torino: 00469580013.

## 2. STATUTO SOCIALE DI FCA

2.1 Lo statuto sociale di FCA è stato adottato al momento della costituzione di FCA con atto notarile eseguito dinanzi al supplente del notaio Guido Marcel Portier, operante in Amsterdam (Olanda), in data 1° aprile 2014 (la *Data di Costituzione di FCA*). Una copia dello statuto sociale di FCA attualmente in vigore è allegata al presente Progetto Comune di Fusione Transfrontaliera quale Allegato 3.

2.2 Nel contesto dell'efficacia della Fusione, lo statuto sociale di FCA sarà conforme alla versione proposta di statuto sociale allegata al presente Progetto Comune di Fusione Transfrontaliera quale Allegato 4.

## 3. CONSIGLIO DI AMMINISTRAZIONE DI FCA

3.1 Alla data del presente Progetto Comune di Fusione Transfrontaliera, il Consiglio di Amministrazione di FCA è composto dai seguenti membri:

- (i) Sergio Marchionne;
- (ii) Richard Keith Palmer; e
- (iii) Derek James Neilson.

3.2 Un nuovo consiglio di amministrazione di FCA sarà nominato dall'assemblea degli azionisti di FCA antecedentemente al

- no. 1,250,850,898 ordinary shares, having a nominal value of Euro 3.58 each, and listed on the Mercato Telematico Azionario, as well as on Euronext Paris and Frankfurt stock exchange; and
- VAT code, tax code and registration number with the Companies' Register of Turin: 00469580013.

## 2. ARTICLES OF ASSOCIATION OF FCA

2.1 The articles of association of FCA have been established by deed of incorporation of FCA executed before a substitute of Guido Marcel Portier, civil law notary, officiating in Amsterdam, the Netherlands, on April 1, 2014 (the *FCA Incorporation Date*). A copy of the current articles of association of FCA is attached to these Common Cross-Border Merger Terms as Schedule 3.

2.2 Upon the Merger becoming effective, FCA's articles of association will be in the form of the proposed articles of association attached to these Common Cross-Border Merger Terms as Schedule 4.

## 3. BOARD OF DIRECTORS OF FCA

3.1 As of the date of these Common Cross-Border Merger Terms, the Board of FCA is composed of the following individuals:

- (i) Sergio Marchionne;
- (ii) Richard Keith Palmer; and
- (iii) Derek James Neilson.

3.2 A new board of directors of FCA will be appointed by the meeting of shareholders of FCA before completion of the Merger.

perfezionamento della Fusione.

**4. VANTAGGI PARTICOLARI EVENTUALMENTE RISERVATI AGLI AMMINISTRATORI, AGLI ESPERTI CHE ESAMINANO IL PRESENTE PROGETTO COMUNE DI FUSIONE TRANSFRONTALIERA O AI SINDACI DELLE SOCIETÀ, IN OCCASIONE DELLA FUSIONE**

4.1 In relazione alla Fusione, non sarà attribuito alcun vantaggio particolare a favore dei membri dei Consigli di Amministrazione di FIAT e FCA o a favore di altri soggetti, salvo quelli spettanti a tali soggetti in qualità di azionisti di FIAT.

4.2 Nessun vantaggio particolare è stato riservato, in relazione alla Fusione, a favore degli esperti nominati da FIAT e FCA.

4.3 In relazione alla Fusione, non sarà attribuito alcun vantaggio particolare a favore dei membri degli organi di controllo o dei sindaci di FIAT e FCA.

**5. DATA DI EFFICACIA DELLA FUSIONE AI FINI LEGALI, FINANZIARI E CONTABILI**

5.1 Ai sensi dell'Articolo 15 del Decreto Legislativo 108 e della Sezione 2:318 del Codice Olandese e subordinatamente al soddisfacimento delle condizioni sospensive alla Fusione, come descritte al successivo Paragrafo 17, ovvero alla rinuncia all'avveramento delle condizioni sospensive (ove consentito dalla legge applicabile), la Fusione sarà perfezionata mediante la sottoscrizione dinanzi ad un notaio residente in Olanda dell'atto notarile di Fusione in conformità a quanto previsto dalla Sezione 2:318 del Codice Olandese (la *Data del Closing*).

La Fusione diverrà efficace nel giorno successivo alla Data del Closing (la *Data di Efficacia della Fusione*).

Successivamente, l'ufficiale del registro olandese informerà il Registro

**4. BENEFITS, IF ANY, GRANTED TO BOARD MEMBERS, EXPERTS EXAMINING THESE COMMON CROSS-BORDER MERGER TERMS OR STATUTORY AUDITORS OF THE COMPANIES IN CONNECTION WITH THE MERGER**

4.1 No specific benefits connected with the Merger shall be granted to members of any of the Boards of FIAT and FCA or to any other person upon the Merger other than in such person's capacity as shareholders of FIAT.

4.2 No specific benefits connected with the Merger were established for the experts, appointed by FIAT and FCA.

4.3 No specific benefits connected with the Merger were established for the statutory auditors or the members of any other control body of FIAT and FCA.

**5. EFFECTIVE DATE OF THE MERGER: LEGAL AS WELL AS ACCOUNTING AND FINANCIAL DATE**

5.1 Pursuant to Article 15 of Legislative Decree 108 and Section 2:318 of the DCC and subject to the satisfaction of the conditions precedent to the Merger, as better described under Section 17 below, or (to the extent permitted by applicable law) waiver to the conditions precedent, the Merger shall be carried out in accordance with and pursuant to Section 2:318 of the DCC by means of execution before a civil law notary, residing in the Netherlands, of the notarial deed in respect of the Merger (the *Closing Date*).

The Merger will become effective on the day following the Closing Date (the *Merger Effective Date*).

The Dutch registrar will subsequently inform the Companies' Register

delle Imprese di Torino circa l'efficacia della Fusione.

Si prevede che la Fusione diverrà efficace nel 2014.

- 5.2 Le informazioni finanziarie relative alle attività, alle passività e agli altri rapporti giuridici di FIAT saranno riflesse nei bilanci annuali di FCA a partire dal 1° gennaio 2014 e, pertanto, gli effetti contabili della Fusione saranno registrati nei bilanci annuali di FCA da tale data.

## **6. MISURE CONNESSE CON LA PARTECIPAZIONE IN FIAT**

- 6.1 A seguito dell'efficacia della Fusione, tutte le azioni FIAT attualmente emesse saranno annullate in conformità alle disposizioni di legge; in sostituzione delle stesse, FCA assegnerà una Azione Ordinaria FCA (avente valore nominale pari a Euro 0,01 ciascuna) per ogni azione ordinaria FIAT (avente valore nominale di Euro 3,58 ciascuna), sulla base del Rapporto di Cambio per la Fusione, come illustrato nel successivo Paragrafo 8.1.

Tutte le n. 35.000.000 di azioni di FCA detenute da FIAT, nonché ogni ulteriore azione di FCA emessa a favore di, o altrimenti acquistata da, FIAT successivamente alla data del presente Progetto Comune di Fusione Transfrontaliera e che siano detenute da FIAT alla data di perfezionamento della Fusione non saranno annullate in conformità alla Sezione 2:325, comma 3, del Codice Olandese, ma costituiranno azioni proprie di FCA fintantoché non saranno alienate o altrimenti trasferite o annullate ai sensi del diritto olandese e dello statuto di FCA. Ai sensi del diritto olandese e dello statuto di FCA, tali azioni non avranno diritto alle distribuzioni né saranno fornite del diritto di voto fintantoché saranno azioni proprie di FCA. Le azioni proprie di FCA potranno essere offerte e collocate sul mercato per la loro negoziazione successivamente alla Fusione ai sensi delle applicabili disposizioni legislative e regolamentari.

of Turin that the Merger has become effective.

It is envisaged that the Merger will become effective during 2014.

- 5.2 The financial information with respect to the assets, liabilities and other legal relationships of FIAT will be recorded in the annual accounts of FCA as of January 1, 2014, and, as a result of the above, the accounting effects of the Merger will be recognized in FCA's annual accounts from that date.

## **6. MEASURES IN CONNECTION WITH SHAREHOLDING IN FIAT**

- 6.1 As a result of the Merger becoming effective, all shares of FIAT currently outstanding will be cancelled by operation of law and, in exchange thereof, FCA will allot one FCA Common Share (each having a nominal value of Euro 0.01) for each ordinary share in FIAT (each having a nominal value of Euro 3.58) on the basis of the Exchange Ratio for the Merger as specified under Section 8.1 below.

All 35,000,000 FCA shares held by FIAT and any additional FCA shares issued to or otherwise acquired by FIAT after the date hereof that are held by FIAT at the time of completion of the Merger will not be cancelled in accordance with Section 2:325, paragraph 3, of the DCC, but will continue to exist as shares held by FCA in its own capital, until transferred, otherwise disposed of or cancelled in accordance with the applicable provisions of Dutch law and FCA's articles of association. According to Dutch law and FCA's articles of association, during the time that shares in FCA are held by FCA itself, these shares shall not be entitled to any distribution or voting rights. The shares held by FCA in its own capital may be offered and allocated for trading on the market after the Merger in accordance with applicable laws and regulations.

6.2 Le Azioni Ordinarie FCA assegnate in occasione della Fusione – da ammettere a quotazione sul NYSE alla data di perfezionamento della Fusione, nonché sul Mercato Telematico Azionario successivamente al perfezionamento della Fusione – saranno emesse in regime di dematerializzazione ed assegnate agli azionisti beneficiari attraverso il competente sistema di gestione accentrata, con effetto a partire dalla Data di Efficacia della Fusione. Ulteriori informazioni sulle condizioni e sulla procedura per l’assegnazione delle Azioni Ordinarie FCA saranno comunicate attraverso un avviso pubblicato sul sito internet di FIAT ([www.fiatspa.com](http://www.fiatspa.com)), nonché sul quotidiano nazionale *La Stampa*. FIAT e FCA non faranno sostenere agli azionisti FIAT alcun costo in relazione al concambio delle azioni.

6.3 Nel contesto della Fusione, FCA emetterà azioni a voto speciale aventi valore nominale pari a Euro 0,01 ciascuna da assegnare agli azionisti di FIAT legittimati che abbiano validamente richiesto di ricevere le suddette azioni a voto speciale, a seguito del perfezionamento della Fusione, in aggiunta alle Azioni Ordinarie FCA. I titolari di azioni ordinarie FIAT che desiderino ricevere azioni a voto speciale contestualmente al perfezionamento della Fusione dovranno seguire le procedure (le cosiddette *Procedure di Assegnazione Iniziale*) descritte nei documenti societari che saranno messi a disposizione sul sito internet di FIAT ([www.fiatspa.com](http://www.fiatspa.com)) contestualmente alla convocazione dell’assemblea straordinaria degli azionisti di FIAT chiamata a deliberare in merito alla Fusione (la *Assemblea Straordinaria di FIAT*). Le caratteristiche essenziali delle azioni a voto speciale sono meglio descritte nella versione proposta dello statuto sociale di FCA riportato quale Allegato 4 al presente Progetto Comune di Fusione Transfrontaliera, nonché nei termini e condizioni delle azioni a voto speciale di FCA (i *Termini e Condizioni delle Azioni a Voto Speciale*), riportati quale Allegato 5 al presente Progetto Comune di Fusione Transfrontaliera.

Per mera chiarezza si precisa che le azioni a voto speciale non

6.2 The FCA Common Shares being allotted in connection with the Merger – to be listed, at the time of completion of the Merger, on the NYSE and, following the completion of the Merger, on the Mercato Telematico Azionario – will be allotted in dematerialized form and delivered to the beneficiaries through the relevant centralized clearing system with effect as of the Merger Effective Date. Further information on the conditions and procedure for allocation of the FCA Common Shares shall be communicated in a notice published on the website of FIAT ([www.fiatspa.com](http://www.fiatspa.com)), as well as on the daily newspaper *La Stampa*. FIAT and FCA will charge no costs to FIAT shareholders in relation to the shares exchange.

6.3 Upon the Merger becoming effective, FCA will issue special voting shares, with a nominal value of Euro 0.01 each, to those eligible shareholders of FIAT who have validly elected to receive such special voting shares upon completion of the Merger in addition to FCA Common Shares. Holders of FIAT ordinary shares who wish to receive special voting shares upon completion of the Merger are required to follow the procedures (the *Initial Allocation Procedures*) as described in the FIAT corporate documents which will be made available on the corporate website of FIAT ([www.fiatspa.com](http://www.fiatspa.com)) when the extraordinary general meeting of shareholders of FIAT for the purposes of approving the entering into the Merger is called (the *FIAT Extraordinary Meeting of Shareholders*). The essential characteristics of the special voting shares are further set out in the FCA proposed articles of association attached as Schedule 4 to these Common Cross-Border Merger Terms and in the terms and conditions of FCA special voting shares (the *Special Voting Share Terms*) attached to these Common Cross-Border Merger Terms as Schedule 5.

For the avoidance of doubt, these special voting shares are not part of the

<p>costituiscono parte del rapporto di cambio come indicato nel successivo Paragrafo 8.1.</p>	<p>exchange ratio set out under Section 8.1 below.</p>
<p>6.4 FIAT non ha emesso azioni senza diritto di voto o prive del diritto di partecipazione agli utili. Non trovano, pertanto, applicazione la Sezione 2:326 da (d) a (f) del Codice Olandese e l'accordo di remunerazione speciale (<i>bijzondere schadeloosstellingsregeling</i>) di cui alla Sezione 2:330a del Codice Olandese.</p>	<p>6.4 FIAT does not have any shares outstanding that are non-voting shares or non-profit-sharing shares. Therefore, Section 2:326 sub (d) to (f) of the DCC and the special compensation arrangement (<i>bijzondere schadeloosstellingsregeling</i>) as referred to in Section 2:330a of the DCC do not apply.</p>
<p><b>7. ULTERIORI DIRITTI E BENEFICI VANTATI NEI CONFRONTI DI FCA</b></p>	<p><b>7. OTHER RIGHTS AND COMPENSATIONS CHARGEABLE TO FCA</b></p>
<p>7.1 In relazione a qualsivoglia piano di incentivazione basato su strumenti finanziari adottato da FIAT prima della Data di Efficacia della Fusione, i beneficiari del piano riceveranno in un momento immediatamente successivo alla Data di Efficacia della Fusione, per ogni diritto detenuto (i <i>Diritti</i>), diritti con contenuto e natura analoghi rispetto a FCA.</p>	<p>7.1 In connection with any outstanding compensation plans based on financial instruments adopted by FIAT prior to the Merger Effective Date, the beneficiaries of said plans shall be awarded, for each right held (the <i>Equity Rights</i>), immediately following the Merger Effective Date, a comparable right with respect to FCA.</p>
<p>7.2 Fatta eccezione per i titolari dei Diritti di cui al precedente Paragrafo 7.1, non vi sono persone, diverse dagli azionisti di FIAT, che, per quanto noto, possano vantare diritti speciali nei confronti di FIAT, quali diritti particolari alla distribuzione degli utili ovvero all'acquisto di azioni di nuova emissione di FIAT. Pertanto, FCA non dovrà riconoscere diritti particolari né dovrà pagare alcun compenso a qualsivoglia soggetto.</p>	<p>7.2 Other than holders of Equity Rights as set out under Section 7.1 above, there are no persons who, in any other capacity than as FIAT shareholder, are known to have special rights against FIAT such as rights to participate in profit distributions or rights to acquire newly issued shares in the capital of FIAT. Therefore no similar special rights are due and no compensation shall be paid to anyone on account of FCA.</p>
<p>7.3 Ad eccezione delle previsioni relative alle azioni a voto speciale descritte nel precedente Paragrafo 6.3, non sono attribuiti diritti o imposti obblighi agli azionisti di FIAT ulteriori rispetto a quelli previsti dal diritto italiano o dallo statuto sociale di FIAT né sono attribuiti diritti o imposti obblighi agli azionisti di FCA ulteriori rispetto a quelli previsti dal diritto olandese o dallo statuto sociale di FCA.</p>	<p>7.3 With the exception of the provisions relating to special voting shares described in Section 6.3 above, no rights and obligations in addition to those provided for under Italian law or the articles of association of FIAT apply to the shareholders of FIAT and no rights and obligations in addition to those provided for under Dutch law or the articles of association of FCA apply to the shareholders of FCA.</p>
<p>7.4 Alla data odierna, FIAT e FCA non hanno emesso azioni di categorie diverse dalle azioni ordinarie.</p>	<p>7.4 FIAT and FCA do not currently have any shares other than, respectively, ordinary shares and common shares in issue.</p>

## **8. RAPPORTO DI CAMBIO**

8.1 Come conseguenza dell'efficacia della Fusione, ciascun titolare di azioni FIAT alla Data di Efficacia della Fusione riceverà una Azione Ordinaria FCA (avente valore nominale di Euro 0,01 ciascuna) per ogni azione ordinaria di FIAT dallo stesso detenuta (avente valore nominale di Euro 3,58 ciascuna) (il *Rapporto di Cambio*).

Nel contesto della Fusione, non saranno effettuati altri pagamenti ai sensi del Rapporto di Cambio.

8.2 Su richiesta di FCA, KPMG Accountants N.V. predisporrà una relazione sulla congruità del Rapporto di Cambio ai sensi della Sezioni 2:328, comma 1, e 2:333g del Codice Olandese. Tale relazione sarà messa a disposizione del pubblico ai sensi delle applicabili disposizioni legislative e regolamentari.

8.3 Su richiesta di FIAT, Ernst & Young S.p.A. predisporrà una relazione sulla congruità del Rapporto di Cambio. La suddetta relazione sarà messa a disposizione del pubblico ai sensi delle applicabili disposizioni legislative e regolamentari.

## **9. DATA DI GODIMENTO DELLE AZIONI ORDINARIE FCA**

Ciascuna Azione Ordinaria FCA darà diritto alla partecipazione agli utili eventuali relativi al 2014 di FCA, proporzionalmente alla rispettiva partecipazione al capitale sociale di FCA. Nessun diritto particolare ad ottenere dividendi sarà riconosciuto in relazione alla Fusione.

## **10. IMPATTO DELLA FUSIONE SULLE ATTIVITÀ DI FIAT**

Successivamente alla Data di Efficacia della Fusione, le attività di FIAT saranno proseguite da FCA.

## **8. THE SHARE EXCHANGE RATIO**

8.1 As a result of the Merger becoming effective, each holder of one or more ordinary shares in the share capital of FIAT on the Merger Effective Date shall receive one FCA Common Share with a nominal value of Euro 0.01 each for each ordinary share in FIAT with a nominal value of Euro 3.58 each (the *Exchange Ratio*).

No other payments shall be made pursuant to the Exchange Ratio in connection with the Merger.

8.2 At the request of FCA, KPMG Accountants N.V. will prepare a statement in relation to the fairness of the Exchange Ratio in accordance with Sections 2:328, paragraph 1, and 2:333g of the DCC. This statement will be made available to the public in accordance with applicable laws and regulations.

8.3 At the request of FIAT, Ernst & Young S.p.A. will prepare a statement in relation to the fairness of the Exchange Ratio. This statement will be made available to the public in accordance with applicable laws and regulations.

## **9. THE DATE AS OF WHICH THE FCA COMMON SHARES WILL CARRY ENTITLEMENT TO PARTICIPATION IN THE PROFITS OF FCA**

Each FCA Common Share will carry entitlement to participation in the 2014 profits, if any, of FCA in proportion to the relevant participation in the nominal share capital of FCA. No particular rights to the dividends will be granted in connection with the Merger.

## **10. IMPACT OF THE MERGER ON THE ACTIVITIES OF FIAT**

Following the Merger Effective Date, the activities of FIAT shall be continued by FCA.

## **11.    PROBABILI CONSEGUENZE DELLA FUSIONE SULL'OCCUPAZIONE**

Non si prevede che la Fusione abbia effetti significativi sui dipendenti di FIAT. Attualmente FCA non ha alcun dipendente.

Nonostante non vi siano impatti significativi sui dipendenti e/o sull'occupazione, FIAT avvierà la procedura di consultazione prevista dall'Articolo 47 della Legge n. 428 del 29 dicembre 1990, come modificata.

Inoltre, secondo quanto previsto dall'Articolo 8 del Decreto Legislativo 108, la relazione illustrativa predisposta dal Consiglio di Amministrazione di FIAT (la **Relazione FIAT**) sarà messa a disposizione dei rappresentanti dei dipendenti di FIAT almeno 30 giorni prima dell'Assemblea Straordinaria di FIAT.

La Relazione FIAT e la relazione illustrativa predisposta dal Consiglio di Amministrazione di FCA (la **Relazione FCA**) sono allegate al presente Progetto Comune di Fusione Transfrontaliera rispettivamente quali Allegato 1 e Allegato 2.

## **12.    INFORMAZIONI SULLE PROCEDURE PER LA PARTECIPAZIONE DEI DIPENDENTI NELLA DEFINIZIONE DEI LORO DIRITTI DI CO-DETERMINAZIONE IN FCA**

L'Articolo 19 del Decreto Legislativo 108, che regola la partecipazione dei dipendenti, non trova applicazione con riferimento alla Fusione poiché FCA, quale società incorporante nel contesto della Fusione, non è una società italiana e, inoltre, né FIAT né FCA sono amministrate in regime di partecipazione dei dipendenti ai sensi della Direttiva 2005/56/CE del 26 ottobre 2005 sulle fusioni transfrontaliere di società di capitali.

## **11.    EXPECTED EFFECTS OF THE MERGER ON EMPLOYMENT**

The Merger is not expected to have any significant impact on the employees of FIAT. FCA does not currently have any employees.

Notwithstanding the fact that there is no significant impact on employees and/or employment, FIAT will carry out the consultation procedure set out under Article 47 of Italian Law no. 428 of December 29, 1990, as amended.

Additionally, in accordance with the provisions of Article 8 of Legislative Decree 108, the FIAT Board's report (the **FIAT Directors Report**) will be made available to the representatives of FIAT's employees at least 30 days prior to the FIAT Extraordinary Meeting of Shareholders.

The FIAT Directors Report and the report prepared by the Board of FCA (the **FCA Board Report**) are attached hereto as Schedules 1 and 2, respectively.

## **12.    INFORMATION ON THE PROCEDURES FOR THE INVOLVEMENT OF EMPLOYEES IN DEFINING THEIR CO-DETERMINATION RIGHTS IN FCA**

Article 19 of Legislative Decree 108 regulating participation of employees is not applicable to the Merger since FCA as the surviving company in the Merger is not an Italian company and neither FIAT nor FCA applies an employee participation system within the meaning of EU Directive 2005/56/EC of October 26, 2005 on cross-border mergers of limited liability companies.

Alla luce di quanto sopra, non dovranno essere costituiti particolari organismi ai fini della negoziazione, né altre azioni di qualsivoglia natura dovranno essere intraprese con riferimento alla partecipazione dei dipendenti nell'ambito della prospettata Fusione.

**13. INFORMAZIONI SULLA VALUTAZIONE DELLE ATTIVITÀ E PASSIVITÀ CHE DOVRANNO ESSERE TRASFERITE A FCA E SULLA DATA DEL PIÙ RECENTE BILANCIO ANNUALE O SITUAZIONE INFRA-ANNUALE**

13.1 Il valore delle attività e passività di FIAT che saranno acquisite da FCA alla Data di Efficacia della Fusione sarà determinato con riferimento al loro valore di bilancio alla Data di Efficacia della Fusione. Tali attività e passività sono indicate con riferimento alla data del 31 dicembre 2013 nel bilancio di esercizio di FIAT per l'esercizio 2013, approvato dall'assemblea di FIAT in data 31 marzo 2014.

13.2 Le condizioni della Fusione sono state determinate sulla base del bilancio di esercizio di FIAT alla data del 31 dicembre 2013 e della situazione patrimoniale intermedia di FCA al 1° aprile 2014.

Una copia di tale bilancio e della situazione patrimoniale è allegata al presente Progetto Comune di Fusione Transfrontaliera rispettivamente quale Allegato 6 e Allegato 7.

**14. AVVIAMENTO E RISERVE DISTRIBUIBILI DI FCA**

14.1 Poiché la Fusione viene effettuata a valore di bilancio, non vi saranno impatti sull'avviamento salvo il fatto che il valore dell'avviamento rappresentato alla data odierna nel bilancio di FIAT sarà rappresentato allo stesso modo nel bilancio di FCA.

14.2 Per effetto della Fusione, le riserve liberamente distribuibili (*vrij*

In the light of the above, no special negotiation body will be set up and no other action whatsoever will be taken with regard to employee participation in the context of the contemplated Merger.

**13. INFORMATION ON THE VALUATION OF THE ASSETS AND LIABILITIES TO BE TRANSFERRED TO FCA AND THE DATE OF THE MOST RECENTLY ADOPTED STATUTORY FINANCIAL STATEMENTS OR INTERIM BALANCE SHEET**

13.1 The value of the assets and liabilities of FIAT to which FCA will succeed as of the Merger Effective Date will be determined on the basis of the relevant book value as of the Merger Effective Date. These assets and liabilities are indicated as of December 31, 2013 in the statutory financial statements at December 31, 2013 approved by FIAT shareholders' meeting on March 31, 2014.

13.2 The conditions of the Merger have been established on the basis of the statutory financial statements at December 31, 2013 of FIAT and the interim balance sheet at April 1, 2014 of FCA.

A copy of those merger accounts is attached hereto as Schedule 6 and Schedule 7, respectively.

**14. GOODWILL AND DISTRIBUTABLE RESERVES OF FCA**

14.1 As the Merger takes place on the basis of the book value, there will be no goodwill impact; the amount of goodwill currently recorded in the books of FIAT will be equally recorded on the same basis in the books of FCA.

14.2 As a result of the Merger, the freely distributable reserves (*vrij*

*uitkeerbare reserves*) di FCA saranno incrementate per un ammontare pari alla differenza tra il valore di: (A) le attività, passività e gli altri rapporti giuridici di FIAT (sulla base del bilancio di esercizio di FIAT al 31 dicembre 2013) nelle quali FCA subentrerà in conseguenza della Fusione e (B) la somma del valore nominale di tutte le Azioni Ordinarie FCA, pari a Euro 0,01 ciascuna, da assegnare per effetto della Fusione, e le riserve che FCA deve istituire e mantenere ai sensi della legge olandese e dello statuto, nella versione in vigore alla Data di Efficacia della Fusione.

## 15. DIRITTO DI RECESSO DEGLI AZIONISTI DI FIAT

15.1 Gli azionisti di FIAT che non votino a favore del presente Progetto Comune di Fusione Transfrontaliera (gli *Azionisti Legittimati*) saranno legittimati ad esercitare il loro diritto di recesso ai sensi:

- (i) dell'Articolo 2437, comma 1, lettera (c) del Codice Civile, in quanto la sede legale di FIAT sarà trasferita fuori dall'Italia;
- (ii) dell'Articolo 2437-*quinquies* del Codice Civile, in quanto le azioni di FIAT saranno escluse dalla quotazione sul Mercato Telematico Azionario; e
- (iii) dell'Articolo 5 del Decreto Legislativo 108, in quanto FCA è soggetta al diritto di un paese diverso dall'Italia (*i.e.*, Olanda).

Alla luce del fatto che i suddetti eventi avranno luogo per effetto del perfezionamento della Fusione, l'efficacia dell'esercizio del diritto di recesso da parte degli azionisti di FIAT è sospensivamente condizionata al fatto che la Fusione diventi efficace.

15.2 Ai sensi dell'Articolo 2437-*bis* del Codice Civile, gli Azionisti

*uitkeerbare reserves*) of FCA shall increase with the difference between the value of: (A) the assets, liabilities and other legal relationships of FIAT (based on FIAT's statutory financial statements at December 31, 2013) to which FCA will succeed on the occasion of the Merger and (B) the sum of the nominal value of all FCA Common Shares, with a nominal value of Euro 0.01 each, being allotted on the occasion of the Merger becoming effective, and the reserves FCA must maintain as a matter of Dutch law and its articles of association as they will read as of the Merger Effective Date.

## 15. CASH EXIT RIGHTS FOR FIAT SHAREHOLDERS

15.1 FIAT shareholders who do not vote in favour of these Common Cross-Border Merger Terms (the *Qualifying Shareholders*) will be entitled to exercise their cash exit rights pursuant to:

- (i) Article 2437, paragraph 1, letter (c) of the ICC, given that FIAT's registered office is to be transferred outside Italy;
- (ii) Article 2437-*quinquies* of the ICC, given that FIAT's shares will be delisted from the Mercato Telematico Azionario; and
- (iii) Article 5 of Legislative Decree 108, given that FCA is organized and managed under the laws of a country other than Italy (*i.e.*, the Netherlands).

Given that those events will only occur upon the completion of the Merger, any exercise of the cash exit rights by FIAT shareholders is conditional upon the Merger being completed.

15.2 In accordance with Article 2437-*bis* of the ICC, Qualifying Shareholders

- Legittimati potranno esercitare il loro diritto di recesso, in relazione a parte o a tutta la partecipazione detenuta, inviando una comunicazione a mezzo raccomandata A/R alla sede legale di FIAT non oltre 15 giorni successivi all'iscrizione presso il Registro delle Imprese di Torino della delibera dell'Assemblea Straordinaria di FIAT. La notizia dell'avvenuta iscrizione sarà pubblicata sul quotidiano *La Stampa* e sul sito internet di FIAT.
- 15.3 Ai sensi dell'Articolo 2437-ter del Codice Civile, il prezzo di liquidazione da riconoscere agli azionisti di FIAT che abbiano esercitato il diritto di recesso sarà equivalente alla media aritmetica del prezzo di chiusura delle azioni ordinarie di FIAT (come calcolato da Borsa Italiana S.p.A.) nei 6 mesi che precedono la pubblicazione dell'avviso di convocazione dell'Assemblea Straordinaria di FIAT. FIAT informerà gli azionisti circa il prezzo di liquidazione ai sensi delle applicabili disposizioni legislative e regolamentari.
- 15.4 Una volta scaduto il periodo di 15 giorni e prima che la Fusione diventi efficace, le azioni in relazione alle quali sia stato esercitato il diritto di recesso saranno offerte agli altri azionisti. Successivamente le azioni invendute potranno essere offerte sul mercato per non meno di un giorno di negoziazione ai sensi della normativa applicabile. La suddetta procedura di offerta e vendita, nonché il pagamento di ogni corrispettivo dovuto ai sensi della normativa applicabile a fronte del recesso, saranno condizionati al perfezionamento della Fusione.
- 15.5 Contestualmente alla Data di Efficacia della Fusione ovvero in un momento poco successivo, gli azionisti che abbiano esercitato il diritto di recesso riceveranno il valore di liquidazione delle loro azioni tramite i rispettivi intermediari depositari.
- 15.6 Se la Fusione non fosse perfezionata, le azioni ordinarie FIAT in relazione alle quali sia stato esercitato il diritto di recesso continueranno ad essere di proprietà degli azionisti che abbiano esercitato il recesso,
- may exercise their cash exit rights, in relation to some or all of their shares, by sending notice via registered mail to the registered offices of FIAT no later than 15 days following registration with the Companies' Register of Turin of the minutes of the FIAT Extraordinary Meeting of Shareholders. Notice of the registration will be published in the daily newspaper *La Stampa* and on the FIAT corporate website.
- 15.3 In accordance with Article 2437-ter of the ICC, the redemption price payable to FIAT shareholders exercising cash exit rights will be equivalent to the arithmetic average of the daily closing price (as calculated by Borsa Italiana S.p.A.) of FIAT ordinary shares for the six-month period prior to the date of publication of the notice calling the FIAT Extraordinary Meeting of Shareholders. FIAT will provide shareholders with information relating to the redemption price in accordance with the applicable laws and regulations.
- 15.4 Once the 15-day exercise period has expired, the shares with respect to which exit rights have been exercised will be offered by FIAT before the Merger becomes effective to its then existing shareholders. Subsequently, if any such shares remain unsold, they may be offered on the market for no less than one trading day in accordance with applicable laws and regulations. Completion of the above offer and sale procedure, as well as payment of any cash exit right due pursuant to applicable law will be conditional on the closing of the Merger.
- 15.5 On the Merger Effective Date or shortly thereafter, the shareholders who have exercised cash exit rights shall receive the cash exit price through the relevant depositaries.
- 15.6 If the Merger will not be completed, the FIAT ordinary shares in relation to which cash exit rights have been exercised will continue to be held by the shareholders who exercised such rights, no payment will be made to

senza che nessun pagamento sia effettuato in favore dei suddetti azionisti e le azioni ordinarie FIAT non saranno revocate dalla quotazione sul Mercato Telematico Azionario.

15.7 La Fusione non legittimerà l'esercizio di alcun diritto di recesso secondo quanto previsto dal presente Paragrafo 15 per quanto riguarda l'azionariato di FCA.

## **16. APPROVAZIONE DELLA DELIBERA RELATIVA ALLA FUSIONE**

16.1 Ai sensi dell'Articolo 2502 del Codice Civile, il presente Progetto Comune di Fusione Transfrontaliera, approvato del Consiglio di Amministrazione di FIAT, richiede l'approvazione dell'Assemblea Straordinaria di FIAT.

16.2 L'assemblea degli azionisti di FCA dovrà approvare la Fusione ai sensi del presente Progetto Comune di Fusione Transfrontaliera prima che il Consiglio di Amministrazione di FCA sia autorizzato a stipulare l'atto di Fusione.

16.3 La delibera di procedere alla Fusione non richiede la preventiva approvazione da parte di terzi.

## **17. FORMALITÀ PRELIMINARI ALLA FUSIONE, APPROVAZIONI E CONDIZIONI**

17.1 Il perfezionamento della Fusione è condizionato all'avveramento o alla rinuncia (per iscritto) ad opera delle Società, ove consentito dalle applicabili disposizioni, prima della Data del Closing delle seguenti condizioni:

such shareholders and FIAT's ordinary shares will not be delisted from the Mercato Telematico Azionario.

15.7 The Merger will not trigger any cash exit rights as described in this Section 15 for the shareholders of FCA.

## **16. APPROVAL OF THE RESOLUTIONS TO ENTER INTO THE MERGER**

16.1 In accordance with Article 2502 of the ICC, the resolution of the Board of FIAT approving these Common Cross Border Merger Terms requires the approval of the FIAT Extraordinary Meeting of Shareholders.

16.2 The general meeting of shareholders of FCA will need to resolve upon the Merger on the basis of these Common Cross-Border Merger Terms before the Board of FCA is authorised to have the notarial deed in relation to the establishment of the Merger executed.

16.3 The resolution to enter into the Merger does not require the prior approval by a third party.

## **17. PRE-MERGER FORMALITIES, REQUIRED APPROVALS AND CONDITIONS**

17.1 The completion of the Merger is subject to the satisfaction or, to the extent permitted by applicable law, the waiver (in writing) by both Companies prior to the Closing Date of the following conditions:

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|--|---|
| <p>(i) le Azioni Ordinarie FCA, che dovranno essere emesse e assegnate ai titolari di azioni ordinarie di FIAT per effetto della Fusione, siano state ammesse a quotazione sul NYSE con provvedimento subordinato all'emissione delle azioni stesse;</p> <p>(ii) nessuna entità governativa di una giurisdizione competente abbia approvato, emesso, promulgato, attuato o presentato qualsivoglia provvedimento o atto in corso di validità che vieti l'esecuzione della Fusione secondo quanto ivi previsto e nessun provvedimento sia stato approvato, promulgato o attuato da alcuna entità governativa di una giurisdizione competente che abbia l'effetto di proibire o rendere invalida l'esecuzione della Fusione;</p> <p>(iii) l'ammontare in denaro eventualmente da pagarsi (a) ai sensi dell'Articolo 2437-<i>quater</i> del Codice Civile agli azionisti di FIAT che abbiano esercitato il diritto di recesso in relazione alla Fusione e/o (b) ai creditori che abbiano proposto opposizione alla Fusione ai sensi di legge, non ecceda complessivamente l'importo di Euro 500 milioni; e</p> <p>(iv) l'approvazione della Fusione da parte dell'Assemblea Straordinaria di FIAT.</p> <p>17.2 Le Società comunicheranno al mercato le informazioni rilevanti relative al soddisfacimento o al mancato avveramento delle condizioni sospensive di cui sopra in conformità alle disposizioni legislative e regolamentari applicabili.</p> <p>17.3 La Fusione non sarà efficace se non successivamente:</p> <p>(i) al ricevimento di una dichiarazione del Tribunale di Amsterdam, Olanda, che affermi che nessun creditore ha proposto</p> | <p>(i) FCA Common Shares which are to be allotted to FIAT shareholders in connection with the Merger shall have been approved for listing on the NYSE, subject to official notice of issuance;</p> <p>(ii) no governmental entity of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any order or act which is in effect and prohibits consummation of the Merger in accordance with the terms set forth herein and no order shall have been enacted, entered, promulgated or enforced by any governmental entity of competent jurisdiction which prohibits or makes illegal the consummation of the Merger;</p> <p>(iii) the amount of cash, if any, required to be paid to (a) FIAT shareholders exercising cash exit rights under Article 2437-<i>quater</i> of the ICC, and/or (b) creditors exercising their creditor opposition rights, shall not exceed in the aggregate Euro 500 million; and</p> <p>(iv) the approval of the Merger by the FIAT Extraordinary Meeting of Shareholders.</p> <p>17.2 The Companies will communicate information regarding the satisfaction of or failure to satisfy the above conditions precedent to the market in accordance with the applicable laws and regulations.</p> <p>17.3 The Merger shall not be established other than after:</p> <p>(i) a declaration shall have been received from the local district court in Amsterdam, the Netherlands that no creditor has opposed to the</p> |
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opposizione alla Fusione ai sensi della Sezione 2:316 del Codice Olandese o, nel caso in cui sia stata proposta opposizione ai sensi della Sezione 2:316 del Codice Olandese, una dichiarazione relativa all'estinzione o abbandono di tale opposizione;

- (ii) sia decorso il termine di 60 giorni dalla data di iscrizione della deliberazione dell'Assemblea Straordinaria di FIAT presso il Registro delle Imprese di Torino senza che nessun creditore di FIAT abbia proposto opposizione ai sensi della legge applicabile ovvero tale termine sia spirato anticipatamente ai sensi della legge applicabile ovvero qualora, in caso sia proposta opposizione, tale opposizione sia stata rinunciata o respinta o altrimenti sia stato emesso un provvedimento che consenta di effettuare la Fusione ai sensi dell'articolo 2445 del Codice Civile; e
- (iii) alla consegna al notaio olandese da parte del notaio italiano scelto da FIAT del certificato preliminare di conformità della fusione; tale certificato rappresenta il certificato preliminare alla fusione ai sensi della Direttiva Europea 2005/56/CE del Parlamento Europeo e del Consiglio del 26 ottobre 2005 sulle fusioni transfrontaliere delle società di capitali.

## **18. FORMALITÀ PER LA FIRMA, LEGGE APPLICABILE**

18.1 Ai sensi della Sezione 2:312, commi 3 e 4, del Codice Olandese, il presente Progetto Comune di Fusione Transfrontaliera dovrà essere sottoscritto da ciascun membro dei Consigli di Amministrazione sia di FIAT sia di FCA. Il presente Progetto Comune di Fusione Transfrontaliera sarà efficace non appena sottoscritto da tutti i soggetti obbligati.

Merger pursuant to Section 2:316 of the DCC or, in case of any opposition pursuant to Section 2:316 of the DCC, a declaration that such opposition was withdrawn or discharged;

- (ii) the 60 day-period following the date upon which the resolution of the FIAT Extraordinary Meeting of Shareholders has been registered with the Companies' Register of Turin shall have expired without any FIAT creditors having opposed to the Merger pursuant to applicable law or such period have been earlier terminated pursuant to applicable law or, where an opposition is filed, this opposition has been withdrawn or discharged or an order allowing the Merger has been issued pursuant to article 2445 of the ICC; and
- (iii) delivery by the Italian public notary selected by FIAT of the pre-merger compliance certificate to the Dutch civil law notary, such certificate being the pre-merger scrutiny certificate pursuant to the EU Directive 2005/56/EC of the European Parliament and Council of October 26, 2005 on cross-border mergers of limited liability companies.

## **18. SIGNING FORMALITIES, GOVERNING LAW**

18.1 Pursuant to Section 2:312, paragraph 3 and 4, of the DCC, these Common Cross-Border Merger Terms will have to be signed by each member of the Boards of each of FCA and FIAT. These Common Cross-Border Merger Terms will come into effect, when legally signed by all signatories.

18.2 Per ogni questione che non sia obbligatoriamente soggetta al diritto applicabile a FIAT (ossia la legge italiana), il presente Progetto Comune di Fusione Transfrontaliera sarà regolato e interpretato in conformità alle leggi olandesi.

Ogni controversia fra le Società circa la validità, l'interpretazione o l'attuazione del presente Progetto Comune di Fusione Transfrontaliera sarà soggetta alla competenza esclusiva delle corti olandesi, salvo diverse disposizioni inderogabili di legge.

Data: 15 giugno 2014

- Allegato 1: Relazione illustrativa di FIAT (Italiano)  
Relazione illustrativa di FIAT (Inglese)
- Allegato 2: Relazione illustrativa di FCA (Italiano)  
Relazione illustrativa di FCA (Inglese)
- Allegato 3: Versione attuale dello statuto di FCA (Italiano)  
Versione attuale dello statuto di FCA (Inglese)  
Versione attuale dello statuto di FCA (Olandese)
- Allegato 4: Versione proposta dello statuto di FCA (Italiano)  
Versione proposta dello statuto di FCA (Inglese)  
Versione proposta dello statuto di FCA (Olandese)

18.2 For all matters that are not mandatorily subject to the laws applicable to FIAT (i.e. Italian law), these Common Cross-Border Merger Terms shall be governed by, and interpreted in accordance with, the laws of the Netherlands.

Any dispute between the Companies as to the validity, interpretation or performance of these Common Cross-Border Merger Terms shall be submitted to the exclusive jurisdiction of the Dutch courts, unless otherwise provided for by mandatory provisions of law.

Dated: June 15, 2014

- Schedule 1: FIAT board report (Italian)  
FIAT board report (English)
- Schedule 2: FCA board report (Italian)  
FCA board report (English)
- Schedule 3: Current Articles of Association of FCA (Italian)  
Current Articles of Association of FCA (English)  
Current Articles of Association of FCA (Dutch)
- Schedule 4: Proposed Articles of Association of FCA (Italian)  
Proposed Articles of Association of FCA (English)  
Proposed Articles of Association of FCA (Dutch)

<p>Allegato 5: Termini e condizioni delle azioni a voto speciale (Italiano) Termini e condizioni delle azioni a voto speciale (Inglese)</p>	<p>Schedule 5: Terms and conditions of the special voting shares (Italian) Terms and conditions of the special voting shares (English)</p>
<p>Allegato 6: Bilancio di esercizio FIAT al 31 dicembre 2013 (Italiano) Bilancio di esercizio di FIAT al 31 dicembre 2013 (Inglese)</p>	<p>Schedule 6: FIAT statutory financial statements at 31 December 2013 (Italian) FIAT statutory financial statements at 31 December 2013 (English)</p>
<p>Allegato 7: Situazione patrimoniale intermedia di FCA al 1° aprile 2014 (Italiano) Situazione patrimoniale intermedia di FCA al 1° aprile 2014 (Inglese)</p>	<p>Schedule 7: FCA interim balance sheet at April 1, 2014 (Italian) FCA interim balance sheet at April 1, 2014 (English)</p>

**PROGETTO COMUNE DI FUSIONE TRANSFRONTALIERA / COMMON CROSS-BORDER MERGER TERMS**

**Fiat Investments N.V.**

**Consiglio di Amministrazione / Board of Directors**

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Sergio Marchionne  
Executive member and CEO

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Richard K. Palmer  
Executive member

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Derek J. Neilson  
Non-executive member

**Fiat S.p.A.**

**Consiglio di Amministrazione / Board of Directors**

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Sergio Marchionne

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Tiberto Brandolini d'Adda

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John Elkann

---

René Carron

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Andrea Agnelli

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Luca Cordero di Montezemolo

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Joyce Victoria Bigio

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Gian Maria Gros-Pietro

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Patience Wheatcroft

# REPORT OF THE BOARD OF DIRECTORS OF FIAT S.P.A. ON THE COMMON CROSS-BORDER MERGER TERMS RELATING TO THE MERGER BY ABSORPTION OF FIAT S.P.A. WITH AND INTO FIAT INVESTMENTS N.V.

This report was prepared pursuant to Article 2501-*quinquies* of the Italian Civil Code, Article 8 of the Legislative Decree no. 108 of May 30, 2008 and Article 70, paragraph 2, of the regulation implemented through the Consob resolution no. 11971/1999.

Dear Shareholders,

we hereby submit to your approval the common cross-border merger terms relating to the merger by absorption ( *fusione per incorporazione* ) of Fiat S.p.A. (“**Fiat**”) with and into Fiat Investments N.V., which company will upon completion of the cross-border merger be renamed “Fiat Chrysler Automobiles N.V.” (“**FCA**” and, together with Fiat, the “**Merging Companies**”).

This report was prepared pursuant to Article 2501-*quinquies* of the Italian Civil Code (the “**Italian Civil Code**”), Article 8 of the Legislative Decree no. 108 of May 30, 2008 (“**Legislative Decree 108**”) and, since Fiat’s shares are listed, among the others, on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. (“**Mercato Telematico Azionario**”), Article 70, paragraph 2, of the Consob Resolution no. 11971/1999 (the “**Issuers’ Regulation**”) and in compliance with the Scheme no. 1 of Annex 3A of the above Issuers’ Regulation (the “**Report**”).

## 1 DESCRIPTION AND RATIONALE OF THE PROPOSED TRANSACTION

### 1.1 Description of the Transaction

#### Introduction

This Report was prepared by the board of directors of Fiat (the “**Fiat Board of Directors**”) for the purpose of describing the merger by absorption of Fiat with and into FCA (the “**Merger**” or the “**Transaction**”). FCA is a wholly-owned direct subsidiary of Fiat and a separate illustrative report has been prepared by the board of directors of FCA (the “**FCA Board of Directors**” and, together with Fiat Board of Directors, the “**Boards of Directors**”).

The Merger qualifies as a cross-border merger within the meaning of the provisions of EU Directive 2005/56/EC of the European Parliament and Council of October 26, 2005 on cross-border mergers of limited liability companies, implemented for Dutch law purposes under Title 2.7 of the Dutch Civil Code (the “**Dutch Civil Code**”) and for Italian law purposes by Legislative Decree 108.

A common cross-border merger terms has been jointly prepared by the Boards of Directors and will be submitted for approval to Fiat shareholders and to FCA’s sole shareholder at the relevant extraordinary general meetings (the “**Common Merger Terms**”).

#### Public documents

In connection with the Transaction and pursuant to Article 2501-*septies* of the Italian Civil Code and Article 70, paragraph 1, of the Issuers’ Regulation, in addition to this Report and to the board report prepared by FCA, the following documents will be published, pursuant to the applicable laws and regulations and, in particular, on the Fiat website ([www.fiatspa.com](http://www.fiatspa.com)) and made available for inspection at the registered seat of Fiat and the principal executive offices of FCA by whomever is entitled to so inspect them by applicable law:

- (i) the Common Merger Terms, as approved by Fiat Board of Directors on June 15, 2014 and by FCA Board of Directors on May 27, 2014;
- (ii) the expert report to be prepared by Ernst & Young S.p.A. (“**E&Y**”) for the benefit of Fiat (the “**Fiat Expert Report**”) and the expert report to be prepared by KPMG Accountants N.V. for the benefit of FCA, pursuant to Section 2:328, paragraphs 1 and 2, of the Dutch Civil Code (the “**FCA Expert Report**”) on the Exchange Ratio (as defined below);
- (iii) the Fiat statutory financial statements as of December 31, 2013 and the FCA interim balance sheet as of April 1, 2014, pursuant to Article 2501-*quater* of the Italian Civil Code and Section 2:314 of the Dutch Civil Code;
- (iv) the 2013, 2012 and 2011 statutory financial statements of Fiat, together with the relevant reports attached thereto; with regard to FCA, no financial statements are made available in the light of the fact that, as of the date of this Report, the first financial year of FCA is not yet completed.

The Common Merger Terms will be filed with: (i) the Turin Companies’ Register pursuant to applicable law and (ii) the Dutch Trade Register and communicated to the public in the Netherlands through a notice in the newspaper *Het Financieele Dagblad* and in the Dutch State Gazette.

The one-month period established in connection with the possible opposition by creditors to the Merger under Section 2:316 of the Dutch Civil Code, will start upon the publication of the above mentioned notices; the term established in connection with the opposition to the Merger by Fiat creditors will last 60 days from the date of registration with the Turin Companies’ Register of the resolution approving the Merger by the Fiat extraordinary shareholders’ meeting.

The information document to be prepared pursuant to Article 70, paragraph 6, of the Issuers’ Regulation will be published at least 15 calendar days prior to the extraordinary shareholders’ meeting of Fiat called to resolve upon the Common Merger Terms in accordance with the applicable laws and regulations.

#### Purpose of the Transaction

The main purpose of the Merger is to better reflect the increasingly global nature of the group’s business, enhance its appeal to international investors and facilitate the listing and trading of FCA Common Shares (as defined under Section 4 below) on the New York Stock Exchange (the “**NYSE**”), taking into account the recently completed acquisition by Fiat, through a subsidiary, of a 100% ownership interest in Chrysler Group LLC.

The Fiat Board of Directors believes that a holding company and a sole Italian listing are no longer optimal for the increasingly global character of the group’s business also in the light of the capital markets needs of the business. In this regard, Fiat Board of Directors expects the following benefits from the Transaction:

- create a well-established, investor friendly corporate form that will improve flexibility in raising capital or making strategic acquisitions or investments in the future;
- enhance the access to capital with the double listing on the NYSE and the MTA that will improve the liquidity of the shares as well as the ability to access a deeper pool of equity and debt financing sources; and
- increase the strategic flexibility of the group to pursue attractive acquisition and strategic investments opportunities and reward long-term shareholding.

#### The Exchange Ratio

In connection with the Merger, each Fiat shareholder on the Merger Effective Date (as defined below) shall receive one FCA Common Share (as defined under Section 4 below) with a nominal value of Euro 0.01 each for each ordinary share in Fiat with a nominal value of Euro 3.58 each (the “**Exchange Ratio**”). No other payments shall be made pursuant to the Exchange Ratio in connection with the Merger.

The Exchange Ratio, approved by the Boards of Directors, will be examined for the purpose of the issuance of the opinion on its fairness by the experts appointed by Fiat and FCA pursuant to Section 2:328 of the Dutch Civil Code. For further information on the Exchange Ratio, please refer to Section 3 below.

## **1.2 Conditions precedent**

The completion of the Merger is subject to the satisfaction or, to the extent permitted by applicable law, the waiver (in writing) by both Merging Companies prior to the Closing Date (as defined under Section 5 below) of the following conditions:

- (i) FCA Common Shares which are to be allotted to Fiat shareholders in connection with the Merger shall have been approved for listing on the NYSE, subject to official notice of issuance;
- (ii) no governmental entity of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any order or act which is in effect and prohibits consummation of the Merger in accordance with the terms set forth herein and no order shall have been enacted, entered, promulgated or enforced by any governmental entity of competent jurisdiction which prohibits or makes illegal the consummation of the Merger;
- (iii) the amount of cash, if any, required to be paid to (a) Fiat shareholders exercising cash exit rights under Article 2437-*quater* of the Italian Civil Code, and/or (b) creditors exercising their creditor opposition rights, shall not exceed in the aggregate Euro 500 million; and
- (v) the approval of the Merger by the Fiat Extraordinary Meeting of Shareholders (as defined under Section 4 below).

The Merging Companies will communicate information regarding the satisfaction of or failure to satisfy the above conditions precedent to the market in accordance with applicable laws and regulations.

In addition to the conditions precedent mentioned above, the Merger shall not be established other than after:

- (i) a declaration shall have been received from the local district court in Amsterdam, the Netherlands that no creditor has opposed to the Merger pursuant to Section 2:316 of the Dutch Civil Code or, in case of any opposition pursuant to Section 2:316 of the Dutch Civil Code, a declaration that such opposition was withdrawn or discharged;
- (ii) the 60 day-period following the date upon which the resolution of the Fiat Extraordinary Meeting of Shareholders has been registered with the Companies' Register of Turin shall have expired without any Fiat creditors having opposed to the Merger pursuant to applicable law or such period have been earlier terminated pursuant to applicable law or, where an opposition is filed, this opposition has been withdrawn or discharged or an order allowing the Merger has been issued pursuant to article 2445 of the Italian Civil Code; and
- (iii) delivery by the Italian public notary selected by Fiat of the pre-merger compliance certificate to the Dutch civil law notary, such certificate being the pre-merger scrutiny certificate pursuant to the EU Directive 2005/56/EC of the European Parliament and Council of October 26, 2005 on cross-border mergers of limited liability companies.

## **1.3 Companies participating in the Transaction**

### **1.3.1 Fiat Investments N.V.**

- Limited liability company (*naamloze vennootschap*) incorporated under the laws of the Netherlands;
- official seat in Amsterdam, the Netherlands;
- principal executive offices at 240 Bath Road, SL1 4DX, Slough, United Kingdom;

- issued share capital: Euro 350,000.00, fully paid-in, divided into no. 35,000,000 common shares, having a nominal value of Euro 0.01 each;
- authorized share capital of Euro 1,000,000.00;
- registration number with the Amsterdam Chamber of Commerce (*Kamer van Koophandel*): 60372958.

Following completion of the Merger, FCA will be the surviving company, will maintain its current legal form and official seat, and will therefore continue to be subject to the laws of the Netherlands.

It is expected that FCA will set up an Italian branch in Turin, Via Nizza 250 (Italy).

The articles of association of FCA in force as of the date of this Report have been established by deed of incorporation of FCA executed before a substitute of Guido Marcel Portier, civil law notary, officiating in Amsterdam, the Netherlands, on April 1, 2014 (the “**FCA Incorporation Date**”) and a copy of these articles of association is attached to the Common Merger Terms as Schedule 3.

Upon the Merger becoming effective, FCA’s articles of association will be in the form of the proposed articles of association attached to the Common Merger Terms as Schedule 4.

### 1.3.2 Fiat S.p.A.

- Joint stock company (*società per azioni*) organized under the laws of the Republic of Italy;
- registered office in Turin, Via Nizza 250;
- share capital: Euro 4,478,046,214.84, fully paid-in;
- no. 1,250,850,898 ordinary shares, having a nominal value of Euro 3.58 each, and listed on the Mercato Telematico Azionario, as well as on Euronext Paris and the Frankfurt stock exchange; and
- VAT code, tax code and registration number with the Turin Companies’ Register: 00469580013.

In connection with the Merger, FCA Common Shares (as defined under Section 4 below) will be listed on the NYSE and they are expected to be listed on the Mercato Telematico Azionario to enhance investors’ demand and trading liquidity. In the light of the fact that the volume of trading of Fiat ordinary shares on Euronext Paris and the Frankfurt stock exchange has historically been minimal, it is not expected that FCA will apply for listing FCA Common Shares (as defined under Section 4 below) on those stock exchanges following the Merger.

## **2 VALUES ATTRIBUTED TO THE MERGING COMPANIES IN THE TRANSACTION FOR THE PURPOSE OF DETERMINING THE EXCHANGE RATIO**

The value of the assets and liabilities of Fiat to which FCA will succeed as of the Merger Effective Date will be determined on the basis of the relevant accounting net value as of the Merger Effective Date. These assets and liabilities are recorded as of December 31, 2013 in the Fiat statutory financial statements approved by the Fiat shareholders’ meeting on March 31, 2014.

The conditions of the Merger have been established on the basis of the statutory financial statements as of December 31, 2013 of Fiat and the interim balance sheet as of April 1, 2014 of FCA, attached to the Common Merger Terms as Schedules 6 and 7, respectively.

### **3 THE EXCHANGE RATIO ESTABLISHED AND CRITERIA ADOPTED TO DETERMINE THE SAME**

FCA has been incorporated as the wholly-owned direct subsidiary of Fiat. FCA's issued share capital is EUR 350,000. As a result of the Merger, FCA will succeed to all assets and assume all liabilities of Fiat and the value of FCA will equal the value of Fiat immediately prior to the Merger (considering the application of book value for this Merger). The shareholders of Fiat, as the sole parent company of the surviving company FCA, will receive one common share in the capital of FCA for each Fiat ordinary share held by them. As the value of each common share in the capital of FCA immediately after the Merger equals the value of each Fiat ordinary share immediately prior to the Merger, the one for one exchange ratio has been applied.

In the context of a merger, the objective of the Fiat Board of Directors' valuation is to estimate the "relative" equity values in order to determine the exchange ratio; the estimated relative values should not be taken as reference in different contexts.

The relative value of Fiat has been determined under the going-concern assumption and ignoring any potential economic and financial impacts of the Merger.

In the light of the above, and taking into account the objective of the valuation analysis, the methods applied as set out above are considered appropriate for the Merger.

No particular difficulties have arisen as a result of the valuation method used and as a result of the determination of this exchange ratio.

### **4 ALLOCATION OF SHARES IN FCA TO THE SHAREHOLDERS OF FIAT**

Upon the Merger becoming effective, FCA will issue common shares having a nominal value of Euro 0.01 each, for allocation to the shareholders of Fiat, in exchange for their existing ordinary shares of Fiat (each having a nominal value of Euro 3.58), on the basis of the established Exchange Ratio, as specified under Section 3 above (the "FCA Common Shares").

The FCA Common Shares being allotted in connection with the Merger – to be listed, at the time of completion of the Merger, on the NYSE and subsequently on the Mercato Telematico Azionario – will be allotted in dematerialized form and delivered to shareholders through the relevant centralized clearing system with effect as of the Merger Effective Date (as defined in Section 5 below). Further information on the conditions and procedure for allocation of the assigned FCA Common Shares shall be included in a notice published on the website of Fiat, as well as on the daily newspaper *La Stampa*. Fiat and FCA will charge no costs to Fiat shareholders in relation to the shares exchange.

As a result of the Merger becoming effective, all the Fiat ordinary shares currently outstanding will be cancelled by operation of law and FCA shall continue to operate and own, as the case may be, all the existing business activities, shareholdings and other assets of Fiat.

All 35,000,000 FCA shares held by Fiat and any additional FCA shares issued to or otherwise acquired by Fiat after the date hereof that are held by Fiat at the time of completion of the Merger (including shares issued to Fiat, before the Merger Effective Date, in an amount equal to the number of Fiat shares that may be acquired by Fiat in connection with the exercise of cash exit rights by Fiat shareholders; such Fiat shares will be cancelled as a result of the Merger) will not be cancelled in accordance with Section 2:325, paragraph 3, of the DCC, but will continue to exist as shares held by FCA in its own capital, until transferred, otherwise disposed of or cancelled in accordance with the applicable provisions of Dutch law and FCA's articles of association.

According to Dutch law and FCA's articles of association, during the time that shares in FCA are held by FCA itself, these shares shall not be entitled to any distribution or voting rights. The shares held by FCA in its own capital may be offered and allocated for trading on the market after the Merger in accordance with applicable laws and regulations.

As further explained in the Common Merger Terms and its annexes, in connection with the Transaction, immediately upon the Merger Effective Date (as defined below under Section 5 below), FCA will issue special voting shares, with a nominal value of Euro 0.01 each, to those eligible shareholders of Fiat who have validly elected to receive such special voting shares upon completion of the Merger in addition to FCA Common Shares. Holders of Fiat ordinary shares who wish to receive special voting shares upon completion of the Merger are required to follow the procedures as described in the Fiat corporate documents which will be made available on the corporate website of Fiat ([www.fiatspa.com](http://www.fiatspa.com)) when the extraordinary general meeting of shareholders of Fiat for the purposes of approving the Common Merger Terms is called (the "**Fiat Extraordinary Meeting of Shareholders**"). The essential characteristics of the special voting shares are further set out in the FCA proposed articles of association attached as Schedule - 4 to the Common Merger Terms and in the terms and conditions of the FCA special voting shares (the "**Special Voting Share Terms**") attached to the Common Merger Terms as Schedule 5.

For the avoidance of doubt, those special voting shares are not part of the Exchange Ratio set out under Section 3 above.

The special voting shares will be assigned to those Fiat shareholders who shall have complied with certain requirements, including – without limitation: (i) attendance (in person or through a proxy) at the Fiat Extraordinary Meeting of Shareholders; (ii) holding of ordinary shares in the share capital of Fiat continuously from the record date concerning the Fiat Extraordinary Meeting of Shareholders to the Merger Effective Date; (iii) submission of a duly completed form (requesting FCA to register some or all of the FCA Common Shares to be acquired by such person upon the Merger in the Loyalty Register, as defined below, and applying for a corresponding number of special voting shares) together with a duly completed power of attorney; and (iv) submission of an initial broker confirmation statement (attesting the uninterrupted holding of Fiat ordinary shares from the record date concerning the Fiat Extraordinary Meeting of Shareholders to the Merger Effective Date) on or prior to the Merger Effective Date.

The FCA Common Shares in respect to which special voting shares are allocated ("**Qualifying Common Shares**") will be registered in a register (the "**Loyalty Register**") kept by FCA and, for so long as they remain in such register, such Qualifying Common Shares cannot be sold, disposed of, transferred, pledged or subjected to any lien, fixed or floating charge or other encumbrance. At any time, a holder may request that a Qualifying Common Share be de-registered from the Loyalty Register; after such de-registration, the relevant FCA Common Share shall cease to be a Qualifying Common Share and shall be freely transferable and the associated special voting share shall be transferred to FCA for no consideration.

Following the completion of the Transaction, FCA shareholders seeking to qualify to receive special voting shares can also request to have their FCA Common Shares registered in the Loyalty Register. Any FCA Common Share that has been registered in the Loyalty Register in the name of the same shareholder or its Loyalty Transferee (as defined in the proposed articles of association of FCA attached to the Common Merger Terms as Schedule 4) for an uninterrupted period of 3 years, will become a Qualifying Common Share and the holder thereof will be entitled to acquire one special voting share in respect of such Qualifying Common Share, provided they meet the conditions described in greater detail in the documents referred to above.

## **5 EFFECTIVENESS OF THE TRANSACTION FOR THE PURPOSES OF THE FCA FINANCIALS STATEMENTS AND DATE OF DISTRIBUTION ENTITLEMENT**

Pursuant to Article 15 of Legislative Decree 108 and Section 2:318 of the Dutch Civil Code and subject to the satisfaction of the conditions precedent to the Merger, as better described under Section 1.2 above, or (to the extent permitted by applicable law) waiver of any such conditions precedent, the Merger shall be carried out in accordance with and pursuant to Section 2:318 of the Dutch Civil Code by means of execution before a civil law notary, residing in the Netherlands, of the notarial deed in respect of the Merger (the “**Closing Date**”).

The Merger will become effective on the day following the Closing Date (the “**Merger Effective Date**”).

The Dutch registrar will subsequently inform the Turin Companies’ Register that the Merger has become effective. As per the Merger Effective Date, Fiat will be merged into FCA, which will succeed to all the assets and liabilities, real and movable assets, tangible and intangible assets belonging to Fiat.

The financial information with respect to the assets, liabilities and other legal relationships of Fiat will be reflected in the annual accounts of FCA as of January 1, 2014, and, as a result of the above, the accounting effects of the Merger will be recognized in FCA’s annual accounts from that date.

The Merger Effective Date is expected to occur during 2014.

FCA’s Common Shares issued as of the Merger Effective Date will carry entitlement to participation in the 2014 profits of FCA in proportion to the relevant participation in the nominal share capital of FCA.

## **6 ACCOUNTING TREATMENT APPLICABLE TO THE TRANSACTION**

Fiat prepares its consolidated financial statements in accordance with IFRS. Immediately following the Merger, FCA will prepare its consolidated financial statements in accordance with IFRS. Under IFRS, the Merger consists of a reorganization of existing legal entities that does not give rise to any change of control, and therefore is outside the scope of application of IFRS 3—Business Combinations. Accordingly, it will be accounted for as an equity transaction at the existing carrying amounts.

As anticipated, pursuant to Section 2:321 of the Dutch Civil Code, the accounting effects of the Transaction will be recognized in FCA annual accounts from January 1, 2014.

## **7 TAX IMPACTS OF THE TRANSACTION FOR FCA**

From a tax perspective, the Merger should be qualified as a cross-border merger transaction within the meaning of Article 178 of the DPR no. 917 of 1986 (“**CTA**”), implementing the Directive 90/434/EC dated July 23, 1990 (codified in the Directive 2009/133/CE, the Merger Directive). In connection with the Transaction, FCA intends to maintain a permanent establishment in Italy, to which the direct shareholdings owned by Fiat prior to the Merger in the Italian subsidiaries will be assigned.

The Merger is tax neutral with respect to Fiat’s assets that will remain connected with the Italian permanent establishment, such as the shareholdings in Fiat’s Italian subsidiaries. Conversely, such merger will trigger the realization of capital gains or losses embedded in Fiat’s assets that will not be connected with the Italian permanent establishment (giving rise to an “**Italian Exit Tax**”). Capital gains on certain assets of the group that are expected to be transferred out of the Italian permanent establishment in connection with the Merger will be realized for Italian tax purposes. However, Fiat expects that such gains may be largely offset by tax losses available to the group.

Under recently enacted Italian law (Article 166 (2-*quater*) of the CTA), companies which cease to be Italian-resident and become tax-resident in another EU Member State may apply to suspend any Italian Exit Tax under the principles of the Court of Justice of the European Union case C-371/10, National Grid Indus BV. Italian rules implementing Article 166(2-*quater*), issued in August 2013, excluded cross-border merger transactions from the suspension of the Italian Exit Tax. As a result, the Merger will result in the immediate charge of an Italian Exit Tax in relation to those Fiat assets that will not be connected with the Italian permanent establishment. Whether or not the Italian implementing rules are deemed compatible with EU law is unlikely to be determined before the payment of the Italian Exit Tax is due.

A mandatory ruling request has been submitted by Fiat to the Italian tax authorities in respect of the Merger, in order to ensure the continuity, via the Italian permanent establishment, of the fiscal unit currently in place between Fiat and Fiat Italian subsidiaries. The outcome of such ruling request is uncertain. If a negative ruling is received, then the carried-forward tax losses generated by the fiscal unit would become restricted losses and they could not be used to offset the future taxable income of the fiscal unit.

According to Italian tax laws, the Merger will not trigger any taxable event for Italian income tax purposes for Fiat Italian shareholders. FCA Common Shares received by such Fiat shareholders at the effective time of the Merger would be deemed to have the same aggregate tax basis as the Fiat ordinary shares held by the said Italian shareholders prior to the Merger.

## 8 SHAREHOLDER STRUCTURE AND CONTROL OF FCA SUBSEQUENT TO THE TRANSACTION

The following table shows the current percentage interest of major shareholders in Fiat (*i.e.*, shares representing 2% or more of voting rights) as of March 31, 2014 on the basis of the publicly available information.

	%
<b><i>Fiat shareholders</i> (*)</b>	
Exor S.p.A.	30.05%
Baillie Gifford & Co.	2.15%
Norges Bank	2.04%
Vanguard International Growth Fund	2.00%
Other shareholders (**) (***)	63,76%

(\*) Fiat owns approximately 35 million treasury shares representing approximately 2.8% of its overall issued share capital.

(\*\*) Reports by shareholders to the company and Consob may be not updated.

(\*\*\*) “Other shareholders” includes directors owning shares of Fiat and Fiat treasury shares.

Taking into account the Exchange Ratio, as determined under Section 3 above, on the basis of which one (1) FCA Common Share will be assigned to each holder of one (1) Fiat ordinary share, the pre-Merger shareholders of Fiat will hold the same percentage of FCA Common Shares as of Fiat ordinary shares held before the Merger (subject to the exercise of cash exit rights by Fiat shareholders). However, as a result of the loyalty voting mechanism, a particular shareholders’ voting power in FCA will depend on the extent to which the shareholder and the other shareholders participate in the loyalty voting structure with respect to FCA. For information regarding the special voting shares issued by FCA and the relevant impact on the FCA shareholding structure, please refer to Section 4 above.

## 9 EFFECT OF THE TRANSACTION ON SHAREHOLDERS' AGREEMENTS

On the basis of the publicly available information, no shareholders' agreement, within the meaning of Article 122 of the legislative decree February 24, 1998 no. 58 (the "**Legislative Decree no. 58/1998**"), currently exists in connection with Fiat ordinary shares or FCA Common Shares.

## 10 EVALUATIONS ON THE CASH EXIT RIGHTS – SHAREHOLDERS ENTITLED TO EXERCISE CASH EXIT RIGHTS

Fiat shareholders who do not vote in favor of the Common Merger Terms will be entitled to exercise their cash exit rights pursuant to:

- (i) Article 2437, paragraph 1, letter (c) of the Italian Civil Code, given that Fiat's registered office is to be transferred outside Italy;
- (ii) Article 2437-*quinquies* of the Italian Civil Code, given that Fiat's shares will be delisted; and
- (iii) Article 5 of Legislative Decree 108, given that FCA is organized and managed under the laws of a country other than Italy (*i.e.*, the Netherlands).

Given that those events will only occur upon the execution of the Transaction, as stated in the Common Merger Terms, the exercise of the cash exit rights by Fiat shareholders is conditional upon the Transaction becoming effective.

Pursuant to Article 2437-*bis* of the Italian Civil Code, qualifying shareholders may exercise their cash exit rights, in relation to some or all of their shares, by sending a notice via registered mail (the "**Notification**") to the registered offices of Fiat no later than 15 days following registration of the resolution adopted by the Fiat Extraordinary Meeting of Shareholders with the Turin Companies' Register. Notice of the registration will be published on the daily newspaper *La Stampa* and on the corporate website of Fiat.

In addition to the conditions/instructions provided below and the provisions of Article 127-*bis* of Legislative Decree no. 58/1998, shareholders exercising their cash exit rights must deliver the specific communication to be issued by an authorized intermediary confirming that the shares in respect of which the shareholder has exercised his cash exit right immediately prior to the Fiat Extraordinary Meeting of Shareholders were held continuously up to the date of the Notification. Further details to exercise the withdrawal right will be provided to Fiat shareholders in accordance with the applicable laws and regulations.

Subject to the Transaction becoming effective, the redemption price payable to shareholders exercising the cash exit right will be determined pursuant to Article 2437-*ter*, paragraph 3, of the Italian Civil Code; in accordance with such provision, the redemption price will represent the arithmetic average of the daily closing price of Fiat's ordinary shares for the 6-month period prior to the date of publication of the notice calling the Fiat Extraordinary Meeting of Shareholders to vote on the Common Merger Terms. Fiat will provide shareholders with information relating to the redemption price in accordance with the applicable laws and regulations.

Settlement of the shares submitted for redemption will proceed in accordance with the procedures indicated in Article 2437-*quater* of the Italian Civil Code.

As described above, the exercise of the cash exit rights by qualifying Fiat shareholders will be subject to the completion of the Transaction. Accordingly, if the aforesaid conditions are not satisfied or waived (to the extent possible), the offer and the subsequent redemption of the relevant exit shares will not take place or become effective.

## **11 IMPACT OF THE TRANSACTION ON SHAREHOLDERS, CREDITORS AND EMPLOYEES**

Pursuant to Article 8 of the Legislative Decree 108, the impact of the Merger with and into FCA with respect to the current Fiat's shareholders, creditors and employees is described below.

### *11.1 Impact of the Transaction on the shareholders*

As to the new shareholder structure and control of FCA subsequent to the Transaction, please refer to Section 8 above, while as to the tax impacts on shareholders, please refer to Section 7 above.

With respect to the rights and obligations of a shareholder of a Dutch company (*i.e.*, FCA), please refer to the FCA articles of association attached to the Common Merger Terms as Schedule 4.

### *11.2 Impact of the Transaction on creditors*

Fiat creditors whose claims precede the registration of the Common Merger Terms with the Turin Companies' Register will be entitled to oppose the Merger pursuant to Article 2503 of the Italian Civil Code within 60 days of the registration provided for by Article 2502-*bis* of the Italian Civil Code, unless such term is waived pursuant to applicable law. Even if an opposition is filed, the competent Court – if it deems the risk of prejudice to creditors ungrounded or where the company has posted a bond sufficient to satisfy creditors' claims – may nonetheless authorize the Merger, pursuant to Article 2445 of the Italian Civil Code.

FCA creditors have the right to oppose the proposed Merger by filing a formal objection to the Common Merger Terms with the local court of Amsterdam, the Netherlands pursuant to Section 2:316 of the Dutch Civil Code, within a period of one month starting the day following the day of public announcement of the filing of the Common Merger Terms in a newspaper with national circulation in the Netherlands. If creditor's opposition is filed on a timely basis (*i.e.*, before the end of the month period) the notarial deed of merger may not be executed unless the court ruling to release the opposition has immediate effect or the opposition was withdrawn.

### *11.3 Impact of the Transaction on employees*

Article 19 of Legislative Decree 108 regulating participation of employees is not applicable to the Transaction as the incorporating company is non an Italian company (*i.e.*, FCA) and neither FIAT nor FCA applies is managed under an employee participation system pursuant to Article 2(1)(m) of the Legislative Decree no. 188 of August 19, 2005 or in the meaning of EU Directive 2005/56/EC of 26 October 2005 on cross-border mergers of limited liability companies.

Fiat will carry out the consultation procedure set out under Article 47 of Italian Law no. 428 of December 29, 1990, as amended. Additionally, in accordance with the provisions of Article 8 of Legislative Decree 108, this Report will be made available to Fiat employees' representatives at least 30 days prior to the final approval of the Merger.

In connection with any outstanding compensation plans based on financial instruments adopted by Fiat prior to the Merger Effective Date, the beneficiaries of said plans shall be awarded, for each right held, immediately following the Merger Effective Date, a comparable right with respect to FCA.

\* \* \* \* \*

Turin, June 15, 2014

**DATE: 15 JUNE 2014**

**BOARD REPORT TO COMMON CROSS-BORDER MERGER TERMS DRAWN UP BY THE BOARD OF DIRECTORS OF:**

**Fiat Investments N.V.**, a public company (*naamloze vennootschap*) incorporated under the laws of the Netherlands, having its official seat in Amsterdam, the Netherlands, and having its office address at 240 Bath Road, SL1 4 DX, Slough, United Kingdom, registered with the trade register of the Amsterdam Chamber of Commerce (*Kamer van Koophandel*) under number: 60372958, which company will upon completion of the cross-border merger be renamed Fiat Chrysler Automobiles N.V. (**FCA**).

**1. CONSIDERING THAT:**

- 1.1 The board of directors (the **FCA Board of Directors**) of FCA and the board of directors (the **Fiat Board of Directors**) of Fiat S.p.A. (**Fiat**) have drawn up common cross-border merger terms (the **Common Merger Terms**) in order to establish a cross-border legal merger within the meaning of the provisions of EU Directive 2005/56/EC of the European Parliament and Council of October 26, 2005 on cross-border mergers of limited liability companies, implemented for Dutch law purposes under Title 2.7 of the Dutch Civil Code (the **DCC**) and transposed into Italian law by Italian Legislative Decree no. 108 of May 30, 2008 (**Legislative Decree 108**), whereby Fiat shall be merged into FCA, which shall succeed to all assets and assume all liabilities of Fiat under universal title of succession (*verkrijging onder algemene titel*) (the **Merger**).
- 1.2 Pursuant to the provisions of Articles 4 and 15, paragraph 3, of the Italian Legislative Decree 108 and Section 2:318 of the DCC, the Merger shall be executed in accordance with the relevant provisions of Dutch law and as such will become effective on the day following the day on which the notarial deed of merger is executed before a civil law notary, officiating in the Netherlands (the **Merger Effective Date**).
- 1.3 This board report was prepared by the FCA Board of Directors having examined and reviewed the Merger and taking into consideration the overall impact on Fiat and FCA (the **Report**).

**2. REASONS FOR THE CROSS-BORDER MERGER**

The FCA Board of Directors considers the Merger to be necessary for the following reasons:

- (a) Corporate structure

The main purpose of the Merger is to better reflect the increasingly global nature of the group's business, enhance its appeal to international investors and facilitate the listing and trading of common shares of FCA with a nominal value of EUR 0.01 each (the **FCA Common Shares**) on the New York Stock

Exchange (the *NYSE*), taking into account the recently completed acquisition by Fiat, through a subsidiary, of 100% ownership interest in Chrysler Group LLC.

(b) Capital structure

Fiat is currently listed on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. (*Mercato Telematico Azionario*) as well as Euronext Paris and the Frankfurt stock exchange. However, in connection with the Merger, FCA Common Shares will be listed on the NYSE and they are expected to be listed on the Mercato Telematico Azionario to enhance investors' demand and trading liquidity. This in the light of the fact that the volume of trading of Fiat ordinary shares on Euronext Paris and the Frankfurt stock exchange has historically been minimal and, therefore, it is not expected that FCA Common Shares will be listed on those stock exchanges following the Merger. The Merger is also intended to simplify the capital structure of the Fiat group by creating a single class of liquid stock listed on the NYSE and on the Mercato Telematico Azionario. Completion of the Merger will be subject to, *inter alia*, approval for listing of the FCA Common Shares on the NYSE. To this end, FCA shall prepare and file: (i) with the United States Securities and Exchange Commission (the *SEC*) a registration statement on Form F-4 (together with all amendments thereto, the *Registration Statement*), in connection with the registration under the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the *Securities Act*) of FCA Common Shares and the special voting shares of FCA (the *FCA Special Voting Shares*) and (ii) with the NYSE a listing application for the listing of FCA Common Shares.

In addition, an equivalent document (*documento di equivalenza*) will be prepared and submitted to the supervisory authorities in order to obtain the authorization to publish such equivalent document in connection with the listing of FCA Common Shares on the Mercato Telematico Azionario and, for the purpose of the above listing, the relevant application will be submitted to Borsa Italiana S.p.A.

### **3. EXPECTED CONSEQUENCES FOR THE ACTIVITIES**

The Merger is not expected to have any consequences with respect to the activities, since FCA will continue all activities of Fiat.

### **4. COMMENTS ON THE LEGAL, ECONOMIC AND SOCIAL ASPECTS**

#### **4.1 Legal perspective:**

As a result of the Merger Fiat shall be merged into FCA, which shall succeed to all assets and assume all liabilities of Fiat under universal title of succession (*verkrijging onder algemene titel*).

In connection with any outstanding compensation plans based on financial

instruments adopted by Fiat prior to the Merger Effective Date, the beneficiaries of said plans shall be awarded, for each right held (the *Equity Rights*), immediately following the Merger Effective Date, a comparable right with respect to FCA.

4.2 Economic perspective:

From an economic point of view, the Merger shall enable shareholders of Fiat to share in the opportunities offered by an enhanced platform for future growth and strategic independence and benefit from the improved capital markets appeal of FCA.

4.3 Social perspective:

From a social point of view, the Merger is not expected to have any material impact on the employees of Fiat or the Fiat group in general. Currently, FCA does not have any employees.

Neither FCA nor Fiat applies an employee participation system within the meaning of the EU Directive 2005/56/EC of October 26, 2005 on cross-border mergers of limited liability companies.

**5. METHOD FOR DETERMINING THE SHARE EXCHANGE RATIO, APPLICABILITY OF THIS METHOD AS WELL AS THE RESULT OF THE VALUATION**

(i) *Method pursuant to which the share exchange ratio has been established*

5.1 FCA has been incorporated as the wholly-owned direct subsidiary of Fiat. FCA's issued share capital is EUR 350,000. As a result of the Merger, FCA shall succeed to all assets and assume all liabilities of Fiat and the value of FCA will equal the value of Fiat immediately preceding the Merger Effective Date (considering the application of book value for this Merger). The shareholders of Fiat, as the sole parent company of the surviving company FCA, will receive one FCA Common Share for each Fiat ordinary share held by them. As the value of each FCA Common Share immediately after the Merger equals the value of each Fiat ordinary share immediately prior to the Merger, the one for one exchange ratio has been applied.

(ii) *Applicability of the method applied*

5.2 In the context of a merger, the objective of the board of directors' valuation is to estimate the "relative" equity values in order to determine the exchange ratio; the estimated relative values should not be taken as reference in different contexts.

The relative value of Fiat has been determined under the going-concern assumption and ignoring any potential economic and financial impacts of the Merger.

In the light of the above, and taking into account the objective of the valuation analysis, the methods applied as set out under Sections 5.1 through 5.2 inclusive are considered appropriate for the Merger.

(iii) *The method to determine the share exchange ratio has led to the following valuation*

5.3 FCA shall succeed to all assets and assume all liabilities of Fiat as a result of the Merger and all shareholders of Fiat will receive shares representing the same interest in FCA as they held in Fiat before the Merger.

5.4 When valuing the assets and liabilities of Fiat and FCA at their net asset value and any other valuation method applied to those assets and liabilities in respectively the 2013 annual accounts of Fiat and the interim balance sheet of FCA attached as Schedules 6 and 7 respectively to the Common Merger Terms, Fiat and FCA are valued at respectively EUR 8,693,456.028 as of December 31, 2013 and EUR 200,000 as of April 1, 2014. However, as in this reversed downstream merger the value of FCA immediately after the Merger equals the value of Fiat immediately prior to the Merger, for purposes of this Report these companies are considered to be of equal value and therefore, when taking into account the Sections 5.1 through 5.2, an exchange ratio of one newly-issued FCA Common Share for each Fiat ordinary share (the ***Exchange Ratio***) is being proposed. No additional payments shall be made by FCA on occasion of the Merger.

(iv) *The problems that have arisen with regard to the valuation and determination of the share Exchange Ratio*

5.5 No particular difficulties have arisen as a result of the valuation method used or as a result of the determination of the Exchange Ratio.

## **6. MEASURES IN CONNECTION WITH SHAREHOLDING IN FIAT**

6.1 As a result of the Merger becoming effective, all shares of Fiat currently outstanding will be cancelled by operation of law and in exchange thereof, FCA will allot FCA Common Shares to the shareholders of Fiat on the basis of the Exchange Ratio.

As a result of the exercise of Equity Rights as defined under Section 4.1 above, the total number of outstanding ordinary shares in the share capital of Fiat might be higher than the number of outstanding shares as stated in Section 1.2 of the Common Merger Terms.

6.2 All 35,000,000 FCA shares held by Fiat and any additional FCA shares issued to or otherwise acquired by Fiat after the date hereof that are held by Fiat at the time of completion of the Merger will not be cancelled in accordance with Section 2:325, paragraph 3, of the DCC, but will continue to exist as shares held by FCA in its own capital, until transferred, otherwise disposed of or cancelled in accordance with the applicable provisions of Dutch law and FCA's articles of association. According to Dutch law and FCA's articles of association, during the time that shares in FCA are held by FCA itself, these shares shall not be entitled to any distribution or voting rights. The shares held by FCA in its own capital may be offered and allocated for trading on the market after the Merger in accordance with applicable laws and regulations.

- 6.3 The FCA Common Shares being allotted on the occasion of the Merger – to be listed on the NYSE and the Mercato Telematico Azionario – will be allotted in dematerialized form and delivered to the beneficiaries through the centralized clearing system with effect from the date on which the Merger becomes effective. Further information on the conditions and procedure for allocation of the FCA Common Shares shall be communicated publicly in a notice published on the website of Fiat, as well as on the daily newspaper *La Stampa*. The shareholders of Fiat will bear no costs in relation to the exchange.
- 6.4 Immediately after the Merger having become effective FCA will issue FCA Special Voting Shares, with a nominal value of EUR 0.01 each, to those eligible shareholders of Fiat who elect to receive such special voting shares upon completion of the Merger in addition to FCA Common Shares. The essential characteristics of the special voting shares are further set out in the FCA articles of association as attached to the Common Merger Terms and in the terms and conditions of the FCA Special Voting Shares. For the avoidance of doubt, these special voting shares are not part of the Exchange Ratio.

**7. MISCELLANEOUS**

- 7.1 The Common Merger Terms and its appendices form an integral part of this Report.
- 7.2 A copy of the auditor statement referred to in Section 2:328 of the DCC is attached to this Report.

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Name: **Sergio Marchionne**  
Title: Executive member and CEO

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Name: **Richard K. Palmer**  
Title: Executive member

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Name: **Derek J. Neilson**  
Title: Non-executive member

## **ARTICLES OF ASSOCIATION:**

### **Article 1. Definitions.**

- 1.1 In these Articles of Association the following words shall have the following meanings:
- (a) a **Share**:  
a share in the capital of the Company;
  - (b) a **Shareholder**:  
a holder of one or more Shares;
  - (c) the **General Meeting**:  
the body of the Company consisting of Shareholders entitled to vote or a meeting of Shareholders and other persons entitled to attend meetings of Shareholders (as the case may be);
  - (d) the **Management Board**:  
the management board of the Company, consisting of one or more executive members and one or more non-executive members;
  - (e) **in writing**:  
by letter, by telecopier, by e-mail, or by a legible and reproducible message otherwise electronically sent, provided that the identity of the sender can be sufficiently established;
  - (f) the **Distributable Equity**:  
the part of the Company's equity which exceeds the aggregate of the issued capital and the reserves which must be maintained pursuant to the law;
  - (g) a **Company Body**:  
the Management Board or the General Meeting.
- 1.2 References to Articles shall be deemed to refer to articles of these Articles of Association, unless the contrary is apparent.

### **Article 2. Name and Official Seat.**

- 2.1 The Company's name is:  
**Fiat Investments N.V.**
- 2.2 The official seat of the Company is in Amsterdam, the Netherlands.

### **Article 3. Objects.**

- 3.1 The objects for which the Company is established are to carry on, either directly or through wholly or partially-owned companies and entities, activities relating to passenger and commercial vehicles, transport, mechanical engineering, agricultural equipment, energy and propulsion, as well as any other manufacturing, commercial, financial or service activity.
- 3.2 Within the scope and for the achievement of the purposes mentioned in Article 3.1, the Company may:
- (a) operate in, among other areas, the mechanical, electrical, electro mechanical, thermo mechanical, electronic, nuclear, chemical, mining, steel and metallurgical industries, as well as in telecommunications, civil, industrial and agricultural engineering, publishing, information services, tourism and other service industries;

- (b) acquire shareholdings and interests in companies and enterprises of any kind or form and purchase, sell or place shares, debentures, bonds, promissory notes or other securities or evidence of indebtedness;
- (c) provide financing to companies and entities it wholly or partially owns and carry on the technical, commercial, financial and administrative coordination of their activities;
- (d) purchase or otherwise acquire, on its own behalf or on behalf of companies and entities it wholly or partially owns, the ownership or right of use of intangible assets providing them for use by those companies and entities;
- (e) promote and ensure the performance of research and development activities, as well as the use and exploitation of the results thereof; and
- (f) undertake, on its own behalf or on behalf of companies and entities it wholly or partially owns, any investment, real estate, financial, commercial, or partnership transaction whatsoever, including the assumption of loans and financing in general and the granting to third parties of endorsements, surety ships and other guarantees, including real security.

**Article 4. Authorized Capital.**

- 4.1 The authorized capital of the Company equals one million euro (EUR 1,000,000).
- 4.2 The authorized capital of the Company is divided into one hundred million (100,000,000) Shares with a nominal value of one eurocent (EUR 0.01) each.
- 4.3 All Shares shall be registered. No share certificates shall be issued.

**Article 5. Register of Shareholders.**

- 5.1 The Management Board shall keep a register of Shareholders in which the names and addresses of all Shareholders are recorded.
- 5.2 Section 2:85 of the Dutch Civil Code applies to the register of Shareholders.

**Article 6. Issuance of Shares.**

- 6.1 Shares may be issued pursuant to a resolution of the General Meeting or of another Company Body designated for that purpose by a resolution of the General Meeting for a fixed period, not exceeding five years. On such designation the number of Shares which may be issued must be specified. The designation may be extended, from time to time, for periods not exceeding five years. Unless such designation provides otherwise, it may not be withdrawn.
- 6.2 A resolution to issue Shares shall stipulate the issue price and the other conditions of issue.
- 6.3 Upon issuance of Shares, each Shareholder shall have a right of pre-emption in proportion to the aggregate nominal value of his Shares, subject to the relevant limitations prescribed by law and the provisions of Article 6.4. The Company announces the issue of Shares with a right of pre-emption and the period in which that right can be exercised. The announcement shall be made in writing to all shareholders at the address stated by them to the Company.
- 6.4 Prior to each single issuance, the right of pre-emption may be limited or excluded by a resolution of the General Meeting. The right of pre-emption may

also be limited or excluded by the Company Body designated pursuant to Article 6.1, if, by a resolution of the General Meeting, it was designated and authorized for a fixed period, not exceeding five years, to limit or exclude such right of pre-emption. The designation may be extended, from time to time, for a period not exceeding five years. Unless the designation provides otherwise, it may not be withdrawn. If less than one half of the Company's issued capital is represented at the meeting, a majority of at least two thirds of the votes cast shall be required for a resolution of the General Meeting to limit or exclude such right of pre-emption or to make such designation.

- 6.5 Within eight days after a resolution to issue Shares or to designate another Company Body as referred to in Article 6.1, or to limit or exclude rights of pre-emption as referred to in Article 6.4, the Company shall deposit the complete text thereof at the office of the Commercial Register.
- 6.6 The issue of a Share shall furthermore require a notarial deed, to be executed for that purpose before a civil law notary registered in the Netherlands, to which deed those involved in the issuance shall be parties.
- 6.7 The provisions of Articles 6.1, 6.2, 6.3, 6.4 and 6.5 shall apply by analogy to the granting of rights to subscribe for Shares, but do not apply to the issuance of Shares to a person exercising a right to subscribe for Shares previously granted.
- 6.8 On issue of a Share, the full nominal value thereof must be paid in, and, in addition, if the Share is issued at a higher amount, the difference between such amounts.

**Article 7. Own Shares; Reduction of the Issued Capital.**

- 7.1 The Company and its subsidiaries may acquire fully paid in Shares or depositary receipts thereof, with due observance of the limitations prescribed by law.
- 7.2 The General Meeting may resolve to reduce the Company's issued capital in accordance with the relevant provisions prescribed by law.

**Article 8. Transfer of Shares.**

- 8.1 The transfer of a Share shall require a notarial deed, to be executed for that purpose before a civil law notary registered in the Netherlands, to which deed those involved in the transfer shall be parties.
- 8.2 Unless the Company itself is party to the legal act, the rights attributable to the Share can only be exercised after the Company has acknowledged said transfer or said deed has been served upon it, in accordance with the relevant provisions of the law.

**Article 9. Blocking Clause (approval General Meeting).**

- 9.1 A transfer of one or more Shares can only be effected with due observance of the provisions set out in this Article 9, unless (i) all co-Shareholders have approved the intended transfer in writing, which approval shall then be valid for a period of three months, or (ii) the Shareholder concerned is obliged by law to transfer his Shares to a former Shareholder.
- 9.2 A Shareholder wishing to transfer one or more of his Shares (**Transferor**) shall require the approval of the General Meeting for such transfer. The request for

approval shall be made by the Transferor by means of a written notification to the Management Board, stating the number of Shares he wishes to transfer and the person or persons to whom the Transferor wishes to transfer such Shares. The Management Board shall be obliged to convene and to hold a General Meeting to discuss the request for approval within six weeks from the date of receipt of the request. The contents of such request shall be stated in the convocation.

- 9.3 Within a period of three months of the General Meeting granting the approval requested, the Transferor may transfer the total number of the Shares to which the request relates, and not part thereof, to the person or persons named in the request.
- 9.4 If:
- (a) the General Meeting does not adopt a resolution regarding the request for approval within six weeks after the request has been received by the Management Board; or
  - (b) the approval has been refused without the General Meeting having informed the Transferor, at the same time as the refusal, of one or more interested parties who are prepared to purchase all the Shares to which the request for approval relates for payment in cash (**Interested Parties**), the approval requested shall be considered to have been granted, in the event mentioned under (a) on the final day of the six week period mentioned under (a). The Company shall only be entitled to act as an Interested Party with the consent of the Transferor.
- 9.5 The Shares to which the request for approval relates can be purchased by the Interested Parties at a price to be mutually agreed between the Transferor and the Interested Parties or by one or more experts jointly appointed by them. If they do not reach agreement on the price or the expert or experts, as the case may be, the price shall be set by three independent experts one to be appointed by the Transferor, one to be appointed by the Interested Party or Parties and the third one to be jointly appointed by the experts thus appointed. The appointed experts shall be authorized to inspect all books and records of the Company and to obtain all such information as will be useful to them determining the price.
- 9.6 Within one month of the price being set, the Interested Parties must give notice to the Management Board of the number of the Shares to which the request for approval relates they wish to purchase. An Interested Party who fails to submit notice within said term shall no longer be counted as an Interested Party. Once the notice mentioned in the preceding sentence has been given, an Interested Party can only withdraw with the consent of the other Interested Parties.
- 9.7 The Transferor may withdraw up to one month after the day on which he is informed to which Interested Party or Parties he can sell all the Shares to which the request for approval relates and at what price.
- 9.8 All notifications and notices referred to in this Article 9 shall be made by certified mail or against acknowledgement of receipt. The convocation of the

General Meeting shall be made in accordance with the relevant provisions of these Articles of Association.

- 9.9 All costs of the appointment of the expert or experts, as the case may be, and their determination of the price, shall be borne by:
- (a) the Transferor if he withdraws;
  - (b) the Transferor for half and the buyers for the other half if the Shares have been purchased by one or more Interested Parties, provided that these costs shall be borne by the buyers in proportion to the number of Shares purchased;
  - (c) the Company, in cases not provided for under (a) or (b).
- 9.10 The preceding provisions of this Article 9 shall apply by analogy to rights to subscribe for Shares and rights of pre-emption.

**Article 10. Pledging of Shares and Usufruct in Shares.**

- 10.1 The provisions of Article 8 shall apply by analogy to the pledging of Shares and to the creation or transfer of a usufruct in Shares.
- 10.2 On the creation of a right of pledge and on the creation or transfer of a usufruct in a Share, the voting rights attributable to such Share may not be assigned to the pledgee or usufructuary. The pledgee or usufructuary shall not have the rights conferred by law upon holders of depositary receipts issued with a company's cooperation for shares in its capital.

**Article 11. Depositary Receipts for Shares.**

The Company shall not cooperate in the issuance of depositary receipts for Shares.

**Article 12. Management Board Members.**

- 12.1 The Management Board shall consist of two or more members. The number of Management Board members shall be determined by the General Meeting with due regard of such minimum.
- 12.2 The Management Board shall consist of one or more executive Management Board members and one or more non-executive Management Board members. The aforementioned distinction implies at least that the executive Management Board members shall in particular be entrusted with the day-to-day management of the Company and the enterprise connected with it and that the non-executive Management Board members shall have the duty of supervising the Management Board members performing their duties. This last duty can not be deprived from the non-executive Management Board members by means of an allocation of duties. Both individuals and legal entities can be executive Management Board members. Non-executive Management Board members are individuals.
- 12.3 Management Board members are appointed by the General Meeting. Upon appointment the General Meeting determines whether the Management Board member shall be appointed as an executive Management Board member or as a non-executive Management Board member.
- 12.4 The General Meeting may grant the title of Chief Executive Officer ("CEO") to one of the executive Management Board members. The Management Board may designate a chairman from among its non-executive members.

- 12.5 A Management Board member may be suspended or dismissed by the General Meeting at any time. An executive Management Board member may also be suspended by the Management Board. A suspension by the Management Board may be discontinued at any time by the General Meeting.
- 12.6 The General Meeting shall adopt the remuneration policy in respect of remuneration of the Management Board.
- 12.7 The remuneration and other employment conditions for Management Board members shall be adopted by the General Meeting taking into account the policy referred to in Article 12.6.

**Article 13. Duties, Decision making Process and Allocation of Duties.**

- 13.1 The Management Board shall be entrusted with the management of the Company.
- 13.2 When adopting Management Board resolutions, each Management Board member may cast one vote.
- 13.3 All resolutions of the Management Board shall be adopted by more than half of the votes cast.
- 13.4 Meetings of the Management Board may be held by means of an assembly of its members in person at a formal meeting or by conference call, video conference or by any other means of communication, provided that all members of the Management Board participating in such meeting are able to communicate with each other simultaneously. Participation in a meeting held in any of the above ways shall constitute presence at such meeting.
- 13.5 Management Board resolutions may at all times be adopted outside of a meeting, in writing or otherwise, provided the proposal concerned is submitted to all Management Board members then in office and none of them objects to this manner of adopting resolutions. Adoption of resolutions in writing shall be effected by written statements from all Management Board members then in office.
- 13.6 Resolutions of the Management Board shall be recorded in a minute book that shall be kept by the Management Board.
- 13.7 The Management Board may establish rules regarding its decision-making process and working methods. In this context, the Management Board may also determine the duties for which each Management Board member in particular shall be responsible. In doing so, the Management Board is not allowed to deviate from the allocation of duties for executive and non-executive Management Board members as described in Article 12.2. The General Meeting may decide that such rules and allocation of duties must be put in writing and that such rules and allocation of duties shall be subject to its approval. In conformity with the stipulations of Section 2:129a paragraph 3 of the Dutch Civil Code the Management Board may draft regulations which determine that one or more Management Board members can make legally valid decisions concerning matters belonging to their duties.
- 13.8 A Management Board member shall not participate in deliberations and the decision-making process in the event of a direct or indirect personal conflict of interest between that Management Board member and the Company and the

enterprise connected with it. If there is such personal conflict of interest in respect of all Management Board members, the preceding sentence does not apply and the Management Board shall maintain its authority, without prejudice to the provisions of Article 15.3.

**Article 14. Representation.**

- 14.1 The Company shall be represented by the Management Board. Each executive Management Board member individually shall also be authorized to represent the Company.
- 14.2 The Management Board may appoint officers with general or limited power to represent the Company. Each officer shall be competent to represent the Company, subject to the restrictions imposed on him. The Management Board shall determine each officer's title. Such officers shall be registered at the Commercial Register, indicating the scope of their power to represent the Company.

**Article 15. Approval of Management Board Resolutions.**

- 15.1 Resolutions of the Management Board with respect to a material change of the identity or the character of the Company or its enterprise as referred to in Section 2:107a of the Dutch Civil Code, are subject to the approval of the General Meeting.
- 15.2 The General Meeting may require Management Board resolutions to be subject to its approval. The Management Board shall be notified in writing of such resolutions, which shall be clearly specified.
- 15.3 A resolution of the Management Board with respect to a matter involving a conflict of interest with one or more Management Board members in a private capacity shall be subject to the approval of the General Meeting.
- 15.4 The absence of approval by the General Meeting of a resolution referred to in this Article 15 shall not affect the authority of the Management Board or its members to represent the Company.

**Article 16. Vacancy or Inability to Act.**

- 16.1 If the seat of an executive Management Board member is vacant (*ontstentenis*) or an executive Management Board member is unable to perform its duties (*belet*), the remaining executive Management Board members or member shall temporarily be entrusted with the executive management of the Company. If the seats of all executive Management Board members are vacant or all executive Management Board members or the sole executive Management Board member, as the case may be, are unable to perform their duties, the executive management of the Company shall temporarily be entrusted to the non-executive Management Board members, with the authority to temporarily entrust the executive management of the Company to one or more non-executive Management Board members and/or one or more other persons.
- 16.2 If the seat of a non-executive Management Board member is vacant (*ontstentenis*) or a non-executive Management Board member is unable to perform its duties (*belet*), the remaining non-executive Management Board members or member shall temporarily be entrusted with the performance of the duties and the exercise of the authorities of that non-executive Management

Board member. If the seats of all non-executive Management Board members are vacant or all non-executive Management Board members or the sole non-executive Management Board member, as the case may be, are unable to perform their duties, the General Meeting shall be authorised to temporarily entrust the performance of the duties and the exercise of the authorities of non-executive Management Board members to one or more other individuals.

**Article 17. Financial Year and Annual Accounts.**

- 17.1 The Company's financial year shall be the calendar year.
- 17.2 Annually, not later than five months after the end of the financial year, unless by reason of special circumstances this period is extended by the General Meeting by not more than six months, the Management Board shall prepare annual accounts and deposit the same for inspection by the Shareholders at the Company's office.
- 17.3 Within the same period, the Management Board shall also deposit the annual report for inspection by the Shareholders, unless Section 2:396, subsection 7, or Section 2:403 of the Dutch Civil Code applies to the Company.
- 17.4 The annual accounts shall consist of a balance sheet, a profit and loss account and explanatory notes, and the consolidated annual accounts if the Company prepares consolidated annual accounts.
- 17.5 The annual accounts shall be signed by the Management Board members. If the signature of one or more of them is missing, this shall be stated and reasons for this omission shall be given.
- 17.6 The Company may, and if the law so requires shall, appoint an accountant to audit the annual accounts. Such appointment shall be made by the General Meeting.
- 17.7 The General Meeting shall adopt the annual accounts.
- 17.8 The General Meeting may grant full or limited discharge to the Management Board members for the management pursued.

**Article 18. Profits and Distributions.**

- 18.1 The allocation of profits accrued in a financial year shall be determined by the General Meeting. If the General Meeting does not adopt a resolution regarding the allocation of the profits prior to or at latest immediately after the adoption of the annual accounts, the profits will be reserved.
- 18.2 Distribution of profits shall be made after adoption of the annual accounts if permissible under the law given the contents of the annual accounts.
- 18.3 The General Meeting may resolve to make interim distributions on Shares and/or to make distributions on Shares at the expense of any reserve of the Company. In addition, the Management Board may decide to make interim-distributions on Shares.
- 18.4 Distributions on Shares shall be made payable immediately after the resolution to make the distribution, unless another date of payment has been determined in the resolution.
- 18.5 Distributions may be made only up to an amount which does not exceed the amount of the Distributable Equity and, if it concerns an interim distribution, the compliance with this requirement is evidenced by an interim statement of

assets and liabilities as referred to in Section 2:105, subsection 4, of the Dutch Civil Code. The Company shall deposit the statement of assets and liabilities at the office of the Commercial Register within eight days after the day on which the resolution to distribute is published.

18.6 In calculating the amount of any distribution on Shares, Shares held by the Company shall be disregarded.

**Article 19. General Meetings.**

19.1 The annual General Meeting shall be held within six months after the end of the financial year.

19.2 Other General Meetings shall be held as often as the Management Board deems such necessary.

19.3 Shareholders representing in the aggregate at least one tenth of the Company's issued capital may request the Management Board to convene a General Meeting, stating specifically the subjects to be discussed. If the Management Board has not given proper notice of a General Meeting within four weeks following receipt of such request such that the meeting can be held within six weeks after receipt of the request, the applicants shall be authorized to convene a meeting themselves.

**Article 20. Notice, Agenda and Venue of Meetings.**

20.1 Notice of General Meetings shall be given by the Management Board. Furthermore, notice of General Meetings may be given by Shareholders representing in the aggregate at least half of the Company's issued capital, without prejudice to the provisions of Article 19.3.

20.2 Notice of the meeting shall be given no later than on the fifteenth day prior to the day of the meeting.

20.3 The notice of the meeting shall specify the subjects to be discussed, the time and place of the meeting and the procedure for participation in the meeting by written proxy. Contrary to the provisions of the foregoing sentence, the notice may stipulate that such information will be available for inspection by Shareholders at the Company's offices. Subjects which were not specified in such notice or which cannot be inspected in the manner as referred to in the foregoing sentence may be announced at a later date, with due observance of the term referred to in Article 20.2.

20.4 A subject for discussion of which discussion has been requested in writing by one or more Shareholders who individually or jointly represent at least three percent (3%) of the Company's issued capital, shall be included in the notice or shall be notified in the same way as the other subjects for discussion, provided that the Company has received such reasoned request or a proposal for a resolution no later than on the sixtieth day prior to the meeting.

20.5 The notice of the meeting shall be sent to the addresses of the Shareholders shown in the register of Shareholders. Instead of through notice letters, any Shareholder that gives his consent, may be sent notice of the meeting by means of a legible and reproducible message electronically sent to the address stated by him for this purpose to the company.

20.6 General Meetings are held in the municipality in which, according to these Articles of Association, the Company has its official seat, or in the municipality of Haarlemmermeer, the Netherlands. General Meetings may also be held elsewhere, but in that case valid resolutions of the General Meeting may only be adopted if all of the Company's issued capital is represented.

**Article 21. Admittance and Rights at Meetings.**

21.1 Each Shareholder shall be entitled to attend the General Meetings, to address the meeting and to exercise his voting rights. Shareholders may be represented in a meeting by a proxy authorized in writing.

21.2 At a meeting, each person present with voting rights must sign the attendance list. The chairperson of the meeting may decide that the attendance list must also be signed by other persons present at the meeting.

21.3 The Management Board members shall, as such, have the right to give advice in the General Meetings.

21.4 If an accountant has been appointed to audit the annual accounts, the accountant shall have the right to attend the General Meeting in which the adoption of the annual accounts shall come up for resolution and to express his views.

21.5 The chairperson of the meeting shall decide on the admittance of other persons to the meeting.

**Article 22. Chairperson and Secretary of the Meeting.**

22.1 The chairperson of a General Meeting shall be appointed by a majority of the votes cast by the persons with voting rights present at the meeting. Until such appointment is made, an executive Management Board member shall act as chairperson, or, if no executive Management Board member is present at the meeting, the eldest person present at the meeting shall act as chairperson.

22.2 The chairperson of the meeting shall appoint a secretary for the meeting.

**Article 23. Minutes; Recording of Shareholders' Resolutions.**

23.1 The secretary of a General Meeting shall keep minutes of the proceedings at the meeting. The minutes shall be adopted by the chairperson and the secretary of the meeting and as evidence thereof shall be signed by them.

23.2 The Management Board shall keep record of all resolutions adopted by the General Meeting. If the Management Board is not represented at a meeting, the chairperson of the meeting shall ensure that the Management Board is provided with a transcript of the resolutions adopted, as soon as possible after the meeting. The records shall be deposited at the Company's office for inspection by the Shareholders. On application, each of them shall be provided with a copy of or an extract from the records.

**Article 24. Adoption of Resolutions in a Meeting.**

24.1 Each Share confers the right to cast one vote.

24.2 To the extent that the law or these Articles of Association do not require a qualified majority, all resolutions of the General Meeting shall be adopted by more than half of the votes cast.

24.3 If there is a tie in voting, the proposal shall be deemed to have been rejected.

- 24.4 If the formalities for convening and holding of General Meetings of Shareholders, as prescribed by law or these Articles of Association, have not been complied with, valid resolutions of the General Meeting may only be adopted in a meeting, if in such meeting all of the Company's issued capital is represented and such resolution is carried by unanimous vote.
- 24.5 In the General Meeting, no voting rights may be exercised for any Share held by the Company or a subsidiary, nor for any Share for which the Company or a subsidiary holds the depositary receipts.

**Article 25. Adoption of Resolutions without holding Meetings.**

- 25.1 Resolutions of the General Meeting may also be adopted in writing without holding a General Meeting, provided they are adopted by the unanimous vote of all Shareholders entitled to vote. The provision of Article 21.3 shall apply by analogy.
- 25.2 Each Shareholder must ensure that the Management Board is informed of the resolutions thus adopted as soon as possible in writing. The Management Board shall keep record of the resolutions adopted and it shall add such records to those referred to in Article 23.2.

**Article 26. Amendment of the Articles of Association.**

The General Meeting may resolve to amend these Articles of Association. When a proposal to amend these Articles of Association is to be made at a General Meeting, the notice of such meeting must state so and a copy of the proposal, including the verbatim text thereof, shall be deposited and kept available at the Company's office for inspection by the Shareholders, until the conclusion of the meeting.

**Article 27. Dissolution and Liquidation.**

- 27.1 The Company may be dissolved pursuant to a resolution to that effect by the General Meeting. When a proposal to dissolve the Company is to be made at a General Meeting, this must be stated in the notice of such meeting.
- 27.2 If the Company is dissolved pursuant to a resolution of the General Meeting, the Management Board members shall become liquidators of the dissolved Company's property. The General Meeting may decide to appoint other persons as liquidators.
- 27.3 During liquidation, the provisions of these Articles of Association shall remain in force to the extent possible.
- 27.4 The balance remaining after payment of the debts of the dissolved Company shall be transferred to the Shareholders in proportion to the aggregate nominal value of the Shares held by each.
- 27.5 In addition, the liquidation shall be subject to the relevant provisions of Book 2, Title 1, of the Dutch Civil Code.

**Article 28. Transitory Provision.**

The first financial year of the Company shall end on the thirty-first day of December two thousand fourteen. This Article and its heading shall cease to exist after the end of the first financial year.

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ARTICLES OF ASSOCIATION OF

**Fiat Chrysler Automobiles N.V.**

## ARTICLES OF ASSOCIATION

### 1. Definitions

1.1 In these Articles of Association the following words shall have the following meanings:

**accountant:** a chartered accountant (*registeraccountant*) or other accountant referred to in Section 2:393 of the Dutch Civil Code, or an organisation in which such accountants work together;

**Affiliate:** with respect to any specified person, any other person who directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified person. The term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative of the foregoing;

**board of directors:** the board of directors of the company;

**Change of Control:** in respect of any shareholder that is not an individual, any direct or indirect transfer in one or a series of related transactions as a result of which (i) a majority of the voting rights of such shareholder, (ii) the de facto ability to direct the casting of a majority of the votes exercisable at general meetings of shareholders of such shareholder and/or (iii) the ability to appoint or remove a majority of the directors, executive directors or board members or executive officers of such shareholder or to direct the casting of a majority or more of the voting rights at meetings of the board of directors, governing body or executive committee of such shareholder has been transferred to a new owner, provided that no change of control shall be deemed to have occurred if (a) the transfer of ownership and/or control is an intragroup transfer under the same parent company, (b) the transfer of ownership and /or control is the result of the succession or the liquidation of assets between spouses or the inheritance, inter vivo donation or other transfer to a spouse or a relative up to and including the fourth degree or (c) the fair market value of the Qualifying Common Shares held by such shareholder represents less than twenty percent (20%) of the total assets of the Transferred Group at the time of the transfer and the Qualifying Common Shares held by such shareholder, in the sole judgment of the company, are not otherwise material to the Transferred Group or the Change of Control transaction;

**common share:** a common share in the share capital of the company;

**director:** a member of the board of directors;

**electing common shares:** common shares registered in the Loyalty Register for the purpose of becoming Qualifying Common Shares;

**general meeting of shareholders:** the body of the company consisting of shareholders entitled to vote, together with usufructuaries and pledgees to whom voting rights attributable to shares accrue or a meeting of shareholders and other persons entitled to attend meetings of shareholders (as the case may be);

**in writing:** by letter, by telecopier, by e-mail, or by a legible and reproducible message otherwise sent (including electronically), provided that the identity of the sender can be reasonably established;

**Initial Allocation Procedures:** the procedures pursuant to which former shareholders of Fiat have been given the opportunity to opt for an initial allocation of special voting shares upon completion of the Merger, as described in the relevant Merger documentation;

**Fiat:** Fiat S.p.A.;

**group company:** a group company as referred to in Section 2:24b of the Dutch Civil Code;

**Loyalty Register:** the register kept by or on behalf of the company for the registration of any Qualifying Common Shares and any electing common shares;

**Loyalty Transferee:** (i) with respect to any shareholder that is not an individual, any Affiliate of such shareholder (including any successor of such shareholder) that is beneficially owned in substantially the same manner (including percentage) as the beneficial ownership of the transferring shareholder or the beneficiary company as part of a statutory demerger (*splitsing*) of such shareholder and (ii) with respect to any shareholder that is an individual, any transferee of common shares following succession or the liquidation of assets between spouses or the inheritance, inter vivos donation or other transfer to a spouse or a relative up to and including the fourth degree;

**Merger:** the cross-border statutory merger (*grensoverschrijdende fusie*) pursuant to which Fiat (as disappearing entity) has merged into the company (as surviving entity);

**person:** any individual (*natuurlijk persoon*), firm, legal entity (in whatever form and wherever formed or incorporated), governmental entity, joint venture, association or partnership;

**Qualifying Common Shares:** with respect to any shareholder, (i) the number of common shares that has, pursuant to the Initial Allocation Procedures, been allocated to such shareholder and registered in the Loyalty Register on the occasion of the Merger and continue to be so registered in the name of such shareholder or its Loyalty Transferee(s) and (ii) the number of electing common shares that has for an uninterrupted period of at least three (3) years, been registered in the Loyalty Register in the name of such shareholder or its Loyalty Transferee(s) and continue to be so registered. For the avoidance of doubt, it is not necessary that specific common shares satisfy the requirements as referred to under (i) and (ii) in order for a number of common shares to qualify as Qualifying Common Shares; accordingly, it is permissible for common shares to be substituted into the Loyalty Register for different common shares without affecting the total number of Qualifying Common Shares or the total number of common shares that would become Qualifying Common Shares after an uninterrupted period of at least three (3) years after registration in the Loyalty Register, held by the shareholder or its Loyalty Transferee(s);

**Qualifying Shareholder:** a holder of one or more Qualifying Common Shares;

**Record Date:** has the meaning assigned thereto in Article 19.12;

**share:** a share in the share capital of the company; unless the contrary is apparent, this shall include each common share and each special voting share;

**shareholder:** a holder of one or more shares; unless the contrary is apparent, this shall include each holder of common shares and/or special voting shares;

**special voting share:** a special voting share in the share capital of the company;

**subsidiary:** a subsidiary of the company as referred to in Section 2:24a of the Dutch Civil Code;

**Transferred Group:** the relevant shareholder together with its Affiliates, if any, over which control was transferred as part of the same change of control transaction within the meaning of the definition of Change of Control.

1.2 References to Articles shall be deemed to refer to articles of these Articles of Association, unless the contrary is apparent.

## 2. Name and corporate seat

2.1 The name of the company is: **Fiat Chrysler Automobiles N.V.**

2.2 The company may also be referred to as FCA.

2.3 The company has its corporate seat in Amsterdam, the Netherlands.

2.4 The place of effective management of the company shall be in the United Kingdom, unless another place outside the United Kingdom is designated as the place of effective management by resolution of the board of directors adopted in a meeting in which all directors are present or represented.

## 3. Objects

3.1 The objects for which the company is established are to carry on, either directly or through wholly or partially-owned companies and entities, activities relating in whole or in any part to passenger and commercial vehicles, transport, mechanical engineering, energy, engines, capital machinery and equipment and related goods and propulsion, as well as any other manufacturing, commercial, financial or service activity.

3.2 Within the scope and for the achievement of the purposes mentioned in Article 3.1, the company may:

(a) operate in, among other areas, the mechanical, electrical, electro mechanical, thermo mechanical, electronic, nuclear, chemical, mining, steel and metallurgical industries, as well as in telecommunications, civil, industrial and agricultural engineering, publishing, information services, tourism and other service industries;

(b) acquire shareholdings and interests in companies and enterprises of any kind or form and purchase, sell or place shares, debentures, bonds, promissory notes or other securities or evidence of indebtedness;

(c) provide financing to companies and entities it wholly or partially owns and carry on the technical, commercial, financial and administrative coordination of their activities;

- (d) provide or arrange for the provision (including through partially owned entities) of financing for distributors, dealers, retail customers, vendors and other business partners and carry on the technical, commercial, financial and administrative coordination of their activities;
- (e) purchase or otherwise acquire, on its own behalf or on behalf of companies and entities it wholly or partially owns, the ownership or right of use of intangible assets providing them for use by those companies and entities;
- (f) promote and ensure the performance of research and development activities, as well as the use and exploitation of the results thereof;
- (g) undertake, on its own behalf or on behalf of companies and entities it wholly or partially owns, any investment, real estate, financial, commercial, or partnership transaction whatsoever, including the assumption of loans and financing in general and the granting to third parties of endorsements, surety ships and other guarantees, including real security; and
- (h) undertake and perform any management or support services or any other activity ancillary, preparatory or complementary to any of the above.

#### **4. Share capital and shares**

- 4.1 The authorized share capital of the company amounts to forty million euro (EUR 40,000,000), divided into two billion (2,000,000,000) common shares and two billion (2,000,000,000) special voting shares with a nominal value of one eurocent (EUR 0.01) each.
- 4.2 When shares are subscribed for, the par value thereof and, if the shares are subscribed at a higher amount, the difference between such amounts, shall be paid-up, without prejudice to the provision of Section 2:80 paragraph 2 of the Dutch Civil Code. Where shares of a particular class are subscribed at a higher amount than the nominal value, the difference between such amounts shall be carried to the share premium reserve of that class of shares.
- 4.3 Upon the establishment of a right of pledge on a common share or the creation or transfer of a right of usufruct on a common share, the right to vote may be vested in the pledgee or the usufructuary, with due observance of the relevant provisions of Dutch law.
- 4.4 Both the holder of one or more common shares without voting right and the pledgee or usufructuary of one or more common shares with voting right shall have the rights conferred by law upon holders of depositary receipts issued with a company's cooperation for shares in its share capital.
- 4.5 No right of pledge may be established on a special voting share.
- 4.6 The voting rights attributable to a special voting share may not be assigned to the usufructuary.
- 4.7 The usufructuary of one or more special voting shares shall not have the rights conferred by law upon holders of depositary receipts issued with a company's cooperation for shares in its share capital.
- 4.8 The company may cooperate in the issuance of registered depositary receipts for common shares, but only pursuant to a resolution to that effect of the board of

directors. Each holder of such depositary receipts shall have the rights conferred by law or by the applicable depositary agreement upon holders of depositary receipts issued with a company's cooperation for shares in its share capital.

## **5. Holding requirement in respect of special voting shares**

5.1 Special voting shares may only be held by a Qualifying Shareholder and the company itself. A Qualifying Shareholder may hold no more than one (1) special voting share for each Qualifying Common Share held by such shareholder. Other than as provided in the Articles 8.8 and 8.9, there shall be no limit on the number of special voting shares that may be held by the company.

5.2 Subject to a prior resolution of the board of directors, which may set certain terms and conditions, the holder of one (1) or more Qualifying Common Shares will be eligible to hold one (1) special voting share for each such Qualifying Common Share.

5.3 In the event of a Change of Control in respect of a Qualifying Shareholder or in the event that a Qualifying Shareholder requests that some or all of its Qualifying Common Shares be de-registered from the Loyalty Register in accordance with Article 11.5, or transfers some or all of its Qualifying Common Shares to any other party (other than a Loyalty Transferee):

- (a) a corresponding number of Qualifying Common Shares of such shareholder shall be de-registered from the Loyalty Register with immediate effect and as a consequence shall no longer qualify as Qualifying Common Shares;
- (b) such shareholder shall be obliged to immediately offer and transfer a number of special voting shares equal to the number of Qualifying Common Shares referred to in Article 5.3 (a) to the company and any and all voting rights attached to such special voting shares will be suspended with immediate effect.

5.4 In the event of a Change of Control in respect of a shareholder who is registered in the Loyalty Register but is not yet a Qualifying Shareholder with respect to one or more of its common shares, a corresponding number of common shares of such shareholder shall be de-registered from the Loyalty Register with immediate effect.

5.5 In respect of special voting shares offered to the company pursuant to Article 5.3, the offering shareholder and the company shall determine the purchase price by mutual agreement. If they do not reach agreement on the purchase price, the purchase price shall be determined by one or more accountants appointed jointly by them. If they do not reach agreement on the accountant or accountants, as the case may be, the price shall be determined by three accountants, one to be appointed by the offering shareholder, one to be appointed by the company and the third one to be appointed jointly by the accountants thus appointed. The appointed accountants shall be authorized to inspect all books and records of the company and to obtain all such information as will be useful to them determining the price.

## **6. Issuance of shares**

6.1 The general meeting of shareholders or alternatively the board of directors, if it has previously been designated to do so by the general meeting of shareholders, shall

have authority to resolve on any issuance of shares. The general meeting of shareholders shall, for as long as any such designation of the board of directors for this purpose is in force, no longer have authority to decide on the issuance of shares. For a period of five (5) years from ● two thousand fourteen [*date on which these Articles of Association become effective*], the board of directors shall irrevocably be authorized to issue shares up to the maximum aggregate amount of shares as provided for in the company's authorized share capital as set out in Article 4.1, as amended from time to time.

- 6.2 The general meeting of shareholders or the board of directors if so designated in accordance with Article 6.1, shall decide on the price and the further terms and conditions of issuance, with due observance of what is required in relation thereto in the law and in these Articles of Association.
- 6.3 If the board of directors is designated to have authority to decide on the issuance of shares by the general meeting of shareholders, such designation shall specify the class of shares and the maximum number of shares that can be issued under such designation. When making such designation the duration thereof, which shall not be for more than five (5) years, shall be resolved upon at the same time. The designation may be extended from time to time for periods not exceeding five (5) years from the date of such extension. The designation may not be withdrawn unless otherwise provided in the resolution in which the designation is made.
- 6.4 Within eight (8) days after the passing of a resolution of the general meeting of shareholders to issue shares or to designate the board of directors as provided in Article 6.1, the company shall deposit the complete text of such resolution at the office of the Dutch trade register. Within eight (8) days after the end of each quarter of the financial year, the company shall notify the Dutch trade register of each issuance of shares which occurred during such quarter. Such notification shall state the number of shares issued and their class. Failure to duly make such notification shall neither affect the authority of the general meeting of shareholders or the board of directors to issue shares nor the validity of the shares issued.
- 6.5 What has been provided in the Articles 6.1 up to and including 6.4 shall *mutatis mutandis* be applicable to the granting of rights to subscribe for shares, but shall not be applicable to the issuance of shares to persons exercising a previously granted right to subscribe for shares.
- 6.6 Payment for shares shall be made in cash unless another form of contribution has been agreed. Payment in a currency other than euro may only be made with the consent of the company. Payment in a currency other than euro will discharge the obligation to pay up the nominal value to the extent that the amount paid can be freely exchanged into an amount in euro equal to the nominal value of the relevant shares. The rate of exchange on the day of payment will be decisive, unless the company requires payment against the rate of exchange on a specified date which is not more than two (2) months before the last day on which payment for such shares is required to be made, provided that such shares will be admitted to trading on a regulated market or multilateral trading facility as referred to in Section 1:1 of the

Dutch Financial Supervision Act (*Wet op het financieel toezicht*) or a regulated market or multilateral trading facility of a state, which is not a European Union member state, which is comparable thereto.

6.7 The board of directors is expressly authorized to enter into the legal acts referred to in Section 2:94 of the Dutch Civil Code, without the prior consent of the general meeting of shareholders.

## **7. Right of pre-emption**

7.1 Subject to Article 7.9 and the remainder of this Article 7, in the event of an issuance of common shares, every holder of common shares shall have a right of pre-emption with regard to the common shares to be issued in proportion to the aggregate nominal value of his common shares, provided however that no such right of pre-emption shall exist in respect of shares to be issued to employees of the company or of a group company pursuant to any option plan of the company.

7.2 A shareholder shall have no right of pre-emption for shares that are issued against a non-cash contribution.

7.3 In the event of an issuance of special voting shares to Qualifying Shareholders, shareholders shall not have any right of pre-emption.

7.4 The general meeting of shareholders or the board of directors, as the case may be, shall decide when passing the resolution to issue shares in which manner the shares shall be issued and, to the extent that rights of pre-emption apply, within what period those rights may be exercised.

7.5 The company shall give notice of an issuance of shares that is subject to a right of pre-emption and of the period during which such right may be exercised by announcement in the Dutch State Gazette and in a nationally distributed newspaper.

7.6 The right of pre-emption may be exercised during a period of at least two (2) weeks after the announcement in the Dutch State Gazette.

7.7 Subject to Article 7.9, the right of pre-emption may be limited or excluded by a resolution of the general meeting of shareholders or a resolution of the board of directors if the board of directors has been designated to do so by the general meeting of shareholders and provided the board of directors has also been authorized to resolve on the issuance of shares. In the proposal to the general meeting of shareholders to limit or exclude pre-emption rights the reasons for the proposal and a substantiation of the proposed issuance price shall be explained in writing. With respect to designation of the board of directors the provisions of the last three sentences of Article 6.3 shall apply *mutatis mutandis*.

7.8 For a resolution of the general meeting of shareholders to limit or exclude the right of pre-emption or to designate the board of directors as authorized to do so, a simple majority of the votes cast is required to approve such resolution, provided, however, that if less than one half of the issued share capital is represented at the meeting, then a majority of at least two thirds of the votes cast is required to adopt such resolution. Within eight (8) days from the resolution the company shall deposit a complete text thereof at the office of the Dutch trade register.

- 7.9 For a period of five (5) years from ● two thousand fourteen [*date on which these Articles of Association become effective*], the board of directors shall irrevocably be authorized to limit or exclude the right of pre-emption as set out in this Article 7 (including Article 7.10).
- 7.10 When rights are granted to subscribe for common shares the shareholders shall also have a right of pre-emption with respect to such rights; what has been provided hereinbefore in this Article 7 shall apply *mutatis mutandis*. Shareholders shall have no right of pre-emption in respect of shares that are issued to anyone who exercises a previously acquired right.
- 8. Acquisition or disposal by the company of shares in its own share capital**
- 8.1 The company shall at all times have the authority to acquire fully paid-up shares in its own share capital, provided that such acquisition is made for no consideration (*om niet*).
- 8.2 The company shall also have authority to acquire fully paid-up shares in its own share capital or depositary receipts thereof for consideration, if:
- (a) the general meeting of shareholders has authorized the board of directors to make such acquisition – which authorization shall be valid for no more than eighteen (18) months and has specified the number of shares which may be acquired, the manner in which they may be acquired and the (criteria to establish the) limits within which the price must be set;
  - (b) the company's equity, after deduction of the acquisition price of the relevant shares, is not less than the sum of the paid-in and called up portions of the share capital and the reserves that have to be maintained pursuant to Dutch law and these Articles of Association; and
  - (c) the aggregate nominal value of the shares to be acquired and the shares in its share capital the company already holds, holds as pledgee or are held by a subsidiary, does not amount to more than one half of the issued share capital.
- 8.3 The company's equity as shown in the last confirmed and adopted balance sheet, after deduction of the acquisition price for shares in the share capital of the company, the amount of the loans as referred to in Section 2:98c of the Dutch Civil Code and distributions from profits or reserves to any other persons that became due by the company and its subsidiaries after the date of the balance sheet, shall be decisive for purposes of Article 8.2 subs (b) and (c). If more than six (6) months have elapsed since the end of a financial year without the annual accounts having been adopted, an acquisition in accordance with Article 8.2 shall not be allowed until such time as the annual accounts shall be adopted.
- 8.4 No authorization shall be required if the company acquires its own shares for the purpose of transferring the same to employees of the company or a group company under a scheme applicable to such employees. Such own shares must be officially listed on a price list of a stock exchange.
- 8.5 The Articles 8.1 and 8.2 shall not apply to shares which the company acquires under universal title of succession (*algemene titel*).

- 8.6 Any acquisition by the company of shares that have not been fully paid up shall be void.
- 8.7 Any disposal of shares held by the company will require a resolution of the board of directors. Such resolution shall also stipulate any conditions of the disposal.
- 8.8 The company may, jointly with its subsidiaries, hold shares in its own capital exceeding one-tenth of its issued capital for no more than three years after acquisition of shares for no consideration or under universal title of succession. Any shares held by the company in excess of the amount permitted shall transfer to the directors jointly at the end of the last day of such three year period. Each director shall be jointly and severally liable to compensate the company for the value of the shares at such time, with interest at the statutory rate thereon from such time. For the purpose of this Article 8.8 the term shares shall include depositary receipts for shares and shares in respect of which the company holds a right of pledge.
- 8.9 Article 8.8 shall apply correspondingly to shares and depositary receipt for shares acquired by the company in accordance with Article 8.4 without the authorization of the general meeting and held by the company for more than one year after acquisition thereof.
- 9. Reduction of the issued share capital**
- 9.1 The general meeting of shareholders shall have the authority to pass a resolution to reduce the issued share capital (i) by the cancellation of shares and/or (ii) by reducing the nominal value of the shares by means of an amendment to these Articles of Association. The shares to which such resolution relates shall be stated in the resolution and it shall also be stated therein how the resolution shall be implemented.
- 9.2 A resolution to cancel shares may only relate to shares held by the company itself in its own share capital.
- 9.3 Any reduction of the nominal value of the shares without repayment must be made *pro rata* on all shares of the same class.
- 9.4 A partial repayment on shares shall only be allowed in implementation of a resolution to reduce the nominal value of the shares. Such a repayment must be made in respect of all shares of the same class on a *pro rata* basis, or in respect of the special voting shares only. The *pro rata* requirement may be waived with the consent of all the shareholders of the affected class.
- 9.5 A resolution to reduce the share capital shall require a simple majority of the votes cast in a general meeting of shareholders, provided, however, that such resolution shall require a majority of at least two-thirds of the votes cast in a general meeting of shareholders if less than one half of the issued capital is represented at the meeting.
- 9.6 The notice convening a general meeting of shareholders at which a resolution to reduce the share capital is to be passed shall state the purpose of the reduction of the share capital and the manner in which effect is to be given thereto. Section 2:123 paragraphs 1 and 2 of the Dutch Civil Code shall apply *mutatis mutandis*.
- 9.7 The company shall deposit the resolutions referred to in Article 9.1 at the office of the Dutch trade register and shall publish a notice of such deposit in a nationally

distributed daily newspaper; what has been provided in Section 2:100 paragraphs 2 up to and including 6 of the Dutch Civil Code shall be applicable to the company.

**10. Shares and share certificates**

- 10.1 The shares shall be registered shares and they shall for each class be numbered as the board of directors shall determine.
- 10.2 The board of directors may resolve that, at the request of the shareholder, share certificates shall be issued in respect of shares in such denominations as the board of directors shall determine, which certificates are exchangeable at the request of the shareholder.
- 10.3 Share certificates shall not be provided with dividend coupons or a talon.
- 10.4 Each share certificate carries the number(s), if any, of the share(s) in respect of which they were issued.
- 10.5 The exchange referred to in Article 10.2 shall be free of charge.
- 10.6 Share certificates shall be signed by a director. The board of directors may resolve that the signature shall be replaced by a facsimile signature.
- 10.7 The board of directors may determine that for the purpose of trading and transfer of shares at a foreign stock exchange, share certificates shall be issued in such form as shall comply with the requirements of such foreign stock exchange.
- 10.8 On a request in writing by the party concerned and upon provision of satisfactory evidence as to title, replacement share certificates may be issued in respect of share certificates which have been mislaid, stolen or damaged, on such conditions, including, without limitation, the provision of indemnity to the company as the board of directors shall determine.
- 10.9 The costs of the issuance of replacement share certificates may be charged to the applicant. As a result of the issuance of replacement share certificates the original share certificates will become void and the company will have no further obligation with respect to such original share certificates. Replacement share certificates will bear the numbers of the documents they replace.

**11. Register of shareholders and Loyalty Register**

- 11.1 The board of directors shall appoint a registrar who shall keep a register of shareholders in which the name and address of each shareholder shall be entered, the number and class of shares held by each of them, and, in so far as applicable, the further particulars referred to in Section 2:85 of the Dutch Civil Code.
- 11.2 The registrar shall be authorized to keep the register of shareholders in an electronic form and to keep a part of the register of shareholders outside the Netherlands if required to comply with applicable foreign legislation or the rules of a stock exchange where the shares are listed.
- 11.3 The board of directors shall determine the form and contents of the register of shareholders with due observance of the provisions of Articles 11.1 and 11.2 and Section 2:85 of the Dutch Civil Code.
- 11.4 The registrar shall separately administer a Loyalty Register which does not form part of the company's register of shareholders. The registrar shall enter in the Loyalty Register the name and address of shareholders who have requested the board of

directors to be registered in such register in order to become eligible to acquire special voting shares, recording the entry date and number and amount of common shares in respect of which the relevant request was made.

- 11.5 A holder of common shares that are included in the Loyalty Register may at any time request to de-register from the Loyalty Register some or all of its common shares included therein.
- 11.6 The register of shareholders and Loyalty Register shall be kept up to date regularly.
- 11.7 Upon request and free of charge, the registrar shall provide shareholders and those who have a right of usufruct or pledge in respect of such shares with an extract from the register of shareholders and Loyalty Register in respect of their registration.
- 11.8 The registrar shall be authorized to disclose information and data contained in the register of shareholders and Loyalty Register and/or have the same inspected to the extent that this is requested to comply with applicable legislation or rules of a stock exchange where the shares are listed from time to time.

## **12. Transfer of shares**

- 12.1 The transfer of shares or of a restricted right thereto shall require an instrument intended for such purpose and, save when the company itself is a party to such legal act, the written acknowledgement by the company of the transfer. The acknowledgement shall be made in the instrument or by a dated statement on the instrument or on a copy or extract thereof mentioning the acknowledgement signed as a true copy by the notary or the transferor, or in the manner referred to in Article 12.2. Service of such instrument or such copy or extract on the company shall be considered to have the same effect as an acknowledgement.
- 12.2 If a share certificate has been issued for a share the surrender to the company of the share certificate shall also be required for such transfer.  
The company may acknowledge the transfer by making an annotation on such share certificate as proof of the acknowledgement or by replacing the surrendered certificate by a new share certificate registered in the name of the transferee.

## **13. Blocking Clause in respect of special voting shares**

- 13.1 Common shares are freely transferable. A transfer of special voting shares other than pursuant to Article 5.3 may only be effected with due observance of Articles 5.1 and 13.
- 13.2 A shareholder who wishes to transfer one or more special voting shares shall require the approval of the board of directors.
- 13.3 If the board of directors grants the approval, or if approval is deemed to have been granted as provided for in Article 13.4, the transfer must be effected within three (3) months of the date of such approval or deemed approval.
- 13.4 If the board of directors does not grant the approval, then the board of directors should at the same time provide the requesting shareholder with the names of one or more prospective purchasers who are prepared to purchase all the special voting shares referred to in the request for approval, against payment in cash. If the board of directors does not grant the approval but at the same time fails to designate prospective purchasers, then approval shall be deemed to have been granted. The

approval shall likewise be deemed granted if the board of directors has not made a decision in respect of the request for approval within six (6) weeks upon receipt of such request.

- 13.5 The requesting shareholder and the prospective purchaser accepted by him shall determine the purchase price referred to in Article 13.4 by mutual agreement. If they do not reach agreement on the purchase price, Article 5.5 shall apply *mutatis mutandis*.

**14. Board of directors**

- 14.1 The company shall have a board of directors, consisting of three (3) or more directors, comprising both directors having responsibility for the day-to-day management of the company (executive directors) and directors not having such day-to-day responsibility (non-executive directors). The board of directors as a whole will be responsible for the strategy of the company. The majority of the directors shall consist of non-executive directors.
- 14.2 Subject to Article 14.1, the board of directors shall determine the number of directors.
- 14.3 The general meeting of shareholders shall appoint the directors and shall at all times have power to suspend or to dismiss any director. Upon appointment the general meeting of shareholders shall determine whether a director is an executive director or a non-executive director. The term of office of directors will be for a period of approximately one year after appointment, such period expiring on the day the first annual general meeting of shareholders is held in the following calendar year at the end of the relevant meeting. If as a result of resignations or other reasons the majority of the directors elected by shareholders is no longer in office, a general meeting of shareholders will be convened on an urgent basis by the directors still in office for the purpose of electing a new board of directors. In such case, the term of office of all directors in office that are not reappointed at that general meeting of shareholders will be deemed to have expired at the end of the relevant meeting. Each director may be reappointed for an unlimited number of terms.
- 14.4 The company shall have a policy in respect of the remuneration of the directors. Such remuneration policy shall be adopted by the general meeting of shareholders. The remuneration policy shall at a minimum address the matters referred to in Section 2:383 (c) to (e) of the Dutch Civil Code, to the extent they relate to the board of directors.
- 14.5 With due observation of the remuneration policy referred to in Article 14.4 and the provisions of law, including those in respect of allocation of responsibilities between executive and non-executive directors, the board of directors may determine the remuneration for the directors in respect of the performance of their duties, provided that nothing herein contained shall preclude any directors from serving the company or any subsidiary or related company thereof in any other capacity and receiving compensation therefor and provided further that the executive directors may not participate in the decision-making regarding the determination of the remuneration for the executive directors.

- 14.6 The board of directors shall submit to the general meeting of shareholders for its approval plans to award shares or the right to subscribe for shares. The plans shall at least set out the number of shares and rights to subscribe for shares that may be awarded to the board of directors and the criteria that shall apply to the award or any change thereto.
- 14.7 Failure to obtain the approval of the general meeting of shareholders required under Article 14.6 shall not affect the powers of representation of the board of directors.
- 14.8 The company shall not grant its directors any personal loans, guarantees or the like other than in the normal course of business, as regards executive directors on terms applicable to the personnel as a whole, and after approval of the board of directors.
- 15. Management, regulations and decision-making**
- 15.1 The board of directors shall exercise its duties, including the oversight of the company, subject to the limitations contained in these Articles of Association.
- 15.2 The chairman of the board of directors as referred to by law shall be a non-executive director and shall have the title Chairman. The board of directors may grant other titles to the directors. The board of directors may furthermore appoint or delegate the appointment of a Secretary, who need not be selected from among its members. The board of directors shall draw up board regulations to deal with matters that concern the board of directors internally.
- 15.3 The regulations shall include an allocation of tasks amongst the executive directors and non-executive directors and may provide for general or specific delegation of powers. The regulations shall contain provisions concerning the manner in which meetings of the board of directors are called and held, including the decision-making process. Subject to Article 2.4, these regulations may provide that meetings may be held by telephone conference or video conference, provided that all participating directors can follow the proceedings and participate in real time discussion of the items on the agenda.
- 15.4 The board of directors can only adopt valid resolutions when the majority of the directors in office shall be present or represented at the meeting of the board of directors.
- 15.5 A director may be represented by a co-director if authorized in writing; provided that a director may not act as proxy for more than one co-director.
- 15.6 All resolutions shall be adopted by the favorable vote of the majority of the directors present or represented at the meeting, provided that the regulations may contain specific provisions in this respect. Each director shall have one (1) vote.
- 15.7 The board of directors shall be authorized to adopt resolutions without convening a meeting if all directors shall have expressed their opinions in writing, unless one or more directors shall object in writing to the resolution being adopted in this way prior to the adoption of the resolution.
- 15.8 The board of directors shall require the approval of the general meeting of shareholders for resolutions concerning an important change in the company's identity or character, including in any case:

- (a) the transfer to a third party of the business of the company or practically the entire business of the company;
  - (b) the entry into or breaking off of any long-term cooperation of the company or a subsidiary with another legal entity or company or as a fully liable partner of a general partnership or limited partnership, where such entry or breaking off is of far-reaching importance to the company;
  - (c) the acquisition or disposal by the company or a subsidiary of an interest in the share capital of a company with a value of at least one-third of the company's assets according to the consolidated balance sheet with explanatory notes included in the last adopted annual accounts of the company.
- 15.9 Failure to obtain the approval required under Article 15.8 shall not affect the powers of representation of the board of directors.
- 15.10 In the event of receipt by the board of directors of a third party offer to acquire a business or one or more subsidiaries for an amount in excess of the threshold referred to in Article 15.8 sub (c), the board of directors shall, if and when such bid is made public, at its earliest convenience or otherwise in compliance with applicable law issue a public position statement in respect of such offer.
- 15.11 If the office(s) of one or more directors be vacated or if one or more directors be otherwise unavailable, the remaining directors or the remaining director shall have the full power of the board of directors without interruption, provided however that in such event the board of directors shall have power to designate one or more persons to temporarily assist the remaining director(s) to manage the company. If the offices of all directors be vacated or if all directors be otherwise unable to act, the management shall temporarily be vested in the person or persons whom the general meeting of shareholders shall appoint for that purpose.
- 15.12 A director shall not participate in deliberations and the decision-making process in the event of a direct or indirect personal conflict of interest between that director and the company and the enterprise connected with it. If there is such personal conflict of interest in respect of all directors, the preceding sentence does not apply and the board of directors shall maintain its authority, subject to the approval of the general meeting of shareholders.
- 16. Committees**
- 16.1 The board of directors shall have power to appoint any committees, composed of directors and officers of the company and of group companies.
- 16.2 The board of directors shall determine the specific functions, tasks and procedures, as well as the duration of any of the committees referred to in this Article 16. For the avoidance of doubt, as such committees act on the basis of delegation of certain responsibilities of the board of directors, the board of directors shall remain fully responsible for the actions undertaken by such committees and may withdraw the delegation of powers to such committees in its discretion.
- 17. Representation**

17.1 The general authority to represent the company shall be vested in the board of directors and the Chief Executive Officer.

17.2 The board of directors or the Chief Executive Officer may also confer authority to represent the company, jointly or severally, to one or more individuals (*procuratiehouders*) who would thereby be granted powers of representation with respect to such acts or categories of acts as the board of directors or the Chief Executive Officer may determine and shall notify to the Dutch trade register. Such authority may be revoked provided that any authority conferred by the board of directors may be revoked only by the board of directors.

## **18. Indemnity**

18.1 The company shall indemnify any and all of its directors, officers, former directors, former officers and any person who may have served at its request as a director or officer of another company in which it owns shares or of which it is a creditor, who were or are made a party or are threatened to be made a party to or are involved in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitral or investigative (each a **Proceeding**), or any appeal in such a Proceeding or any inquiry or investigation that could lead to such a Proceeding, against any and all liabilities, damages, reasonable and documented expenses (including reasonably incurred and substantiated attorneys' fees), financial effects of judgments, fines, penalties (including excise and similar taxes and punitive damages) and amounts paid in settlement in connection with such Proceeding by any of them. Such indemnification shall not be deemed exclusive of any other rights to which those indemnified may be entitled otherwise.

18.2 Indemnification under this Article 18 shall continue as to any person who has ceased to serve in the capacity which initially entitled such person to indemnity under Article 18.1 related to and arising from such person's activities while acting in such capacity. No amendment, modification or repeal of this Article 18 shall have the effect of limiting or denying any such rights with respect to actions taken or Proceedings arising prior to any such amendment, modification or repeal.

18.3 Notwithstanding Article 18.1 hereof, no indemnification shall be made in respect of any claim, issue or matter as to which such person shall be adjudged to be liable for gross negligence or wilful misconduct in the performance of such person's duty to the company.

18.4 The right to indemnification conferred in this Article 18 shall include a right to be paid or reimbursed by the company for any and all reasonable and documented expenses incurred by any person entitled to be indemnified under this Article 18 who was, or is threatened, to be made a named defendant or respondent in a Proceeding in advance of the final disposition of the Proceeding and without any determination as to such person's ultimate entitlement to indemnification; provided, however, that such person shall undertake to repay all amounts so advanced if it shall ultimately be determined that such person is not entitled to be indemnified under this Article 18.

## **19. General meeting of shareholders**

- 19.1 At least one (1) general meeting of shareholders shall be held every year, which meeting shall be held within six (6) months after the close of the financial year.
- 19.2 Furthermore, general meetings of shareholders shall be held in the case referred to in Section 2:108a of the Dutch Civil Code and as often as the board of directors, the Chairman or Chief Executive Officer deems it necessary to hold them, without prejudice to what has been provided in Article 19.3.
- 19.3 Shareholders solely or jointly representing at least ten percent (10%) of the issued share capital may request the board of directors, in writing, to call a general meeting of shareholders, stating the matters to be dealt with.  
If the board of directors fails to call a meeting, then such shareholders may, on their application, be authorized by the interim provisions judge of the court (*voorzieningenrechter van de rechtbank*) to convene a general meeting of shareholders. The interim provisions judge shall reject the application if he is not satisfied that the applicants have previously requested the board of directors in writing, stating the exact subjects to be discussed, to convene a general meeting of shareholders.
- 19.4 General meetings of shareholders shall be held in Amsterdam or Haarlemmermeer (Schiphol Airport), the Netherlands, and shall be called by the board of directors, the Chairman or Chief Executive Officer of the board of directors, in such manner as is required to comply with the law and the applicable stock exchange regulations, no later than on the forty-second (42nd) day before the day of the meeting.
- 19.5 All convocations of general meetings of shareholders and all announcements, notifications and communications to shareholders and other persons entitled to attend the meeting shall be made by means of an announcement on the company's corporate website and such announcement shall remain accessible until the relevant general meeting of shareholders. Any communication to be addressed to the general meeting of shareholders by virtue of law or these Articles of Association, may be either included in the notice, referred to in the preceding sentence or, to the extent provided for in such notice, on the company's corporate website and/or in a document made available for inspection at the office of the company and such other place(s) as the board of directors shall determine.
- 19.6 In addition to Article 19.5, convocations of general meetings of shareholders may be sent to shareholders and other persons entitled to attend the meeting through the use of an electronic means of communication to the address provided by such shareholders and other persons to the company for this purpose.
- 19.7 The notice shall state the place, date and hour of the meeting and the agenda of the meeting as well as the other data required by law.
- 19.8 An item proposed in writing by such number of shareholders and other persons entitled to attend the meeting who, by law, are entitled to make such proposal, shall be included in the notice or shall be announced in a manner similar to the announcement of the notice, provided that the company has received the relevant request or a proposed resolution, including the reasons for putting the relevant item on the agenda, no later than on the sixtieth day before the day of the meeting.

- 19.9 The agenda of the annual general meeting of shareholders shall contain, *inter alia*, the following items:
- (a) the implementation of the remuneration policy;
  - (b) adoption of the annual accounts;
  - (c) granting of discharge to the directors in respect of the performance of their duties in the relevant financial year;
  - (d) the appointment of directors;
  - (e) the policy of the company on additions to reserves and on dividends, if any;
  - (f) if, applicable, the proposal to pay a dividend;
  - (g) if applicable, discussion of any substantial change in the corporate governance structure of the company; and
  - (h) any matters decided upon by the person(s) convening the meeting and any matters placed on the agenda with due observance of Article 19.8.
- 19.10 The board of directors shall provide the general meeting of shareholders with all requested information, unless this would be contrary to an overriding interest of the company. If the board of directors invokes an overriding interest, it must give reasons.
- 19.11 If a right of approval is granted to the general meeting of shareholders by law or these Articles of Association (for instance as referred to in Article 14.6 and Article 15.8) or the board of directors requests a delegation of powers or authorization (for instance as referred to in Article 6), the board of directors shall inform the general meeting of shareholders by means of a circular or explanatory notes to the agenda of all facts and circumstances relevant to the approval, delegation or authorization to be granted.
- 19.12 For the purpose of Articles 19 and 20, persons with the right to vote or attend meetings shall be considered those persons who have these rights at the twenty-eighth day prior to the day of the meeting (**Record Date**) and are registered as such in a register to be designated by the board of directors for such purpose, irrespective whether they will have these rights at the date of the meeting. In addition to the Record Date, the notice of the meeting shall further state the manner in which shareholders and other persons entitled to attend the meeting may have themselves registered and the manner in which those rights can be exercised.
- 19.13 If a proposal to amend these Articles of Association is to be dealt with, a copy of that proposal, in which the proposed amendments are stated verbatim, shall be made available for inspection to the shareholders and other persons entitled to attend the meeting, at the office of the company and on the website of the company, as from the day the general meeting of shareholders is called until after the close of that meeting. Upon request, each of them shall be entitled to obtain a copy thereof, without charge.
- 20. Chairman, minutes, rights, admittance and voting**
- 20.1 The general meeting of shareholders shall be presided over by the Chairman or, in his absence, by the person chosen by the board of directors to act as chairman for such meeting.

- 20.2 One of the persons present designated for that purpose by the chairman of the meeting shall act as secretary of the meeting and take minutes of the business transacted. The minutes shall be adopted by the chairman of the meeting and the secretary of the meeting and signed by them in witness thereof.
- 20.3 The minutes of the general meeting of shareholders shall be made available, on request, to the shareholders no later than three (3) months after the end of the meeting, after which the shareholders shall have the opportunity to react to the minutes in the following three (3) months. The minutes shall then be adopted in the manner as described in Article 20.2.
- 20.4 If an official notarial record is made of the business transacted at the meeting then minutes need not be drawn up and it shall suffice that the official notarial record be signed by the notary.
- 20.5 As a prerequisite to attending the meeting and, to the extent applicable, exercising voting rights, the shareholders and other persons entitled to attend the meeting shall be obliged to inform the board of directors in writing within the time frame mentioned in the convening notice. At the latest this notice must be received by the board of directors on the day mentioned in the convening notice.
- 20.6 Shareholders and other persons entitled to attend the meetings may procure to be represented at any meeting by a proxy duly authorized in writing, provided they shall notify the company in writing of their wish to be represented at such time and place as shall be stated in the notice of the meetings. For the avoidance of doubt, such attorney is also authorized in writing if the proxy is documented electronically. The board of directors may determine further rules concerning the deposit of the powers of attorney; these shall be mentioned in the notice of the meeting.
- 20.7 The chairman of the meeting shall decide on the admittance to the meeting of persons other than those who are entitled to attend.
- 20.8 For each general meeting of shareholders, the board of directors may decide that shareholders and other persons entitled to attend the meeting shall be entitled to attend, address and exercise voting rights at such meeting through the use of electronic means of communication, provided that shareholders and other persons who participate in the meeting are capable of being identified through the electronic means of communication and have direct cognizance of the discussions at the meeting and the exercising of voting rights (if applicable). The board of directors may set requirements for the use of electronic means of communication and state these in the convening notice. Furthermore, the board of directors may for each general meeting of shareholders decide that votes cast by the use of electronic means of communication prior to the meeting and received by the board of directors shall be considered to be votes cast at the meeting. Such votes may not be cast prior to the Record Date. Whether the provision of the foregoing two sentences applies and the procedure for exercising the rights referred to in that sentence shall be stated in the notice.
- 20.9 Prior to being allowed admittance to a meeting, a shareholder and each other person entitled to attend the meeting, or their attorney, shall sign an attendance list,

while stating his name and, to the extent applicable, the number of votes to which he is entitled. Each shareholder and other person attending a meeting by the use of electronic means of communication and identified in accordance with Article 20.8 shall be registered on the attendance list by the board of directors. In the event that it concerns an attorney of a shareholder or another person entitled to attend the meeting, the name(s) of the person(s) on whose behalf the attorney is acting, shall also be stated. The chairman of the meeting may decide that the attendance list must also be signed by other persons present at the meeting.

- 20.10 The chairman of the meeting may determine the time for which shareholders and others entitled to attend the general meeting of shareholders may speak if he considers this desirable with a view to the order by conduct of the meeting as well as other procedures that the chairman considers desirable for the efficient and orderly conduct of the business of the meeting.
- 20.11 Every share (whether common or special voting) shall confer the right to cast one (1) vote.  
Shares in respect of which the law determines that no votes may be cast shall be disregarded for the purposes of determining the proportion of shareholders voting, present or represented or the proportion of the share capital present or represented.
- 20.12 All resolutions shall be passed with an absolute majority of the votes validly cast unless otherwise specified herein.  
Blank votes shall not be counted as votes cast.
- 20.13 All votes shall be cast in writing or electronically. The chairman of the meeting may, however, determine that voting by raising hands or in another manner shall be permitted.
- 20.14 Voting by acclamation shall be permitted if none of the shareholders present or represented objects.
- 20.15 No voting rights shall be exercised in the general meeting of shareholders for shares or depositary receipts thereof owned by the company or by a subsidiary. Pledges and usufructuaries of shares owned by the company and its subsidiaries shall however not be excluded from exercising their voting rights, if the right of pledge or usufruct was created before the shares were owned by the company or a subsidiary. Neither the company nor any of its subsidiaries may exercise voting rights for shares in respect of which it holds a right of pledge or usufruct.
- 20.16 Without prejudice to the other provisions of this Article 20, the company shall determine for each resolution passed:
- (a) the number of shares on which valid votes have been cast;
  - (b) the percentage that the number of shares as referred to under (a) represents in the issued share capital;
  - (c) the aggregate number of votes validly cast; and
  - (d) the aggregate number of votes cast in favour of and against a resolution, as well as the number of abstentions.

## **21. Audit**

- 21.1 The general meeting of shareholders shall appoint an accountant to examine the

annual accounts drawn up by the board of directors, to report thereon to the board of directors, and to express an opinion with regard thereto.

- 21.2 If the general meeting of shareholders fails to appoint the accountant as referred to in Article 21.1, this appointment shall be made by the board of directors.
- 21.3 To the extent permitted by law, the appointment provided for in Article 21.1 may be cancelled by the general meeting of shareholders and if the appointment has been made by the board of directors, by the board of directors.
- 21.4 The accountant may be questioned by the general meeting of shareholders in relation to the accountant's statement on the fairness of the annual accounts. The accountant shall therefore be invited to attend the general meeting of shareholders convened for the adoption of the annual accounts.
- 21.5 The accountant shall, in any event, attend the meeting of the board of directors at which the report of the accountant is discussed, and at which the annual accounts are to be approved.

## **22. Financial year, annual accounts and distribution of profits**

- 22.1 The financial year of the company shall coincide with the calendar year.
- 22.2 The board of directors shall annually close the books of the company as at the last day of every financial year and shall within four (4) months thereafter draw up annual accounts consisting of a balance sheet, a profit and loss account and explanatory notes. Within such four (4) month period the board of directors shall publish the annual accounts, including the accountant's certificate, the annual report and any other information that would need to be made public in accordance with the applicable provisions of law and the requirements of any stock exchange on which common shares are listed.
- 22.3 The company shall publish its annual accounts and annual report and the other documents referred to in Section 2:392 of the Dutch Civil Code in the English language and in accordance with Section 2:394 of the Dutch Civil Code.
- 22.4 If the activity of the company or the international structure of its group justifies the same as determined by the board of directors, its annual accounts or its consolidated accounts may be prepared in a foreign currency.
- 22.5 The broad outline of the corporate governance structure of the company shall be explained in a separate chapter of the annual report. In the explanatory notes to the annual accounts the company shall state, in addition to the information to be included pursuant to Section 2:383d of the Dutch Civil Code, the value of the options granted to the executive directors and employees and shall indicate how this value is determined.
- 22.6 The annual accounts shall be signed by all the directors; should any signature be missing, then this shall be mentioned in the annual accounts, stating the reason.
- 22.7 The company shall ensure that the annual accounts, the annual report and the other data referred to in Article 22.2 and the statements are available at its office as from the date on which the general meeting of shareholders at which they are intended to be dealt with is called, as well as on the website of the company. The shareholders and those entitled to attend general meetings of shareholders shall be permitted to

inspect these documents at the company's office and to obtain copies thereof free of charge.

- 22.8 The general meeting of shareholders shall adopt the annual accounts.
- 22.9 At the general meeting of shareholders at which it is resolved to adopt the annual accounts, a proposal concerning release of the directors from liability for their respective duties, insofar as the exercise of such duties is reflected in the annual accounts or otherwise disclosed to the general meeting of shareholders prior to the adoption of the annual accounts, shall be brought up separately for discussion. The scope of any such release from liability shall be subject to limitations by virtue of the law.

**23. Reserves and profits**

- 23.1 The company shall maintain a special capital reserve to be credited against the share premium exclusively for the purpose of facilitating any issuance or cancellation of special voting shares. The special voting shares shall not carry any entitlement to the balance of the special capital reserve. The board of directors shall be authorized to resolve upon (i) any distribution out of the special capital reserve to pay up special voting shares or (ii) re-allocation of amounts to credit or debit the special capital reserve against or in favour of the share premium reserve.
- 23.2 The company shall maintain a separate dividend reserve for the special voting shares. The special voting shares shall not carry any entitlement to any other reserve of the company. Any distribution out of the special voting rights dividend reserve or the partial or full release of such reserve will require a prior proposal from the board of directors and a subsequent resolution of the meeting of holders of special voting shares.
- 23.3 From the profits, shown in the annual accounts, as adopted, such amounts shall be reserved as the board of directors may determine.
- 23.4 The profits remaining thereafter shall first be applied to allocate and add to the special voting shares dividend reserve an amount equal to one percent (1%) of the aggregate nominal value of all outstanding special voting shares. The calculation of the amount to be allocated and added to the special voting shares dividend reserve shall occur on a time-proportionate basis. If special voting shares are issued during the financial year to which the allocation and addition pertains, then the amount to be allocated and added to the special voting shares dividend reserve in respect of these newly issued special voting shares shall be calculated as from the date on which such special voting shares were issued until the last day of the financial year concerned. The special voting shares shall not carry any other entitlement to the profits.
- 23.5 Any profits remaining thereafter shall be at the disposal of the general meeting of shareholders for distribution of profits on the common shares only, subject to the provision of Article 23.8.
- 23.6 Subject to a prior proposal of the board of directors, the general meeting of shareholders may declare and pay distributions of profits and other distributions in United States Dollars. Furthermore, subject to the approval of the general meeting of

shareholders and the board of directors having been designated as the body competent to pass a resolution for the issuance of shares in accordance with Article 6, the board of directors may decide that a distribution shall be made in the form of shares or that shareholders shall be given the option to receive a distribution either in cash or in the form of shares.

- 23.7 The company shall only have power to make distributions to shareholders and other persons entitled to distributable profits to the extent the company's equity exceeds the sum of the paid in and called up part of the share capital and the reserves that must be maintained pursuant to Dutch law and these Articles of Association. No distribution of profits or other distributions may be made to the company itself for shares that the company holds in its own share capital.
- 23.8 The distribution of profits shall be made after the adoption of the annual accounts, from which it appears that the same is permitted.
- 23.9 The board of directors shall have power to declare one or more interim distributions of profits, provided that the requirements of Article 23.7 are duly observed as evidenced by an interim statement of assets and liabilities as referred to in Section 2:105 paragraph 4 of the Dutch Civil Code and provided further that the policy of the company on additions to reserves and distributions of profits is duly observed. The provisions of Articles 23.2 and 23.3 shall apply *mutatis mutandis*.
- 23.10 The board of directors may determine that distributions are made from the company's share premium reserve or from any other reserve, provided that payments from reserves may only be made to the shareholders that are entitled to the relevant reserve upon the dissolution of the company.
- 23.11 Distributions of profits and other distributions shall be made payable in the manner and at such date(s) - within four (4) weeks after declaration thereof - and notice thereof shall be given, as the general meeting of shareholders, or in the case of interim distributions of profits, the board of directors shall determine.
- 23.12 Distributions of profits and other distributions, which have not been collected within five (5) years and one (1) day after the same have become payable, shall become the property of the company.

#### **24. Amendment of the Articles of Association**

A resolution to amend these Articles of Association can only be passed by a general meeting of shareholders pursuant to a prior proposal of the board of directors. A majority of at least two-thirds of the votes cast shall be required if less than one half of the issued share capital is present or represented at the meeting.

#### **25. Dissolution and winding-up**

- 25.1 A resolution to dissolve the company can only be passed by a general meeting of shareholders pursuant to a prior proposal of the board of directors. A majority of at least two-thirds of the votes cast shall be required if less than one half of the issued share capital is present or represented at the meeting. In the event a resolution is passed to dissolve the company, the directors shall become liquidators (*vereffenaars*) of the dissolved company's property, unless the general meeting of shareholders resolves otherwise.

- 25.2 The general meeting of shareholders shall appoint and decide on the remuneration of the liquidators.
- 25.3 Until the winding-up of the company has been completed, these Articles of Association shall to the extent possible, remain in full force and effect.
- 25.4 Whatever remains of the company's equity after all its debts have been discharged:
- (a) shall first be applied to distribute the aggregate balance of share premium reserves and other reserves than the special voting shares dividend reserve of the company to the holders of common shares in proportion to the aggregate nominal value of the common shares held by each of them;
  - (b) secondly, from any balance remaining, an amount equal to the aggregate amount of the nominal value of the common shares will be distributed to the holders of common shares in proportion to the aggregate nominal value of common shares held by each of them;
  - (c) thirdly, from any balance remaining, an amount equal to the aggregate amount of the special voting shares dividend reserve will be distributed to the holders of special voting shares in proportion to the aggregate nominal value of the special voting shares held by each of them;
  - (d) fourthly, from any balance remaining, the aggregate amount of the nominal value of the special voting shares will be distributed to the holders of special voting shares in proportion to the aggregate nominal value of the special voting shares held by each of them; and
  - (e) lastly, the balance remaining will be distributed to the holders of the common shares in proportion to the aggregate nominal value of common shares held by each of them.
- 25.5 After the company has ceased to exist the books and records of the company shall remain in the custody of the person designated for that purpose by the liquidators for the period provided by law.
- 25.6 In addition, the liquidation shall be subject to the relevant provisions of Book 2, Title 1, of the Dutch Civil Code.

**FIAT CHRYSLER AUTOMOBILES N.V.**  
**SPECIAL VOTING SHARES – TERMS AND CONDITIONS**

These terms and conditions will apply to the issuance, allocation, acquisition, holding, repurchase and transfer of special voting and common shares in the share capital of Fiat Chrysler Automobiles N.V., a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of the Netherlands, having its official seat in Amsterdam, the Netherlands, and its principal office address at 240 Bath Road, SL1 4DX, Slough, United Kingdom.

**1. DEFINITIONS AND INTERPRETATION**

1.1 In these terms and conditions the following words and expressions shall have the following meanings, except if the context requires otherwise:

<i><b>Affiliate</b></i>	with respect to any specified person, any other person who directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified person. The term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative of the foregoing;
<i><b>Agent</b></i>	the bank, depositary or trust appointed by the Board from time to time and in relation to the relevant jurisdiction in which Company’s shares are listed for trading. ● and ● have each been appointed as the first Agent;
<i><b>Articles of Association</b></i>	the articles of association of the Company as in effect from time to time;
<i><b>Board</b></i>	the board of directors of the Company;
<i><b>Broker</b></i>	the financial institution or broker at which the relevant Shareholder operates his securities account;
<i><b>Business Day</b></i>	a calendar day which is not a Saturday or a Sunday or a public holiday in the State of New York, United Kingdom, the Netherlands or any jurisdiction in which the Company’s shares are listed for trading;
<i><b>Change of Control</b></i>	has the meaning set out in the Articles of Association;
<i><b>Change of Control Notification</b></i>	a notification to be made by a Qualifying Shareholder in respect of whom a Change of Control has occurred, in accordance with the form

	annexed hereto as Exhibit G;
<b><i>Common Shares</i></b>	common shares in the share capital of the Company;
<b><i>Company</i></b>	Fiat Chrysler Automobiles N.V., a public company with limited liability ( <i>naamloze vennootschap</i> ) incorporated under the laws of the Netherlands, having its official seat in Amsterdam, the Netherlands, and its principal office address at 240 Bath Road, SL1 4DX, Slough, United Kingdom;
<b><i>Compensation Amount</i></b>	has the meaning set out in clause 10;
<b><i>Deed of Allocation</i></b>	a private deed of allocation ( <i>onderhandse akte van toekenning</i> ) of Special Voting Shares, substantially in the form as annexed hereto as Exhibit B;
<b><i>Deed of Withdrawal</i></b>	a private deed of repurchase and transfer ( <i>onderhandse akte van inkoop en overdracht</i> ) of Special Voting Shares, substantially in the form as annexed hereto as Exhibit D;
<b><i>De-Registration Form</i></b>	a form to be completed by a Shareholder requesting to de-register some or all of his Common Shares from the Loyalty Register, substantially in the form as annexed hereto as Exhibit C;
<b><i>De-Registration Request</i></b>	has the meaning set out in clause 7.1;
<b><i>DTC</i></b>	The Depository Trust Company;
<b><i>Electing Common Shares</i></b>	Common Shares registered in the Loyalty Register for the purpose of becoming Qualifying Common Shares in accordance with the Articles of Association;
<b><i>Election Forms</i></b>	a form to be completed by a Shareholder requesting the Company to register some or all of his Common Shares in the Loyalty Register, substantially in the form as annexed hereto as Exhibit A;
<b><i>Fiat</i></b>	Fiat S.p.A.;
<b><i>Fiat EGM</i></b>	the extraordinary general meeting of shareholders of Fiat at which such shareholders approved the Fiat Merger;
<b><i>Fiat EGM Date</i></b>	the date on which the Fiat EGM took place;
<b><i>Fiat Merger</i></b>	the cross-border statutory merger pursuant to which Fiat (as disappearing entity) has merged into the

Company (as surviving entity);

***Initial Allocation Procedures***

means the procedures pursuant to which the former shareholders of Fiat (including those persons who, through a bank, broker or custodian, were the beneficial owner of ordinary shares in Fiat), have been given the opportunity to opt for an initial allocation of Special Voting Shares upon completion of the Fiat Merger, as such procedures have been described in the merger documentation;

***Initial Broker Confirmation Statement***

a written statement from a Broker confirming with respect to a Shareholder that such Shareholder has uninterruptedly held one or more common shares in the share capital of Fiat from the record date preceding the Fiat EGM Date up to and including the Merger Execution Date;

***Initial Deed of Allocation***

a private deed of allocation (*onderhandse akte van toekenning*) of Special Voting Shares between the Company and an Initial Qualifying Shareholder, substantially in the form as annexed hereto as Exhibit F;

***Initial Election Form***

a form to be completed by a shareholder of Fiat (including any person who, through a bank, broker or custodian, is the beneficial owner of ordinary shares in Fiat), requesting the Company to register some or all of the Common Shares to be acquired by such person on the occasion and as a result of the Fiat Merger in the Loyalty Register and applying for a corresponding number of Special Voting Shares, substantially in the form as annexed hereto as Exhibit E;

***Initial Qualifying Shareholders***

has the meaning set out in clause 6.1;

***Loyalty Intermediary Account***

any securities account designated by the Company for the purpose of keeping in custody the Common Shares registered in the Loyalty Register;

***Loyalty Register***

has the meaning set out in the Articles of Association;

***Loyalty Transferee***

has the meaning set out in the Articles of Association;

***Merger Execution Date***

the date on which the notarial deed in respect of the Fiat Merger was executed;

***MT***

Monte Titoli S.p.A., the Italian central securities depositary;

***Power of Attorney***

a power of attorney pursuant to which a Shareholder irrevocably authorizes and instructs the Agent to represent such Shareholder and act on such Shareholder's behalf in connection with any issuance, allocation, acquisition, transfer and/or repurchase of any Special Voting Shares and/or Common Shares in accordance with and pursuant to these Terms and Conditions, as referred to in clauses 4.3 and 6.1.

***Qualifying Common Shares***

with respect to any Shareholder, (i) the number of Common Shares that has pursuant to the Initial Allocation Procedures, been allocated to such Shareholder and registered in the Loyalty Register on the occasion of the Fiat Merger and continue to be so registered in the name of such Shareholder or its Loyalty Transferee(s) and (ii) the number of Electing Common Shares that has for an uninterrupted period of at least three (3) years, been registered in the Loyalty Register in the name of such Shareholder or its Loyalty Transferee(s) and continue to be so registered. For the avoidance of doubt, it is not necessary that specific Common Shares satisfy the requirements as referred to under (i) and (ii) in order for a number of Common Shares to qualify as Qualifying Common Shares; accordingly, it is permissible for Common Shares to be substituted into the Loyalty Register for different Common Shares without affecting the total number of Qualifying Common Shares or the total number of Common Shares that would become Qualifying Common Shares after an uninterrupted period of at least three (3) years after registration in the Loyalty Register, held by the Shareholder or its Loyalty Transferee(s);

***Qualification Date***

has the meaning as set out in clause 5.1;

***Qualifying Shareholder***

a holder of one or more Qualifying Common Shares;

***Reference Price***

the average closing price of a Common Share on the New York Stock Exchange calculated on the basis of the period of 20 trading days prior to the day of the breach as referred to in clause 10 or, if such day is not a Business Day, the preceding Business Day;

***Regular Trading System***

the system maintained and operated by DTC or the direct registration system maintained by the Agent, as applicable;

<b><i>Request</i></b>	has the meaning as set out in clause 4.1;
<b><i>Shareholder</i></b>	a holder of one or more Common Shares;
<b><i>Special Voting Shares</i></b>	special voting shares in the share capital of the Company;
<b><i>Terms and Conditions</i></b>	the terms and conditions established by this deed as they currently read and may be amended from time to time.

1.2 In these Terms and Conditions, unless the context requires otherwise:

- (a) references to a ***person*** shall be construed so as to include any individual, firm, legal entity (wherever formed or incorporated), governmental entity, joint venture, association or partnership;
- (b) the headings are inserted for convenience only and shall not affect the construction of this agreement;
- (c) the singular shall include the plural and *vice versa*;
- (d) references to one gender include all genders; and
- (e) references to times of the day are to local time in the relevant jurisdiction unless otherwise stated.

## **2. PURPOSE OF SPECIAL VOTING SHARES**

The purpose of the Special Voting Shares is to reward long-term ownership of Common Shares and to promote stability of the Company's shareholder base.

## **3. ROLE OF AGENT**

- 3.1 The Agent shall on behalf of the Company manage, organize and administer the Loyalty Register and process the issuance, allocation, acquisition, sale, repurchase and transfer of Special Voting Shares and the transfer of Common Shares in accordance with these Terms and Conditions. In this respect, the Agent will represent the Company and process and sign on behalf of the Company all relevant documentation in respect of the Loyalty Intermediary Account, the Loyalty Register, the Special Voting Shares and the Common Shares, including - without limitation - deeds, confirmations, acknowledgements, transfer forms and entries in the Company's register of shareholders.
- 3.2 In accordance with the Power of Attorney (as referred to in clause 4.3), the Agent shall accept instructions from Shareholders to act on their behalf in connection with the issuance, allocation, acquisition, sale, repurchase and transfer of Special Voting Shares and the transfer of Common Shares in accordance with these Terms and Conditions.
- 3.3 The Board shall ensure that up-to-date contact details of the Agent will be published on the Company's corporate website.

#### **4. APPLICATION FOR SPECIAL VOTING SHARES - LOYALTY REGISTER**

- 4.1 A Shareholder may at any time opt to become eligible for Special Voting Shares by requesting the Agent, acting on behalf of the Company, to register all or some of his Common Shares in the Loyalty Register. Such a request (a *Request*) will need to be made by the relevant Shareholder through its Broker, by submitting (i) a duly completed Election Form and (ii) a confirmation from the relevant Shareholder's Broker that such Shareholder holds title to the number of Common Shares included in the Request.
- 4.2 In respect of any number of Common Shares which are registered in the direct registration system maintained by the Agent, a Request may also be made by a Shareholder directly to the Agent, acting on behalf of the Company (i.e. not through the intermediary services of a Broker), provided, however, that the Agent may in such case set additional rules and procedures to validate any such Request, including - without limitation - the verification of the identity of the relevant Shareholder, the evidence with respect to such Shareholder's title to the number of Common Shares, included in the Request and the authenticity of such Shareholder's submission.
- 4.3 Together with the Election Form, the relevant Shareholder must submit a duly signed Power of Attorney, irrevocably instructing and authorizing the Agent to act on his behalf and to represent him in connection with the issuance, allocation, acquisition, sale, transfer and repurchase of Special Voting Shares and the transfer of a designated number of Common Shares from the Regular Trading System or to the Loyalty Intermediary Account (as applicable), and *vice versa*, in accordance with and pursuant to these Terms and Conditions, and to sign on behalf of the relevant Shareholder all relevant documentation in respect of the Loyalty Intermediary Account, the Loyalty Register, the Special Voting Shares and the Common Shares, including - without limitation - deeds, confirmations, acknowledgements, transfer forms and entries in the Company's register of shareholders.
- 4.4 The Company and the Agent may establish an electronic registration system in order to allow for the submission of Requests by email or other electronic means of communication. The Company will publish the procedure and details of any such electronic facility, including registration instructions, on its corporate website.
- 4.5 Upon receipt of the Election Form, the Broker confirmation, if applicable, as referred to in clause 4.1 and the Power of Attorney, the Agent will examine the same and use its reasonable efforts to inform the relevant Shareholder, through his Broker, as to whether the Request is accepted or rejected (and, if rejected, the reasons why) within ten Business Days of receipt of the above-mentioned documents. The Agent may reject a Request for reasons of incompleteness or incorrectness of the Election Form, the Power of Attorney or the Broker confirmation, if applicable, as referred to in clause 4.1 or in case of serious doubts with respect to the validity or authenticity of such documents. If the Agent requires further information from the relevant Shareholder in order to process the Request, then such Shareholder shall provide all necessary information and assistance required by the Agent in connection therewith.

- 4.6 If the Request is accepted, then the designated number of Common Shares will be taken out of the Regular Trading System or transferred to the Loyalty Intermediary Account (as applicable) and will be registered in the Loyalty Register in the name of the requesting Shareholder (and not in the name of any custodian, Broker, bank or nominee).
- 4.7 Without prejudice to clause 4.8, the transfer of Common Shares from the Regular Trading System or to the Loyalty Intermediary Account (as applicable) and the registration of Common Shares in the Loyalty Register will not affect the nature of such shares, nor any of the rights attached thereto. All Common Shares will continue to be part of the class of common shares in which they were issued, and any stock exchange listing or registration with the U.S. Securities and Exchange Commission shall continue to apply to such shares. All Common Shares shall be identical in all respects.
- 4.8 Once any number of Common Shares is included in the Loyalty Register by a Shareholder:
- (a) such Shareholder shall not, directly or indirectly, sell, dispose of, trade or transfer such number of Common Shares, or otherwise grant any right or interest therein (other than to a Loyalty Transferee of such Shareholder);
  - (b) such Shareholder may create or permit to exist any pledge, lien, fixed or floating charge or other encumbrance over such Common Shares or any interest in any such Common Shares, provided that the voting rights in respect of such Common Shares remain with such Shareholder at all times; and
  - (c) such Shareholder wanting to, directly or indirectly, sell, dispose of, trade or transfer such number of Common Shares (other than to a Loyalty Transferee), or create or permit to exist any pledge, lien, fixed or floating charge or other encumbrance over such Common Shares or any interest in any such Common Shares without maintaining the voting rights in respect of such Common Shares, will need, either directly or through such Shareholder's Broker pursuant to a power of attorney, to submit a De-Registration Request as referred to in clause 7.1.
- 4.9 In addition to the procedures referred to in clauses 3.1 and 4.3, the Company and the Agent will establish a procedure with DTC and MT to facilitate the transfer of Common Shares in accordance with these Terms and Conditions.

## **5. ALLOCATION OF SPECIAL VOTING SHARES**

- 5.1 As per the date on which a number of Common Shares has been registered in the Loyalty Register in the name of one and the same Shareholder or a Loyalty Transferee of such Shareholder for an uninterrupted period of three years (the *Qualification Date*), such number of Common Shares will become Qualifying Common Shares and the holder thereof will be entitled to receive one Special Voting Share in respect of each of such Qualifying Common Shares and therefore any transfer of such number of Common Shares between such

Shareholder and any Loyalty Transferee shall not be deemed to interrupt the three year period referred to in this clause 5.1.

- 5.2 On the Qualification Date, the Agent will, on behalf of both the Company and the relevant Qualifying Shareholder, process the execution of a Deed of Allocation pursuant to which such number of Special Voting Shares will be allocated to the Qualifying Shareholder as will correspond to the number of newly Qualifying Common Shares.
- 5.3 Any allocation of Special Voting Shares to a Qualifying Shareholder will be effectuated for no consideration (*om niet*) and be subject to these Terms and Conditions. The par value of newly issued Special Voting Shares will be funded out of, and debited to, the part of the reserves of the Company that is labelled "Special Capital Reserve".

## **6. INITIAL ALLOCATION PROCEDURES**

- 6.1 In addition to the registration and allocation procedures set out in clauses 4 and 5, Special Voting Shares will be allocated on the occasion of the Fiat Merger to former shareholders of Fiat (including those persons who, through a bank, broker or custodian, were the beneficial owner of ordinary shares in any such entity) who have complied with the requirements of the Initial Allocation Procedures (***Initial Qualifying Shareholders***), including (i) the requirement to hold the relevant ordinary shares in the share capital of Fiat from the record date for the Fiat EGM up to the Merger Execution Date, (ii) the requirement to have been present or represented (by proxy) at the Fiat EGM (without regard to how such former shareholders of Fiat voted their shares at the Fiat EGM), (iii) the requirement to submit a duly completed Initial Election Form no later than 15 Business Days after the Fiat EGM, which contains a Power of Attorney and not to have withdrawn such election and (iv) the requirement to submit an Initial Broker Confirmation Statement on or prior to the Merger Execution Date.
- 6.2 The Common Shares to be acquired by Initial Qualifying Shareholders on the occasion and as a result of the Fiat Merger will be held in the Loyalty Intermediary Account and registered in the Loyalty Register immediately after completion of the Fiat Merger, in accordance with the Initial Allocation Procedures. Following such registration, each Initial Qualifying Shareholder shall be entitled to such number of Special Voting Shares as correspond to the number of Common Shares registered in the name of such Initial Qualifying Shareholder in the Loyalty Register.
- 6.3 The allocation of Special Voting Shares to Initial Qualifying Shareholders will be carried out by the Agent on behalf of and as hereby authorized by both the Company and the Initial Qualifying Shareholders, by execution of an Initial Deed of Allocation. For the avoidance of doubt, any allocation of Special Voting Shares to Initial Qualifying Shareholders will be carried out for no consideration (*om niet*) and will be subject to these Terms and Conditions. The nominal value of newly issued Special Voting Shares will be funded out of, and debited to, the part of the reserves of the Company that is labelled "Special Capital Reserve".

## **7. DE-REGISTRATION – WITHDRAWAL OF SPECIAL VOTING SHARES**

- 7.1 A Shareholder with Common Shares registered in the Loyalty Register may at any time request the Agent acting on behalf of the Company to de-register some or all of such Common Shares registered in the Loyalty Register and, to the extent that the relevant Common Shares are held outside the Regular Trading System, to transfer such Common Shares back to the Regular Trading Register. Such a request (a *De-Registration Request*) must be made by the relevant Shareholder through its Broker, by submitting a duly completed De-Registration Form.
- 7.2 A De-Registration Request may also be made by a Shareholder directly to the Agent acting on behalf of the Company (i.e. not through the intermediary services of a Broker); provided, however, that the Agent may in such case set additional rules and procedures to validate any such De-Registration Request, including - without limitation - the verification of the identity of the relevant Shareholder and the authenticity of such Shareholder's submission.
- 7.3 By means of and immediately upon a Shareholder submitting the De-Registration Form, such Shareholder shall have waived all rights to cast any votes that accrue to the Special Voting Shares concerned in the De-Registration Form.
- 7.4 Upon receipt of the duly completed De-Registration Form, the Agent will examine the same and procure that such number of Common Shares as specified in the De-Registration Form will be transferred from the Loyalty Intermediary Account, or, if the relevant Common Shares are held outside the Regular Trading System, to the Regular Trading System, as promptly as practicable, but in any event within three Business Days of receipt of the De-Registration Form.
- 7.5 Upon de-registration from the Loyalty Register, such Common Shares will no longer qualify as Electing Common Shares or Qualifying Common Shares, as the case may be, and the holder of the relevant shares will no longer be entitled to hold a corresponding number of Special Voting Shares allocated in respect of any such Common Shares which qualify as Qualifying Common Shares and will be bound to offer and transfer such number of Special Voting Shares to the Company, and the Company will accept and acquire such number of Special Voting Shares, for no consideration (*om niet*).
- 7.6 The offering and transfer of the Special Voting Shares referred to in clause 7.5 by the relevant Shareholder to the Company and the repurchase and acquisition of such shares by the Company will be processed by the Agent on behalf of both the Company and the relevant Shareholder, by execution of a Deed of Withdrawal.
- 7.7 Upon completion of the repurchase of Special Voting Shares as referred to in clauses 7.5 and 7.6, the Company may proceed with the withdrawal and cancellation of such shares or, alternatively, continue to hold such shares as treasury stock until their disposal in accordance with the Articles of Association and these Terms and Conditions.
- 7.8 If the Company determines (in its discretion) that a Shareholder has taken any action a principal purpose of which is to avoid the application of clause 4.8 under (a) or (b) regarding transfer restrictions, clause 8 regarding transfer restrictions

or clause 9 regarding a Change of Control of such Shareholder, the Company may instruct the Agent to transfer such Shareholder's number of Common Shares registered in the Loyalty Register from the Loyalty Intermediary Account, or, if the relevant Common Shares are held outside the Regular Trading System, to the Regular Trading System and such Shareholder shall immediately be deemed to have (i) waived all rights to cast any votes that accrue to any Special Voting Shares allocated in respect of such number of Common Shares and (ii) transferred such Special Voting Shares allocated in respect thereof to the Company for no consideration (*om niet*).

- 7.9 For the avoidance of doubt, no Shareholder required to transfer Special Voting Shares pursuant to clause 7.5 or clause 7.8 shall be entitled to any purchase price referred to in the articles 5.5 or 13.5 of the Articles of Association for such Special Voting Shares and each Shareholder waives its rights in that respect, which waiver the Company hereby accepts and authorizes the Agent to take any and all actions in respect of the Common Shares and Special Voting Shares to give effect to the Terms and Conditions.

## **8. TRANSFER RESTRICTIONS**

- 8.1 In view of the purpose of the Special Voting Shares (as set out in clause 2) and the obligation of a Shareholder to re-transfer his Special Voting Shares to the Company as referred to in clauses 7.5, 7.8 and 9, no Shareholder shall, directly or indirectly:
- (a) sell, dispose of or transfer any Special Voting Share or otherwise grant any right or interest therein; or
  - (b) create or permit to exist any pledge, lien, fixed or floating charge or other encumbrance over any Special Voting Share or any interest in any Special Voting Share.

Notwithstanding the foregoing, upon any transfer of Qualifying Common Shares to a Loyalty Transferee in accordance with the terms hereof, the associated Special Voting Shares shall also be transferred to such Loyalty Transferee.

## **9. CHANGE OF CONTROL**

- 9.1 Upon the occurrence of a Change of Control in respect of a Qualifying Shareholder or a Shareholder with Common Shares registered in the Loyalty Register, such Shareholder must promptly notify the Agent and the Company thereof, by submitting a Change of Control Notification, and must make a De-Registration Request as referred to in clauses 7.1 and 7.2.
- 9.2 The procedures described in clauses, 7.3, 7.4, 7.5, 7.6, 7.7 and 7.9 will apply accordingly to the De-Registration Request submitted pursuant to clause 9.1.
- 9.3 Notwithstanding that the Agent and the Company have not received a Change of Control Notification, upon the Company becoming aware that a Change of Control has occurred, the Company may provide the Agent with notice thereof and instruct the Agent to transfer such Shareholder's shares registered in the Loyalty Register from the Loyalty Intermediary Account, or, if the relevant

Common Shares are held outside the Regular Trading System, to the Regular Trading System, in which case the procedures of clauses 7.8 and 7.9 will apply *mutatis mutandis*.

## **10. BREACH, COMPENSATION PAYMENT**

In the event of a breach of any of the covenants set out in clauses 4.8, 7.3, 7.5, 8.1 and 9.1, the relevant Shareholder shall without prejudice to the Company's right to request specific performance, be bound to pay to the Company an amount equal to the Reference Price multiplied by the number of Special Voting Shares that are affected by the relevant breach (the *Compensation Amount*).

The above-mentioned obligation to pay the Compensation Amount shall constitute a penalty clause (*boetebeding*) as referred to in article 6:91 of the Dutch Civil Code. The Compensation Amount payment shall be deemed to be in lieu of, and not in addition to, any liability (*schadevergoedingsplicht*) of the relevant Shareholder towards the Company in respect of the relevant breach - so that the provisions of this clause 10 shall be deemed to be a "liquidated damages" clause (*schadevergoedingsbeding*) and not a "punitive damages" clause (*strafbeding*).

The provisions of article 6:92, paragraphs 1 and 3 of the Dutch Civil Code shall, to the maximum extent possible, not apply.

## **11. LOYALTY REGISTER**

The Agent, acting on behalf of the Company, shall keep the Loyalty Register up to date.

## **12. AMENDMENT OF THESE TERMS AND CONDITIONS**

12.1 These Terms and Conditions have been established by the Board on ● 2014 and have been approved by the general meeting of shareholders of the Company on ● 2014.

12.2 These Terms and Conditions may be amended pursuant to a resolution by the Board, provided, however, that any amendment that is not merely technical and is material to Shareholders that are registered in the Loyalty Register, will be subject to the approval of the general meeting of shareholders of the Company unless such amendment is required to ensure compliance with applicable law or regulations or the listing rules of any securities exchange on which the Common Shares are listed.

12.3 Any amendment of the Terms and Conditions shall require a private deed to that effect.

12.4 The Company shall publish any amendment of these Terms and Conditions on the Company's corporate website and notify the Qualifying Shareholders of any such amendment through their Brokers.

## **13. COSTS**

All costs of the Agent in connection with these Terms and Conditions, any Power of Attorney and any Initial Deed of Allocation, Deed of Allocation and Deed of Withdrawal, shall be for the account of the Company. Any other costs shall be for the

account of the relevant Shareholder.

**14. GOVERNING LAW, DISPUTES**

- 14.1 These Terms and Conditions are governed by and construed in accordance with the laws of the Netherlands.
- 14.2 Any dispute in connection with these Terms and Conditions and/or the Special Voting Shares and/or Common Shares and/or Qualifying Common Shares will be brought before the courts of Amsterdam, the Netherlands.

## **EXHIBIT A**

### **ELECTION FORM**

- Election Form with regard to Common Share traded on New York Stock Exchange (NYSE)
- Election Form with regard to Common Share traded on Mercato Telematico Azionario (MTA)

●  
PO BOX ●  
●

Date:

Company: Fiat Chrysler Automobiles N.V.  
Registration:  
Holder Account:  
Number:  
Document I.D.:  
Our Reference:

Dear Shareholder:

Please read, complete and sign this **Election Form** in accordance with the instructions contained herein, to elect to receive special voting shares in the capital of Fiat Chrysler Automobiles N.V. (the **Company**).

This Election Form should be read in conjunction with the Special Voting Shares Terms and Conditions, which documentation is available on the investor relations page on the corporate website of the Company [www.●.com](http://www.●.com).

Please send the completed Election Form to:

Computershare  
PO Box ●  
●

By submitting this Election Form you are hereby requesting to obtain special voting shares in the share capital of the Company.

If you do not correctly complete this Election Form or if this Election Form is not received by Computershare, the common shares in the share capital of the Company for which you elect registration will not be registered in the loyalty register of the Company.

Questions can be directed to toll free within the US: [855-807-3164] or outside the US: [732-491-0514]. Our telephone representatives are available on business days between the hours of 8:30 a.m. and 5:00 p.m. EST. Our automated phone system is available 24 hours a day, 7 days a week, but it is only appropriate for getting routine information.

Sincerely,

Service Representative

Enclosure: Election form (Form code)

**ELECTION FORM  
FOR THE REGISTRATION OF COMMON SHARES IN THE SHARE CAPITAL OF  
FIAT CHRYSLER AUTOMOBILES N.V. (THE 'COMPANY')  
ON THE UNITED STATES LOYALTY REGISTER**

**Return this completed Election Form accompanied by your DRS Statement to:**

Computershare  
P.O. Box ●  
●

Registered Owner:  
Registered Owner Address:  
Account Number:  
Issue ID:

NUMBER OF COMMON SHARES IN THE SHARE CAPITAL OF THE COMPANY FOR WHICH YOU ELECT TO RECEIVE SPECIAL VOTING SHARES IN THE SHARE CAPITAL OF THE COMPANY

Please print the number of common shares in the share capital of the Company held in your name as to which you elect to be registered in the loyalty register (the **Loyalty Register**) of the Company.

Number of common shares: ..... (the <b>Electing Common Shares</b> ).
--

If this form is completed improperly, then such holder(s) will not be considered to have made a proper election.

If the Electing Common Shares are currently held with a broker in DTC the broker must first withdraw the Electing Common Shares from DTC and register the Electing Common Shares in the shareholder's name. The shareholder will be sent a DRS statement. The shareholder must then send the DRS statement and this completed election form to Computershare Inc.

If the number of Electing Common Shares is less than the number of common shares in the share capital of the Company in your account a new DRS statement will be generated reflecting the transaction.

**DECLARATION AND POWER OF ATTORNEY**

By returning this Election Form, duly completed, you irrevocably and unconditionally:

- (a) agree to be bound by the Special Voting Shares Terms and Conditions, as published on the Company's website; and
- (b) authorize and instruct Computershare Inc. to represent you and act on your behalf in connection with any issuance, allocation, acquisition, transfer and/or repurchase of any special voting share in the capital of the Company and the registration in the Loyalty Register and the Company's shareholders' register of the Electing Common Shares in the name of the shareholder in accordance with and pursuant to the Special Voting Shares Terms and Conditions.

**GOVERNING LAW, DISPUTES**

This Election Form is governed by and construed in accordance with the laws of the Netherlands. Any dispute in connection with this Election Form will be brought before the courts of Amsterdam, the Netherlands.

**DIRECTION TO DIRECTLY REGISTER COMMON SHARES IN THE SHARE CAPITAL OF THE COMPANY UPON ELECTION**

The Electing Common Shares as to which registration in the Loyalty Register is requested and the special voting shares in the share capital of the Company WILL NOT be DTC eligible. All such Electing Common Shares and special voting shares in the share capital of the Company will be uncertificated and registered only in the books of the Company in accordance with the instructions below. A statement of holdings will be sent to the Loyalty Register shareholder.

\_\_\_\_\_  
Signature of holder(s)

\_\_\_\_\_  
Capacity if applicable

\_\_\_\_\_  
Name of holder(s)

\_\_\_\_\_  
Date

This form must be signed by the registered holder(s) exactly as such name(s) appear on the Company's shareholder register. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, agent, officer of a corporation or other person acting in a fiduciary or representative capacity, please provide the necessary documentation and information above, including full title.

**Return this completed Election Form accompanied by your DRS Statement to:**

Computershare

P.O. Box ●



**ELECTION FORM**  
**FOR THE REGISTRATION OF COMMON SHARES IN THE SHARE CAPITAL OF**  
**FIAT CHRYSLER AUTOMOBILES N.V. (THE 'COMPANY')**  
**IN THE LOYALTY REGISTER (ITALIAN BRANCH)**

To: Computershare S.p.A., [Via Nizza 262/73, Torino, Italy,] as Agent for the Company.  
To be advanced by fax: ● or by e-mail to “●”.

**Disclaimer**

This Election Form shall be completed and signed in accordance with the instructions contained herein, to elect to receive special voting shares (the **Special Voting Shares**) in the share capital of the Company.  
This Election Form should be read in conjunction with the Special Voting Shares - Terms and Conditions, which documentation is available on the corporate website of the Company (www.●.com).

By submitting this Election Form duly completed and signed to the Agent above, you are hereby electing to obtain Special Voting Shares and the common shares (the **Common Shares**) in the share capital of the Company for which you elect registration will be registered in the loyalty register (the **Loyalty Register**) of the Company.

**1. Data of electing shareholder who requests registration of his Common Shares in the Loyalty Register (Italian Branch) in order to receive Special Voting Shares**

Name and surname or Corporate name .....  
Date of birth .../.../..... Place of birth ..... Tax code .....  
Address or registered seat .....  
Tel. .... E-mail ..... (the **Electing Shareholder**).  
(if the signing party acts on behalf of the Electing Shareholder, please fill in the following table including data relating to the signing party)  
Name and surname ..... In the quality of .....  
Date of birth .../.../..... Place of birth .....  
Tel. .... E-mail .....

**2. Number of Common Shares in relation to which the registration in the Loyalty Register is requested in order to receive Special Voting Shares**

No. of Common Shares ..... Average book value (for Italian residents tax purpose) .....  
Depository intermediary ..... Security Account no. ....  
Reference for payment of dividends (bank).....  
IBAN ..... BIC/SWIFT Code .....

**3. Declaration and power of attorney**

The Electing Shareholder, through the transmission of this Election Form, duly completed, irrevocably and unconditionally:  
a) agrees to be bound by the Special Voting Shares Terms and Conditions, published on the Company's website;  
b) authorizes and irrevocably instructs Computershare S.p.A. as Agent who acts also on behalf of the Company, to represent the Electing Shareholder and acts on his/her/its behalf in connection with any issuance, allocation, acquisition, transfer and/or repurchase of any Special Voting Share, the transfer of the Common Shares to the Loyalty Intermediary Account (as defined in the Special Voting Shares Terms and Conditions) and the registration in the Loyalty Register in the name of the Electing Shareholder of the Common Shares as to which such registration is requested in accordance with and pursuant to the Special Voting Shares Terms and Conditions;  
c) accepts that the Special Voting Shares will be uncertificated and registered only in the books of the Company.

**4. Governing law and disputes**

This Election Form is governed by and construed in accordance with the laws of the Netherlands. Any dispute in connection with this Election Form will be brought before the courts of Amsterdam, the Netherlands, as provided by Special Voting Shares Terms and Conditions.

**The Electing Shareholder** (signature) \_\_\_\_\_

**5. Depository intermediary**

The depository intermediary:  
a) confirms the number of Common Shares owned by the Electing Shareholder at the date of this Election Form;  
b) confirms that the Common Shares will be registered in the Loyalty Intermediary Account managed by the Company and the Special Voting Shares will be uncertificated and registered only on the books of the Company.  
Tel. .... e-mail .....

**The Depository Intermediary** (Stamp and signature) \_\_\_\_\_

**EXHIBIT B**

**DEED OF ALLOCATION**

[insert date]

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**PRIVATE DEED OF ALLOCATION**

relating to the allocation of special voting shares in the capital of  
FIAT CHRYSLER  
AUTOMOBILES N.V.

---

**PRIVATE DEED OF ALLOCATION OF SPECIAL VOTING SHARES IN THE  
CAPITAL OF FIAT CHRYSLER AUTOMOBILES N.V. ON ACCOUNT OF THE  
SPECIAL CAPITAL RESERVE**

dated [\*]

**PARTIES:**

- (1) [[insert name], a company [organised/incorporated] under the laws of [\*], having its office address [\*] (the *Shareholder*)] [OR] [[insert first name, last name], born in [city, country] on [date], residing at [address] (the *Shareholder*)]; and
- (2) Fiat Chrysler Automobiles N.V., a company with limited liability (*naamloze vennootschap*) incorporated under the laws of the Netherlands having its official seat in Amsterdam, the Netherlands, and its office address at ●, United Kingdom, (the *Company*).

**WHEREAS:**

(A) This deed concerns an issue of Special Voting Shares in the share capital of the Company as described in clause 5 of the terms and conditions with respect to the special voting shares published on the website of the Company ([www.●.com](http://www.●.com)) (the *Special Voting Shares Terms and Conditions*). Capitalized terms used but not defined in this deed will have the meaning as set out in the Special Voting Shares Terms and Conditions.

(B) [\*] [(\*)] of the Shareholder's Common Shares have been registered in the Loyalty Register for an uninterrupted period of three (3) years in accordance with clause 5.1 of the Special Voting Shares Terms and Conditions and therefore such Common Shares have become Qualifying Common Shares as per this date.

(C) Pursuant to this deed, the Company now wishes to issue [\*] [(\*)] Special Voting Shares to the Shareholder (the *Shareholder Special Voting Shares*) in respect of such Shareholder's Qualifying Common Shares.

(D) On [\*], the board of directors of the Company resolved in a resolution (the *Resolution*) to issue [\*] [(\*)] Special Voting Shares in the capital of the Company, with a nominal value of one euro cent (€ 0.01) each for the purposes of the allocation of Special Voting Shares.

(E) The Company and the Shareholder will hereby effect the issue of the Shareholder Special Voting Shares on the terms set out below.

**IT IS AGREED:**

**1. ISSUE**

1.1 The Company hereby issues the Shareholder Special Voting Shares to the Shareholder on the terms set out in the Special Voting Shares Terms and Conditions, the Resolution and in this deed. The Shareholder hereby accepts the Shareholder Special Voting Shares from the Company.

1.2 The Company shall register the Shareholder Special Voting Shares in its shareholders' register. No share certificates shall be issued for the Shareholder Special Voting Shares.

1.3 The Company shall make note of this issuance in the Loyalty Register.

## **2. OBLIGATION TO PAY**

The Shareholder Special Voting Shares are issued at par and therefore against an obligation to pay in the aggregate of [€0.01 x the Shareholder Special Voting Shares] euro (€ [\*]) and will be fully paid up in cash on account of the special capital reserve of the Company.

## **3. RESCISSION**

The Company and the Shareholder waive their right to rescind the agreement contained in this deed or to demand rescission thereof in accordance with Section 6:265 of the Dutch Civil Code.

## **4. GOVERNING LAW**

This deed shall be governed by, and interpreted in accordance with, the laws of the Netherlands.



## **EXHIBIT C**

### **DE-REGISTRATION FORM**

- De-Registration Form with regard to Common Shares registered through Computershare Trust Company N.A.

- De-Registration Form with regard to Common Shares registered through Computershare S.p.A. (previously named Servizio Titoli S.p.A.)

●  
PO BOX ●  
●

Date:

Company: Fiat Chrysler Automobiles N.V.  
Registration:  
Holder Account:  
Number:  
Document I.D.:  
Our Reference:

Dear Shareholder:

Please read, complete and sign this **De-Registration Form** in accordance with the instructions contained herein, to request de-registration of your common shares in the share capital of Fiat Chrysler Automobiles N.V. (the **Company**) registered in the loyalty register of the Company.

This De-Registration Form should be read in conjunction with the Special Voting Shares Terms and Conditions, which documentation is available on the investor relations page on the corporate website of the Company [www.●.com](http://www.●.com).

Please send the completed De-Registration Form to:  
Computershare  
PO Box ●  
●

Questions can be directed to toll free within the US: [855-807-3164] or outside the US: [732-491-0514]. Our telephone representatives are available on business days between the hours of 8:30 a.m. and 5:00 p.m. EST. Our automated phone system is available 24 hours a day, 7 days a week, but it is only appropriate for getting routine information.

Sincerely,

Service Representative

Enclosure: De-Registration form (Form code)

**DE-REGISTRATION FORM  
RELATING TO A REQUEST FOR DE-REGISTRATION OF  
COMMON SHARES IN THE SHARE CAPITAL OF  
FIAT CHRYSLER AUTOMOBILES N.V. (THE 'COMPANY')  
FROM THE LOYALTY REGISTER**

**Return this completed De-Registration Form to:**

Computershare  
P.O. Box ●  
●

Registered Owner:  
Registered Owner Address:  
Account Number:  
Issue ID:

NUMBER OF COMMON SHARES IN THE SHARE CAPITAL OF THE COMPANY THAT YOU REQUEST TO BE DE-REGISTERED FROM THE LOYALTY REGISTER OF THE COMPANY

Please print the number of common shares in the share capital of the Company that you request to be de-registered from the loyalty register (the **Loyalty Register**) of the Company.

Number of common shares to be de-registered: ..... (the <b>De-Registration Common Shares</b> ).
---

The name(s) of holder(s) must be exactly as the registered name(s) that appear(s) on the Loyalty Register.

If this form is completed improperly, then such holder(s) will not be considered to have made a proper de-registration.

**DECLARATION AND POWER OF ATTORNEY**

By returning this De-Registration Form, duly completed, you irrevocably and unconditionally instruct and authorize Computershare Inc., acting on behalf of the Company, to transfer the De-Registration Common Shares registered in the Loyalty Register back to the system maintained and operated by the Depository Trust Company or the direct registration system maintained by the bank, depository or trust appointed by the board of directors of the Company from time to time and in relation to the relevant jurisdiction in which Company's shares are listed for trading, as applicable, and to sign any documentation required to effect such transfer.

**ACKNOWLEDGEMENT**

By returning this De-Registration Form, duly signed, you acknowledge that pursuant to the Special Voting Shares Terms and Conditions:

- (a) as from the date hereof, your De-Registration Common Shares included in this De-Registration Form will no longer be registered in the Loyalty Register;
- (b) you are no longer entitled to hold or acquire the special voting shares in the share capital of the Company in respect of your De-Registration Common Shares included in this De-Registration Form;
- (c) Computershare Inc. shall transfer to the Company such number of special voting shares in the share capital of the Company as equals the number of De-Registration Common Shares included in this De-Registration Form for no consideration; and
- (d) as from the date hereof, to the extent you hold special voting shares in the share capital of the Company, you are considered to have waived the voting rights attached to these special voting shares, effected by this De-Registration Form.

**GOVERNING LAW, DISPUTES**

This De-Registration Form is governed by and construed in accordance with the laws of the Netherlands. Any dispute in connection with this De-Registration Form will be brought before the courts of Amsterdam, the Netherlands.

\_\_\_\_\_

Signature of holder(s)

Capacity if applicable

\_\_\_\_\_  
Name of holder(s)

\_\_\_\_\_  
Date

This form must be signed by the registered holder(s) exactly as such name(s) appear on the Company's Loyalty Register. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, agent, officer of a corporation or other person acting in a fiduciary or representative capacity, please provide the necessary documentation and information above, including full title.

**Return this completed De-Registration Form to:**

Computershare  
P.O. Box ●  
●

**DE-REGISTRATION FORM**  
**FOR DE-REGISTRATION OF COMMON SHARES IN THE SHARE CAPITAL OF**  
**FIAT CHRYSLER AUTOMOBILES N.V. (THE 'COMPANY')**  
**FROM THE LOYALTY REGISTER (ITALIAN BRANCH)**

To: Computershare S.p.A., [Via Nizza 262/73, Torino, Italy,] as Agent for the Company  
To be advanced by fax: ● or by e-mail to “●”.

**Disclaimer**

This De-Registration Form shall be completed and signed in accordance with the instructions contained herein, to request deregistration of the common shares (the **Common Shares**) in the share capital of the Company registered in the loyalty register (the **Loyalty Register**) of the Company.

This De-Registration Form should be read in conjunction with the Special Voting Shares - Terms and Conditions, which documentation is available on the corporate website of the Company (www.●.com).

Send the De-Registration Form duly completed and signed to the Agent above.

**1. Data of registered shareholder in the Loyalty Register (Italian Branch)**

Name and surname or Corporate name .....  
Date of birth .../.../..... Place of birth ..... Tax code .....  
Address or registered seat .....  
Tel. .... E-mail ..... (the **Registered Shareholder**).  
(if the signing party acts on behalf of the Registered Shareholder, please fill in the following table including data relating to the signing party)  
Name and surname ..... In the quality of .....  
Date of birth .../.../..... Place of birth ..... Tax code .....  
Tel. .... E-mail .....

**2. Number of Common Shares in relation to which the De-Registration from the Loyalty Register is requested**

No. of Common Shares ..... Average book value (for Italian residents tax purpose) .....  
Depository intermediary to whom crediting the shares .....  
ABI ..... CAB ..... Shareholder Security Account ..... MT Account .....

**3. Acknowledgment, representations and undertakings**

The Registered Shareholder, through the submission of this De-Registration Form duly completed, irrevocably and unconditionally instructs and authorizes the Agent Computershare S.p.A., who acts also on behalf of the Company, to transfer from the Loyalty Intermediary Account (as defined in the Special Voting Shares Terms and Conditions) to and credit the above indicated intermediary with the Common Shares to be de-registered, and pursuant the Special Voting Shares Terms and Conditions, acknowledges:

- a) as from the date hereof, the Common Shares included in this De-Registration Form will no longer be registered in the Loyalty Register;
- b) to be no longer entitled to hold or acquire the special voting shares in the share capital of the Company in respect of the Common Shares included in this De- Registration Form;
- c) the Agent, who acts also on behalf of the Company, shall transfer to the Company such number of special voting shares in the share capital of the Company as equals the number of Common Shares included in this De-Registration Form for no consideration; and
- d) as from the date hereof, to the extent you hold special voting shares in the share capital of the Company, you are considered to have waived the voting rights attached to these special voting shares, effected by this De-Registration Form.

**4. Governing law and disputes**

This Election Form is governed by and construed in accordance with the laws of the Netherlands. Any dispute in connection with this Election Form will be brought before the courts of Amsterdam, the Netherlands, as provided by Special Voting Shares Terms and Conditions.

**The Registered Shareholder** (signature) \_\_\_\_\_

**The Depository Intermediary** (stamp and signature) \_\_\_\_\_

**EXHIBIT D**

**DEED OF WITHDRAWAL**

[insert date]

---

**PRIVATE DEED OF REPURCHASE AND TRANSFER**

relating to the repurchase and transfer of Special Voting Shares  
in the capital of Fiat Chrysler Automobiles N.V.

---

**PRIVATE DEED OF REPURCHASE AND TRANSFER OF SPECIAL VOTING  
SHARES IN THE CAPITAL OF FIAT CHRYSLER AUTOMOBILES N.V.**

dated [\*]

**PARTIES:**

- (1) [[*insert name*], a company [organised/incorporated] under the laws of [\*], having its office address [\*] (the **Shareholder**)] [OR] [[*insert first name, last name*], born in [city, country] on [date], residing at [address] (the **Shareholder**)]; and
- (2) Fiat Chrysler Automobiles N.V., a company with limited liability (*naamloze vennootschap*) incorporated under the laws of the Netherlands having its official seat in Amsterdam, the Netherlands, and its office address at ●, United Kingdom, (the **Company**).

**WHEREAS:**

(A) The Shareholder has acquired [\*] [(\*)] Special Voting Shares by private deed on [insert date], pursuant to and in accordance with the terms and conditions with respect to the special voting shares published on the website of the Company ([www.●.com](http://www.●.com)) (the **Special Voting Shares Terms and Conditions**). Capitalized terms used but not defined in this deed will have the meaning as set out in the Special Voting Shares Terms and Conditions.

(B) On this day, [insert name Agent] acting on behalf of the Company, received a duly completed De-Registration Form with regard to [\*] of the Special Voting Shares of the Shareholder, registered in the Loyalty Register. Pursuant to this deed, the Company and the Shareholder now wish to act upon this request and transfer the corresponding number of Special Voting Shares in the capital of the Company (the **Repurchased Shares**) by means of repurchase for no consideration (*om niet*).

(C) On [\*], the board of directors of the Company approved and authorised the repurchase of the Repurchased Shares by the Company (the **Resolution**).

(D) The Company and the Shareholder will hereby effect the repurchase and transfer of the Repurchased Shares for no consideration (*om niet*) in accordance with Section 2:98 and Section 2:86c of the Dutch Civil Code (**DCC**) on the terms set out below.

**IT IS AGREED:**

**1. REPURCHASE AND TRANSFER**

The Company hereby repurchases the Repurchased Shares from the Shareholder on the terms set out in the Special Voting Shares Terms and Conditions, the Resolution and in this deed and the Shareholder accepts the same. The Shareholder hereby transfers the Repurchased Shares to the Company for no consideration (*om niet*) and the Company accepts the same.

## **2. SHARE TRANSFER RESTRICTIONS**

In order to comply with the blocking clause as set out in Article 13 of the articles of association of the Company, the board of directors of the Company has resolved to approve the transfer of the Repurchased Shares from the Shareholder to the Company pursuant to the Resolution.

## **3. WARRANTY**

3.1 The Shareholder warrants to the Company that it is the sole owner of the Repurchased Shares, that the Repurchased Shares are unencumbered, and that it has full power, right and authority to transfer the Repurchased Shares to the Company.

3.2 The Company accepts the warranty given in the previous paragraph.

## **4. NACHGRÜNDUNG**

Section 2:94c of the DCC does not apply to subject transfer.

## **5. RESCISSION**

The Company and the Shareholder waive their right to rescind the agreement contained in this deed or to demand rescission thereof in accordance with Section 6:265 of the DCC.

## **6. ACKNOWLEDGEMENT**

The Company acknowledges the transfer of the Repurchased Shares and shall register the transfer in its shareholders' register.

## **7. GOVERNING LAW**

This deed shall be governed by, and interpreted in accordance with, the laws of the Netherlands.



**EXHIBIT E**  
**INITIAL ELECTION FORM**

- Initial Election Form former Fiat shareholders



ABI Depository

MT Account

Progressive No.

.....	.....	.....
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**ELECTION FORM**  
**FOR THE ALLOCATION OF SPECIAL VOTING SHARES OF Fiat Chrysler**  
**Automobiles N.V.**  
**UPON THE MERGER with FIAT S.P.A.**

TO: FIAT S.P.A. ("FIAT")

C/O: COMPUTERSHARE S.P.A., VIA NIZZA 262/73, TORINO

To send in advance by fax no. +● or by e-mail to ●

**Disclaimer**

The holder of Fiat shares (the "**Electing Shareholder**"), having attended or being represented (by proxy) at the extraordinary shareholders' meeting called for ●, 2014 (the "**EGM**"), must fill in and sign this election form (the "**Election Form**") pursuant to the instructions here below, in order to receive the Special Voting Shares issued, upon the merger of Fiat with and into Fiat Investments N.V. (the "**Merger**"), by Fiat Investments N.V. renamed after the Merger "Fiat Chrysler Automobiles N.V." (the "**Company**"). In relation to this particular Election Form, a Special Voting Share can only be validly acquired by a holder of a common share of the Company which was acquired pursuant to the Merger, subject to such common share being a Qualifying Common Share, as defined in the "Special Voting Shares Terms and Conditions". Moreover, a holder of a Qualifying Common Share can only validly acquire not more than 1 Special Voting Share for each Qualifying Common Share.

This Election Form shall be read jointly with the "Special Voting Shares Terms and Conditions" and the Information Document made available to the public in connection with the EGM, published on the Fiat corporate website, [www.fiatspa.com](http://www.fiatspa.com). In this Election Form, the defined English words will have the same meaning as indicated in the "Special Voting Shares Terms and Conditions", unless otherwise defined herein and the defined Italian words will have the same meaning as indicated in the Information Document.

**This Election Form, duly filled in and signed by the Electing Shareholder and the depository intermediary, shall be received by Fiat through such intermediary by correspondence to the address or by means indicated above on or before ●, 2014.**

**Otherwise, the Electing Shareholder will not be entitled to receive the Special Voting Shares upon completion of the Merger.**

**1. Data of the Electing Shareholder**

Name and surname or Corporate name : .....

Tax code: ..... ID code as indicated in the EGM notification of participation.....

Date of birth: ...../...../..... Place of birth: .....

Address or registered seat: .....

Telephone number: ..... E-mail address: .....

**2. Number of Fiat shares owned as of ●, 2014 (EGM record date) in relation to which the allocation of Special Voting Shares is requested**

No. of Fiat shares ..... Average book value (for Italian tax purposes only) ..... Depository intermediary : ..... ABI..... CAB..... Account no. ....

..... Reference of the EGM notification of participation.....

**3. Acknowledgment, representations and undertakings**

The **Electing Shareholder**, through the transmission of this Election Form filled in and signed, irrevocably and unconditionally:

- a) for the purpose of receiving Special Voting Shares, **represents** that, pursuant to the Initial Allocation Procedures as regulated under the "Special Voting Shares Terms and Conditions", he/she/it attended the EGM or was represented by proxy at the EGM and **acknowledges** that he/she/it shall own the Fiat shares in relation to which he/she/it elects to receive such Special Voting Shares continuously starting from ●, 2014 (the EGM record date) up to the date of effectiveness of the Merger;
- b) **accepts** and agrees to be bound by the Special Voting Shares Terms and Conditions, published on the Fiat corporate website also pursuant to articles 1341 and 1342 of the Italian Civil Code;
- c) **authorizes** and irrevocably instructs **Computershare S.p.A.** as agent to represent the Electing Shareholder and act on his/her/its behalf in connection with:
- i. any issuance, allocation, acquisition, sale, transfer and/or repurchase of any Special Voting Share and any Common Shares in accordance with and pursuant to the Special Voting Shares Terms and Conditions;
  - ii. any retransfer to the Company and/or repurchase of any Special Voting Share, if such Special Voting Share will have been issued by the Company in connection with the Merger as a result of an administrative error;
- d) **accepts** that Fiat shares in relation to which the Electing Shareholder requires the assignment of the Special Voting Shares will be identified with the ISIN code ● (the "**Special ISIN Code**") up to and conditionally upon any transfer of these shares.

**4. Governing and law and disputes**

This Election Form, with the exception of the powers of attorney as included under paragraph (3), letter (c) above, will be governed under Italian law. The court of Turin will be the competent court in connection with any dispute that might arise in relation with this Election Form.

Nevertheless, the Electing Shareholder acknowledges and accepts that, in the light of the fact that the Company is organized under Dutch law, the powers of attorney as included under paragraph (3), letter (c) above, the terms and conditions regulating the Common Shares and the Special Voting Shares, as well as their allocation, are governed under Dutch law and the court of Amsterdam will be competent for any dispute in connection therewith in accordance with the Terms and Conditions of the Special Voting Shares.

**The Electing Shareholder**

(signature) \_\_\_\_\_

(if the signing party signs this Election Form on behalf of the Electing Shareholder, please fill in the following table including data relating to the signing party)

**Data of the signing party representing the Electing Shareholder:**

Name and surname : ..... In the quality of : .....

Date of birth: ...../...../..... Place of birth: .....

Address: ..... Tax code: .....

**The depository intermediary:**

- a) **confirms** the number of shares owned by the Electing Shareholder as of the record date as indicated under point no. 2 above,
- b) **undertakes** to cause this Election Form to be received by Fiat on behalf of the Electing Shareholder within and not later than ●, 2014, advanced it by fax or by e-mail pursuant instructions received by Monte Titoli;
- c) **undertakes** to communicate to Fiat (c/o Computershare S.p.A.) any possible transfer or sale by the Electing Shareholder of the ordinary shares as indicated under point no. 2 above (wholly or in part) and the subsequent loss of the Special ISIN Code as indicated under point (3) letter (d) above;
- d) **acknowledges** that the Common Shares will be registered in the Loyalty Intermediary Account managed by the Company and Special Voting Shares will be uncertificated and registered only on the books of the Company.

**Date:** ..... (Stamp and signature of the intermediary) \_\_\_\_\_

**INFORMATION NOTICE PURSUANT TO ARTICLE 13 OF THE LEGISLATIVE DECREE OF JUNE 30, 2003, NO. 196**

Pursuant to article 13 of the Legislative Decree of June 30, 2003, no. 196, containing the personal data processing code (the "Code"), Fiat S.p.A., with registered office in Turin, via Nizza, no. 250, ("Fiat"), in its capacity as data controller ("Data Controller") of the personal data that will be provided (the "Data"), intends informing you of the following.

**1. PURPOSE OF DATA PROCESSING, MANDATORY PROVISION**

The Data provided will be processed by Fiat, with the aid of computerized and/or paper means, for the following purposes:

- a) carrying out of the fulfilments concerning the allocation of the special voting shares by the absorbing company Fiat Investments N.V. (which will be renamed "Fiat Chrysler Automobiles N.V." upon the Merger);
- b) fulfilment of the obligations set forth by laws, regulations and European provisions, or by instructions given by the Authorities and Supervision Bodies or by administrative practices.

The provision of Data and relevant processing for such purposes, which are necessary for managing the contractual relationship or connected to the fulfilment of legislative obligations, is mandatory and consequently does not need an express consent, which would otherwise prevent Fiat from developing and managing the relationship.

The Data are exclusively accessible to and processed by Fiat's staff or, if necessary, companies' staff that provides to Fiat, either in Italy or abroad, specific services or performs activities which are connected, ancillary or may be of any support in relation to the methods and purposes due to which such Data have been collected, who need to have access and process said Data while carrying out their specific activities and tasks. Such persons, whose number will be as limited as possible, shall carry out the process of Data in their capacity as Persons Responsible for and/or in Charge of the processing, shall be appointed to this end and duly trained in order to avoid any loss, destruction, and unauthorized accesses or processing of the Data. The up-dated list of the Persons Responsible for the Data processing is kept at the Data Controller and may be required for inspection. The Data Controller is Fiat, in person of the person appointed for this function, ●.

**2. COMMUNICATION OF DATA TO THIRD PARTIES**

Notwithstanding the foregoing, Fiat may disclose the Data to the absorbing company Fiat Investments N.V. for the allocation of the special voting shares and may disclose the Data for the same purposes for which such Data have been collected to Authorities and Supervision and Control Bodies, or to other subjects indicated by them, under the provisions issued by them, or determined by laws, including EU laws, regulations or administrative practices.

**3. DATA PROCESSING METHODS**

Fiat processes the Data of interested parties in a lawful and correct manner, ensuring their confidentiality and safety. The processing – including the collection and any other activity contemplated in the definition of "processing" pursuant to Article 4 of the Code (among which, merely by way of example, the registration, organization, elaboration, communication, storage and destruction of Data) – will be performed using manual, computerized and/or telematics tools, with organizational procedures and logics strictly connected with the abovementioned purposes.

The Data shall be stored for a period of time which is strictly necessary in relation to the purposes for which they have been collected, in compliance with the law and with any provisions laid down by the Italian Privacy Guarantor.

**4. EXERCISE OF RIGHTS**

Interested parties may exercise their rights, pursuant to article 7 of the Code which provides, *inter alia*, that the interested parties may have access to his/her Data, obtain a copy of the information processed, require their up-dating, correction, integration, deletion or blocking, as well as made an opposition, in whole or in part, for legitimate reasons to the processing of his/her Data.

The interested parties exercise his/her rights, in accordance with the methods set forth by the law, by contacting to Fiat S.p.A., Turin, Via Nizza, no. 250, to the attention of the person appointed for this function, ●.

**Fiat S.p.A.**

**The Electing Shareholder**

(signature)

**EXHIBIT F**

**INITIAL DEED OF ALLOCATION**

- Initial Deed of Allocation former Fiat shareholders

[insert date]

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**PRIVATE DEED OF INITIAL ALLOCATION**

relating to the initial allocation of Special Voting Shares in the  
capital of Fiat Chrysler Automobiles N.V.

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**PRIVATE DEED OF INITIAL ALLOCATION OF SPECIAL VOTING SHARES  
IN THE CAPITAL OF FIAT CHRYSLER AUTOMOBILES N.V. ON ACCOUNT OF  
THE SPECIAL CAPITAL RESERVE**

dated [\*]

**PARTIES:**

- (1) All Initial Qualifying Shareholders listed in Annex A (the *Shareholders* and each Initial Qualifying Shareholder a *Shareholder*); and
- (2) **Fiat Chrysler Automobiles N.V.**, a company with limited liability (*naamloze vennootschap*) incorporated under the laws of the Netherlands having its official seat in Amsterdam, the Netherlands, and its office address at ●, United Kingdom, (the *Company*).

**WHEREAS:**

(A) On this day, [\*] a cross-border statutory merger (*grensoverschrijdende fusie*) became effective pursuant to which Fiat S.p.A. (*Fiat*) has ceased to exist as a standalone entity and the Company acquired all Fiat's assets and assumed all Fiat's liabilities under universal title of succession (*algemene titel*) against the allotment of common shares in the share capital of the Company to the shareholders of Fiat at the time of effectiveness of the statutory merger (the *Merger*).

(B) This deed concerns an issue of Special Voting Shares in the share capital of the Company as described in clause 6 of the terms and conditions with respect to the special voting shares published on the website of Fiat ([www.●.com](http://www.●.com)) (the *Special Voting Shares Terms and Conditions*). Defined terms in this deed will have the meaning as set out in the Special Voting Shares Terms and Conditions, unless otherwise defined herein.

(C) Each of the Shareholders has complied with the requirements set out below and is therefore Initial Qualifying Shareholder in the meaning of clause 6 of the Special Voting Shares Terms and Conditions:

- (i) Each of the Shareholders has uninterruptedly held Common Shares in Fiat from the record date preceding the Fiat EGM up to the Merger Execution Date, as appears from the Initial Broker Confirmation Statement;
- (ii) Each of the Shareholders was present or represented by proxy at the Fiat EGM, as appears from the attendance list;
- (iii) Each of the Shareholders timely submitted a duly completed Initial Election Form, each of which contains a Power of Attorney; and
- (iv) Each of the Shareholders has timely submitted an Initial Broker Confirmation Statement.

(D) Pursuant to this deed, the Company now wishes to act upon the initial election and will therefore hereby issue in aggregate [\*] ([\*]) Special Voting Shares (the *New Special Voting Shares*) and as such, more specifically, to each Shareholder such number of Special Voting Shares as is specified in Annex A in relation to such relevant Shareholder.

(E) On [\*] 2014 the board of directors of the Company resolved in a resolution (the **Resolution**) to issue, amongst other, the New Special Voting Shares in the capital of the Company, with a nominal value of one euro cent (€ 0.01) each for the purposes of the initial allocation.

(F) The Company and each of the Shareholders will hereby effect the issue of the New Shareholders Special Voting Shares on the terms set out below.

**IT IS AGREED:**

**1. ISSUE**

1.1 The Company hereby issues to each Shareholder such number of New Special Voting Shares as is specified in Annex A in relation to such relevant Shareholder on the terms set out in the Special Voting Shares Terms and Conditions, the Resolution and in this deed and each of the Shareholders hereby accepts the same from the Company.

1.2 The Company shall register the New Special Voting Shares in its shareholders' register with the entry of the corresponding Common Shares in the Loyalty Intermediary Account. No share certificates shall be issued for the New Special Voting Shares.

**2. OBLIGATION TO PAY**

The New Special Voting Shares are issued at par and therefore against an obligation to pay one euro cent (€ 0.01) per New Special Voting Share, which will be fully paid up in cash on account of the special capital reserve of the Company.

**3. RESCISSION**

The Company and each of the Shareholders waive their right to rescind the agreement contained in this deed or to demand rescission thereof in accordance with Section 6:265 of the Dutch Civil Code.

**4. GOVERNING LAW**

This deed shall be governed by, and interpreted in accordance with, the laws of the Netherlands.

**SIGNATURE**

This deed is signed by duly authorised representatives of the parties:

**SIGNED** by ) SIGNATURE  
 )  
for and on behalf of )  
each of the Shareholders listed in Annex A ) NAME:

**SIGNED** by ) SIGNATURE:  
 )  
for and on behalf of )  
Fiat Chrysler Automobiles N.V. )  
 ) NAME:

**EXHIBIT G**

**CHANGE OF CONTROL NOTIFICATION**

## CHANGE OF CONTROL NOTIFICATION

### TO NOTIFY FIAT CHRYSLER AUTOMOBILES N.V. OF THE OCCURRENCE OF A CHANGE OF CONTROL RELATING TO THE HOLDER OF COMMON SHARES REGISTERED IN THE LOYALTY REGISTER

Please read, complete and sign this Change of Control Notification in accordance with the instructions contained herein.

This Change of Control Notification should be read in conjunction with the Special Voting Shares Terms and Conditions, which are available on the corporate website of Fiat Chrysler Automobiles N.V. (the *Company*), [www.●.com](http://www.●.com). Capitalized terms used but not defined in this notification will have the same meaning as set out in the Special Voting Shares Terms and Conditions.

**Please send the duly completed Change of Control Notification together with a duly completed De-Registration Form, which is available on the corporate website of the Company, [www.●.com](http://www.●.com), to [insert name Agent].**

#### 1. DECLARATION OF CHANGE OF CONTROL

I hereby declare that a Change of Control has occurred in relation to the undersigned, as holder of Common Shares registered in the Loyalty Register of the Company. This Change of Control Notification is accompanied by the attached duly completed De-Registration Form in relation to all Common Shares as stated under Paragraph 4 of this Change of Control Notification.

#### 2. DATE AND CAUSE OF CHANGE OF CONTROL

Date on which the Change of Control occurred.

Date: \_\_\_\_\_

Cause of Change of Control.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

#### 3. PERSONAL DETAILS OF HOLDER

Name(s) of Holder(s): \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Country: \_\_\_\_\_

Capacity, if applicable (full title): \_\_\_\_\_

Phone Number: \_\_\_\_\_

E-mail address: \_\_\_\_\_

(This change of control notification must be signed by the registered holder(s) exactly as such name(s) appear(s) in the Loyalty Register of the Company).

If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, agent, officer of a corporation or other person acting in a fiduciary or representative capacity, please provide the necessary information above, including full title.

**4. NUMBER OF COMMON SHARES REGISTERED IN THE LOYALTY REGISTER**

Aggregate number of Common Shares registered in the Loyalty Register of the Company in your name.

Common Shares: \_\_\_\_\_

**5. GOVERNING LAW, DISPUTES**

This Change of Control Notification is governed by and construed in accordance with the laws of the Netherlands. Any dispute in connection with this Change of Control Notification will be brought before the courts of Amsterdam, the Netherlands.

**SIGNATURE**

\_\_\_\_\_  
Shareholder's signature

\_\_\_\_\_  
Name of shareholder

Date: \_\_\_\_\_

PLEASE RETURN THIS CHANGE OF CONTROL NOTIFICATION TO  
\_\_\_\_\_ *[insert name of Agent]* AT THE BELOW MENTIONED  
ADDRESS

**[INSERT ADDRESS [AND FACSIMILE NUMBER] FOR AGENT]**

# Annual Report

At 31 December 2013



# Annual Report

At 31 December 2013

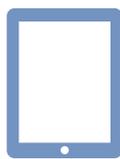




**All our reports are available at**

*<http://2013interactivereports.fiatspa.com>*

Go to the online version of the Fiat Annual Reports to learn more about the Group's financial performance, sustainable development and other corporate information.



**Download our app**

*[www.fiatspa.com/mobileapp](http://www.fiatspa.com/mobileapp)*

# General Meeting

An Ordinary General Meeting of Shareholders will be held at 11 a.m. on 31 March 2014 (single call) at Centro Congressi Lingotto, Via Nizza 280, Turin to vote on the following:

## Agenda

1. Motion for Approval of the Statutory Financial Statements and Allocation of 2013 Net Result
2. Compensation and Own Shares:
  - a) Compensation Policy pursuant to Article 123-ter of Legislative Decree 58/98
  - b) Authorization for the Purchase and Disposal of Own Shares

## Attendance and Representation

Shareholders are entitled to attend the Meeting if they hold the right to vote at the close of business on the record date of 20 March 2014 and the Company has received the relevant confirmation of entitlement from an authorized intermediary.

As provided by law, shareholders entitled to attend the Meeting may also be represented by proxy.

The Company has appointed Computershare S.p.A. (Via Nizza 262/73, Turin) as the Designated Representative, pursuant to Article 135-undecies of Legislative Decree 58/98, upon whom shareholders may confer proxy and instruct to vote on all or some of the motions on the agenda. Notifications of proxy appointment should be submitted to Computershare no later than 27 March 2014 using the form available on the corporate website ([www.fiatspa.com](http://www.fiatspa.com) – Investors/Shareholder Corner/Shareholder Meetings/Proxy Form to Computershare S.p.A.). The form can also be requested by calling +39 011 0923200.

## Documents and Information

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

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

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



# Board of Directors and Auditors

## BOARD OF DIRECTORS

### Chairman

---

John Elkann<sup>(1)</sup>

### Chief Executive Officer

---

Sergio Marchionne

### Directors

---

Andrea Agnelli

Joyce Victoria Bigio<sup>(1)(2)</sup>

Tiberto Brandolini d'Adda

René Carron<sup>(2)(3)</sup>

Luca Cordero di Montezemolo

Gian Maria Gros-Pietro<sup>(2)(3)</sup>

Patience Wheatcroft<sup>(1)(3)</sup>

## BOARD OF STATUTORY AUDITORS

### President

---

Ignazio Carbone

### Regular Auditors

---

Lionello Jona Celesia

Piero Locatelli

### Alternate Auditors

---

Lucio Pasquini

Fabrizio Mosca

Corrado Gatti

## INDEPENDENT AUDITORS

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Reconta Ernst & Young S.p.A.

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<sup>(1)</sup> Member of the Nominating, Corporate Governance and Sustainability Committee.

<sup>(2)</sup> Member of the Internal Control and Risk Committee.

<sup>(3)</sup> Member of the Compensation Committee.

## Letter from the Chairman

Dear Shareholders,

The results for 2013 demonstrate how successfully the Group managed a very challenging year.

Revenues reached nearly €87 billion and worldwide vehicle shipments increased to 4.4 million units, to highlight just a couple of milestones.

Beyond the figures, however, 2013 was an exceptional year above all for what was accomplished to integrate Fiat and Chrysler, two distinct entities, to create the world's seventh largest auto group.

Of the many notable results achieved, I would like to highlight three in particular.

First is the success of Jeep. For the second consecutive year, the brand set an all-time global record of more than 731,000 vehicles sold. That performance demonstrates the significant work that has been done to strengthen this unique brand and we plan to continue that development in the coming years.

Second are the signs of improvement for our European business, despite the market registering its sixth consecutive year of decline. The significant reduction in losses we achieved in a difficult trading environment shows that, although there is still progress to be made, we are on the right path.

The third and perhaps most important element, which represents an essential component of our future strategy, involves Maserati. Shipments were up 148% over the prior year to 15,400 vehicles. This notable result was driven by the success of the two new models, the Quattroporte and Ghibli, which entered production during the year at the new Giovanni Agnelli plant inaugurated in January 2013. It also represents the first concrete fruits of our premium strategy, which we intend to expand by leveraging on the design and technological excellence of our brands.

The current year promises to be equally challenging. With acquisition of 100% ownership of Chrysler, we completed the final step necessary for full integration with Fiat. The story of Fiat Chrysler Automobiles is one of a strong and vibrant organization built on a solid foundation with ambitious plans for the future.

Our customers, shareholders, business partners and, above all, our employees – whom I want to thank for their extraordinary contribution – all have a vital role to play in our future success.

A final comment on the document you are reading: this year, priority has been given to the digital on-line version of the annual report – with enhanced photo, video, graphic and interactive content – that will gradually replace the printed version. This is one more way in which we are responding in a direct and personalized manner to evolving information needs, while also enhancing the transparency and completeness of information provided to the market.

/s/ John Elkann

John Elkann

**CHAIRMAN**

## Letter from the Chief Executive Officer

Dear Shareholders,

The Group has just closed another very significant year, particularly with regard to the integration process between Fiat and Chrysler.

What we had achieved in industrial, commercial and cultural terms laid the necessary ground work to complete that process with the completion of the acquisition of full ownership of Chrysler.

We believed from the beginning that the integration between Fiat and Chrysler needed to take place in practice even before it did on paper.

For the past four and a half years, we have been working to integrate our respective traditions, transform our differences into strengths and break down geographic and cultural barriers.

The two groups have learned to work alongside each other in a spirit of cooperation and have made each other stronger through the sharing of ideas, know-how and experience.

Each with their own distinct identity, Fiat and Chrysler have shared the spirit and values of an organization intent on distinguishing itself not only in terms of the excellence of its products, but also for its commitment, integrity and transparency.

As you know, following a lengthy negotiation, on January 1st of this year we reached an agreement with the VEBA that cleared the way for us to acquire full control of Chrysler.

Although this was an historic milestone for Fiat, in reality it simply represents the formalization of the work the two organizations had already done to create a single group with extraordinary potential at the technical, professional and human level.

Together we have created a leading global automaker that ranks as the seventh largest in the world and the consolidated results for 2013 demonstrate the benefits of this union.

Worldwide vehicle shipments were up 3% over the prior year to 4.4 million units.

Revenues totaled €87 billion, increasing 3% in nominal terms and 7% on a constant currency basis.

Trading profit totaled €3.4 billion and net profit was nearly €2 billion.

At year end, available liquidity totaled €22.7 billion.

In order to maintain a balanced level of liquidity following the acquisition of the minority stake in Chrysler, the Board of Directors has decided not to recommend a dividend on Fiat shares for 2013.

Overall, a positive performance for the mass-market brands in North America and Asia-Pacific more than compensated for the continuing weakness in the European market and the slow-down in Latin America.

At the same time, our Luxury Brands posted strong growth and Components made a positive contribution.

Looking at the performance of our mass-market operations by region, in NAFTA we continued to outperform the market, with sales up 8% over the prior year.

In the U.S., we closed the year with 45 consecutive months of year-over-year sales gains and our strongest annual sales since 2007.

In Canada, we recorded 49 straight months of growth and reconfirmed our position as the number two selling automaker, posting our strongest annual sales performance in 13 years.

In LATAM, we registered positive results, although below the prior year's level primarily as a result of negative currency impacts, principally the weakening of the Brazilian Real, input cost inflation for the Brazilian operations and initial start-up costs for the new Pernambuco plant.

The year-over-year comparison for LATAM is also against a record 2012, when the Group demonstrated exceptional flexibility in responding to a sharp increase in demand in Brazil following the introduction of government incentives.

Despite the above, the Group continued to be the market leader in Brazil, a position we have held for 12 years, with a 270 basis point lead over our nearest competitor.

In Argentina, sales were up 31% and market share increased 140 basis points.

In APAC, the Group posted strong earnings on the back of significant volume growth.

Retail sales in the region, including JVs, were up 73% – significantly outpacing industry growth of around 9% for the year.

In China, the Fiat Viaggio continued to gain momentum and it is now the Group's best-selling model in the region. In India, where the distribution network is now fully owned and operated by the Group, volumes were up 41% for the year. In Australia, we posted the industry's best year-over-year performance, up 53%.

In EMEA trading conditions remained extremely weak with the industry in Europe registering its sixth straight year of decline.

Despite market conditions, however, losses in EMEA were reduced to €470 million, representing a €233 million improvement over 2012, due in large part to a better product mix, driven primarily by the early success of the commercial strategy centered around the 500 family, as well as increased cost efficiencies achieved during the year.

In addition, the premium strategy announced in 2012 in response to difficult market conditions has yielded promising initial results.

The first fruits of this decision to expand into the more profitable premium end of the market are evident in Maserati's outstanding results.

The brand closed the year with a particularly strong fourth quarter following the introduction of the new Ghibli in October, building on the success of the new Quattroporte launched in March. For the full year, vehicle shipments were up 148%, revenues up 120%, trading profit up €114 million to €171 million and trading margins exceeded 10%.

Ferrari also turned in an excellent performance. Despite production volumes being held below the 2012 level to preserve the brand scarcity and exclusivity, revenues were 5% higher at €2.3 billion and trading profit was up 9% to €364 million with trading margins increasing to 15.6%.

On the production front, we continued in our commitment to World Class Manufacturing standards at Group plants worldwide, achieving further quality improvements in products and processes.

As evidence of that commitment, the plants in Pomigliano d'Arco (Italy), Tychy (Poland) and Bursa (Turkey) all achieved WCM Gold level during 2013 and in Chrysler we began to introduce WCM into suppliers' locations.

With regard to the near-term outlook, the Group will be presenting an updated business plan in early May 2014 to provide increased visibility on the Group's strategic direction and execution priorities.

We have already given guidance for the current year, with expected revenues of around €93 billion, trading profit in the €3.6-€4.0 billion range and net profit of €0.6-0.8 billion. The net industrial debt target in the €9.8 billion to €10.3 billion range takes into account the €2.7 billion payment to the VEBA Trust in January 2014 to acquire the remaining 41.5% interest in Chrysler.

We will work towards the achievement of these targets with the same spirit that has brought us this far and with respect for the diversity of experiences and cultures that coexist, both inside and outside the Group. That commitment extends to the needs of the local communities where we operate and the environment, as well as the legacy that we intend to leave future generations.

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

For the fifth consecutive year, Fiat was included in the prestigious Dow Jones Sustainability World and Europe indexes. The Group achieved the maximum score in several key areas, such as the economic, environmental and social dimensions.

For the second consecutive year, we were recognized as the leader in Italy for our commitment to addressing climate change. Our environmental performance together with transparency in disclosure earned us recognition at the very top of the Carbon Disclosure Project's Italy 100 Climate Disclosure Leadership Index (CDLI) and Climate Performance Leadership Index (CPLI).

That recognition is the result of a business philosophy, involving each individual throughout the entire organization, where striving for product excellence goes hand-in-hand with acting responsibly.

Let me take this opportunity to thank everyone in the Group for embracing the culture of sustainability and working every day to translate it into concrete action.

Thank you also to all of our shareholders for standing by us as we have grown and transformed the business and for continuing to support us as we move to the next chapter in the Fiat-Chrysler story.

27 February 2014

/s/ Sergio Marchionne

Sergio Marchionne

**CHIEF EXECUTIVE OFFICER**

1

# The Group at a Glance

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*This report, and in particular the section "Outlook", contains forward-looking statements. These statements are based on the Group's current expectations and projections about future events and, by their nature, are subject to inherent risks and uncertainties. They relate to events and depend on circumstances that may or may not occur or exist in the future and, as such, undue reliance should not be placed on them. Actual results may differ materially from those expressed in such statements as a result of a variety of factors, including: volatility and deterioration of capital and financial markets, including possibility of new Eurozone sovereign debt crisis, changes in commodity prices, changes in general economic conditions, economic growth and other changes in business conditions, weather, floods, earthquakes or other natural disasters, changes in government regulation (in each case, in Italy or abroad), production difficulties, including capacity and supply constraints and many other risks and uncertainties, most of which are outside of the Group's control.*

# Highlights

## Financial Highlights

(€ million)	2013	2012 <sup>(1)</sup>	2011 <sup>(2)</sup>	2010 <sup>(3)</sup>	2009 <sup>(3)</sup>
Net revenues	<b>86,816</b>	83,957	59,559	35,880	32,684
Trading profit/(loss)	<b>3,394</b>	3,541	2,392	1,112	736
EBIT	<b>2,972</b>	3,404	3,467	1,106	455
EBITDA (4)	<b>7,546</b>	7,538	6,825	3,292	2,491
Profit/(loss) before taxes	<b>1,008</b>	1,519	2,185	706	103
Profit/(loss) for the year	<b>1,951</b>	896	1,651	222	(345)
Attributable to:					
Owners of the parent	<b>904</b>	44	1,334	179	(374)
Non-controlling interests	<b>1,047</b>	852	317	43	29
Basic earnings/(loss) per ordinary share (€) (5)	<b>0.744</b>	0.036	1.101	-	-
Profit/(loss) excluding unusuals (6)	<b>943</b>	1,140	684	342	13
Basic earnings/(loss) per ordinary share (excluding unusuals) (€)	<b>0.099</b>	0.242	0.254	-	-
Investments in tangible and intangible assets	<b>7,440</b>	7,534	5,528	2,864	2,684
of which: capitalized R&D costs	<b>2,042</b>	2,138	1,438	886	748
R&D spending (7)	<b>3,362</b>	3,310	2,175	1,284	1,154
Net industrial debt	<b>6,649</b>	6,545	5,529	542	3,103

<sup>(1)</sup> Figures previously included in the 2012 Annual Report have been restated to reflect application of the amendment to IAS 19. Trading profit and EBIT were reduced by €273 million, profit before taxes was reduced by €517 million, and profit for the year was reduced by €515 million.

<sup>(2)</sup> Includes Chrysler from June 2011.

<sup>(3)</sup> Excludes activities transferred to Fiat Industrial S.p.A. (now CNH Industrial N.V.) on 1 January 2011.

<sup>(4)</sup> EBIT plus depreciation and amortization.

<sup>(5)</sup> For 2011, the calculation assumes conversion of all Fiat S.p.A. preference and savings shares into ordinary shares on January 1st. For prior years, comparable data is not available. Note 12 to the Consolidated Financial Statements provides additional information on the calculation of basic and diluted earnings per share.

<sup>(6)</sup> Excluding unusual items and, for 2013, also the recognition of one-off net deferred tax assets.

<sup>(7)</sup> Includes capitalized R&D and R&D charged directly to the income statement.

## Select Data by Geographical Area

	Employees		Plants		R&D Centers		Revenues <sup>(1)</sup> (€ million)	
	2013	2012	2013	2012	2013	2012	2013	2012
Italy	62,505	61,858	45	44	35	37	6,937	7,275
Europe (excluding Italy)	26,525	26,767	33	33	16	15	13,038	12,999
North America	81,365	73,713	49	48	17	16	47,738	45,348
South America	48,306	46,949	19	19	5	5	10,501	11,805
Other regions	6,886	5,549	13	14	5	4	8,602	6,530
<b>Total</b>	<b>225,587</b>	<b>214,836</b>	<b>159</b>	<b>158</b>	<b>78</b>	<b>77</b>	<b>86,816</b>	<b>83,957</b>

<sup>(1)</sup> Revenues for each geographical area include Mass-Market Brands, Luxury Brands and Components.

## Sustainability Highlights

		2013	2012	2011 <sup>(1)</sup>
Employees	(no.)	<b>225,587</b>	214,836	197,021
of which women	(%)	<b>19.6</b>	19.2	17.9
Hours of training	(thousand)	<b>4,232</b>	4,206	4,048
Employees participating in performance evaluation process <sup>(2)</sup>	(no.)	<b>54,500</b>	52,700	39,500
Frequency rate of accidents	(no. accidents per 100,000 hours worked)	<b>0.19</b>	0.22	0.28
Severity rate of accidents	(no. days of absence due to accidents per 1,000 hours worked)	<b>0.06</b>	0.07	0.08
Energy consumption by plants <sup>(3)</sup>	(TeraJoules)	<b>48,322</b>	45,692	48,875
CO <sub>2</sub> emissions by plants <sup>(3)</sup>	(thousands of tons)	<b>4,178</b>	3,965	4,196
Water withdrawal by plants	(thousands of m <sup>3</sup> )	<b>24,936</b>	25,874	29,862
Waste generated by plants	(thousands of tons)	<b>1,809</b>	1,761	1,855
Contributions to local communities <sup>(4)</sup>	(€ million)	<b>19.7</b>	20.8	36.5

*Note:* All data is audited by the independent certification organization SGS Italia S.p.A. The scope, methodology, limitations and conclusions of the audit are provided in the Assurance Statement issued by SGS and published in the Fiat Group 2013 Sustainability Report.

<sup>(1)</sup> Includes Chrysler Group for the full year.

<sup>(2)</sup> Includes all employees participating in the PLM (Performance and Leadership Management) and PBF (Performance & Behavior Feedback) evaluation processes.

<sup>(3)</sup> Data for 2011 has been recalculated to reflect the scope of reporting applicable for 2012.

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

## Fiat Group's Activities

Fiat is an international auto group engaged in industrial activities in the automotive sector through companies located in 40 countries and has commercial relationships with customers in approximately 150 countries. The Group designs, engineers, manufactures, distributes and sells vehicles for the mass market under the Fiat, Alfa Romeo, Lancia, Abarth and Fiat Professional brands and Chrysler brands such as Chrysler, Jeep, Dodge and Ram brand vehicles and vehicles with the SRT vehicle performance designation, as well as luxury cars under the Ferrari and Maserati brands. Fiat also operates in the components sector, through Magneti Marelli and Teksid, and in the production systems sector, through Comau and in after-sales services and products under the Mopar brand name. In addition, the Group provides retail and dealer finance, leasing and rental services in support of the car business through subsidiaries, joint ventures and commercial agreements with specialized financing services providers.

The Group's operations relating to mass market brands passenger cars, light commercial vehicles and related parts and services are run on a regional basis and attributed to four regions representing four geographical areas: NAFTA (U.S., Canada and Mexico), LATAM (South and Central America, excluding Mexico), APAC (Asia and Pacific countries) and EMEA (Europe, Russia, Middle East and Africa).

The Group's activities are carried out through the following operating segments:

- **NAFTA:** design, engineering, development, manufacturing, distribution and sale of passenger cars, utility vehicles, minivans and light commercial vehicles, under the Dodge, Jeep, Ram, Chrysler, and Fiat brand names, and sale of the related parts and accessories (under the Mopar brand name) in the United States, Canada and Mexico.
- **LATAM:** design, engineering, development, manufacturing, distribution and sale of passenger cars and light commercial vehicles and related spare parts under the Fiat and Fiat Professional brand names in South and Central America, excluding Mexico, and distribution of Chrysler brand cars in the same region; in addition, supply of financial services to the dealer network in Brazil and Argentina, and to the dealer network and end-customers of the CNH Industrial Group for the sale of trucks and commercial vehicles in those countries.
- **APAC:** distribution and sale of cars and related spare parts under the Chrysler, Jeep, Dodge, Fiat, Alfa Romeo and Abarth brands mostly in China, Japan, Australia, South Korea and India, carried out in the region through both subsidiaries and joint ventures; financial services to the dealer network and end-customers of Fiat Group and CNH Industrial Group, in China only.

- **EMEA:** design, engineering, development, manufacturing, distribution and sale of passenger cars and light commercial vehicles under the Fiat, Alfa Romeo, Lancia, Abarth and Fiat Professional brand names and sale of the related spare parts in Europe, Russia, the Middle East and Africa, and distribution of Chrysler Group vehicles in the same areas; supply of financial services related to the sale of cars and light commercial vehicles in Europe, primarily through the 50/50 joint venture Fiat Group Automobiles Capital S.p.A. (FGA Capital) with the Crédit Agricole Group.
- **Luxury Brands:** design, engineering, development, manufacturing, distribution and sale of luxury sport cars under the Ferrari and Maserati brands, management of the Ferrari racing team and supply of financial services offered in conjunction with the sale of Ferrari branded cars.
- **Components:** production and sale of lighting components, engine control units, suspensions, shock absorbers, electronic systems, and exhaust systems and activities in the plastic molding components and in the after-market carried out under the Magneti Marelli brand name, cast iron components for engines, gearboxes, transmissions and suspension systems, and aluminum cylinder heads (Teksid), design and production of industrial automation systems and related products for the automotive sector (Comau).

The Group also has companies operating in businesses that are not included in the above regions and operating segments. Grouped under “Other Activities”, they mainly consist of companies that offer services to the Fiat Group and the CNH Industrial Group, manage central treasury activities (excluding Chrysler) and operate in media and publishing (*La Stampa* daily newspaper).

# Shareholders

## Financial Communication

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

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

Shareholders can also contact the Company at the following:

### For holders of Fiat shares:

Toll-free number in Italy: **800-804027**

E-mail: [serviziotitoli@fiatspa.com](mailto:serviziotitoli@fiatspa.com)

[investor.relations@fiatspa.com](mailto:investor.relations@fiatspa.com)

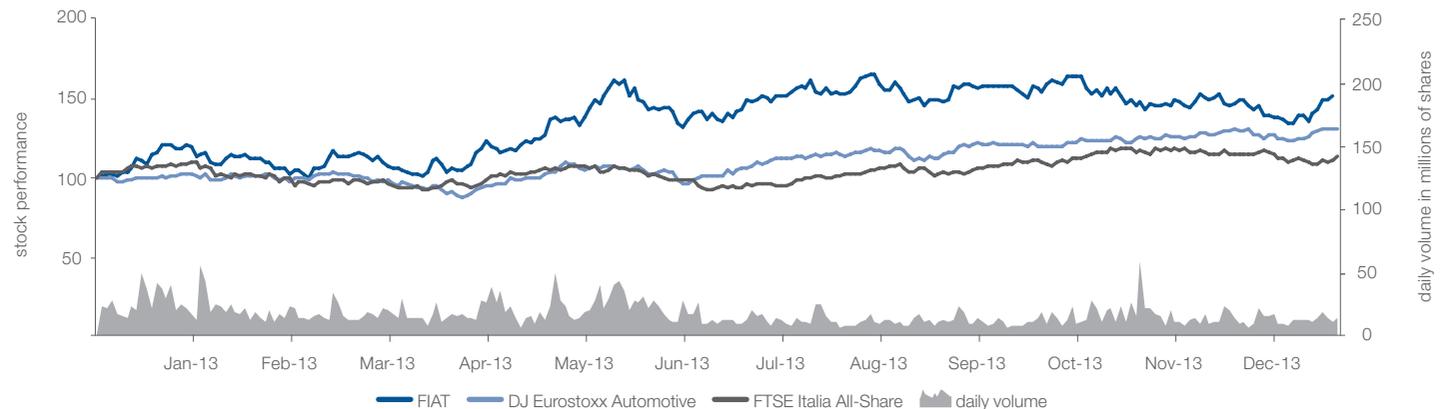
### For holders of ADRs:

Toll-free number in the USA and Canada: **800 749 1873**

Outside the USA and Canada: **+1 (718) 921 8137**

Website: [www.adr.db.com](http://www.adr.db.com)

## Fiat Shares - 1/1/2013 to 31/12/2013 performance relative to the FTSE Italia All-Share and DJ Eurostoxx Automotive (rebased to 100: 1/1/2013) and daily trading volume

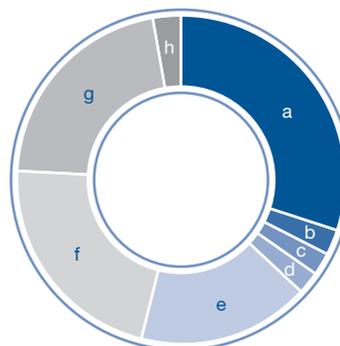


During 2013, equity markets showed positive trends driven by America's economic performance, recovery in Japan and improved expectations for stabilization in Europe. In emerging countries, stock markets declined driven by fears of a slowdown in economic growth and social turmoil. That sentiment was exacerbated by currency concerns, particularly in South America.

In the U.S., the Dow Jones Industrial Average ended the year with a 26.5% gain (best year since 2009), while the S&P 500 increased by 29.6% year-over-year (the best performance since 1997). In Italy, the national stock market index posted a 16.5% gain.

## Major Shareholders

At the date of this Report, Fiat had a total of 1,250,739,023 shares outstanding and the following institutions held more than 2% of shares:



Number of Shares: **1,250,739,023**

- ..... a. 30.06% Exor S.p.A.
- ..... b. 2.64% Baillie Gifford & Co.
- ..... c. 2.26% Vanguard International Growth Fund
- ..... d. 2.01% Norges Bank
- ..... e. 17.10% Other institutional investors – EU
- ..... f. 21.80% Other institutional investors – outside EU
- ..... g. 21.37% Other shareholders
- ..... h. 2.76% Treasury shares held by Fiat S.p.A.

## Earnings per Share

(figures in €)

	2013	2012 <sup>(1)</sup>
Basic earnings/(loss) per share	0.744	0.036
Diluted earnings/(loss) per share	0.736	0.036

<sup>(1)</sup> For 2012, EPS has been restated to reflect the amendment to IAS 19.

## Reference Price per Share<sup>(1)</sup>:

(figures in €)

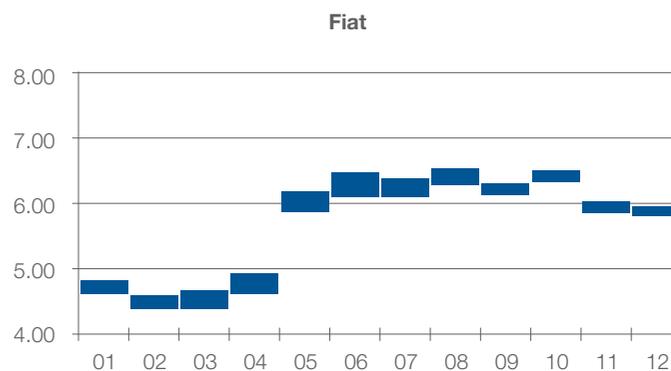
	<b>30.12.13</b>
Shares	5.94

(Source: Bloomberg)

<sup>(1)</sup> Closing auction price.

## Monthly Minimum and Maximum Price in 2013

(figures in €)



## Key Events in 2013

01



Fiat Group Automobiles S.p.A. and Mazda Motor Corporation sign agreement for development of new rear-wheel-drive roadster for the Mazda and Alfa Romeo 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.



World premiere of the new Quattroporte at the North American Auto Show in Detroit.



2013 Ram 1500 named "2013 Pickup Truck of the Year" by *Four Wheeler Magazine* and winner of "North American Truck/Utility of the Year" at the North American Auto Show.

02



**CHRYSLER**

Chrysler Group and Santander Consumer USA Inc. sign agreement to provide, beginning 1 May 2013, a full range of wholesale and retail financing services under the Chrysler Capital brand to Chrysler Group's U.S. dealers and consumers.



Fitch lowers rating on Fiat S.p.A.'s long-term debt from 'BB' to 'BB-' and confirms short-term rating of 'B', with negative outlook.

Fiat brand presents the 105 hp 1.6L MultiJet II and 0.9L TwinAir Turbo engine versions of the 500L.

03



Fiat issues a €1.25 billion bond (6.625%, due March 2018).



**Jeep**

**At Geneva Motor Show:**

Fiat unveils Trekking version of the 500L and Alfa Romeo presents exclusive Launch Edition of the 4C sport coupé. Jeep gives European premiere of the new Grand Cherokee and Compass, and presents 10th Anniversary special edition of the Wrangler Rubicon.



Ferrari presents the new limited edition LaFerrari, for which orders received are more than two times the limited production run of 499 units.



Maserati unveils the four-seat GranTurismo MC Stradale and European premiere of the new Quattroporte.

04



World debut of the new Maserati Ghibli, a top-of-the-range E-segment sedan, at the Shanghai Motor Show.



2013 Chrysler Town & Country named “2013 Minivan of Texas” by the *Texas Auto Writers Association*.

05



2013 Ram 1500 pickup named “2013 Automobile Magazine All-Star”.

06



CHRYSLER

Chrysler Group LLC reduces interest rate on USD 3.0 billion Tranche B Term Loan and undrawn USD 1.3 billion revolving credit facility. The interest rate on the Tranche B Term Loan is cut further in December with savings in annual interest costs estimated at approximately USD 72 million.



SOCIETÀ PER AZIONI

Fiat S.p.A. signs agreement for a €2 billion 3-year committed revolving credit facility to replace the €1.95 billion 3-year revolving credit facility signed in July 2011. The facility is subsequently increased to €2.1 billion.



Fiat unveils the 500L Living: the most spacious vehicle in its category, with best-in-class baggage capacity and a 5+2 seating configuration in just 4.35 meters. Fiat awarded “Best Green Engine of the Year 2013” for the eco-performing, fun-to-drive natural gas TwinAir Turbo. City Brake Control, the automatic collision avoidance system currently available on the Panda and 500L, receives “Euro NCAP Advanced” award. The plant in Pomigliano d’Arco, Italy, becomes first Group assembly plant to achieve prestigious World Class Manufacturing Gold Level.

07



SOCIETÀ PER AZIONI

Fiat CEO presents 5-year, €700 million investment plan for the Sevel plant in Italy. The plant, which currently produces Ducato light commercial vehicles, is operated as a 50/50 JV between Fiat Group Automobiles and PSA-Peugeot Citroën. Fiat issues an €850 million bond (6.75%, due October 2019). Following re-opening of the transaction in September, a further €400 million in notes are issued, increasing the total principal amount to €1.25 billion.



Fiat Group Automobiles, Crédit Agricole and Crédit Agricole Consumer Finance reach an agreement to extend the 50/50 JV in FGA Capital ("FGAC") up to 31 December 2021. The extension of the alliance is intended to ensure the long-term sustainability of FGAC, a captive finance company that manages FGA's main activities in retail auto financing, dealership financing, long-term car rental and fleet management in 14 European countries. Fiat presents the new 500L Living and Trekking to the international media and launches "Natural Power" versions of the 500L and 500L Living.

**Jeep**

Jeep Grand Cherokee wins the *Cars.com/USA Today* "Midsize SUV Challenge".



*J.D. Power and Associates* APEAL Study ranks Ram Truck as top "non-premium" brand and Fiat 500 as top city car.

08



Fiat and Itaú Unibanco renew commercial cooperation agreement in Brazil for a further 10 years. In place since 2003, the agreement ensures a strong financial partner to offer Fiat's customers and dealer network a full spectrum of competitive financing solutions.



2013 Dodge Dart named "Top Safety Pick+" by the *Insurance Institute for Highway Safety*.

09



Fitch confirms rating on Fiat S.p.A.'s long-term debt at 'BB-' and short-term at 'B'. The outlook remains negative.

For fifth consecutive year, the Group is included in the DJSI World and Europe with top scores in several key areas in the economic, environmental and social dimensions. The overall score was 89/100 compared with average of 61/100 for all sector companies evaluated by RobecoSAM.

10



Presentation of refreshed versions of the MiTo and Giulietta at the Frankfurt Motor Show. Features include new interiors, latest generation UConnect infotainment systems and new engine options (105 hp 0.9L TwinAir Turbo for the MiTo and 150 hp 2.0L JTDM 2 for the Giulietta).



At the Frankfurt Motor Show, Maserati showcases the Quattroporte diesel and the Ermenegildo Zegna Limited Edition concept version: a first step in the collaboration with the premiere Italian fashion house.



Fiat Group Automobiles completes acquisition of remaining 50% stake in VM Motori S.p.A., for purchase consideration of €34.1 million, giving the Group 100% control. The initial 50% stake was acquired in 2010.



Chrysler Group brands win 15 of 24 awards issued by the *Texas Auto Writers Association* such as "Truck of Texas" (Ram 1500 pickup), "SUV of Texas" (Jeep Grand Cherokee), "Commercial Vehicle of Texas" (Ram ProMaster), and "Truck Line of Texas" (Ram Trucks).

11



European Investment Bank, SACE and Fiat sign agreement for €400 million in financing to support R&D programs at five Fiat research centers in Italy for the period 2013-2016. The loan is 50% guaranteed by SACE. Fiat issues a CHF 450 million bond (4.00%, due November 2017).



Ghibli debuts in North America at the Los Angeles Auto Show.



The Tofaş plant in Bursa, Turkey achieves World Class Manufacturing Gold Level.

12



For second consecutive year, Fiat Group is recognized as leader in the Carbon Disclosure Project's Italy 100 Climate Disclosure Leadership Index (CDLI) and Climate Performance Leadership Index (CPLI) for its commitment to addressing climate change. The Group received the highest overall score (99/100) for transparency in disclosure and the maximum score (A) for its commitment toward reducing carbon emissions.



Group plant in Tychy, Poland, achieves World Class Manufacturing Gold Level.



Ram Pickup receives *Motor Trend Magazine's* "Truck of the Year" for 2013 and 2014 (December 2013), the first time ever a vehicle has won two years in a row.



3.0L EcoDiesel V-6 and Fiat 500e battery-electric drive system named among *Ward's* "10 Best Engines for 2014".



Alfa Romeo 4C named winner of the Sportscars/Imported category by readers of *Auto Zeitung* in Germany and "Car of the Year 2013" by *FHM* magazine in the U.K. Delivery of the Launch Edition of the Alfa Romeo 4C began in October.

## Creating Value for Stakeholders

The industrial and cultural integration of Fiat and Chrysler continued during the year and was enhanced at the beginning of 2014 with Fiat's acquisition of the remaining equity interest in Chrysler Group LLC.

The sharing of know-how, resources, projects, challenges and ambitions between the two partners has enabled the Group to position itself as a global automaker playing a leading role in the sector.

Contributing to the success of this ambitious undertaking was the shared values and spirit of a group intent on distinguishing itself not only in terms of the excellence of its products, but also for its integrity, transparency and the sense of responsibility with which it conducts its activities.

For the Group that represents a daily commitment to achieving concrete objectives – throughout the value chain – aimed at the **creation of value** for stakeholders.

An **awareness of the impact** that a large industrial group such as Fiat jointly with Chrysler can have on financial markets, the environment and society at large is central to the Group's model of responsibility.

Managing our business responsibly requires that we take all potential implications of our strategic decisions and projects into consideration. Such an approach takes on even greater importance in today's increasingly competitive landscape where market conditions are often challenging and the mobility needs of customers are rapidly changing.

For Fiat Group, sustainability is an **approach to business** that constantly challenges the organization to **continuously improve** performance.

Over the years, our sustainability model has evolved in parallel with the organization, resulting in a well-developed model integrated with every aspect of the Group's activities. The sustainability management process is based on a model of shared responsibility that, beginning with top management, involves every area and employee in each of the 40 countries where the Group has a presence.

In order to **achieve tangible long-term value creation for stakeholders**, the Group places particular emphasis on the following:

- a governance model based on transparency and integrity
- safe and eco-friendly products
- a full-line product offering
- affordable and innovative mobility solutions
- promoting awareness and effective communication with consumers
- proper management and professional development of employees
- working conditions and human rights
- mutually beneficial relationships with business partners and local communities
- environmental impacts of manufacturing and non-manufacturing processes

The Group uses multiple channels, including the corporate website and social networks, to provide up-to-date and transparent information on its sustainability commitments and results.

The sustainability section of the 2013 Annual Report addresses issues identified as being of greatest importance to the Group's internal and external stakeholders. Additional information relating to the Group's sustainability commitments is available in the 2013 Sustainability Report and on the corporate website.

### A Sustainability Leader

Our Group's commitment to sustainability has received recognition at the global level from several leading organizations and indexes.

For the fifth consecutive year, Fiat S.p.A. was selected by RobecoSAM AG (the specialists in sustainability investing) for inclusion in the prestigious Dow Jones Sustainability Indexes (DJSI) World and Europe which only admit companies judged best-in-class in terms of economic, environmental and social performance. The Group received a score of 89/100 compared with an overall average of 61/100 for companies evaluated in the Automobiles sector.

In addition, for the second consecutive year, the Group was recognized as the undisputed leader in Italy for its commitment to addressing climate change. On the basis of performance and transparency in disclosure, the Group was named the leader in the CDP Italy 100 Climate Disclosure Leadership Index (CDLI) and Climate Performance Leadership Index (CPLI) for 2013. Fiat received the highest score overall for transparency in disclosure (99/100) and the maximum score (A) for its commitment toward reducing carbon emissions.

During the year, Fiat Group's position was also confirmed in the Euronext Vigeo Europe 120 and the Euronext Vigeo Eurozone 120 indexes, both established in collaboration with NYSE Euronext, which include the top ESG performers based on an analysis of approximately 330 indicators.

The Group is also a member of several other major sustainability indexes, including: ESI Excellence Europe, STOXX Global ESG Leaders, STOXX Global ESG Environmental Leaders, STOXX Global ESG Social Leaders, STOXX Global ESG Governance Leaders, ECPI Euro Ethical Equity, ECPI EMU Ethical Equity, ECPI Global Developed ESG Best in Class Equity, FTSE ECPI Italia SRI Benchmark and FTSE ECPI Italia SRI Leaders. In 2013, the Group also entered the Parks GLBT Diversity Index.

2

# Report on Operations

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

Fiat S.p.A. and its subsidiaries (which include Chrysler since June 2011) face a variety of risks in their business. The risks and uncertainties described below are not the only ones facing the Fiat Group. Additional risks and uncertainties that the Fiat Group is unaware of or that it currently believes to be immaterial, may also become important factors that affect it. If any of the following events occur, the Fiat Group business, financial condition and results of operations could be materially and adversely affected.

## **1. The Group's profitability depends on reaching certain minimum vehicle sales volumes. If vehicle sales deteriorate, the Group's results of operations and financial condition will suffer**

The Group's success requires it to achieve certain minimum vehicle sales volumes. As is typical for an automobile manufacturer, the Group has significant fixed costs and, therefore, changes in vehicle sales volume can have a disproportionately large effect on profitability. Moreover, the Group tends to operate with negative working capital and the Group generally receives payments from vehicle sales to dealers within a few days of shipment from the assembly plants, whereas there is a lag between the time when parts and materials are received from suppliers and when the Group pays for such parts and materials; therefore, if vehicle sales decline the Group will suffer a significant negative impact on cash flow and liquidity as the Group continues to pay suppliers during a period in which it receives reduced proceeds from vehicle sales. If vehicle sales do not increase, or if they were to fall short of assumptions, due to financial crisis, renewed recessionary conditions, changes in consumer confidence, geopolitical events, inability to produce sufficient quantities of certain vehicles, limited access to financing or other factors, the Group's financial condition and results of operations would be materially adversely affected.

## **2. The businesses of the Group are affected by global financial markets and general economic and other conditions over which it has no control**

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

Beginning in 2008, global financial markets have experienced severe disruptions, resulting in a material deterioration of the global economy. The global economic recession in 2008 and 2009, which affected most regions and business sectors, resulted in a sharp decline in demand for automobiles. Although more recently the Group has seen signs of recovery in certain regions, the overall global economic outlook remains uncertain.

In Europe, in particular, despite measures taken by several governments and monetary authorities to provide financial assistance to certain Eurozone countries and to avoid default on sovereign debt obligations, concerns persist regarding the debt burden of several countries. These concerns, along with the significant fiscal adjustments carried out in several countries, intended to manage actual or perceived sovereign credit risk, have led to further pressure on economic growth and to new periods of recession. These ongoing concerns could have a detrimental impact on the global economic recovery, as well as on the financial condition of European institutions, which could result in greater volatility, reduced liquidity, widening of credit spreads and lack of price transparency in credit markets. In addition, widespread austerity measures in many countries in which the Group operates could continue to adversely affect consumer confidence, purchasing power and spending, which could adversely affect the Group's financial condition and results of operations.

Following the Group's acquisition of control of Chrysler and subsequent acquisition of 100 percent of Chrysler, a majority of the Group's revenues are generated in the NAFTA region. Although economic recovery in North America has been slower and less robust than many economic experts predicted, vehicle sales in North America have experienced significant growth from their 2009-2010 trough. However, this recovery may not be sustained or may be limited to certain classes of vehicles. In addition, the recovery may be partially attributable to the pent-up demand and average age of vehicles in North America following the extended economic downturn so there can be no assurances that improvements in general economic conditions or employment levels will lead to corresponding increases in vehicle sales. As a result, North America may experience limited growth or declines in vehicle sales in the future.

In addition, slower expansion is also being experienced in major emerging countries, such as China, Brazil and India. In addition to weaker export business, lower domestic demand also led to a slowing economy in these countries. All these potential developments could adversely affect the financial condition and results of operations of the Group.

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

In addition to slow economic growth or recession, other economic circumstances — such as increases in energy prices and fluctuations in prices of raw materials or contractions in infrastructure spending — could have negative consequences for the industry in which the Group operates and, together with the other factors referred to previously, could have a material adverse effect on the Group's financial condition and results of operations.

### **3. The Group's future performance depends on its ability to enrich the Group's product portfolio and offer innovative products**

The success of the Group's businesses depends, among other things, on their ability to maintain or increase their share in existing markets and/or to expand into new markets through the development of innovative, high-quality products that are attractive to customers and provide adequate profitability. It generally takes two years or more to design and develop a new product, and a number of factors may lengthen that schedule. Because of this product development cycle and the various elements that may contribute to consumers' acceptance of new vehicle designs, including competitors' product introductions, fuel prices, general economic conditions and changes in styling preferences, an initial product concept or design that the Group believes will be attractive may not result in a production model that will generate sales in sufficient quantities and at high enough prices to be profitable. A failure to develop and offer innovative products that compare favorably to those of the Group's principal competitors, in terms of price, quality, functionality and features, with particular regard to the upper-end of the product range, or delays in bringing strategic new models to the market, could impair the Group's strategy, which would have a material adverse effect on the Group's financial condition and results of operations. Additionally, the Group's high proportion of fixed costs, both due to its significant investment in property, plant and equipment as well as the requirements of its collective bargaining agreements, which limit its flexibility to adjust personnel costs to changes in demand for its products, may further exacerbate the risks associated with incorrectly assessing demand for its vehicles.

### **4. The automotive industry is highly competitive and cyclical and the Group may suffer from those factors more than some of its competitors**

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

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

The Group's competitors may respond to these conditions by attempting to make their vehicles more attractive or less expensive to customers by adding vehicle enhancements, providing subsidized financing or leasing programs, or by reducing vehicle prices whether directly or by offering option package discounts, price rebates or other sales incentives in certain markets. In addition, manufacturers in countries which have lower production costs have announced that they intend to export lower-cost automobiles to established markets. These actions have had, and could continue to have, a negative impact on the Group's vehicle pricing, market share, and operating results.

In the automotive business, sales to end-customers are cyclical and subject to changes in the general condition of the economy, the readiness of end-customers to buy and their ability to obtain financing, as well as the possible introduction of measures by governments to stimulate demand. The automotive industry is also subject to the constant renewal of product offerings through frequent launches of new models. A negative trend in the automobiles business or the Group's inability to adapt effectively to external market conditions could have a material adverse impact on the financial condition and results of operations of the Group.

#### **5. The Group may be unsuccessful in efforts to expand the international reach of some of its brands that the Group believes have global appeal and reach**

The Group's growth strategies include significant investments designed to expand several brands believed to have global appeal into new markets. That includes pursuing extension of the Jeep brand into Asia and Latin America and reintroduction of the Alfa Romeo brand into North America. This will require significant investments in production facilities and in distribution networks in these markets. If the Group is unable to introduce vehicles that appeal to consumers in these markets and achieve its brand expansion strategies, the Group may be unable to earn a sufficient return on these investments and this could have a material adverse impact on the financial condition and results of operations of the Group.

#### **6. Fiat's current credit rating is below investment grade and any further deterioration may significantly affect the Group's funding and prospects**

The Group's ability to access the capital markets or other forms of financing and the related costs depend, among other things, on the Group's credit ratings. Following downgrades by the major rating agencies, Fiat is currently rated below investment grade. The rating agencies review these ratings regularly and, accordingly, new ratings may be assigned to Fiat during 2014. It is not currently possible to predict the timing or outcome of any ratings review. Any downgrade may increase the Group's cost of capital and potentially limit its access to sources of financing, with a consequent material adverse effect on the Group's business prospects, earnings and financial position.

In addition, the ratings agencies separately review and rate Chrysler on a stand-alone basis and it is possible that Fiat's credit ratings may not benefit from any improvements in Chrysler's credit ratings or that a deterioration in Chrysler's credit ratings could result in a negative rating review of Fiat.

### **7. The Group may not be able to realize anticipated benefits from any acquisitions and challenges associated with strategic alliances may have an adverse impact on the Group's results of operations**

The Group may engage in acquisitions or enter into, expand or exit from strategic alliances which could involve risks that may prevent the Group from realizing the expected benefits of the transactions or the achievement of strategic objectives. Such risks could include:

- technological and product synergies, economies of scale and cost reductions not occurring as expected;
- unexpected liabilities;
- incompatibility in processes or systems;
- unexpected changes in laws or regulations;
- inability to retain key employees;
- inability to source certain products;
- increased financing costs and inability to fund such costs;
- significant costs associated with terminating or modifying alliances; and
- problems in retaining customers and integrating operations, services, personnel, and customer bases.

If problems or issues were to arise among the parties to one or more strategic alliances for managerial, financial, or other reasons, or if such strategic alliances or other relationships were terminated, the Group's product lines, businesses, financial position, and results of operations could be adversely affected.

### **8. The Group may not achieve the expected benefits from the integration with Chrysler**

The acquisition of 100% of the equity in Chrysler and the related integration of the two businesses is intended to provide the Group with a number of long-term benefits, including allowing new vehicle platforms and powertrain technologies to be shared across a larger volume, as well as procurement benefits, management services and global distribution opportunities, particularly the extension of brands into new markets. The integration is also intended to facilitate penetration of key brands in several international markets where the Group believes products would be attractive to consumers, but where they currently do not have significant market penetration.

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

As a result, any adverse development for Chrysler or Fiat, or the failure of the Group to achieve the intended benefits of the related integration could have a material adverse effect on the Group's business prospects, financial condition and results of operations.

### **9. The Group's business operations may be impacted by various types of claims, lawsuits, and other contingent obligations**

The Group is involved in various product liability, warranty, product performance, asbestos, personal injury, environmental claims and lawsuits, governmental investigations and other legal proceedings including those that arise in the ordinary course of its business. The Group estimates such potential claims and contingent liabilities and, where appropriate, records provisions to address these contingent liabilities. The ultimate outcome of the legal matters pending against the Group is uncertain, and although such lawsuits are not expected individually to have a material adverse effect on the Group's financial position or its results of operations, such lawsuits could have, in the aggregate, a material adverse effect on the Group's financial condition or results of operations. Furthermore, the Group could in the future be subject to judgments

or enter into settlements of lawsuits and claims that could have a material adverse effect on its results of operations in any particular period. In addition, while the Group maintains insurance coverage with respect to certain claims, it may not be able to obtain such insurance on acceptable terms in the future, if at all, and any such insurance may not provide adequate coverage against any such claims.

#### **10. The Group may be exposed to shortfalls in Chrysler's pension plans**

Chrysler's defined benefit plans are currently underfunded and its pension funding obligations may increase significantly if the investment performance of plan assets does not keep pace with benefit payment obligations. Mandatory funding obligations may increase because of lower than anticipated returns on plan assets, whether as a result of overall weak market performance or particular investment decisions, changes in the level of interest rates used to determine required funding levels, changes in the level of benefits provided for by the plans, or any changes in applicable law related to funding requirements. Chrysler's defined benefit plans currently hold significant investments in equity and fixed income securities, as well as investments in less liquid instruments such as private equity, real estate and certain hedge funds. Due to the complexity and magnitude of certain investments, additional risks may exist, including significant changes in investment policy, insufficient market capacity to complete a particular investment strategy and an inherent divergence in objectives between the ability to manage risk in the short term and the ability to quickly rebalance illiquid and long-term investments.

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

Any reduction in investment returns or the value of plan assets, or any increase in the present value of obligations, may increase pension expenses and required contributions and, as a result, could constrain liquidity and materially adversely affect Chrysler's financial condition and results of operations. If Chrysler fails to make required minimum funding contributions, it could be subjected to reportable event disclosure to the Pension Benefit Guaranty Corporation<sup>(1)</sup>, as well as interest and excise taxes calculated based upon the amount of any funding deficiency. With Fiat's ownership in Chrysler now exceeding 80%, Fiat may become subject to certain US legal requirements making it secondarily responsible for a funding shortfall in certain of Chrysler's pension plans in the event these pension plans were terminated and Chrysler were to be insolvent.

#### **11. The Group may not be able to provide adequate access to financing for its dealers and retail customers**

The Group's dealers enter into wholesale financing arrangements to purchase vehicles to hold in inventory and retail customers use a variety of finance and lease programs to acquire vehicles.

Unlike many of its competitors, the Group does not own and operate its own finance company dedicated solely to its operations. Instead it has elected to partner with specialized financing services providers through joint ventures and commercial agreements. The Group's lack of a captive finance company may increase the risk that dealers and retail customers will not have access to sufficient financing on acceptable terms which may adversely affect the Group's vehicle sales in the future. Furthermore, many of the Group's competitors are better able to implement financing programs designed to maximize vehicle sales in a manner that optimizes profitability for them and their captive finance companies on an aggregate basis. Since the Group's ability to compete depends on access to appropriate sources of financing for dealers and retail customers, its lack of a captive finance company could adversely affect its results of operations.

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<sup>(1)</sup> The Pension Benefit Guaranty Corporation (PBGC) is an independent agency of the United States government that was created by the Employee Retirement Income Security Act of 1974 (ERISA) to encourage the continuation and maintenance of voluntary private-sector defined benefit pension plans.

Any independent financing services provider will face other demands on its capital, including the need or desire to satisfy funding requirements for dealers or customers of the Group's competitors as well as liquidity issues relating to other investments. Furthermore, they may also be subject to regulatory changes that may increase their costs, which may impair their ability to provide competitive financing products to Group dealers and retail customers.

Additionally, if consumer interest rates increase substantially or if financing service providers tighten lending standards or restrict their lending to certain classes of credit, consumers may not be able to obtain financing to purchase or lease the Group's vehicles.

To the extent that a financing services provider is unable or unwilling to provide sufficient financing at competitive rates to the Group's dealers and consumers, such dealers and consumers may not have sufficient access to financing to purchase or lease Group's vehicles. As a result, the Group's vehicle sales and market share may suffer, which would adversely affect the Group's financial condition and results of operations.

#### **12. Vehicle sales depend heavily on affordable interest rates for vehicle financing**

In certain regions, financing for new vehicle sales has been available at relatively low interest rates for several years due to, among other things, expansive government monetary policies. To the extent that interest rates rise generally, market rates for new vehicle financing are expected to rise as well which may make the Group's vehicles less affordable to consumers or steer consumers to less expensive vehicles, adversely affecting the Group's financial condition and results of operations. Furthermore, because Group's customers may be relatively more sensitive to changes in the availability and adequacy of financing and macroeconomic conditions, the Group's vehicle sales may be disproportionately affected by changes in financing conditions relative to the vehicle sales of Group's competitors.

#### **13. Limitations on the Group's liquidity and access to funding may limit its ability to execute its business plan and improve its business, financial condition and results of operations**

The Group's future performance will depend on, among other things, its ability to finance debt repayment obligations and planned investments from operating cash flow, available liquidity, the renewal or refinancing of existing bank loans and/or facilities and possible recourse to capital markets or other sources of financing. Although the Group has measures in place that are designed to ensure that adequate levels of working capital and liquidity are maintained, declines in sales volumes could have a negative impact on the cash-generating capacity of its operating activities. The Group could, therefore, find itself in the position of having to seek additional financing and/or having to refinance existing debt, including in unfavorable market conditions, with limited availability of funding and a general increase in funding costs. Any limitations on the Group's liquidity, due to decreases in vehicle sales, the amount of or restrictions in the Group's existing indebtedness, conditions in the credit markets, general economic conditions or otherwise, may adversely impact the Group's ability to execute its business plan and impair its financial condition and results of operations. In addition, any actual or perceived limitations of the Group's liquidity may limit the ability or willingness of counterparties, including dealers, customers, suppliers and financial service providers, to do business with the Group, which may adversely affect the Group's financial condition and results of operations.

#### **14. The Group's ability to achieve cost reductions and to realize production efficiencies is critical to maintaining its competitiveness and long-term profitability**

The Group is continuing to implement a number of cost reduction and productivity improvement initiatives in automotive operations, for example, by increasing the number of vehicles that are based on common platforms, reducing dependence on sales incentives offered to dealers and consumers, leveraging purchasing capacity and volumes between Fiat and Chrysler and implementing World Class Manufacturing, or WCM, principles. The Group's future success depends upon its ability to implement these initiatives successfully throughout its operations. In addition, while some of the productivity improvements are within its control, others depend on external factors, such as commodity prices,

supply capacity limitations, or trade regulation. These external factors may make it more difficult to reduce costs as planned, and the Group may sustain larger than expected production expenses, materially affecting its business and results of operations. Furthermore, reducing costs may prove difficult due to the need to introduce new and improved products in order to meet consumer expectations.

#### **15. Product recalls may result in direct costs and loss of vehicle sales that could have material adverse effects on Group's business**

From time to time, the Group has been required to recall vehicles to address performance, compliance or safety-related issues. The costs the Group incurs to recall vehicles typically include the cost of replacement parts and labor to remove and replace the problem parts, and may substantially depend on the nature of the remedy and the number of vehicles affected. Product recalls may also harm the Group's reputation and may cause consumers to question the safety or reliability of its products. Any costs incurred, or lost vehicle sales, resulting from product recalls could materially adversely affect the Group's financial condition or results of operations. Moreover, if the Group faces consumer complaints, or receives information from vehicle rating services that calls into question the safety or reliability of one of its vehicles and the Group does not issue a recall, or if the Group does not do so on a timely basis, its reputation may also be harmed and the Group may lose future vehicle sales.

#### **16. Failure to maintain adequate financial and management processes and controls could lead to errors in the financial reporting, which could harm the Group's business reputation**

The Group continuously monitors and evaluates changes in its internal controls over financial reporting. In support of a drive toward common global systems, the Group is extending the current finance, procurement, and capital project and investment management systems to new areas of operations. As appropriate, the Group continues to modify the design and documentation of internal control processes and procedures relating to the new systems to simplify and automate many of its previous processes. The Group's management believes that the implementation of this system will continue to improve and enhance internal controls over financial reporting. Failure to maintain adequate financial and management processes and controls could lead to errors in the Group's financial reporting.

#### **17. The Group is subject to risks relating to international markets and exposure to changes in local conditions**

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

- exposure to local economic and political conditions;
- import and/or export restrictions;
- multiple tax regimes, including regulations relating to transfer pricing and withholding and other taxes on remittances and other payments to or from subsidiaries;
- foreign investment and/or trade restrictions or requirements, foreign exchange controls and restrictions on the repatriation of funds. In particular, current regulations limit the Group ability to access and transfer liquidity out of Venezuela to meet demands in other countries and also subject the Group to increased risk of devaluation or other foreign exchange losses. In December 2010 and February 2013, the Venezuelan government announced devaluations of the official Venezuelan Bolivar (VEF)-USD exchange rate, which resulted in devaluation of the Group VEF denominated balances; and/or
- the introduction of more stringent laws and regulations.

Unfavorable developments in any one of these areas (which may vary from country to country) could have a material adverse effect on the Group's financial condition and results of operations.

### **18. Developments in emerging market countries may adversely affect the Group's business**

The Group operates in a number of emerging markets, both directly (e.g., Brazil and Argentina) and through joint ventures and other cooperation agreements (e.g., Turkey, India, China and Russia). In Brazil, in recent years the Group has been the market leader, which has provided a key contribution to the Group's performance in terms of revenues and profitability. The Group's exposure to other emerging countries has increased in recent years, as have the number and importance of such joint ventures and cooperation agreements. Economic and political developments in Brazil and other emerging markets, including economic crises or political instability, have had and could in the future have material adverse effects on the Group's financial condition and results of operations.

The Group continues to increase its presence in emerging markets such as China and India through a series of partnerships. In 2013, the Group entered into a joint venture with Guangzhou Automobile Group Co., Ltd (GAC Group) for the production of engines and passenger cars for the Chinese market, as well as securing exclusive distribution of Fiat branded cars in China. The Group has also entered into a joint venture with TATA Motors for the production of C-segment cars, engines and transmissions in India. Maintaining and strengthening its position in these emerging markets is a key component of the Group's global growth strategy. However, with competition from many of the largest global manufacturers as well as numerous smaller domestic manufacturers, the automotive market, both in China and India, is highly competitive. As these markets continue to grow, the Group anticipates that additional competitors, both international and domestic, will seek to enter these markets and that existing market participants will act aggressively to protect or increase their market share. Increased competition may result in price reductions, reduced margins and the Group's inability to gain or hold market share.

### **19. Laws, regulations and governmental policies, including those regarding increased fuel economy requirements and reduced GHG emissions, may have a significant effect on how the Group does business and may adversely affect the Group's results of operations**

In order to comply with government regulations related to fuel economy and emissions standards, the Group must devote significant financial and management resources, as well as vehicle engineering and design attention to these legal requirements. The Group expects the number and scope of these regulatory requirements, along with the costs associated with compliance, to increase significantly in the future and these costs could be difficult to pass through to customers, which could result in limitations on the types of vehicles the Group sells and where it can sell them, which could have a material adverse impact on the financial condition and results of operations of the Group.

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

### **20. Labor laws and labor unions could impact the ability of the Group to increase the efficiency of its operations**

Substantially all of the Group's production employees are represented by trade unions, are covered by collective bargaining agreements and/or protected by applicable labor relations regulations that may restrict the Group's ability to modify operations and reduce costs quickly in response to changes in market conditions. These and other provisions may impede the Group's ability to restructure its business successfully to compete more effectively, especially with those automakers whose employees are not represented by unions or are subject to less stringent regulations.

### **21. Amounts required to develop and commercialize vehicles incorporating sustainable technologies for the future are significant, as are the barriers that still limit the mass-market potential of such vehicles**

The Group's product strategy is driven by the objective of achieving sustainable mobility by reducing the environmental impact of vehicles over their entire life cycle. The Group therefore intends to continue investing capital resources to develop new sustainable technology. It aims to

increase the use of alternative fuels, such as natural gas, by continuing to offer a complete range of dual-fuel passenger cars and commercial vehicles. Additionally, it plans to continue developing alternative propulsion systems, particularly for vehicles driven in urban areas (such as the zero-emission Fiat 500e).

In many cases, technological and cost barriers limit the mass-market potential of sustainable natural gas and in particular electric vehicles. In some other cases the technologies that the Group plans to employ are not yet commercially practical and depend on significant future technological advances by the Group and by suppliers. There can be no assurance that these advances will occur in a timely or feasible way, that the funds that the Group has budgeted for these purposes will be adequate, or that it will be able to establish its right to these technologies. Further, the Group's competitors and others are pursuing similar technologies and other competing technologies and there can be no assurance that they will not acquire similar or superior technologies sooner than it does or on an exclusive basis or at a significant price advantage.

## **22. The Group depends on its relationships with suppliers**

The Group purchases raw materials and components from a large number of suppliers and depends on services and products provided by companies outside the Group. Close collaboration between a manufacturer and its suppliers is common in the automotive industry and although this offers economic benefits in terms of cost reduction, it also means that the Group depends on its suppliers and is exposed to the possibility that difficulties, including those of a financial nature, experienced by those suppliers (whether caused by internal or external factors) could have a material adverse effect on the Group's financial condition and results of operations.

## **23. Risks associated with increases in costs, disruptions of supply or shortages of raw materials**

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

As with raw materials, the Group is also at risk for supply disruption and shortages in parts and components for use in its vehicles for many reasons including, but not limited to tight credit markets or other financial distress, natural or man-made disasters, or production difficulties. The Group will continue to work with suppliers to monitor potential shortages and to mitigate the effects of any emerging shortages on its production volumes and revenues; however, there can be no assurances that these events will not have an adverse effect on its production in the future, and any such effect may be material.

Any interruption in the supply or any increase in the cost of raw materials, parts, components and systems could negatively impact the Group's ability to achieve its vehicle sales objectives and profitability. Long-term interruptions in supply of raw materials, parts, components and systems may result in a material impact on vehicle production, vehicle sales objectives, and profitability. Cost increases which cannot be recouped through increases in vehicle prices, or countered by productivity gains, may result in a material impact on the Group's financial condition and results of operations.

#### **24. The Group is subject to risks associated with exchange rate fluctuations, interest rate changes, credit risk and other market risks**

The Group operates in numerous markets worldwide and is exposed to market risks stemming from fluctuations in currency and interest rates. The exposure to currency risk is mainly linked to the differences in geographic distribution of the Group's manufacturing activities and commercial activities, resulting in cash flows from sales being denominated in currencies different from those connected to purchases or production activities.

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

The Group seeks to manage risks associated with fluctuations in currency and interest rates through financial hedging instruments. Despite such hedges being in place, fluctuations in currency or interest rates could have a material adverse effect on the Group's financial condition and results of operations.

The Group's financial services activities are also subject to the risk of insolvency of dealers and end-customers, as well as unfavorable economic conditions in markets where these activities are carried out. Despite the Group's efforts to mitigate such risks through the credit approval policies applied to dealers and end-customers, there can be no assurances that the Group will be able to successfully mitigate such risks, particularly with respect to a general change in economic conditions.

#### **25. The Group's success largely depends on the ability of its current management team to operate and manage effectively**

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

#### **26. The Group has significant outstanding indebtedness, which may limit its ability to obtain additional funding and limit its financial and operating flexibility**

The extent of the Group's indebtedness could have important consequences on its operations and financial results, including:

- the Group may not be able to secure additional funds for working capital, capital expenditures, debt service requirements or general corporate purposes;
- the Group may need to use a portion of its projected future cash flow from operations to pay principal and interest on its indebtedness, which may reduce the amount of funds available to the Group for other purposes;
- the Group may be more financially leveraged than some of its competitors, which could put it at a competitive disadvantage; and
- the Group may not be able to adjust rapidly to changing market conditions, which may make it more vulnerable to a downturn in general economic conditions or its business.

These risks may be exacerbated by volatility in the financial markets, particularly those resulting from perceived strains on the finances and creditworthiness of several governments and financial institutions, particularly in the Eurozone.

Among the anticipated benefits of the corporate reorganization announced in January 2014 is the expected reduction in funding costs over time due to improved debt capital markets positioning of the combined entity. However, certain of the circumstances and risks described may delay or reduce the expected cost savings from the future funding structures and the expected cost savings may not be achieved in full or at all.

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

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

In addition, one of Fiat's existing revolving credit facilities, expiring in July 2016, provides for some limits on Fiat's ability to provide financial support to Chrysler.

### **27. Restrictive covenants in the Group's debt agreements could limit its financial and operating flexibility**

The indentures governing certain of the Group's outstanding public indebtedness, and other credit agreements to which companies in the Group are a party, contain covenants that restrict the ability of companies in the Group to, among other things:

- incur additional debt;
- make certain investments;
- enter into certain types of transactions with affiliates;
- sell certain assets or merge with or into other companies;
- use assets as security in other transactions; and
- enter into sale and leaseback transactions.

### **28. Risk associated with restrictions arising out of Chrysler's debt instruments**

Chrysler is party to a credit agreement for certain senior secured credit facilities and an indenture for two series of secured senior notes. These debt instruments include covenants that restrict Chrysler's ability to make certain distributions or purchase or redeem capital stock, prepay other debt, encumber assets, incur or guarantee additional indebtedness, incur liens, transfer and sell assets or engage in certain business combinations, enter into certain transactions with affiliates or undertake various other business activities.

In particular, in January 2014, Chrysler paid a distribution of USD 1.9 billion to its members. With certain exceptions, further distributions will be limited to 50 percent of Chrysler's consolidated net income (as defined in the agreements) from the period from January 2012 until the end of the most recent fiscal quarter, less the amount of the January 2014 distribution.

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

If Chrysler is unable to comply with these covenants, its outstanding indebtedness may become due and payable and creditors may foreclose on pledged properties. In this case, Chrysler may not be able to repay its debt and it is unlikely that it would be able to borrow sufficient additional funds. Even if new financing is made available to Chrysler in such circumstances, it may not be available on acceptable terms.

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

Should Chrysler be unable to undertake strategic initiatives due to the covenants provided for by the above instruments, the Group's business prospects, financial condition and results of operations could be adversely impacted.

## Financial Review – Fiat Group

### Key Performance Indicators

Fiat Group monitors its operations through the use of various performance indicators that may not be comparable to other similarly titled indicators of other companies. Group management believes these performance indicators provide comparable measures of its financial performance based on normalized operational factors, which then facilitate management's ability to identify operational trends, as well as make decisions regarding future spending, resource allocations and other operational decisions.

The Group's key performance indicators are defined as follows:

- **Trading Profit/(Loss)** is computed starting with Net Revenues less operating costs (cost of sales, SG&A, R&D costs, other operating income and expenses).
- **Earnings Before Interest, Taxes ("EBIT")** is computed starting from Trading profit/(loss) and then adjusting for restructuring costs, other income/expenses that are unusual in the ordinary course of business (such as gains and losses on the disposal of investments) and the Result from investments.
- **Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")** is computed starting with EBIT and then adding back depreciation and amortization expense.
- **Net Debt** is computed as debt plus other financial liabilities less (i) cash and cash equivalents, (ii) current securities, (iii) current financial receivables from jointly-controlled financial services entities and (iv) other financial assets.
- **Net Industrial Debt** is computed as debt plus other financial liabilities related to Industrial Activities less (i) cash and cash equivalents, (ii) current securities, (iii) current financial receivables from Group or jointly-controlled financial services entities, and (iv) other financial assets. Therefore, debt, cash and other financial assets/liabilities pertaining to Financial Services entities are excluded from the computation of Net Industrial Debt.

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

## Operating Performance

(€ million)	2013		2012 <sup>(1)</sup>	
	Fiat	Fiat excluding Chrysler	Fiat	Fiat excluding Chrysler
Net revenues	86,816	35,593	83,957	35,566
Cost of sales	74,570	31,324	71,701	31,117
Selling, general and administrative	6,689	2,896	6,763	2,998
Research and development	2,231	1,151	1,850	1,037
Other income/(expense)	68	24	(102)	(76)
<b>TRADING PROFIT/(LOSS)</b>	<b>3,394</b>	<b>246</b>	<b>3,541</b>	<b>338</b>
Result from investments	97	103	107	110
Gains/(losses) on disposal of investments	8	8	(91)	(91)
Restructuring costs	28	38	15	63
Other unusual income/(expense)	(499)	(507)	(138)	(107)
<b>EBIT</b>	<b>2,972</b>	<b>(188)</b>	<b>3,404</b>	<b>187</b>
Financial income/(expense)	(1,964)	(989)	(1,885)	(817)
<b>PROFIT/(LOSS) BEFORE TAXES</b>	<b>1,008</b>	<b>(1,177)</b>	<b>1,519</b>	<b>(630)</b>
Income taxes	(943)	(736)	623	418
<b>PROFIT/(LOSS)</b>	<b>1,951</b>	<b>(441)</b>	<b>896</b>	<b>(1,048)</b>

<sup>(1)</sup> Figures previously included in the 2012 Annual Report have been restated to reflect application of the amendment to IAS 19. Restatement resulted in a reduction in net profit of €515 million (€7 million increase in net loss for Fiat excluding Chrysler), reflecting a €273 million increase in operating expense (€17 million increase for Fiat excluding Chrysler), a €244 million increase in financial expense (€8 million decrease in financial expense for Fiat excluding Chrysler) and a €2 million decrease in income taxes (€2 million decrease for Fiat excluding Chrysler).

Group **revenues** totaled €86.8 billion in 2013, an increase of 3% over the prior year (+7% at constant exchange rates – “CER”). On a regional basis, revenues in NAFTA were up 5% to €45.8 billion (CER +9%) on the back of higher volumes. LATAM reported revenues of €10 billion, down 10% in nominal terms (CER +1%). APAC was up 48% to €4.6 billion (CER +54%), driven by strong volume performance. Revenues for EMEA were down 2% to €17.4 billion (CER -1%), mainly reflecting volume declines in Europe during the first half. For Luxury Brands, revenues increased 31% to €3.8 billion (CER +34%), with Ferrari up 5% and Maserati more than doubling its revenues to €1.7 billion on the strength of new models introduced during the year. Components revenues were in line with 2012 at €8.1 billion (CER +4%).

**Trading profit** was €3,394 million, down 4% over the prior year in nominal terms, but up 1% at constant exchange rates. For 2013, R&D amortization was €0.3 billion higher. NAFTA reported a trading profit of €2,220 million (€2,443 million for 2012, IAS 19 restated), a 9% decrease in nominal terms (CER -6%), with positive volume and pricing more than offset by higher industrial costs, including content enhancements for new models, and increased R&D amortization. LATAM posted a trading profit of €619 million (€1,056 million in 2012, IAS 19 restated), a 41% decrease in nominal terms (CER -33%) primarily attributable to input cost inflation, an unfavorable production mix and a lower result in Venezuela. APAC increased 38% to €358 million, driven by strong volume growth. In EMEA, losses were reduced by one-third to €470 million, mainly on the back of improved product mix and cost efficiencies. For Luxury Brands, trading profit increased 36% to €535 million, with Ferrari up 9% to €364 million, and Maserati tripling from the prior year's level to €171 million. For Components, trading profit was 16% higher at €201 million (CER +21%).

**Income from investments** totaled €97 million (€107 million for 2012) and primarily reflects the Group's share of the profit or loss of investees recognized using the equity method (€87 million in 2013 and €94 million in 2012). Included in that figure are: the result from investments in EMEA (€145 million in 2013; €160 million in 2012), in APAC (-€39 million in 2013; -€5 million in 2012), mainly related to the Group's share of losses of the Chinese JV attributable to industrial costs associated with new product launches, the investment in RCS MediaGroup (-€34 million in 2013; -€68 million in 2012) and other investments (€20 million in 2013; €18 million in 2012).

**Net gains on disposal of investments** totaled €8 million. For 2012, there were net losses on disposal of investments of €91 million, which related to the write-down of the investment in the SevelNord joint venture.

**Restructuring costs** of €28 million for 2013 consisted primarily of provisions for Other activities, partially offset by a reversal in restructuring charges previously recognized for the NAFTA region.

**Other unusual expense** of €499 million included approximately €390 million in asset write-downs associated with the rationalization of architectures relating to the new product strategy, particularly for the Alfa Romeo, Maserati and Fiat brands, as well as asset impairments related to Teksid's Cast Iron business. In addition, there was a €56 million write-off of the carrying value of the Equity Recapture Agreement Right following the 1 January 2014 agreement to purchase the minority remaining equity stake in Chrysler from the VEBA Trust<sup>(1)</sup>. Other unusual items for the year included a €115 million charge related to the June 2013 voluntary safety recall and customer satisfaction action in NAFTA and a €43 million net charge related to the devaluation of the Venezuelan bolivar (VEF) relative to the U.S. dollar. Those charges were offset by recognition of a €166 million gain following amendments to Chrysler's U.S. and Canadian salaried defined benefit pension plans.

**EBIT** totaled €2,972 million for the year (€3,404 million for 2012, IAS 19 restated). Net of unusuals, EBIT was down 4% year-over-year to €3,491 million (€3,648 million for 2012, IAS 19 restated).

**Net financial expense** totaled €1,964 million, an increase of €79 million over 2012. Excluding the gains on the Fiat stock option-related equity swaps (€31 million for 2013, at their expiration, compared to €34 million for 2012), net financial expense was €76 million higher, largely due to a higher average net debt level.

**Profit before taxes** was €1,008 million (€1,519 million for 2012, IAS 19 restated), €511 million lower than the prior year due to the €432 million decrease in EBIT and higher net financial expense.

**Income taxes** were a positive €943 million, including a positive one-off of €1,500 million from the recognition of net deferred tax assets related to Chrysler. Net of this item, there was income tax expense of €557 million (€623 million for 2012), of which €244 million for Fiat excluding Chrysler primarily related to the taxable income of companies operating outside Italy and employment-related taxes in Italy.

**Net profit** was €1,951 million (€896 million for 2012, IAS 19 restated). Excluding unusual items and the positive deferred tax impact, there was a net profit of €943 million for the year (€1,140 million for 2012, IAS 19 restated). On the same basis, Fiat excluding Chrysler reported a net loss of €911 million (loss of €787 million in 2012).

**Profit attributable to owners of the parent** totaled €904 million (€44 million for 2012).

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<sup>(1)</sup> The UAW Retiree Medical Benefits Trust, a Voluntary Employees' Beneficiary Association, is an independently administered trust established to pay health care benefits for retirees from Chrysler.

The breakdown of EBIT by segment<sup>(1)</sup> was as follows:

(€ million)	Trading profit/(loss)		Result from investments		Unusual income/(expense)		EBIT	
	2013	2012 <sup>(1)</sup>	2013	2012	2013	2012	2013	2012 <sup>(1)</sup>
NAFTA	2,220	2,443	(1)	-	71	48	2,290	2,491
LATAM	619	1,056	-	-	(127)	(31)	492	1,025
APAC	358	260	(39)	(5)	(1)	-	318	255
EMEA	(470)	(703)	145	160	(195)	(194)	(520)	(737)
Luxury Brands	535	392	-	-	(65)	-	470	392
Components	201	174	5	2	(60)	(11)	146	165
Other activities	(67)	(85)	(13)	(52)	(87)	(12)	(167)	(149)
Eliminations and adjustments	(2)	4	-	2	(55)	(44)	(57)	(38)
<b>Total Fiat Group</b>	<b>3,394</b>	<b>3,541</b>	<b>97</b>	<b>107</b>	<b>(519)</b>	<b>(244)</b>	<b>2,972</b>	<b>3,404</b>

<sup>(1)</sup> Figures previously included in the 2012 Annual Report have been restated to reflect application of the amendment to IAS 19. The impact on trading profit and EBIT for each segment is, where applicable, reported in the notes to the following tables.

<sup>(1)</sup> See "Fiat Group's activities" and Note 34 – "Segment reporting" in the Note to the Consolidated Financial Statements.

## Results by Segment

Following is a summary of revenues, trading profit and EBIT by segment and comparison with 2012.

### NAFTA

(€ million)	2013	2012 <sup>(1)</sup>	Change
Net revenues	45,777	43,521	2,256
Trading profit	2,220	2,443	-223
EBIT	2,290	2,491	-201
Shipments (000s)	2,238	2,115	123

<sup>(1)</sup> Figures previously reported for 2012 have been restated to reflect application of the amendment to IAS 19. Restatement resulted in trading profit and EBIT being reduced by €250 million.

Group **shipments** in NAFTA totaled 2,238,000 units for 2013, a 6% increase over 2012. A total of 1,876,000 vehicles were shipped in the U.S. (up 7% from 2012), 269,000 in Canada (up 5%) and 93,000 for Mexico and other.

**Revenues** for 2013 were €45,777 million, up €2,256 million or 5% over the prior year (+9% at constant exchange rates). Approximately €1.4 billion of the increase was due to a 6% increase in shipments driven primarily by increased demand for Chrysler Group vehicles, including the Ram 1500 trucks, the launch of the all-new 2014 Jeep Cherokee which began shipping to dealers in late October 2013, the Jeep Grand Cherokee, which launched in the first quarter of 2013, as well as increases in the Jeep Wrangler. These increases were partially offset by a reduction in Jeep Liberty shipments due to its discontinued production at the end of the second quarter of 2012 in preparation of the all-new 2014 Jeep Cherokee. During the third quarter of 2012, Chrysler Group continued to ship the residual Jeep Liberty inventory to dealers.

Approximately €800 million of the increase in revenues was attributable to favorable vehicle line mix as there was a higher percentage growth in truck shipments as compared to minivan and passenger car shipments. In addition, revenues increased by approximately €800 million as a result of favorable net pricing from vehicle content enhancements in the Group's 2014 model year vehicles as compared to prior model years. Further, approximately €300 million of the increase in revenues was due to a favorable shift in market mix to greater retail shipments as a percentage of total shipments, which is consistent with the Group's continuing strategy to grow U.S. retail market share while maintaining stable fleet shipments. Typically, the average revenue per vehicle for retail shipments is higher than the average revenue per vehicle for fleet shipments, as retail customers tend to purchase vehicles with more optional features. Additionally, revenues were negatively impacted by €1.5 billion in currency translation impacts.

**Trading profit** for 2013 was €2,220 million (€2,443 million for 2012, IAS 19 restated), with positive volume/mix (+€588 million) and pricing (+€868 million) effects that were more than offset by higher industrial costs (€1,456 million), including costs associated with new models and content enhancements as well as higher R&D amortization, increased SG&A costs (€90 million) to support volume growth and commercial launches of the new products, in addition to negative currency translation impacts (~€80 million).

**EBIT** was €2,290 million (€2,491 million for 2012, IAS 19 restated), mainly reflecting lower trading profit and €23 million higher net unusual income. For 2013, net unusual income of €71 million included a gain of €166 million, with a corresponding net reduction to pension obligations following amendments to Chrysler's U.S. and Canadian salaried defined benefit pension plans, partly offset by charges related to the June 2013 voluntary safety recall for the 1993-1998 Jeep Grand Cherokee and the 2002-2007 Jeep Liberty, as well as the customer satisfaction action for the 1999-2004 Jeep Grand Cherokee.

## LATAM

(€ million)	2013	2012 <sup>(1)</sup>	Change
Net revenues	9,973	11,062	-1,089
Trading profit	619	1,056	-437
EBIT	492	1,025	-533
Shipments (000s)	950	979	-29

<sup>(1)</sup> Figures previously reported for 2012 have been restated to reflect application of the amendment to IAS 19. Restatement resulted in trading profit and EBIT being reduced by €7 million.

In 2013 **revenues** were down €1,089 to €9,973 million mainly impacted by negative currency translation effect of €1,170 million, net of which revenues increased by 1% with net pricing benefit being partially offset by 3% decrease in shipments year-over-year to 950,000 vehicles.

**Trading profit** was €619 million, or €437 million lower than the €1,056 million reported for 2012. The decrease was mainly attributable to higher industrial costs (€257 million), almost entirely related to input cost inflation in Brazil (with the weakening of the Real affecting prices of imported materials), in addition to start-up costs for the Pernambuco plant, negative volumes/mix (€111 million) and higher SG&A costs (€37 million). There was a negative €85 million in currency translation impacts. These impacts were partially offset by €64 million in positive pricing.

**EBIT** totaled €492 million (€1,025 million in 2012), reflecting lower trading profit and net unusual charges of €127 million, mainly related to the negative impact of the February 2013 devaluation of the Venezuelan bolivar (VEF) relative to the U.S. dollar (net €43 million) and to the streamlining of architectures and models associated with the region's refocused product strategy (€75 million).

## APAC

(€ million)	2013	2012	Change
Net revenues	4,621	3,128	1,493
Trading profit	358	260	98
EBIT	318	255	63
Shipments (000s)	163	103	60

Group **shipments** in the APAC region (excluding JVs) totaled 163,000 units for 2013, representing a 58% year-over-year increase.

**Revenues** for 2013 increased by €1,493 million to €4,621 million compared to €3,128 million posted in 2012, of which €1.8 billion was attributable to the increase in APAC shipments from 103,000 to 163,000 vehicles, primarily driven by the strong demand for the Jeep brand across the region, the successful return of the Dodge Journey in China, increased focus on development of the Fiat and Alfa Romeo brands in Australia, and the consolidated India sales after the Group took complete control of sales and distribution operations.

The positive impact of increased volumes was partially offset by a negative currency translation effect of €200 million, a less favorable mix of €71 million and lower pricing of €79 million due to an increasingly competitive environment, particularly in China.

**Trading profit** was €358 million in 2013, up €98 million over the prior year with strong volume growth and an improved sales mix contributing €423 million, partially offset by higher industrial costs (€106 million) and SG&A expenses (€72 million) to support Group growth in the region, as well as less favorable pricing (€79 million) and unfavorable currency translation effects (€13 million).

**EBIT** totaled €318 million, up 25% from the €255 million in 2012, with higher trading profit partially offset by losses for the Chinese joint ventures attributable to industrial costs associated with new product launches.

## EMEA

(€ million)	2013	2012 <sup>(1)</sup>	Change
Net revenues	17,420	17,800	-380
Trading profit/(loss)	(470)	(703)	233
EBIT	(520)	(737)	217
Shipments (000s)	979	1,012	-33

<sup>(1)</sup> Figures previously reported for 2012 have been restated to reflect application of the amendment to IAS 19. Restatement resulted in trading profit and EBIT being reduced by €1 million.

Group passenger car and LCV **shipments** in the EMEA region totaled 979,000 units for the year, a decrease of approximately 33,000 units (-3%) over 2012.

In 2013, **revenues** were €17,420 million, decreasing by €380 million or 2% over the prior year. Net of negative currency translation impacts (€135 million) the decrease was €245 million. Revenues were negatively impacted by a 3% decrease in shipments (€360 million), unfavorable net pricing (€170 million) and lower volumes for the parts and services business, with lower demand resulting from a decrease in cars on the road (€140 million). These reductions were partially offset by a €125 million benefit due to favorable product mix, primarily driven by the results for the 500 family (particularly the 500L), and for LCVs (particularly the Ducato), higher sales of used vehicles (€90 million) and the consolidation of VM Motori (€210 million).

The **trading loss** of €470 million for the year was €233 million or 33% lower as compared to the €703 million loss recorded in 2012. The positive impacts of better product mix (€135 million), driven primarily by results for the 500 family, lower industrial costs (€139 million), driven by higher industrial efficiencies and purchasing savings, as well as a €199 million reduction in SG&A, more than offset negative net pricing (€172 million), lower volumes (€58 million) and higher R&D amortization.

**EBIT** was a negative €520 million. The change over the prior year (-€737 million for 2012) mainly reflected the improved trading profit and a lower contribution from equity investments (€145 million in 2013 and €160 million in 2012) with unusual charges flat at €195 million. For 2013, unusual charges included the write-off of capitalized R&D related to development on new models for Alfa Romeo, which have now been switched to a new platform considered technically more appropriate for the brand.

## Luxury Brands

(€ million)

	2013	2012 <sup>(1)</sup>	Change
<b>Ferrari</b>			
Shipments (000s)	7.0	7.4	-0.4
Net revenues	2,335	2,225	110
Trading profit	364	335	29
EBIT	364	335	29
<b>Maserati</b>			
Shipments (000s)	15.4	6.2	9.2
Net revenues	1,659	755	904
Trading profit	171	57	114
EBIT	106	57	49
<b>LUXURY BRANDS</b>			
Shipments (000s)	22.4	13.6	8.8
Net revenues <sup>(2)</sup>	3,809	2,898	911
Trading profit	535	392	143
EBIT	470	392	78

<sup>(1)</sup> Ferrari and Maserati stand-alone have been restated to reflect the allocation to Maserati of its activities in China conducted, from a legal entity standpoint, through the local Ferrari subsidiary.

<sup>(2)</sup> Net of eliminations.

### Ferrari

Consistent with the 2013 announcement that production would be maintained below the prior year's level to preserve brand exclusivity, Ferrari managed shipments to the network down to 6,922 street cars (-5% vs. 2012), including the first 20 units of the special edition LaFerrari.

**Revenues** for 2013 were up 5% over the prior year to €2,335 million.

**Trading profit** and **EBIT** totaled €364 million, an increase of €29 million over €335 million for 2012. Trading margin improved to 15.6% from 15.1%, reflecting a better sales mix and the contribution from licensing and the personalization program.

### Maserati

For 2013, shipments were up 148% to 15,400 vehicles, driven by the success of the new Quattroporte and Ghibli models launched during the year. For the Quattroporte, which was released in March, shipments totaled 7,800 units. For the Ghibli, a total of 2,900 units were shipped between launch in October and year end. Order intake for the two new models totaled 13,000 units apiece. Combined shipments for the GranTurismo and GranCabrio were in line with 2012 at 4,700 units for the year.

**Revenues** were up 120% year-over-year to €1,659 million.

**Trading profit** totaled €171 million, representing a €114 million increase over the prior year (€57 million in 2012), and the full-year trading margin was 10.3%.

**EBIT** totaled €106 million and included a €65 million write-down of capitalized R&D related to development of a new model, which has now been switched to a more technically advanced platform considered more appropriate for the Maserati brand. The year-over-year improvement reflected the significant increase in volumes.

## Components

(€ million)	2013	2012	Change
<b>Magneti Marelli</b>			
Net revenues	5,988	5,828	160
Trading profit	166	141 <sup>(1)</sup>	25
EBIT	169	131 <sup>(1)</sup>	38
<b>Teksid</b>			
Net revenues	688	780	-92
Trading profit/(loss)	(13)	-	-13
EBIT	(70)	4	-74
<b>Comau</b>			
Net revenues	1,463	1,482	-19
Trading profit	48	33 <sup>(1)</sup>	15
EBIT	47	30 <sup>(1)</sup>	17
<b>COMPONENTS</b>			
Net revenues <sup>(2)</sup>	8,080	8,030	50
Trading profit	201	174 <sup>(1)</sup>	27
EBIT	146	165 <sup>(1)</sup>	-19

<sup>(1)</sup> The figures previously reported for 2012 have been restated to reflect application of the amendment to IAS 19. Restatement resulted in total Trading Profit and EBIT for Components being reduced by €2 million (+€1 million for Magneti Marelli and -€3 million for Comau).

<sup>(2)</sup> Net of eliminations.

### Magneti Marelli

Magneti Marelli reported **revenues** of €5,988 million, an increase of 3% over the prior year (6% at constant exchange rates), driven by performance in NAFTA and China, in addition to a modest gain in Europe. In Brazil, revenues were substantially in line with 2012 on a constant currency basis.

The Lighting business line posted a 12% increase in revenues on the back of performance in China and in NAFTA, which benefited from the full-year contribution of several new products that were launched during the second half of 2012. For the Electronic Systems business line, revenues were 7% higher primarily due to growth in sales of telematics and body products. For the Powertrain business line, revenues were in line with the prior year on a constant currency basis. The After Market business line posted a 5% increase in revenues (CER +13%) with growth in Europe and Mercosur only partially offset by a decrease in NAFTA.

**Trading profit** totaled €166 million, compared with €141 million for 2012, with top-line growth only partially offset by higher costs associated with new product launches in NAFTA.

**EBIT** was €169 million, an increase of €38 million over the prior year reflecting higher trading profit and the non-repeat of unusual charges recognized in 2012.

### Teksid

**Revenues** totaled €688 million, down 12% over the prior year.

The Cast Iron business unit posted a 7% decrease in volumes in Europe and the Americas, with demand lower in all market segments, particularly light vehicles. For the Aluminum business unit, volumes were up 13% year-over-year.

Teksid closed the year with a **trading loss** of €13 million, compared to break-even for 2012. The decrease was primarily attributable to volume declines.

**EBIT** was a negative €70 million (positive €4 million in 2012), including €60 million in unusual charges mainly related to asset impairments for the Cast Iron business unit.

### Comau

Comau posted 2013 **revenues** of €1,463 million, substantially in line with the prior year.

Order intake for the Systems activities totaled €1,454 million, an 18% increase over 2012. At 31 December 2013, the order backlog totaled €1,022 million, a 17% increase over year-end 2012 attributable primarily to the Body Welding business.

**Trading profit** for the year totaled €48 million, up €15 million over 2012, with the increase primarily driven by the Body Welding operations.

**EBIT** was €47 million, compared with €30 million for 2012.

### Consolidated Statement of Cash Flows

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

(€ million)	2013	2012
<b>A) CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>17,657</b>	<b>17,526</b>
<b>B) CASH FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>7,589</b>	<b>6,444</b>
<b>C) CASH FROM/(USED IN) INVESTING ACTIVITIES</b>	<b>(8,086)</b>	<b>(7,537)</b>
<b>D) CASH FROM/(USED IN) FINANCING ACTIVITIES</b>	<b>3,188</b>	<b>1,643</b>
Currency translation differences	(909)	(419)
<b>E) NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>1,782</b>	<b>131</b>
<b>F) CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>19,439</b>	<b>17,657</b>

**Operating activities** generated cash of €7,589 million, of which €6,121 million from income-related cash inflows (i.e., net profit plus amortization and depreciation, dividends, changes in provisions and items related to sales with buy-back commitments, net of gains/losses on disposals and other non-cash items) and €1,468 million from the decrease in working capital.

**Investing activities** absorbed €8,086 million in cash, consisting primarily of a €7,440 million increase in tangible and intangible fixed assets (including €2,042 million in capitalized development costs) and a €449 million increase in receivables from financing activities, mainly consisting of dealer financing in Latin America and China, as well as a €231 million increase in equity investments. The change in equity investments includes the additional investment in RCS (€94 million), capitalization of the 50% JV interests in Fiat India Automobiles (€46 million) and GAC Fiat Automobiles (€37 million), and the acquisition of the remaining 50% in VM Motori (€34 million).

**Financing activities** generated €3.2 billion in cash. During the year, Fiat S.p.A. issued bonds totaling €2.9 billion and repaid a €1 billion bond at maturity in February. In addition, there were new medium-term borrowings of approximately €2.6 billion<sup>(1)</sup>, which more than covered medium-term borrowings maturing during the period (€2.0 billion).

<sup>(1)</sup> Excluding approximately €0.6 billion in new notes issued as repayment for existing notes in relation to the renegotiation of the Tranche B Term Loan by Chrysler in June.

### Consolidated Statement of Financial Position at 31 December 2013

**Total assets** were €86.8 billion at 31 December 2013, increasing €4.7 billion over year-end 2012 (€82.1 billion).

**Non-current assets**<sup>(1)</sup> totaled €47.6 billion, €2.1 billion higher than year-end 2012 (€4.3 billion net of currency translation impacts). The increase related primarily to the change in deferred tax assets (€1.3 billion net of currency effects), including a €1.7 billion positive impact from the recognition of deferred tax assets related to Chrysler, a €2.6 billion increase in fixed assets (net of depreciation and amortization) and consolidation of the assets of VM Motori from 1 July 2013<sup>(2)</sup>.

**Current assets**<sup>(3)</sup> totaled €39.2 billion, an increase of €2.6 billion for the year. At constant exchange rates, current assets were €4.6 billion higher, primarily due to increases in net inventory (€1.4 billion) and cash and cash equivalents (€2.7 billion, excluding currency translation effects).

**Working capital** (net of items relating to vehicles sold under buy-back commitments) was a negative €10,935 million, representing a €1,004 million decrease over the negative €9,931 million at 31 December 2012.

(€ million)		31.12.2013	31.12.2012	Change
Inventory	(a)	8,975	8,340	635
Trade receivables		2,406	2,702	(296)
Trade payables		(17,235)	(16,558)	(677)
Other current receivables/(payables) & current taxes receivable/(payable)	(b)	(5,081)	(4,415)	(666)
<b>Working capital</b>		<b>(10,935)</b>	<b>(9,931)</b>	<b>(1,004)</b>

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

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

<sup>(1)</sup> Non-Currents assets include: Intangible assets, Property, plant and equipment, Investments and other financial assets, Leased assets, Defined benefit plan assets and Deferred tax assets. See also Fiat Group Consolidated Financial Statements and Notes.

<sup>(2)</sup> Fiat acquired an initial 50% interest in VM Motori in 2011. On 1 July 2013, following exercise of the put option held by the JV partner, Fiat acquired control, pursuant to IAS 27 – Consolidated and Separate Financial Statements, and the investee was consolidated on a line-by-line basis from that date. For more information, see Notes to the Consolidated Financial Statements at 31 December 2013 – “Scope of consolidation”.

<sup>(3)</sup> Current assets include: Inventories, Trade receivables, Receivables from financing activities, Current tax receivables, Other current assets, Current financial assets and Cash and cash equivalents. See also Fiat Group Consolidated Financial Statements and Notes.

Excluding currency translation effects and changes in the scope of consolidation:

- inventories (net of vehicles sold under buy-back commitments) increased by approximately €1 billion, mainly in relation to higher activity levels for NAFTA, APAC and Luxury Brands
- trade receivables decreased by approximately €0.2 billion, which includes payment of amounts receivable from the Indian JV and volume contractions in EMEA and LATAM
- trade payables increased €1.4 billion, mainly due to an increase in production levels in NAFTA and for the Luxury Brands
- other current receivables/(payables) was approximately €0.8 billion lower, mainly due to increases in accrued expenses and deferred income, as well as indirect taxes payable.

At 31 December 2013, trade receivables, other receivables and receivables from financing activities maturing after that date and sold without recourse – and, therefore, eliminated from the statement of financial position pursuant to the derecognition requirements of IAS 39 – *Financial Instruments: Recognition and Measurement* – totaled €3,576 million (€3,631 million at 31 December 2012). That amount includes €2,177 million in receivables (€2,179 million at 31 December 2012), primarily financing to the dealer network, that were sold to jointly-controlled financial services companies (FGA Capital Group).

At 31 December 2013, consolidated **net debt**<sup>(1)</sup> totaled €9,793 million, an increase of €193 million over year-end 2012. For Fiat excluding Chrysler, net debt was €10,008 million, €1,905 million higher than 2012 year-end. Capital expenditure for the year (€3.9 billion), an increase in the financial services portfolio (€0.5 billion), equity investments and a change in the scope of operations (€0.4 billion) were only partially compensated for by income-related cash inflows (€2.4 billion) and positive currency translation differences (€0.4 billion).

Chrysler reported a net cash position of €215 million, compared with net debt of €1.5 billion at year-end 2012, with €5.2 billion in operating cash flow more than offsetting €3.6 billion in capital expenditure.

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<sup>(1)</sup> See “Key Performance Indicators” for a description of this measure.

(€ million)	31.12.2013			31.12.2012		
	Fiat	Chrysler	Fiat excluding Chrysler	Fiat	Chrysler	Fiat excluding Chrysler
Debt:	(29,902)	(9,544)	(20,451)	(27,889)	(10,312)	(17,586)
Asset-backed financing	(596)	-	(596)	(449)	-	(449)
Bonds, bank loans and other debt	(29,306)	(9,544)	(19,855)	(27,440)	(10,312)	(17,137)
Current financial receivables from jointly-controlled financial services companies	(a) 27	-	27	58	-	58
Intersegment financial receivables	(b) -	7	86	-	9	-
<b>Debt, net of current financial receivables from jointly-controlled financial services companies and intersegment financial receivables</b>	<b>(29,875)</b>	<b>(9,537)</b>	<b>(20,338)</b>	<b>(27,831)</b>	<b>(10,303)</b>	<b>(17,528)</b>
Other financial assets	(c) 533	97	436	519	45	474
Other financial liabilities	(c) (137)	(21)	(116)	(201)	(42)	(159)
Current securities	247	-	247	256	-	256
Cash and cash equivalents	19,439	9,676	9,763	17,657	8,803	8,854
<b>Net (debt)/cash</b>	<b>(9,793)</b>	<b>215</b>	<b>(10,008)</b>	<b>(9,600)</b>	<b>(1,497)</b>	<b>(8,103)</b>
<b>Industrial Activities</b>	<b>(6,649)</b>	<b>215</b>	<b>(6,864)</b>	<b>(6,545)</b>	<b>(1,497)</b>	<b>(5,048)</b>
<b>Financial Services</b>	<b>(3,144)</b>	<b>-</b>	<b>(3,144)</b>	<b>(3,055)</b>	<b>-</b>	<b>(3,055)</b>
Cash, cash equivalents and current securities	19,686	9,676	10,010	17,913	8,803	9,110
Undrawn committed credit lines	3,043	943	2,100	2,935	985	1,950
<b>Total available liquidity</b>	<b>22,729</b>	<b>10,619</b>	<b>12,110</b>	<b>20,848</b>	<b>9,788</b>	<b>11,060</b>

<sup>(a)</sup> Includes current financial receivables from FGA Capital Group, an associate recognized using the equity method.

<sup>(b)</sup> Relates to intragroup manufacturing agreements classified as finance leases in accordance with IFRIC 4 – Determining Whether an Arrangement Contains a Lease, in addition to receivables relating to factoring transactions between Chrysler Group companies and Fiat Group Financial Services companies in EMEA.

<sup>(c)</sup> Includes fair value of derivative financial instruments.

Debt (bonds, bank loans and other debt) increased by approximately €1.9 billion to €29.3 billion. The Group issued bonds totaling €2.9 billion during the year and repaid €1 billion at maturity. Excluding bonds, currency translation impacts (-€1.3 billion), and assets acquired and consolidated during the period (approximately €0.2 billion), debt was €1.1 billion higher.

At 31 December 2013, cash, cash equivalents and current securities totaled €19.7 billion, an increase of approximately €1.8 billion over year-end 2012, despite €900 million in negative currency translation impacts (relating primarily to depreciation of the U.S. dollar and Brazilian real against the euro).

**Total available liquidity**, inclusive of €3.0 billion in undrawn committed credit lines, was €22.7 billion, a €1.9 billion increase over 31 December 2012, reflecting the positive contribution from financing activities throughout the year, including the increase of the syndicated revolving credit facility of Fiat, net of €1.0 billion in negative currency translation effects. For Fiat excluding Chrysler, total available liquidity was €12.1 billion (€11.1 billion at 2012 year-end) and for Chrysler the total was €10.6 billion, negatively impacted by currency translation of €0.6 billion for the full year.

### **Industrial Activities and Financial Services – Results for 2013**

In order to provide a better insight into the financial position and performance of the Group and going beyond the requirements of IFRS 8 - *Operating segments*, the following tables provide a breakdown of the consolidated statements of income, financial position and cash flows between “Industrial Activities” and “Financial Services”. In more detail, the separate evidence of the financial debt between industrial activities and financial services is based on the different sources of cash flows used for the repayment: represented by cash from operations for industrial activities and by collection of financial receivables for financial services. Consequently, a separate analysis of the financial structure in terms of debt to equity and other ratios is considered appropriate.

Financial Services includes companies that provide retail and dealer finance, leasing and rental services in support of the mass-market brands and for the luxury brands.

Financial Services also includes FGA Capital (the joint venture between Fiat Group Automobiles and Crédit Agricole Group), which is accounted for under the equity method.

#### *Basis of analysis*

The separation between Industrial Activities and Financial Services represents a sub-consolidation prepared on the basis of the activities of each Group company.

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

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

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

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

### Operating Performance by Activity

(€ million)	2013			2012 <sup>(1)</sup>		
	Consolidated	Industrial Activities	Financial Services	Consolidated	Industrial Activities	Financial Services
Net revenues	86,816	86,549	370	83,957	83,660	394
Cost of sales	74,570	74,362	311	71,701	71,527	271
Selling, general and administrative	6,689	6,642	47	6,763	6,719	44
Research and development	2,231	2,231	-	1,850	1,850	-
Other income/(expense)	68	64	4	(102)	(113)	11
<b>TRADING PROFIT/(LOSS)</b>	<b>3,394</b>	<b>3,378</b>	<b>16</b>	<b>3,541</b>	<b>3,451</b>	<b>90</b>
Result from investments <sup>(2)</sup>	97	11	86	107	24	83
Gains/(losses) on disposal of investments	8	8	-	(91)	(91)	-
Restructuring costs	28	28	-	15	15	-
Other unusual income/(expense)	(499)	(499)	-	(138)	(138)	-
<b>EBIT</b>	<b>2,972</b>	<b>2,870</b>	<b>102</b>	<b>3,404</b>	<b>3,231</b>	<b>173</b>
Financial income/(expense)	(1,964)	(1,964)	-	(1,885)	(1,885)	-
<b>PROFIT/(LOSS) BEFORE TAXES</b>	<b>1,008</b>	<b>906</b>	<b>102</b>	<b>1,519</b>	<b>1,346</b>	<b>173</b>
Income taxes	(943)	(954)	11	623	594	29
<b>PROFIT/(LOSS)</b>	<b>1,951</b>	<b>1,860</b>	<b>91</b>	<b>896</b>	<b>752</b>	<b>144</b>
Result from intersegment investments	-	91	-	-	144	-
<b>PROFIT/(LOSS)</b>	<b>1,951</b>	<b>1,951</b>	<b>91</b>	<b>896</b>	<b>896</b>	<b>144</b>

<sup>(1)</sup> Figures for 2012 have been restated to reflect application of the amendment to IAS 19. Compared with the figures previously reported for the Group and for Industrial Activities, restatement resulted in a reduction in net profit of €515 million, reflecting a €273 million increase in operating expense, a €244 million increase in financial expense and a €2 million decrease in income taxes.

<sup>(2)</sup> Includes income from investments, as well as impairment (losses)/reversals on non-intersegment investments accounted for using the equity method.

### Industrial Activities

Net **revenues** for Industrial Activities totaled €86.5 billion, up 3% over the prior year, with growth in NAFTA and APAC more than offsetting contractions in LATAM and EMEA. Luxury Brands posted a strong year-over-year increase, with Maserati more than doubling over the prior year.

**Trading profit** totaled €3,378 million for the year (€3,451 million for 2012, restated for IAS 19 as amended). For 2013, R&D amortization was €0.3 billion higher mainly due to new product launches in NAFTA. The reduction in losses for EMEA, strong increase for Luxury Brands – including Maserati's trading profit more than triple the 2012 level – as well as the positive contribution from Components were more than offset by lower trading profit for NAFTA and LATAM.

## Financial Services

**Net revenues** for Financial Services totaled €370 million for the year, down 6% over 2012 (CER +4%). **Trading profit** totaled €16 million, compared with €90 million for 2012.

Revenues			Trading Profit		
2013	2012	Change (€ million)	2013	2012	Change
323	347	-24	3	75	-72
47	47	-	13	15	-2
<b>370</b>	<b>394</b>	<b>-24</b>	<b>16</b>	<b>90</b>	<b>-74</b>

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

The Group offers financial services to support vehicle sales in Europe, Latin America and China directly through its financial services subsidiaries or associates. In other markets, the Group's sales activities are supported by vendor programs offered jointly with leading partner banks.

In Europe, financial services are provided by FGA Capital, a 50/50 joint venture with the Crédit Agricole Group (accounted for under the equity method). FGA Capital supports the Group's sales activities through dealer financing, retail financing and medium and long-term rental. The collaboration with Crédit Agricole has produced results that are in line with expectations and meet the Group's commercial needs. During the year, the two partners renewed the agreement (ahead of scheduled expiry date) for a further 8 years (2021).

New financing to the dealer network totaled €12,787 million (€13,292 million in 2012).

Retail financing (which this year also includes finance leases) was provided on 439,343 vehicles, representing a financed value of €7,163 million and a penetration rate of 26% on Group sales (2012: 387,800 vehicles, financed value of €6,015 million and 21% penetration rate of sales for Group brands).

There were new medium and long-term rental agreements on 54,768 vehicles, representing a financed value of €647 million and a penetration rate of 5.2% on Group sales (2012: 53,643 rental agreements, financed value of €632 million and 4.8% penetration rate of sales for Group brands).

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

For Latin America and China, dealer and retail financial services are provided by Banco Fidis in Brazil, Fiat Crédito Compañía Financiera in Argentina and Fiat Automotive Finance in China. All three companies are subsidiaries of Fidis S.p.A. and, in addition to their principal activities in support of the FGA and Chrysler networks, they also provide financing to customers and the dealer networks of Iveco, CNH and, in China, their joint ventures.

The average managed portfolio of Fidis and its subsidiaries was €3,157 million (€2,963 million in 2012), of which €1,473 million was dealer financing, essentially in Brazil (€1,304 million in 2012), and €778 million end-customer financing (€945 million in 2012).

In 2013, **revenues** for the Financial Services companies that support the sales activities of the Mass-market Brands were down 7% in nominal terms. On a constant currency basis, however, there was a 4% increase over 2012, primarily due to an increase in the average portfolio in Brazil and Argentina.

**Trading profit** totaled €3 million. The decrease over the €75 million profit for 2012 was mainly attributable to an increase in bad debt provisions in APAC and LATAM.

### *Luxury Brands (Ferrari)*

Ferrari Financial Services (“FFS”) provides car financing to customers in Europe, North America and Japan through its subsidiaries FFS S.p.A. (Italy), FFS AG (Germany, U.K., Switzerland, France, Belgium and Austria), FFS Inc. (U.S. and Canada) and FFS KK (Japan). The Japanese subsidiary began offering car finance and leasing services to retail customers in July 2013.

The financial services companies also offer financing to dealers in Europe (Germany, Switzerland, Belgium, U.K. and Italy) and Japan.

At the commercial level, penetration in Europe was 43% (41% in 2012) and in North America 41% (40% in 2012).

For 2013, total new finance agreements were up 3% in volume terms to 3,003 and 19% in value terms to €556 million.

At 31 December, the total value of the portfolio was €768 million (Italy 6%, Rest of Europe 38%, USA 55% and Japan 1%).

FFS reported consolidated **revenues** of €47 million, in line with 2012. **Trading profit** totaled €13 million, a decrease of €2 million over the prior year mainly attributable to an increase in the cost of funding.

## Statement of Financial Position by Activity

(€ million)	31.12.2013			31.12.2012 <sup>(1)</sup>		
	Consolidated	Industrial Activities	Financial Services	Consolidated	Industrial Activities	Financial Services
Intangible assets	19,509	19,502	7	19,284	19,279	5
Property, plant and equipment	22,843	22,840	3	22,061	22,058	3
Investments and other financial assets	2,260	2,657	863	2,287	2,756	787
Leased assets	1	1	-	1	1	-
Defined benefit plan assets	105	105	-	93	93	-
Deferred tax assets	2,893	2,826	67	1,738	1,677	61
<b>Total non-current assets</b>	<b>47,611</b>	<b>47,931</b>	<b>940</b>	<b>45,464</b>	<b>45,864</b>	<b>856</b>
Inventory	10,230	10,222	8	9,295	9,290	5
Trade receivables	2,406	2,394	24	2,702	2,690	20
Receivables from financing activities	3,671	1,580	3,685	3,727	1,600	3,643
Current taxes receivable	291	289	6	236	237	6
Other current receivables	2,302	2,248	56	2,163	2,131	32
Current financial assets:	815	788	29	807	724	83
Current investments	35	35	-	32	32	-
Current securities	247	219	28	256	173	83
Other financial assets	533	534	1	519	519	-
Cash and cash equivalents	19,439	19,239	200	17,657	17,411	246
<b>Total current assets</b>	<b>39,154</b>	<b>36,760</b>	<b>4,008</b>	<b>36,587</b>	<b>34,083</b>	<b>4,035</b>
Assets held for sale	9	9	-	55	55	-
<b>TOTAL ASSETS</b>	<b>86,774</b>	<b>84,700</b>	<b>4,948</b>	<b>82,106</b>	<b>80,002</b>	<b>4,891</b>
Equity	12,584	12,584	1,264	8,369	8,369	1,256
Provisions:	17,360	17,345	15	20,276	20,254	22
Employee benefits	8,265	8,259	6	11,486	11,481	5
Other provisions	9,095	9,086	9	8,790	8,773	17
Debt:	29,902	27,998	3,498	27,889	25,933	3,472
Asset-backed financing	596	156	440	449	52	397
Other debt	29,306	27,842	3,058	27,440	25,881	3,075
Other financial liabilities	137	135	4	201	198	3
Trade payables	17,235	17,225	20	16,558	16,546	20
Current taxes payable	314	300	19	231	223	15
Deferred tax liabilities	278	272	6	801	795	6
Other current liabilities	8,943	8,820	122	7,781	7,684	97
Liabilities held for sale	21	21	-	-	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>86,774</b>	<b>84,700</b>	<b>4,948</b>	<b>82,106</b>	<b>80,002</b>	<b>4,891</b>

<sup>(1)</sup> Figures for 2012 Annual Report have been restated to reflect application of the amendment to IAS 19 – Employee Benefits. Compared with the figures published in the 2012 financial statements, there was a €4,804 million reduction in equity for the Group and for Industrial Activities and a €2 million reduction for Financial Services.

*Net Debt by Activity*

(€ million)	31.12.2013			31.12.2012		
	Consolidated	Industrial Activities	Financial Services	Consolidated	Industrial Activities	Financial Services
Debt:	(29,902)	(27,998)	(3,498)	(27,889)	(25,933)	(3,472)
Asset-backed financing	(596)	(156)	(440)	(449)	(52)	(397)
Other debt	(29,306)	(27,713)	(1,593)	(27,440)	(25,790)	(1,650)
Intersegment financial payables	-	(129)	(1,465)	-	(91)	(1,425)
Current financial receivables from jointly-controlled financial services companies (a)	27	27	-	58	58	-
Intersegment financial receivables	-	1,465	129	-	1,425	91
<b>Debt, net of intersegment and current financial receivables from jointly-controlled financial services companies</b>	<b>(29,875)</b>	<b>(26,506)</b>	<b>(3,369)</b>	<b>(27,831)</b>	<b>(24,450)</b>	<b>(3,381)</b>
Other financial assets (b)	533	534	1	519	519	-
Other financial liabilities (b)	(137)	(135)	(4)	(201)	(198)	(3)
Current securities	247	219	28	256	173	83
Cash and cash equivalents	19,439	19,239	200	17,657	17,411	246
<b>Net (debt)/cash</b>	<b>(9,793)</b>	<b>(6,649)</b>	<b>(3,144)</b>	<b>(9,600)</b>	<b>(6,545)</b>	<b>(3,055)</b>

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

<sup>(b)</sup> Includes fair value of derivative financial instruments.

### Net Debt by Activity for Fiat excluding Chrysler

	31.12.2013			31.12.2012		
	Fiat excluding Chrysler	Industrial Activities excluding Chrysler	Financial Services	Fiat excluding Chrysler	Industrial Activities excluding Chrysler	Financial Services
(€ million)						
Debt:	(20,451)	(18,545)	(3,498)	(17,586)	(15,630)	(3,472)
Asset-backed financing	(596)	(156)	(440)	(449)	(52)	(397)
Other debt	(19,855)	(18,262)	(1,593)	(17,137)	(15,487)	(1,650)
Intersegment financial payables	-	(127)	(1,465)	-	(91)	(1,425)
Current financial receivables from jointly-controlled financial services companies (a)	27	27	-	58	58	-
Intersegment financial receivables (b)	86	1,549	129	-	1,425	91
<b>Debt, net of intersegment and current financial receivables from jointly-controlled financial services companies</b>	<b>(20,338)</b>	<b>(16,969)</b>	<b>(3,369)</b>	<b>(17,528)</b>	<b>(14,147)</b>	<b>(3,381)</b>
Other financial assets (c)	436	437	1	474	474	-
Other financial liabilities (c)	(116)	(114)	(4)	(159)	(156)	(3)
Current securities	247	219	28	256	173	83
Cash and cash equivalents	9,763	9,563	200	8,854	8,608	246
<b>Net (debt)/cash</b>	<b>(10,008)</b>	<b>(6,864)</b>	<b>(3,144)</b>	<b>(8,103)</b>	<b>(5,048)</b>	<b>(3,055)</b>

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

<sup>(b)</sup> Includes amounts receivable from Chrysler relating to intragroup manufacturing agreements classified as finance leases in accordance with IFRIC 4 – Determining Whether an Arrangement Contains a Lease.

<sup>(c)</sup> Includes fair value of derivative financial instruments.

Debt, cash and other financial assets/liabilities pertaining to Financial Services entities are not included in the calculation of Net Debt for Industrial Activities. In addition to their other activities, treasury companies of Fiat excluding Chrysler raise funds for consolidated Financial Services companies by incurring debt on their behalf and on-lending it to those companies. Loans from the treasury companies of Fiat excluding Chrysler (which are included in Industrial Activities) to the consolidated Financial Services companies are included under intersegment financial receivables and are deducted in the calculation of net debt for Industrial Activities.

Intersegment financial receivables for Financial Services companies, on the other hand, represent deposits with Group treasury as well as advances to industrial companies – for receivables sold to Financial Services companies that do not meet the derecognition requirements of IAS 39 – *Financial Instruments: Recognition and Measurement*.

Net debt for Financial Services companies at 31 December 2013 was up €89 million over year-end 2012 to €3,144 million. A €499 million increase in the managed portfolio and €16 million in dividends paid to industrial companies were largely offset by €93 million in cash from operating activities and €334 million in positive currency translation differences.

*Change in Net Industrial Debt<sup>(1)</sup>*

(€ million)	2013			2012 <sup>(1)</sup>		
	Fiat	Chrysler	Fiat excluding Chrysler	Fiat	Chrysler	Fiat excluding Chrysler
<b>Net industrial debt at beginning of year</b>	<b>(6,545)</b>	<b>(1,497)</b>	<b>(5,048)</b>	<b>(5,529)</b>	<b>(3,080)</b>	<b>(2,449)</b>
Profit/(loss)	1,951	2,392	(441)	896	1,944	(1,048)
Depreciation and amortization	4,572	2,273	2,299	4,132	2,017	2,115
Changes in provisions and other changes	(475)	204	(679)	617	653	(36)
<b>Cash from/(used in) operating activities before change in working capital</b>	<b>6,048</b>	<b>4,869</b>	<b>1,179</b>	<b>5,645</b>	<b>4,614</b>	<b>1,031</b>
Change in working capital	1,464	335	1,129	694	1,275	(581)
<b>Cash from/(used in) operating activities</b>	<b>7,512</b>	<b>5,204</b>	<b>2,308</b>	<b>6,339</b>	<b>5,889</b>	<b>450</b>
Investments in property, plant and equipment and intangible assets	(7,433)	(3,573)	(3,860)	(7,530)	(4,311)	(3,219)
<b>Cash from/(used in) operating activities, net of capital expenditure</b>	<b>79</b>	<b>1,631</b>	<b>(1,552)</b>	<b>(1,191)</b>	<b>1,578</b>	<b>(2,769)</b>
Change in consolidation scope and other changes	(183)	125	(308)	292	45	247
<b>Net industrial cash flow</b>	<b>(104)</b>	<b>1,756</b>	<b>(1,860)</b>	<b>(899)</b>	<b>1,623</b>	<b>(2,522)</b>
Capital increases and dividends	(3)	(6)	3	(36)	-	(36)
Currency translation differences	3	(38)	41	(81)	(40)	(41)
<b>Change in net industrial debt</b>	<b>(104)</b>	<b>1,712</b>	<b>(1,816)</b>	<b>(1,016)</b>	<b>1,583</b>	<b>(2,599)</b>
<b>Net industrial (debt)/cash at end of year</b>	<b>(6,649)</b>	<b>215</b>	<b>(6,864)</b>	<b>(6,545)</b>	<b>(1,497)</b>	<b>(5,048)</b>

<sup>(1)</sup> Figures for 2012 Annual Report have been restated to reflect application of the amendment to IAS 19 – Employee Benefits. Compared with the figures published in the 2012 financial statements, net profit was reduced by €515 million, of which €508 million related to Chrysler and €7 million to the Industrial Activities of Fiat excluding Chrysler. Corresponding increases were recognized under “Changes in provisions and other changes”.

Net industrial debt increased €104 million for the year with €1.7 billion in cash generation for Chrysler almost fully compensating cash absorption for Fiat excluding Chrysler. Net of equity investments, the Group generated approximately €0.1 billion in cash.

For Chrysler, there was a positive difference of €1,712 million, reflecting €5,204 million in cash from operating activities and €3,573 million in capital expenditure for the year.

For Fiat excluding Chrysler, net industrial debt increased by €1,816 million, reflecting capital expenditure (€3,860 million compared with €3,219 million in 2012) and equity investments and the change in scope of consolidation (included under “Change in consolidation scope and other changes”), which were only partially compensated for by the €2,308 million cash generated from operating activities during the year.

<sup>(1)</sup> See “Key Performance Indicators” for a description of this measure.

## Statement of Cash Flows by Activity

(€ million)	2013			2012		
	Consolidated	Industrial Activities	Financial Services	Consolidated	Industrial Activities	Financial Services
<b>A) Cash and cash equivalents at beginning of year</b>	<b>17,657</b>	<b>17,411</b>	<b>246</b>	<b>17,526</b>	<b>17,429</b>	<b>97</b>
<b>B) Cash from/(used in) operating activities:</b>						
Profit/(loss)	1,951	1,951	91	896 <sup>(1)</sup>	896 <sup>(1)</sup>	144
Amortization and depreciation (net of vehicles leased out)	4,574	4,572	2	4,134	4,132	2
(Gains)/losses on disposal of non-current assets and other non-cash items (a)	545	436	18	667 <sup>(1)</sup>	556 <sup>(1)</sup>	(33)
Dividends received	92	108	-	89	103	-
Change in provisions	444	450	(6)	77	90	(13)
Changes in deferred taxes	(1,578)	(1,562)	(16)	(72)	(73)	1
Changes relating to buy-back commitments (b)	92	92	-	(51)	(51)	-
Changes related to operating leases	1	1	-	(10)	(8)	(2)
Change in working capital	1,468	1,464	4	714	694	20
<b>Total</b>	<b>7,589</b>	<b>7,512</b>	<b>93</b>	<b>6,444</b>	<b>6,339</b>	<b>119</b>
<b>C) Cash from/(used in) investing activities:</b>						
Investments in:						
Property, plant and equipment and intangible assets (net of vehicles leased out)	(7,440)	(7,433)	(7)	(7,534)	(7,530)	(4)
Subsidiaries and other equity investments	(231)	(231)	-	(24)	(26)	-
Proceeds from the sale of non-current assets	48	47	-	139	139	-
Net change in receivables from financing activities	(449)	50	(499)	(24)	(27)	3
Change in current securities	(10)	(57)	47	(64)	(24)	(40)
Other changes	(4)	(135)	131	(30)	11	(41)
<b>Total</b>	<b>(8,086)</b>	<b>(7,759)</b>	<b>(327)</b>	<b>(7,537)</b>	<b>(7,457)</b>	<b>(82)</b>
<b>D) Cash from/(used in) financing activities:</b>						
Net change in debt and other financial assets/liabilities	3,191	2,960	231	1,679	1,536	143
Increase in share capital	4	4	-	22	22	2
Dividends paid	(1)	(1)	(16)	(58)	(58)	(14)
Payment of tax withholdings on behalf of shareholders of companies outside Italy	(6)	(6)	-	-	-	-
<b>Total</b>	<b>3,188</b>	<b>2,957</b>	<b>215</b>	<b>1,643</b>	<b>1,500</b>	<b>131</b>
Currency translation differences	(909)	(882)	(27)	(419)	(400)	(19)
<b>E) Net change in cash and cash equivalents</b>	<b>1,782</b>	<b>1,828</b>	<b>(46)</b>	<b>131</b>	<b>(18)</b>	<b>149</b>
<b>F) Cash and cash equivalents at end of year</b>	<b>19,439</b>	<b>19,239</b>	<b>200</b>	<b>17,657</b>	<b>17,411</b>	<b>246</b>

<sup>(1)</sup> Figures for 2012 have been restated to reflect application of the amendment to IAS 19. For both the Group and Industrial Activities, profit was reduced by €515 million, with a corresponding increase in "(Gains)/losses on disposal of non-current assets and other non-cash items".

<sup>(a)</sup> Includes reversal of gains in the fair value of equity swaps on a basket of Fiat S.p.A. and CNH Industrial N.V. shares of €27 million for 2013 and €31 million for 2012.

<sup>(b)</sup> Cash from vehicles sold under buy-back commitments for the periods reported above, net of amounts already recognized through profit and loss, is included in a separate line item under operating activities, which also includes change in working capital.

### Industrial Activities

For 2013, Industrial Activities generated cash and cash equivalents of €1,828 million.

- **Operating activities** generated €7,512 million in cash, of which €5,204 million was attributable to Chrysler. Excluding Chrysler, Industrial Activities generated €2,308 million in cash, consisting of €1,179 million in income-related cash flows and a €1,129 million decrease in working capital.
- **Investing activities** absorbed a total of €7,759 million, including €7,433 million for investments in tangible and intangible assets (of which €3,573 million related to Chrysler) and €231 million for equity investments, in addition to funding provided to financial services companies (included under other changes).
- **Financing activities** generated €2,957 million in cash, consisting primarily of a net increase in borrowings (approximately €1.9 billion in bonds and €1 billion in other debt).

### Financial Services

Cash and cash equivalents for Financial Services totaled €200 million at 31 December 2013, down €46 million over the beginning of the year.

Changes in cash were attributable to:

- **Operating activities**, which generated €93 million in cash (net profit plus amortization and depreciation).
- **Investing activities** (including changes in financial receivables from and debt payable to industrial companies), which absorbed €327 million in cash, primarily relating to an increase in the lending portfolio net of loans from treasury companies (included under other changes) and a decrease in current securities.
- **Financing activities**, which generated a total of €215 million, consisting of €231 million of net inflows from new financing, less dividends paid to companies included under Industrial Activities (€16 million).

# Commercial Performance by Operating Segment

## MASS-MARKET BRANDS

### NAFTA

#### Commercial Performance

#### Passenger Car and Truck Shipments by Market

(units in thousands)	2013	2012	Change
United States	1,876	1,748	7%
Canada	269	255	5%
Mexico	85	98	-13%
Contract Manufacturing <sup>(1)</sup> and other	8	14	-43%
<b>Total</b>	<b>2,238</b>	<b>2,115</b>	<b>6%</b>

#### Passenger Car and Truck Shipments by Brand

(units in thousands)	2013	2012	Change
Jeep	601	548	10%
Dodge	745	717	4%
Chrysler	325	347	-6%
Ram	496	423	17%
Fiat	63	66	-5%
Contract Manufacturing <sup>(1)</sup> and other	8	14	-43%
<b>Total</b>	<b>2,238</b>	<b>2,115</b>	<b>6%</b>

<sup>(1)</sup> Vehicles produced for other automakers, including Fiat Group Automobiles.

Vehicle shipments in NAFTA totaled 2,238,000 units for FY 2013, representing a 6% increase over FY 2012. In the U.S., vehicle shipments were 1,876,000 (up 7% from FY 2012), in Canada 269,000 (up 5%) and 93,000 for Mexico and other. The year benefited from strong shipments and sales of the Ram 1500 pickup truck, Jeep Grand Cherokee and Wrangler and, from Q4, the very positive market reception of the all-new Jeep Cherokee.

Vehicle sales<sup>(1)</sup> in NAFTA totaled 2,147,000 for FY 2013, an increase of 8% over FY 2012. Sales increased 9% in the U.S. to 1,800,000 units and 7% in Canada to 260,000. In the U.S., the Group has posted 45 consecutive months of year-over-year sales gains and the strongest annual sales since 2007. In Canada, the Group recorded its 49th consecutive month of year-over-year sales growth in December and, for the full year, it reconfirmed its position as the number two selling manufacturer, posting the strongest annual sales level since 2000.

### Industry Sales by Market

(units in thousands)	2013	2012	Change
United States	15,862	14,786	7%
Canada	1,777	1,713	4%
Mexico	1,101	1,024	8%

The **U.S. vehicle market** finished FY 2013 up 7% year-over-year to 15.9 million vehicles. The Group's overall market share was up 0.2 p.p. versus the prior year to 11.4%. Jeep vehicle sales totaled 490,000 for the year, up 3% versus FY 2012, with double-digit percentage increases for all currently produced vehicles, including the Jeep Grand Cherokee (+13%), Jeep Compass (+32%), Jeep Patriot (+22%) and the Jeep Wrangler (+10%), offsetting the absence of Jeep Liberty sales for most of 2013 (6,000 in 2013 compared to 75,000 in 2012). The Liberty replacement, the all-new Jeep Cherokee was first delivered to U.S. dealers at the end of October 2013, and 26,000 have already been sold to consumers in Q4. Dodge, the Group's number one selling brand in the region, posted sales of 596,000 vehicles, up 14% from the prior year mainly driven by the Charger (+19%), Durango (+43%), and Challenger (+19%), as well as the first full-year contribution of the Dart with 83,000 units. The Ram truck brand posted an increase of 22% to 368,000 vehicles, the largest increase of all brands, with sales increases for light-duty and heavy-duty pickups of 25% and 16%, respectively. Chrysler brand sales totaled 303,000 vehicles during FY 2013, down slightly from last year.

The **Canadian vehicle market** increased 4% year-over-year to 1.78 million vehicles. The Group's total market share increased 0.4 p.p. versus FY 2012 to 14.6%, mainly driven by strong performances from the Ram light-duty pickup (+25% year-over-year), Dodge Dart (+185%) and Chrysler Town & Country (+111%).

Fiat brand sales in the U.S. and Canada were down 2% year-over-year to 51,000 vehicles for FY 2013. The new 500L launched in May with sales of over 8,000 vehicles for the year.

### Products and Awards

Throughout the year, the Group's products received various awards and recognitions, including the Ram Pickup, which received back-to-back *Motor Trend Magazine's* "Truck of the Year" for 2013 and 2014, the first time ever a vehicle has won two years in a row. The 2013 Ram Pickup also won the "North American Truck/Utility of the Year" at the North American Auto Show in January 2013. The 3.0-liter EcoDiesel V-6 and the Fiat 500e battery-electric drive system were named among *Ward's* "10 Best Engines for 2014". In addition, the Group won 15 of 24 awards issued by the Texas Auto Writers Association, including the Truck of Texas (Ram 1500 pickup), SUV of Texas (Jeep Grand Cherokee), Commercial Vehicle of Texas (Ram ProMaster), and Truck Line of Texas (Ram Trucks).

<sup>(1)</sup> "Sales" represents sales to end customers as reported by the Chrysler dealer network.

Quality awards garnered throughout the year included the 2013 Chrysler 200 Convertible, Chrysler Town & Country, Dodge Durango, and Dodge Dart being named “Best 2013 Total Quality” in their respective segments by Strategic Vision’s Total Quality Index. The Chrysler Town & Country was judged the “Highest-Ranking Minivan” by the J.D. Power 2013 Initial Quality Study. Various vehicles also continue to be recognized as “Top Safety Picks” by the Insurance Institute for Highway Safety, and *Consumer Digest* and *Consumer Guide*® “Best Buys”.

## LATAM

### Commercial Performance

#### Passenger Car and LCV Shipments

(units in thousands)	2013	2012	Change
Brazil	785	845	-7%
Argentina	111	84	32%
Venezuela	6	9	-33%
Other	48	41	17%
<b>Total</b>	<b>950</b>	<b>979</b>	<b>-3%</b>

#### Passenger Car and LCV Industry Sales

(units in thousands)	2013	2012	Change
Brazil	3,581	3,636	-1%
Argentina	919	805	14%
Venezuela	84	108	-23%
Other	1,340	1,297	3%
<b>Total</b>	<b>5,924</b>	<b>5,846</b>	<b>1%</b>

In 2013, Group shipments in the LATAM region decreased 3% year-over-year to a total of 950,000 vehicles. Industry sales in LATAM were up 1.3% to 5,924,000 units.

In **Brazil**, the passenger car and light commercial vehicles (LCV) market was down 1.5% over the prior year to 3,581,000 units.

For 2013, the Group confirmed its leadership in the Brazilian market, with an overall share of 21.5%. Although 1.8 p.p. lower than 2012 – when exceptional performance was driven by the Group’s flexibility in responding to the sharp increase in demand following the government’s introduction of incentives – Group share was still 2.7 p.p. ahead of the nearest competitor. Group products continued to perform well, taking a combined 25% share of the A/B segment, driven by the continued success of the new Palio and Uno. Siena and Grand Siena posted a combined 25% year-over-year increase and Strada was up 5% (50% segment share) boosted by the contribution from the refreshed model launched in Q4.

The Group shipped 785,000 passenger cars and LCVs in Brazil, representing a 7% decrease compared with 2012, which benefited from a period of higher sales tax incentives.

In **Argentina**, where the market was up 14% for the year to 919,000 units, Group sales increased 31% to approximately 111,000 units, with share up 1.4 p.p. to 12.0% facilitated by improved customs clearance for vehicle imports. In the A/B segment, share was 14.1%, with the Palio posting a 71% year-over-year increase.

For other LATAM markets, shipments totaled approximately 54,000 units, up 7% over 2012.

### ***Products and Awards***

During the year, new product launches included: the 2014 Fiat Uno and Dodge Durango in Q1; special versions of the Fiat Grand Siena and Strada in Q2; special *Italia* series versions of the new Fiat Uno and Palio Fire in Q3; and, in Q4, the new Fiat Fiorino and Strada, the 2014 Jeep Grand Cherokee, and the *Grazie Mille* special edition of the Fiat Uno Mille.

The new Strada was the winner of four categories in the “Truck of the Year 2013” awards from *Auto Esporte* magazine. The Grand Siena won “Owners Satisfaction Award 2013” in its segment from *Quatro Rodas* magazine.

The Group's new plant in Goiana, Pernambuco, is expected to start activities during the first half of 2015 with initial production capacity of 200,000 vehicles per year based on the Small Wide platform which will strengthen the product offering in the mid-size segments of the market. The site will also have an integrated supply park, product engineering center and testing facilities.

## APAC

### Commercial Performance

#### Passenger Car and LCV Shipments

(units in thousands)	2013	2012	Change
China	90	54	67%
South Korea	5	4	25%
Japan	16	15	7%
Australia	37	23	61%
Other	15	7	114%
<b>Total</b>	<b>163</b>	<b>103</b>	<b>58%</b>

#### Passenger Car and LCV Industry Sales

(units in thousands)	2013	2012	Change
China	16,670.9	14,246.6	17%
South Korea	1,291.8	1,306.8	-1%
Japan	4,562.3	4,572.4	-
Australia	1,106.2	1,080.7	2%
Other	2,472.3	2,664.3	-7%
<b>Total</b>	<b>26,103.5</b>	<b>23,870.8</b>	<b>9%</b>

Vehicle shipments in APAC (excluding JVs) totaled 163,000 units for 2013, representing an increase of 58% over the prior year.

Regional demand<sup>(1)</sup> rose year-over-year led by growth in China and Australia, while India and South Korea were down versus the prior year.

Group retail sales, including JVs, totaled 199,500 units, up 73% over the prior year driven by strong performance in China and Australia, compared with a 9% growth for the industry. By brand, Jeep sales were up 26% versus the prior year. Fiat brand posted growth of 40,700 units for the year, reflecting sales performance for the Chinese-produced Fiat Viaggio launched in late 2012. Dodge brand sales were up 5 times over the prior year, driven by the re-launch of the Dodge Journey in China in early 2013.

<sup>(1)</sup> Aggregate for key markets where the Group is present (i.e. China, India, Australia, Japan and South Korea).

### *Products and Awards*

Jeep remained the best-selling brand across the region and, during the year, the product line-up was enhanced with the introduction of the new 2014 Grand Cherokee with 8-speed automatic transmission and 3.0L variants of the Jeep Grand Cherokee and Jeep Wrangler.

Launched in February 2013 with new and improved features, the Dodge Journey enjoyed a successful return, quickly becoming the Group's fourth best-selling vehicle in the region and driving the brand's five-fold sales increase for the year.

Fiat Viaggio continued to gain momentum in China, becoming the Group's best-selling vehicle in the region. The Fiat brand product line-up was further enhanced with the presentation of the Shining Edition of the Fiat Viaggio and the all-new hatchback version, the Fiat Ottimo, both unveiled at the Guangzhou Auto Show in November. The second Fiat vehicle to be produced in China, the Fiat Ottimo will be launched at dealerships in early 2014.

The newly-established distribution network in India which now totals 100 points of sale, posted a 41% same period year-over-year sales increase since its inception in April 2013, driven by the successful launch of the all-new Fiat Linea Classic and Fiat Punto Sport in Q3 2013.

In other key markets, Group sales in Australia grew 53% year-over-year, compared with 2% for the industry, representing the best year-over-year growth in the market by any manufacturer and driven by the Jeep and Fiat brands. In South Korea, Group sales were up 16% over the prior year driven by the re-introduction of the Fiat brand. In Japan, sales were up 6% year-over-year compared with a flat performance for the industry.

## EMEA

### Commercial Performance

#### Passenger Car and LCV Shipments by Market

(units in thousands)	2013	2012	Change
France	84.4	82.2	2.7%
Germany	97.5	109.6	-11.0%
U.K.	84.4	71.2	18.5%
Italy	408.7	446.9	-8.5%
Spain	33.7	27.3	23.4%
Poland	20.5	24.5	-16.3%
Rest of Europe	123.0	134.1	-8.3%
<b>Europe (EU27+EFTA)</b>	<b>852.2</b>	<b>895.8</b>	<b>-4.9%</b>
Other	126.7	115.8	9.4%
<b>Total Sales</b>	<b>978.9</b>	<b>1,011.6</b>	<b>-3.2%</b>
Associates and JVs	79.6	87.9	-9.4%
<b>Grand Total</b>	<b>1,058.5</b>	<b>1,099.5</b>	<b>-3.7%</b>

Passenger car and LCV shipments in the EMEA region totaled 979,000 units for the year, a decrease of approximately 33,000 units (-3%) over 2012.

Passenger car shipments were down 4% to 776,000 units, with significant declines in Italy and Germany. LCV shipments were in line with the prior year at 203,000 units.

#### Passenger Car Industry Sales

(units in thousands)	2013	2012	Change
France	1,786.4	1,890.0	-5.5%
Germany	2,871.7	3,001.0	-4.3%
U.K.	2,264.9	2,043.6	10.8%
Italy	1,304.4	1,403.0	-7.0%
Spain	723.9	700.6	3.3%
Poland	287.8	271.0	6.2%
<b>Europe (EU27+EFTA)</b>	<b>12,308.2</b>	<b>12,528.1</b>	<b>-1.8%</b>

In **Europe** (EU27+EFTA), the **passenger car market** was down 2% for the year to 12.3 million vehicles. By major market, demand was down in Italy (-7%), France (-6%) and Germany (-4%). The positive trend continued in both the U.K. and Spain, where demand was up 11% and 3%, respectively. For the rest of Europe, there was an overall contraction of around 4%.

Group brands accounted for a combined 6.0% share of the European market, representing a 0.3 p.p. decrease over 2012. There were year-over-year gains in France (+0.2 p.p. to 3.5%), Spain (+0.4 p.p. to 3.7%) and U.K. (+0.1 p.p. to 3.2%). By contrast, share was down 0.9 p.p. in Italy to 28.7% and 0.2 p.p. in Germany to 2.7%, in part reflecting management of channel mix.

The commercial strategy centered on the 500 family continues to yield positive results. The 500 was the best selling A-segment vehicle in Europe, with a 13.9% share, and the 500L ranked as the number one Small multi purpose vehicle (MPV), with 73,500 units sold for the year and a 17.9% segment share.

The **European light commercial vehicle market** (EU27+EFTA) registered a 1% year-over-year decrease, with significant contractions in Italy (-15%), France (-5%) and Germany (-2%).

Fiat Professional's European share<sup>(1)</sup> was down marginally to 11.6% as a result of a less favorable market mix. Share was up 1.3 p.p. in Italy to 44.0%, up 1.4 p.p. in the U.K. to 5.0% and up 0.4 p.p. in Spain to 8.9%. In France and Germany, share remained in line with prior year levels at 9.0% and 11.7%, respectively.

### Products and Awards

During the year, new product highlights included: the launch of the 105 hp 1.6L MultiJet II and 0.9L TwinAir Turbo engine versions of the 500L, as well as the new Fiat 500L Living and Trekking and the "Natural Power" versions of the 500L and 500L Living. In the fourth quarter, the brand also introduced the 105 hp 0.9L TwinAir option for the 500 and 500C and the 120 hp 1.4L T-Jet Turbo and 1.6L MultiJet II options for the 500L, 500L Trekking and 500L Living. At the Frankfurt Motor Show in September, Fiat presented the special 30th anniversary limited edition Panda 4x4 Antarctica. The Fiat brand received the "Best Green Engine of the Year 2013" award for the eco-performing natural gas TwinAir Turbo.

In October, Alfa Romeo presented refreshed versions of the MiTo and Giulietta, with new engine options, including the 105 hp 0.9L TwinAir Turbo for the MiTo and the all-new 150 hp 2.0 JTDM 2 for the Giulietta, as well as latest generation UConnect infotainment systems and new interiors.

The brand also began delivery of the "Launch Edition" of the Alfa Romeo 4C in the fourth quarter. The Alfa Romeo 4C was named winner of the Sportscars/Imported category by readers of *Auto Zeitung* in Germany and was named "Car of the Year 2013" by *FHM* magazine in the U.K.

Jeep launched the 2014 Jeep Grand Cherokee in markets across Europe during Q2 followed, in the fourth quarter, by the 2014 Jeep Compass, which has undergone a refresh.

During the year, the World Class Manufacturing program's Gold level was awarded to Fiat plants in Pomigliano d'Arco, Italy, and Tychy, Poland, as well as the Tofaş plant in Bursa, Turkey.

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<sup>(1)</sup> Due to unavailability of market data for Italy since January 2011, the figures reported are an extrapolation and discrepancies with actual data could exist.

## LUXURY BRANDS

### Ferrari

#### *Commercial Performance*

During 2013, Ferrari maintained production below the prior year's level in line with the strategy announced in May 2013 aimed at preserving the brand's exclusivity.

A consistently high level of investment in product development has enabled Ferrari to achieve the most innovative and comprehensive product offering in its history. New model releases during 2013 included the limited edition LaFerrari, which attracted orders for more than double the 499 unit production run even before its official debut at the Geneva Motor Show, as well as the 458 Speciale, which sports a myriad of world-class technological innovations.

Product mix was improved, with 12-cylinder models accounting for 25% of total sales as the F12 Berlinetta reached full production and demand for the FF remained strong. The 8-cylinder models, the 458 (coupé and spider versions) and California30, both continued to experience solid demand.

The U.S. remained the number one market and Ferrari increased shipment levels moderately to avoid customers experiencing excessive waiting times. In Europe, shipments in the U.K. were higher following the introduction of the right-hand drive F12 Berlinetta, but down in Germany reflecting planned reductions. In Italy, government austerity measures continued to penalize demand with sales in 2013 accounting for less than 3% of the global total.

Performance was very positive in the Middle East and Japan, while shipments in Greater China were reduced as part of Ferrari's strategy to preserve brand exclusivity in one of its traditional key markets, particularly in Hong Kong (where Ferrari celebrated its 30th anniversary in October), while in the People's Republic of China, where the brand reduced shipments consistent with the decision to maintain lower stock levels, sales to end customers were substantially comparable with the prior year.

In Formula One, Team Ferrari had a promising start to the season before encountering development issues that affected competitiveness in the latter part of the year. Despite the setback, Fernando Alonso placed second in the Drivers' Championship and the team was third overall in the Constructors' Championship.

The 458 GT had a rewarding season, racking up victories on three continents, including a hat trick in the GTE Pro class of the FIA World Endurance Championship and victory in the GTE Am category.

From the Grand Am to the European and Asian Le Mans Series, the Blancpain Series and the International GT Open, the 458 enjoyed a string of successes once again this season at both the competitive and commercial level. Now in its third season, the mono-brand 458 Challenge series also remained an extremely popular event with Ferrari owners.

In November, it was announced that all brand-related activities (licensing, retail, franchising and e-commerce) would be transferred to a wholly-owned subsidiary of Ferrari effective 1 January 2014, enabling an increased and more direct management focus.

Retail volumes continued to grow through the more than 50 Ferrari Stores worldwide and the e-commerce channel. In the licensing area, the number of agreements was reduced, while profitability was increased. Major licensing arrangements include partnerships with Electronic Arts and Codemasters.

On the sponsorship front, in 2013 Weichai Power, a leader in the automotive and components sector, and UPS, the major U.S.-based logistics supplier, both linked their names with Team Ferrari. The Oakley brand will also appear on the drivers' helmets for the 2014 F1 season.

The brand also continued to strengthen its presence on social networks, with the official Facebook page now counting more than 13 million fans.

A total of 7,124 street cars were **sold to end customers** during the year. Solid growth in North America and the Middle East compensated for the effect of challenging economic conditions in Europe, particularly in the eurozone.

For 12-cylinders models, sales were up 29% for the year to 1,931 vehicles, representing 27% of total sales. The increase was driven by the F12 Berlinetta, which completed its first full year in production, and the continued success of the FF.

The brand also began shipping the new super car, the limited edition LaFerrari, which was premiered at the Geneva Motor Show in March.

North America (U.S. and Canada) posted another record year, with sales up 9% over the prior year to 2,230 vehicles. The region remained Ferrari's largest market, accounting for 31% of worldwide sales.

In Europe, sales to end customers were down 13% to a total of 2,722 vehicles. In southern and western Europe (Italy, France, the Iberian Peninsula and Benelux), where economic conditions remained challenging, sales were down 23% from the 2012 level to 670 vehicles. For Central Europe, sales were down 11% in both Germany (672 vehicles) and Switzerland (329) as a result of the brand's strategic decision. In the U.K., sales were up 1% over the prior year to 673 vehicles placing it ahead of Germany as the brand's number one European market for the year.

The Middle East and Africa continued to be among the strongest performers, with combined sales up 12% over the prior year to a record 605 vehicles.

In the Asia-Pacific region, sales contracted 3% overall to 1,437 units. Greater China remained the second largest market globally, with sales in China stable at 458 vehicles (454 for 2012), but Hong Kong and Taiwan decreasing by 9% to 687 vehicles sold. The recovery continued in Japan, where sales were up 3% for the year to 351 units. For the remainder of Asia (South Korea and South East Asia), sales increased 6% to 289 vehicles.

In Australasia, 110 vehicles were sold (109 in 2012).

In 2013, Ferrari **shipped** 6,922 street cars (-5% year-over-year), including the first 20 units of the special edition LaFerrari. Shipments of 8-cylinder models were down 12% over the prior year, but there was a 19% increase for 12cylinder models driven primarily by the F12 Berlinetta, which was released just a year ago.

### ***Products and Awards***

The new product releases during the year demonstrated Ferrari's continued technological leadership.

At the Geneva Motor Show, the press and public were given a first look at the limited series LaFerrari: the maximum expression of the brand's excellence in technological innovation, performance, styling and driving emotion. Setting a new benchmark for the sector, LaFerrari incorporates the latest technological innovations that Ferrari will apply to future models.

The Frankfurt Motor Show was the venue for the debut of the limited edition 458 Speciale, which is equipped with a series of unique technological innovations and design features characteristic of the brand, ranging from engine and drivetrain to the vehicle's active aerodynamics and electronic control systems.

Awards and recognitions received during the year included: "Best Performance Engine of the Year", for the third consecutive year, for the 12-cylinder engine on the F12 Berlinetta and "Supercar of the Year" from *Top Gear* for the 458 Speciale.

## Maserati

### *Commercial Performance*

For Maserati, 2013 was a very significant year in terms of both new products and strategic developments.

In January, Maserati gave its world premiere presentation of the new flagship Quattroporte at the North American International Auto Show in Detroit. The Shanghai Motor Show in April was the venue for the world premiere presentation of the new Ghibli and heralded the brand's entry in the E segment, which accounts for more than 30% of the luxury car market worldwide. Both vehicles are offered with diesel and all-wheel-drive options, representing firsts for Maserati. With the introduction of these two new models and continued contribution of the existing Sport models, Maserati posted its best ever annual performance with a total of 15,400 vehicles shipped and combined order intake for the two new models of 26,000 units.

Major events during the year included: the opening of a new, state-of-the-art production facility for the Quattroporte and Ghibli, presentation of a new brand image and communications strategy to support the new strategic objectives and, in December, the official launch of Maserati's 100th anniversary celebrations. The occasion was marked with the release of the official commemorative book entitled "Maserati – A Century of History", the centenary logo and a program of events for 2014.

In motor sport, the fourth season of the mono-brand MC Trofeo championship kicked off at the end of April at the Paul Ricard circuit in France. The 2013 race calendar consisted of three fixtures in Europe (France, U.K. and Germany) and three outside Europe, including the U.S. and China, with the final race held in Abu Dhabi in mid-December.

Worldwide **shipments** were up 148% for the year, with 15,400 vehicles delivered to the network. For the Quattroporte, which was released in March, shipments totaled 7,800 units. For the Ghibli, a total of 2,900 units were shipped between launch in October and year end. Combined shipments for the GranTurismo and GranCabrio were in line with 2012 at 4,700 units for the year.

All markets contributed positively to the significant year-over-year increase. The U.S. remained the brand's number one market, with shipments up 138% over the prior year to 6,900 units. Maserati's second largest market, China, recorded the highest percentage increase with shipments up 334% to 3,800 units. Even in Europe, where economic conditions remained difficult, shipments were up 133% to 2,500 units driven by demand for the new models. Results were also strong for the Asia-Pacific region (excluding China) and the Middle East, which registered increases of 52% (to 1,300 vehicles) and 81% (to 750 vehicles), respectively.

### *Products and Awards*

In January 2013, Maserati gave its world premiere presentation of both the V8 (530 hp) and V6 (410 hp) versions of the new Quattroporte at the North American International Auto Show in Detroit.

At the Geneva Motor Show in early March, Maserati presented the 4-seat GranTurismo MC Stradale and, for the first time in Europe, the new Quattroporte.

The Shanghai Motor Show in April was the chosen venue for the world premiere presentation of the new Maserati Ghibli.

At the Frankfurt Motor Show in September, Maserati presented the diesel version of the Quattroporte along with the Ermenegildo Zegna Limited Edition concept version, the first project in partnership with the premiere Italian fashion house.

Mid-November saw the North American debut of the Ghibli at the Los Angeles Auto Show.

## COMPONENTS

### Magneti Marelli (Components)

Magneti Marelli reported an increase in revenues of 3% over the prior year (6% at constant exchange rates) driven primarily by performance in NAFTA and China, in addition to a modest gain in Europe. In Brazil, revenues were substantially in line with 2012 on a constant currency basis.

During the year, Magneti Marelli entered into several major agreements relating to the development of innovative products in its core business areas.

In January, an agreement was signed with a leading car leasing company, LeasePlan, for fleet maintenance by Magneti Marelli's Checkstar service centers.

In September, Magneti Marelli and China South Industries Group Corporation, a manufacturer of automotive parts and systems, entered into an agreement to establish a 50/50 JV in China (Hubei Huazhong Magneti Marelli Automotive Lighting Co. Ltd.) for the production of auto headlights and tail lights.

In November, Magneti Marelli signed two cooperation agreements with Faurecia (a global supplier of passenger car modules and components), one for the production and distribution of interior and exterior components for FIASA in Brazil (Pernambuco) and the other for the design, development and production of advanced human-machine interfaces for vehicle interiors.

Also in November, Magneti Marelli signed a cooperation agreement with Opar, a Tofaş subsidiary and leader in the automotive parts market in Turkey, for distribution of aftermarket parts in Turkey. It also entered into an agreement with Iveco for the distribution of two new lines of OEM parts for LCVs in Europe.

In December, Magneti Marelli and Hero MotoCorp Ltd. established a JV in India for the production of engine control systems for the two-wheeler market. Magneti Marelli will hold 40% of the JV and Hero MotoCorp the remaining 60%.

Performance for the principal business lines was as follows:

### *Lighting*

Revenues totaled €2,275 million for 2013, an increase of approximately 12% over the prior year driven by growth in NAFTA, where several new products were launched during the second half of 2012, and in China for Volkswagen. In the German-Czech Republic region and Brazil, revenues were substantially in line with the prior year.

Innovation and development activities related to:

- LED projection module (eLight Modular Concept), the concept has the flexibility to react to changes in market trends and/or technological improvements such as substitution of the LEDs with latest generation LEDs that offer the same performance with fewer diodes;
- glare free high-beam LED technology applied on reflexion technology. Based on use of a single LED, the solution will reduce the cost of modules;
- laser beam in headlamps: product which will use the laser beam module for a high beam application.

Major new orders included headlights for Audi, Ford, Volkswagen and Mini models, as well as headlights and tail lights for Honda.

### ***Powertrain***

Revenues totaled €898 million, which was in line with the prior year on a constant currency basis. In Europe, an increase in turnover from sales of the direct injection pump to Hyundai more than compensated for lower sales of a similar component to PSA.

A modest increase in sales to FIASA and Volkswagen in Brazil and the supply of new products to Chrysler more than compensated for the loss of revenues associated with the sale of the carburetor business to Edelbrock in 2012.

Activity in the Chinese market was in line with 2012, while sales to Maruti Suzuki in India were down, particularly in the second half, due to an overall decline in local demand.

On the innovation front, development continued on electric inverters and motors for application on hybrid electric and battery electric vehicles (HEV/BEV) for Ferrari, Qoros Group (China) and Chrysler.

Major orders received during the year included: systems and components for FAW and Volkswagen, intake manifolds for the Chrysler Pentastar, systems and components for Chrysler and Qoros hybrid vehicles, manifolds and throttle bodies for Fire MultiAir turbo engines for Fiat/Chrysler and Mazda.

### ***Suspension Systems***

Revenues were €470 million, substantially in line with 2012. Increased sales associated with the Ducato in Brazil and Mexico compensated for contractions across brands for Fiat Group, the business line's principal customer, in Italy and Poland.

Research and innovation activities related to high-resistance metal (steel and iron) and alloy solutions (carbon steel) and variable thickness components continued during the year.

Major new orders included suspension components for the new SUV vehicle platform for Fiat/Chrysler in Italy and Brazil.

### ***Shock Absorbers***

The business line recorded revenues of €309 million for 2013, a 4% year-over-year decrease at constant exchange rates attributable to an overall contraction in demand in the business line's core markets.

Principal new product developments during the year related to aluminum mono-tube shock absorbers that contribute to reduced emissions, cabin leveler shock absorbers for Iveco, low-cost Dual Stage Valve shock absorber technology, and E\_FSD (electronic frequency selective damping) shock absorbers. Development also continued on regenerative shock absorbers.

### ***Electronic Systems***

Revenues totaled €935 million for the year, an increase of approximately 7% over 2012 driven primarily by growth in sales of telematics and body products to PSA (RT5, RT6 and RT6FF radio navigation systems and SMEG A9 and SMEG+ infotainment systems).

Ongoing innovation projects included: development of a new infotainment system for BMW (launched in November 2013); the new instrument cluster platform for Audi and Fiat/Chrysler SUVs; new body computers for Chrysler and Fiat/GAC's Compact United States Wide (CUSW) platform, the L7 family in Slovakia (Ducato and Iveco MY 2014), the L9 family for application on FIASA models in LATAM.

New orders included: the E-call system for FGA, a telematics box for GM and Suzuki, an infotainment system for the BMW EVO range and a body computer for the 2014 Ducato.

### *Exhaust Systems*

Revenues totaled €559 million, a 2% decrease at constant exchange rates attributable to the overall contraction in demand in the business line's principal markets, which was only partially offset by increased volumes to customers in Serbia and China.

On the innovation front, the business line launched projects for the development of second generation Selective Catalytic Reduction systems. In addition, research continued on systems that recover exhaust-generated heat and design solutions to reduce the weight of exhaust systems and, consequently, contribute to achieving lower CO<sub>2</sub> emissions through reductions in the total weight of the vehicle.

Major new orders included exhaust systems for Chrysler's TigerShark engine in the U.S. and Volkswagen's LCV range in Germany.

### *After Market*

Revenues totaled €356 million for 2013, up 5% over the previous year (+13% at constant exchange rates). Growth in Europe and Mercosur was partially offset by decreases in NAFTA. March saw the launch of the business line's sales activities in China, where lighting products led the way. All product areas experienced volume increases with particularly strong growth for telematics products.

### *Plastic Components and Modules*

Revenues were down 2% over the prior year to €410 million. The decrease was attributable to an overall contraction in demand in the business line's core markets, only partially compensated for by revenue growth associated with new products for FGA models, particularly the 500L.

Orders received during the year included interiors, exteriors, fuel systems and pedals for the new B-SUV Jeep to be produced at the Melfi plant starting in 2014.

### *Teksid (Metallurgical Products)*

During 2013, the global Light Vehicle market registered a 3.1% increase globally. By region, production for Teksid's customer segment was down 0.5% in Western Europe (Italy -0.5%, France -11.5%, Spain +8.5%), but higher in both Mercosur (+4.1%) and North America (+4.8%).

For Medium and Heavy Vehicles combined, the global market was up 4.3% over the prior year. By region, production for Teksid's customer segment was down 2.8% in Western Europe (Italy +4.4%, Germany -9.3%, France -3.3%), up 43.5% in Mercosur (Brazil +47.5%, compared with 2012 when volumes were down 50% over pre-crisis levels) and down 3.0% in NAFTA. Increases were not sufficient to bring Teksid's volumes in the Medium and Heavy Vehicle segment to pre-crisis levels.

The Cast Iron business unit recorded a 7% decrease in volumes, primarily due to lower demand in the heavy vehicle segment, and the continuing shift to the use of aluminum in the production of car engine basements. Revenues were down 16% for the year.

The Aluminum business unit closed the year with volumes up 13% and revenues up 10%.

## Comau (Production Systems)

During 2013, automakers maintained investment in activities related to the Body Welding business line at 2012 levels, but reduced investment in areas related to Powertrain's activities.

In the U.S., automakers continued to invest, but at significantly different levels.

In China, investment levels remained high.

In Brazil, new contract orders were up and the medium-term outlook is robust.

In Europe, investment levels were higher in the U.K., but elsewhere automakers demonstrated a high degree of selectivity in their investment programs.

Order intake for the Systems activities totaled €1,454 million, an increase of 18% over the prior year attributable primarily to the Body Welding business.

By region, 44% of new orders were generated in Europe, 28% in NAFTA, 16% in APAC and 12% in LATAM. By customer, 25% of orders came from Fiat/Chrysler companies and the remaining 75% from other manufacturers. At 31 December 2013, the order backlog totaled €1,022 million, a 17% increase over the previous year.

For the Services operations, activity was substantially in line with 2012 levels but with signs of a recovery.

# Sustainability<sup>(1)</sup>

## SUSTAINABILITY GOVERNANCE AND COMMITMENT TO STAKEHOLDERS

### Sustainability Governance

All areas of the Group have an active role in addressing the goals and challenges of sustainability. The sustainability management process is based on a model of shared responsibility that begins with the top level of management and involves every area and function within the organization. All employees worldwide are expected to conduct their activities responsibly.

Several entities within the organization are responsible for directing and coordinating the sustainable management of the Group's businesses. Those entities include:

The *Sustainability Team*, through its offices in Italy, the U.S. and Brazil, has a key role in promoting a culture of sustainability within the Group and facilitating the process of continuous improvement, while contributing to risk management, cost optimization, stakeholder engagement and enhancement of the Group's image. The team collaborates with individuals within the operating segments, regions and central functions that have operational responsibility for issues such as the environment, energy, innovation and human resources, and supports them in identifying key areas for action. It also manages relationships with international sustainability organizations, as well as sustainability rating agencies and investment analysts, with the support and coordination of the Investor Relations team.

The *Cross-functional Sustainability Committee (CSC)* consists of the heads of the principal central functions, operating segments and regions, who are often also consulted individually. The CSC evaluates and facilitates operational decisions, as well as serving in an advisory capacity for proposals submitted by the Sustainability Team to the Group Executive Council (GEC), the decision-making body headed by the Group CEO and composed of the COOs of the regions and operating segments, together with the heads of various central functions. The GEC is responsible for defining the strategic approach, approving operating guidelines and evaluating the alignment of the Sustainability Plan with business objectives. The Committee periodically updates the GEC on individual initiatives and the Group's overall sustainability performance.

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

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<sup>(1)</sup> All information in the Sustainability section has been audited by the independent certification organization SGS Italia S.p.A. The scope, methodology, limitations and conclusions of the audit are provided in the Assurance Statement issued by SGS and published in the Fiat Group 2013 Sustainability Report.

### **Commitment to Stakeholders**

The Group's ability to generate value through business decisions also depends on listening to and understanding the expectations and needs of all stakeholders who, directly or indirectly, have an influence on or are influenced by the Group's activities.

The decisions of many internal and external stakeholders – including customers, suppliers, dealers, employees, public institutions, trade and industry groups, investors and local communities – are affected by the Group's activities just as the Group's activities and results are, to varying degrees, also affected by the actions and expectations of stakeholders.

Operating responsibly therefore requires constant engagement with all stakeholders, at the local and global level, in order to understand and appropriately address the most relevant needs and expectations, as set out in the Stakeholder Engagement Guidelines.

As the engagement with stakeholders evolves over time, initiatives have become increasingly effective. The Group uses a variety of channels to engage with each category of stakeholders and gain a more in-depth understanding of their expectations.

In 2013, the Group developed additional channels for interaction with external stakeholders, including three sustainability-focused Stakeholder Engagement events held in Italy, Brazil and the U.S. These events provided a platform for individual customers, fleet operators, dealers, suppliers, media, local communities, universities and technical schools, environmental organizations, foundations and NGOs to express their views, priorities and needs. For each stakeholder category, specific local issues also emerged.

## MATERIALITY ANALYSIS

The dialogue with stakeholders enables the Group to identify which areas of sustainability are considered most material and, as a result, to continue creating value for all stakeholders in both the short and long-term.

The stakeholder engagement events organized in Italy, Brazil and the U.S. in 2013 provided an opportunity for additional insight into the economic, environmental and social aspects of the Group's activities that have the greatest impact on the decisions of stakeholders, including issues of specific relevance in each geographic area. As a result, the Group has updated the materiality diagram first presented in the 2012 Sustainability Report.

## Materiality diagram



## RESEARCH, INNOVATION AND SUSTAINABLE MOBILITY

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

### Innovating for Sustainable Products and Processes

In 2012, the Group launched the Global Innovation Process (GIP), which establishes a common framework for the coordination of all innovation activities worldwide.

Developed in collaboration with, and on the basis of, input from the Group's four operating regions, the GIP covers all phases of the innovation process, from idea generation to pre-competitive development. As part of that process, guidelines and targets are then formalized in the Strategic Agenda.

The process is coordinated centrally by the Chief Technology Officer who, as a member of the Group Executive Council, ensures alignment of the innovation process with the Group's strategic objectives, as well as synergies and transfer of new solutions across the Group's global product portfolio.

At year-end 2013, the Group's Research and Innovation activities involved some 18,700 individuals at 78 centers worldwide.

During the year, the Group invested approximately €3.4 billion in R&D<sup>(1)</sup>, representing around 4% of net revenues from Industrial Activities.

The Group's innovation activities have generated a significant intellectual property portfolio over the years and, at year-end 2013, it had a total of 8,521 registered patents.

#### Patents – Fiat Group worldwide (no.)

Patents registered at 31 December 2013	8,521
<i>of which: registered in 2013</i>	425
Patents pending at 31 December 2013	3,333
<i>of which: new patent applications filed in 2013</i>	459

### Centers of Excellence

**Centro Ricerche Fiat** (CRF), headquartered in Orbassano (Turin, Italy), was established in 1978 as a focal point for Fiat Group's research and innovation activities and it is a recognized center of excellence at the international level. The Center's mission is to continuously improve the Group's competitiveness through the development of innovative solutions, processes and methodologies. All research activities are carried out in coordination with the Group's technical areas and operating regions. CRF draws on technical skills and know-how covering the full spectrum of automotive engineering disciplines and is equipped with state-of-the-art laboratories for testing powertrain systems, analyzing materials and electromagnetic compatibility, and conducting noise and vibration analyses and driving simulations.

The **Chrysler Group Automotive Research and Development Centre** (ARDC) opened in May 1996 in partnership with the University of Windsor in Canada and serves as an illustration of what can be achieved when industry, academia and government work together. The ARDC is equipped with six road-test simulators and a range of research and development support facilities, including the Automotive Coatings Research Facility, the Automotive Lighting Research Facility and the Vehicle Recycling Laboratory.

<sup>(1)</sup> Includes capitalized R&D and R&D charged directly to the income statement.

Dedication to innovation in numbers (no.)	2013
CFR employees at year end	905
Co-funded research programs, approved under the EU's 7th Framework Program <sup>(1)</sup> (2007-2013)	174
of which: approved in 2013	23

<sup>(1)</sup> The Framework Programs are funding instruments established by the European Union to support and encourage research and development. Each program is put forward by the European Commission and adopted by the European Council and Parliament. The 7th Framework Program ran from 2007 to 2013.

### Strategy to Minimize Emissions

The Group's product strategy is based on an approach centered on reducing the environmental impact of vehicles over their entire life cycle. Key elements in that strategy include improving the efficiency of conventional engines, offering a full range of alternative fuel vehicles, developing alternative propulsion and emissions reduction systems, reducing the energy requirements of vehicles, promoting driver behavior that contributes to reducing emissions and introducing new mobility services and solutions.

There is no single solution to the challenges faced by the automotive industry. Immediate and tangible results can only be achieved by combining conventional and alternative technologies, while recognizing and accommodating the different economic, geographic and fuel requirements of each market. Affordability is also a key consideration: even the most effective technologies cannot have a significant impact on the environment if they are too expensive to reach a sufficiently large number of people.

The Group's commitment to increasingly sustainable mobility has been demonstrated by the results already achieved in reducing fuel consumption and CO<sub>2</sub> emissions, particularly in EMEA and NAFTA, where approximately 72% of Group revenues were generated in 2013.

In the European Union, the Group's mass-market and premium brands (Fiat, Alfa Romeo, Lancia, Abarth, Chrysler and Jeep) have reduced average CO<sub>2</sub> emissions per vehicle sold by 24% over the past 13 years. In addition, approximately 71% of Group cars sold in 2013 had CO<sub>2</sub> emissions at or below 120 g/km, and 81% at or below 130 g/km.

### New registrations by CO<sub>2</sub> emissions level in European Union for Mass-Market and premium brands (g/km)<sup>(1)</sup>

up to 100	13%
from 101 to 110	12%
from 111 to 120	46%
from 121 to 130	10%
above 130	19%

<sup>(1)</sup> CO<sub>2</sub> data based on New European Driving Cycle (NEDC) measurement standard.

In the United States, which accounts for 84% of shipments in the NAFTA market, vehicle efficiency is measured by fuel economy<sup>(1)</sup> expressed in miles per gallon (mpg). In 2013, Chrysler Group's domestic passenger car mpg increased from 31.1 in 2012 to 32.1, an improvement of 3%. Light truck mpg increased 1%, from 24.3 to 24.5.

This trend of continuing improvements in emissions and fuel economy is the result of strategic choices made by the Group based on a process of continuous innovation.

Following are descriptions of some of the main technological innovations introduced on Group vehicles during 2013.

<sup>(1)</sup> Data is reported to the U.S. National Highway Traffic Safety Administration (NHTSA) and provided by model year, meaning the year used to designate a discrete vehicle model, irrespective of the calendar year in which the vehicle was actually produced, provided that the production period does not exceed 24 months. CAFE standards from NHTSA are set independently for passenger cars and light duty trucks. Fuel economy is based on the most recent NHTSA required submission, which for 2013 reflects mid-model year data. Previous year data is adjusted to reflect final EPA/NHTSA reports.

### Innovative Powertrains

During the year, the Group continued introduction of the award-winning two-cylinder **TwinAir** engine on models sold in Europe, including the 65 hp naturally-aspirated version, the 85 hp and 105 hp turbo and the 80 hp natural gas turbo. The natural gas version is now available on the Fiat 500L and 500L Living and the 105 hp turbo (introduced on the 500L in 2012) was launched on the Fiat 500 hatchback and convertible, the Fiat Punto and the Alfa Romeo MiTo. All versions of the TwinAir family and the 170 hp FIRE Turbo engine use second generation **MultiAir** technology (MultiAir II) which, with advanced air intake and combustion management systems, offers significant reductions in CO<sub>2</sub> emissions without compromising performance or drivability. During the year, the Group also completed the process of upgrading all gasoline engines to comply with Euro 6 emissions standards that will apply to all new cars sold in Europe from September 2015.

Chrysler Group's eight-speed rear-wheel-drive automatic transmission is available on the Ram 1500 pickup, Chrysler 300, Lancia Thema, Dodge Durango and Charger, Jeep Grand Cherokee and Grand Cherokee SRT. Depending on the application, this transmission contributes to fuel economy improvements of up to 12%, compared with the previous five-speed and six speed transmissions it replaces. It will ultimately be used on all rear-wheel drive vehicles except for the heavy-duty diesel versions of the Ram truck.

In 2013, a new nine-speed front-wheel-drive transmission was introduced on the 2014 Jeep Cherokee and the recently unveiled 2015 Chrysler 200. In addition to improved fuel economy over a six-speed automatic transmission, the Cherokee's nine-speed transmission delivers a more responsive driving experience, including quicker acceleration and smoother shifting. The Chrysler 200 is the world's first mid-size sedan to feature a nine-speed automatic transmission, which comes standard. When equipped with the available award-winning 3.6L Pentastar V-6 engine, which delivers best-in-class 295 hp, the Chrysler 200 sedan's highway fuel economy is improved by nearly 13% compared with the outgoing model.

Research in gasoline engine technology continued to focus on solutions that optimize performance while reducing emissions. Those solutions leverage the synergies offered by complementary technologies, such as modern turbocharging systems coupled with the performance characteristics of the second-generation MultiAir system and use of exhaust gas recycling systems. The result is increased flexibility in engine management and, as a consequence, the potential for reductions in both fuel consumption and emissions. New transmissions enabling engines to run at lower operating speeds (downspeeding) will lead to further reductions in fuel consumption. This will enhance the competitiveness of the product, by combining improved performance with a reduction in operating costs.

For **diesel engines**, the MultiJet II with Injection Rate Shaping (IRS) technology was extended to the entire range with the launch of the new 120 hp 1.6L version on the 500L and the new 150 hp 2.0L version on the Alfa Romeo Giulietta. The MultiJet II offers reduced fuel consumption (up to 3% lower) and polluting emissions (as much as 20% lower nitrogen oxide emissions) through the use of advanced combustion control strategies, without sacrificing performance. The MultiJet is the latest evolution of Fiat's revolutionary Common Rail technology and, in 2013, the Group plant in Bielsko Biala, Poland, produced 5 million units of the 1.3-liter version alone.

The Group's recently-launched V-6 EcoDiesel engine benefits from Fiat's MultiJet II technology. The engine was adapted specifically for the North American market to meet stringent emissions and on-board diagnostic regulations. The 3.0L EcoDiesel V-6 engine was named one of *Ward's* 10 Best Engines for 2014 and contributed to the 2014 Ram 1500 being named *Motor Trend* Truck of the Year.

Research activities focus on two main areas: continued evolution of the injection and combustion process, aimed at increasing engine output and reducing noise, and the study and development of innovative solutions to reduce polluting emissions, particularly nitrogen oxides, which will be subject to further legislative restrictions in the future.

In the transmissions area, innovation activities primarily focused on evolution of the Dual Clutch systems currently available on the Alfa Romeo MiTo and Giulietta, Dodge Dart and Fiat Viaggio and the Fiat 500L in the U.S. Specific areas of focus included optimization of the mechatronic actuation system and integration with the transmission, as well as refinements to the control system to further enhance handling and fuel efficiency.

For Magneti Marelli, eco-sustainable products<sup>(1)</sup> contributed €1.41 billion in revenues for 2013, representing an increase of 9.3% over the prior year (€1.29 billion).

### Alternative Fuels and Propulsion Systems

A key element in Fiat Group's emissions reduction strategy is the use of alternative fuels.

The Group believes that **natural gas** is currently the most effective and affordable solution available for reducing CO<sub>2</sub> emissions and pollution levels, particularly in urban areas. The level of CO<sub>2</sub> emissions from a car running on natural gas is 23% lower than for an equivalent gasoline-powered vehicle.

In addition, natural gas in the form of biomethane, which is produced from biomass, has significant potential for development as a widely-available renewable energy source.

With a total of 12 natural gas/gasoline models now available, Fiat Group is the first and only automaker to offer a complete range of bi-fuel passenger cars and commercial vehicles. In 2013, the Group launched natural gas versions of the Fiat 500L and 500L Living with the new 80 hp Natural Power TwinAir Turbo engine, which was awarded "Best Green Engine of the Year 2013", one of the 12 categories in the prestigious "International Engine of the Year Awards".

The Group also continued as the undisputed leader in this market sector in Europe with over 62,000 natural gas vehicles sold in 2013 (+15% versus 2012).

In 2013, Chrysler Group remained the only automaker in North America to offer a factory-built natural gas pickup, the Ram 2500 Heavy Duty CNG.

The Group continued research and development of technologies that will use natural gas even more efficiently. Advances in engine technology that leverage the properties of natural gas offer significant potential for achieving solutions to meet the CO<sub>2</sub> emissions targets being phased in across Europe through 2020.

Fiat maintained its long-standing leadership in **biofuel** vehicles in Brazil with 744, 100 Flexfuel and TetraFuel vehicles sold in 2013, accounting for approximately 97.5% of vehicles sold by the Group. Flexfuel technology enables use of varying blends of gasoline and bioethanol, while the TetraFuel engine is the first in the world capable of running on four different fuels: bioethanol, Brazilian gasoline (refined crude oil and 22% anhydrous ethanol), standard gasoline and natural gas.

### Alternative Propulsion Systems

The Group is also developing alternative propulsion systems. In 2013, the Fiat 500e battery electric vehicle was launched for sale in the U.S. market with an Environmental Protection Agency (EPA) label of 108 highway MPGe<sup>(2)</sup> and a class-leading 87 miles of combined city/highway driving range. Customers will spend an estimated USD 500 a year to power the vehicle assuming a 15,000 mile annual distance, according to the EPA. The Fiat 500e battery-electric drive system was included in *Ward's* 10 Best Engines ranking for 2014 and is the lone representative of electric vehicle technology on the list.

<sup>(1)</sup> Includes Xenon and LED headlights, LED tail lights, GDI injection systems, electronic control modules, automated manual transmissions and dual clutch transmissions.

<sup>(2)</sup> MPGe is the measure devised by the U.S. Environmental Protection Agency for determining how many miles an electric vehicle can travel on a quantity of battery-generated electricity having the same energy content as a gallon of gasoline.

### Innovative Vehicle Architectures

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

In 2013, the Group introduced the latest architectural solutions on the new Fiat 500L Living and Chrysler Group vehicles. High-Strength Steels (HSS), which represent around 72% of the weight of the 500L Living, ensure a strong, rigid structure. The newly-launched 2014 Jeep Cherokee uses 65% HSS, an improvement of 16% over its predecessor, the Jeep Liberty. In addition, optimization of the 500L Living's aerodynamic profile enabled a 10% reduction in the aerodynamic drag coefficient ( $C_x$ ) compared with the Lancia Musa. The 2014 Ram 1500, with active aerodynamics including grille shutters and air suspension, delivers best-in-class fuel economy and an aerodynamic drag coefficient ( $C_x$ ) of 0.360.

### Sustainable Materials

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

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

### Promoting Eco-Sustainable Driving

Driving behavior is a significant contributing factor in the environmental impact of vehicles. Aware of the substantial difference drivers can make, Fiat Group has continued to invest in the **eco:Drive** system, which provides personalized tips to help drivers improve their driving style and, as a consequence, reduce fuel consumption and vehicle emissions. The eco:Drive system is now available on nearly all Fiat and Fiat Professional models sold in Europe, Brazil, the U.S. and Canada.

An analysis of the best drivers revealed that the system can contribute to reducing fuel consumption by as much as 16%. By the end of 2013, eco:Drive had been used by more than 94,000 customers and contributed to annual avoidance of more than 5,800 tons of CO<sub>2</sub> emissions.

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

### New Models of Mobility

The Group's innovation activities also focus on solutions to respond to the emerging mobility needs of customers.

To address those needs, the Group has launched a variety of initiatives.

One of those initiatives is **Enjoy**, an innovative car-sharing service launched in Milan, Italy, by the energy company ENI, in collaboration with Fiat and Trenitalia. Enjoy is designed to tackle traffic congestion and improve the quality of life for the city's inhabitants. Fiat is the vehicle supplier for the project, the largest car-sharing fleet in Italy with a total of 640 Fiat 500s and 500Ls. Innovative features of the service include online or smartphone app sign-up and management, as well as the ability to instantly select from a pool of available vehicles parked at locations around the city and to leave the vehicle at any of the approved parking facilities within the service coverage area.

Another Group project is **easygo**, which is targeted at the approximately 18,000 employees who commute to and from the Group's Mirafiori complex in Turin, Italy. Through a dedicated portal, employees can arrange car-pooling with coworkers and access updated information on public transport and mobility services. The principal benefits expected from the 'easygo' project include a reduction in the environmental impact of daily commuting to and from the complex, as well as direct benefits to employees such as reductions in commute times, cost, stress and the risk of accidents.

Naturally, youth have an important part to play in any discussion about the future of mobility. Fiat launched the **Fiat Likes U** project in 2012 (in collaboration with the Departments of Education and the Environment in Italy) with students from 8 universities throughout Italy taking part. The project represents the first time in Europe that an automaker has worked with universities on an initiative to promote environmental awareness and the use of eco-friendly cars using the three-pronged approach of Mobility (free car-sharing service for students), Study (eight €5,000 university scholarships and eight seminars conducted by Fiat managers) and Work (eight paid internships within Fiat Group).

The initiative has proven extremely successful: more than 6,000 students used the car service in 2012 and 2013, which includes a fleet of Fiat Pandas and 500Ls, for 28,000 trips totaling 320,000 km. In addition, there were more than 180,000 subscribers to the likesu.fiat.it website.

During the year, Fiat decided to expand the project to other European universities in the Erasmus network, beginning with the Royal College of Art in London.

As part of the program with Turin Polytechnic and in collaboration with ATA and CRF, three new voluntary courses were launched in 2013 focused on environmental sustainability and certain aspects of emissions reduction. Organized as Voluntary Educational Programs and Summer Schools, the programs provided 120 hours of training for Automotive Engineering students, giving them direct access to the latest know-how from professionals working directly in the field.

Fiat Group is also a Global Partner of Expo 2015 in Milan, a non-commercial Universal Exposition oriented towards interpreting the collective challenges faced by humanity. The Expo 2015 theme of "Feeding the Planet, Energy for Life" is perfectly matched to the Group's own commitment to the environment. The Group will provide a fleet of vehicles which will be used for transport within the Expo area and as courtesy cars for delegations visiting from around the world.

In the United States, Chrysler Group has been heavily engaged in research on future social and technological trends that will affect nearly every aspect of the business - from design to manufacturing, marketing and human resources. This research is organized around five driving forces: cities, lifestyle, work, health and energy. The findings from this research will enable Fiat-Chrysler to more successfully anticipate evolving consumer needs and behaviors.

## A CUSTOMER-FOCUSED APPROACH

To ensure the highest level of customer satisfaction and loyalty, the Group's product and service offering seeks to respond to the diversification of existing and emerging mobility needs.

The Stakeholder Engagement events held during 2013 confirmed that customer-focused services, and product quality and safety are among the issues considered of primary importance by the Group's stakeholders.

The Group is continuously monitoring customer satisfaction and developing new channels of interaction with customers to improve the quality of services and product safety.

### Interaction with Customers

To ensure a consistent and high standard of quality in the interaction with customers, the Group has established Customer Contact Centers (CCC) dedicated to managing relationships with existing and potential customers.

A total of 26 Centers with around 1,000 customer care professionals manage approximately 10 million contacts a year. The services provided range from information, to complaint management and coordination of roadside assistance. Together with dealers, the Customer Contact Centers represent an essential channel of communication with customers.

In order to respond to the constantly evolving needs and expectations of customers, the CCCs regularly monitor customer satisfaction levels to identify potential areas for improvement in service levels, as well as customized, on-demand channels of communication.

Given the vital importance of transparency and professionalism, particular emphasis is placed on training for personnel who communicate directly with customers.

### Integrated On-board Safety

The Group is strongly committed to its efforts to enhance safety for all road users. Research in this area includes solutions that assist drivers in avoiding dangerous situations and in taking evasive action to prevent accidents.

The Group applies an integrated approach to the development of on-board safety systems – which has been proven to significantly reduce the probability of injury in the event of an accident – focusing on the following key areas:

- **accident prevention:** systems that assist the driver in recognizing potentially dangerous situations
- **driver assist:** systems that provide active assistance in controlling the vehicle and maneuvering to avoid collisions
- **damage mitigation:** systems to minimize damage and injury in the event of an impact

Proper vehicle maintenance and responsible driving are also essential to vehicle safety. The Group contributes in this area by conducting driver safety courses and awareness campaigns on the importance of proper vehicle maintenance, as well as raising public awareness of the dangers of driving while distracted.

As a result of thousands of hours of virtual simulation, testing of components and sub-systems, as well as extensive crash tests, all of the Group's new models have been recognized for their safety performance.

In 2013, the new Maserati Ghibli and Jeep Cherokee were awarded the Euro NCAP 5 Stars. And, as evidence of the Group's emphasis on vehicle design in all markets, the Fiat Panda also received an ANCAP 5 Star rating in Australia. In the U.S., the Insurance Institute for Highway Safety (IIHS) recognized the Maserati Ghibli and Fiat 500L as "Top Safety Picks" for 2013 and the Dodge Dart, Dodge Avenger and Chrysler 200 sedan as "Top Safety Picks" for 2014. In addition, the Jeep Grand Cherokee 4WD was awarded the NHTSA NCAP 5 Stars and the Jeep Grand Cherokee 2WD and Jeep Compass received a 4 Star rating.

The need for affordable mobility and efficient infomobility systems is expected to be even more vital in the future. CRF and Magneti Marelli have both been actively working on wireless technology solutions for effective Vehicle-to-Vehicle (V2V) and Vehicle-to-Infrastructure (V2I) communications, which together represent one of the key technological challenges for sustainable mobility. Both organizations continued experimentation with systems to support safe and eco-compatible driving, as well as researching advanced driver interfaces that improve recognition of dangerous situations. By alerting the driver of potential dangers and assisting in taking evasive action, such technologies help maximize the level of protection for vehicle occupants and other road users. In addition, systems that use real-time information to reconstruct and predict conditions around the vehicle represent significant progress toward the concepts of assisted driving and autonomous vehicles.

### Product Quality

The Group is committed to offering customers vehicles of the highest quality, in all markets and segments, while addressing the specific requirements of each market and leveraging the opportunities offered by the Fiat/Chrysler integration. To ensure achievement of that objective, standard methodologies and processes have been introduced for all operating areas worldwide.

Vehicle quality improvements are implemented by both dedicated model-specific teams and cross-functional teams. Their activities include preventive checks and controls for processes, definition of areas for improvement and implementation of improvement measures. Quality assessments address the following areas:

- **Reliability:** minimization of vehicle defects
- **Perceived quality:** level of perception of all aspects of a vehicle
- **Performance and dislikes:** how the vehicle compares to competitors' vehicles and satisfies customer expectations
- **Service quality:** level of customer satisfaction before and after purchase
- **Regulatory compliance:** conformity with strictest safety and environmental standards

Definition and monitoring of specific indicators for each of these characteristics throughout the vehicle design and production cycle are key to ensuring customer satisfaction.

## EMPLOYEES

The Group's human capital is crucial to its ability to compete as a leader in the global auto sector, as well as creating value that is sustainable over the long term.

At 31 December 2013, the Group had a total of 225,587 employees, a 5% increase over year-end 2012 that also reflects changes in the scope of operations.

### Employees by region

Fiat Group worldwide

Europe	39.5%
North America	36.0%
South America	21.4%
Asia	3.0%
Rest of World	0.1%

### Employees by category<sup>(1)</sup>

Fiat Group worldwide

Hourly	70.4%
Salaried	14.6%
Professional	13.9%
Manager	1.1%

<sup>(1)</sup> There are four main categories of employees: hourly, salaried, professional and manager. Professional encompasses all individuals who perform specialized and managerial roles (including "professional" and "professional expert" under the Fiat S.p.A. classification system and "mid-level professional" and "senior professional" under the Chrysler Group classification). Manager refers to individuals in senior management roles (including those identified as "professional masters," "professional seniors" and "executives" under the Fiat S.p.A. classification system, and "senior managers" and above under the Chrysler Group classification).

There were a total of 34,245 new hires during the year, of which 47.4% were in North America, where there was a particularly significant increase in production levels. Approximately 6,900 fixed-term contracts were converted to permanent, demonstrating the Group's continued commitment to the long-term stability of the workforce.

### Employee turnover

Fiat Group worldwide

<b>Employees at 31/12/2012</b>	<b>214,836</b>
New Hires	34,245
Departures	(25,542)
Change in scope of operations	2,048
<b>Employees at 31/12/2013</b>	<b>225,587</b>

### Management and Development

Stakeholder engagement initiatives launched in 2012, and expanded in 2013, revealed that the Group's commitment to the professional development of its employees is an issue of major importance to stakeholders.

Recognizing performance, facilitating professional development and ensuring equal opportunity to compete for key positions within the organization have always been an essential part of the Group's commitment toward its employees.

The Group uses a structured global leadership and performance management process to identify and develop talent and maintain the motivation of employees.

The Performance and Leadership Management process implemented worldwide (PLM, or Performance and Leadership Management, for managers and professionals. PBF, or Performance and Behavior Feedback, for salaried employees) is used to evaluate employee performance and set specific objectives for individual results and professional development.

The performance and leadership mapping process involves around 54,500 Group employees worldwide, including all managers and professionals, and a sub-set of salaried personnel. The Group also uses other performance evaluation processes to determine individual variable compensation.

Talent management and succession planning also form part of the HR management model and are designed to ensure the alignment of objectives and processes across the four operating regions. In 2013, Talent Reviews were conducted for 20 different professional families, companies and functions to identify talented individuals with leadership potential who merit additional investment in their professional development.

During the year, the Group also invested around €76 million in training and skill-building initiatives, which represent another important management tool.

The Group's extensive training offer was expanded to include new initiatives aimed at strengthening individual skills and performance by leveraging on the Group's diversity of talent, experience and cultures. The new initiatives included training and seminars designed to equip employees to operate with the same degree of effectiveness in different cultural settings.

More than 4.2 million hours of training were provided during the year (+1.1% over 2012) to around 186,000 employees.

The Group also continued a pilot project based on the World Class Manufacturing Cost Deployment methodology to evaluate the benefits of training initiatives. In 2013, the total cost of training activities evaluated using this methodology was approximately €1.3 million. The initiatives provided workers additional technical skills, resulting in an overall improvement in processes and working practices and estimated potential cost savings of around €2.5 million.

### Diversity: Equal Opportunity and Innovation

Diversity is fundamental to the overall success of an organization and the Group is committed to ensuring a work environment where employees feel respected, valued and included. In the hiring process, it seeks to attract personnel that are highly motivated and can contribute to the organization's innovative spirit and diversity.

Diversity, including gender diversity, brings a wealth of perspectives and experience to the Group and significantly enhances its ability to compete and to understand customers, cultures and local communities.

During the year, the Group hired people of 63 different nationalities<sup>(1)</sup> around the world, further enhancing the multicultural makeup of the organization and the diversity of experience and perspectives.

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<sup>(1)</sup> Based on a sample of 38 countries where the Group operates.

The percentage of female employees continued to grow, reaching 19.6% of the total workforce at year-end 2013. Women now also account for approximately 13.1% of management personnel.

The Group also continued to ensure equal opportunities for minority groups, including specific opportunities for disabled workers.

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

Through its Discrimination and Harassment Prevention Policy, Chrysler Group ensures application of those same standards in compliance with federal, state and local law. Together, the Code of Conduct and guidelines ensure uniform application of the Group's standards worldwide. As stated in the Code of Conduct, in jurisdictions where legislation is less stringent, company standards take precedence.

Diversity within an organization is closely correlated to the ability to innovate. The Group encourages creativity at all levels within the organization. As part of the World Class Manufacturing (WCM) program, for example, employees worldwide are encouraged to submit suggestions to improve production processes. Specific initiatives in each region are also designed to increase employee involvement and encourage innovative ideas through the use of non-traditional channels and forums.

For example, in 2012, the EMEA region launched the iPropose initiative, which is designed to encourage employees to propose ideas on ways to reduce costs and increase competitiveness. In 2013, the initiative involved some 8,400 employees who submitted a total of 8,300 proposals. Adoption of the best suggestions led to approximately €17.3 million in cost savings.

### Health and Safety in the Workplace

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

The Group's strategy for safeguarding and promoting health and safety in the workplace addresses several areas:

- application of uniform procedures for identification and evaluation of risks
- adherence to the highest safety and ergonomics standards for plant and machinery design
- promotion of safe behavior through training initiatives and awareness campaigns
- assurance of a healthy work environment and promotion of a healthy lifestyle

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

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

At year-end 2013, a total of 110 plants (including two operated through JVs), accounting for 147,000 employees, had an OHSMS in place that was OHSAS 18001 certified.

Measures implemented by the Group over the years have resulted in a significant improvement in all accident indicators. For 2013, the Frequency Rate was down 13.6% over the prior year (with 0.19 accidents per 100,000 hours worked) and the Severity Rate was down 14.3% (with 0.06 days of absence due to accidents per 1,000 hours worked).

Effective safety management is also provided through the application of World Class Manufacturing tools and methodologies, active involvement of employees, development of specific know-how and targeted investment (+15.5% over 2012 to €194 million).

In Italy, investment in health and safety, together with other measures implemented during the year, resulted in a progressive reduction in the level of risk attributed to Group plants by INAIL (the national accident and disability agency). This enabled the Group to take advantage of premium discounts for good performers, resulting in total savings of more than €17.5 million in 2011, approximately €16 million in 2012 and €14.6 million in 2013.

In addition to safety in the workplace, the Group also has numerous initiatives to promote the health and well-being of employees and their families.

At Group level, for example, the “WELL” initiative focuses on the promotion of a healthy lifestyle and prevention of cardiovascular disease. In 2013, new fact sheets containing simple and easy-to-apply suggestions were made available via a dedicated portal. Areas covered included advice on healthy eating, smoking cessation, cardiovascular disease and correct use of medicine. These issues are not only important to the health of Group employees, but they are also relevant to the theme of “access to food that is healthy, safe and sufficient for everyone on the planet” for Expo 2015, of which the Group is an official sponsor.

## INDUSTRIAL RELATIONS AND SOCIAL DIALOGUE

During 2013, the Group maintained the dialogue with trade unions and employee representatives to achieve consensus-based solutions for responding to different market conditions in each geographic area and reducing the impact on workers of measures adopted in response to conditions in Europe, which were particularly critical in Italy.

At the **European level**, establishment of a European Works Council (EWC) ensures workers the right to information and consultation as required by EU regulations applicable to Community-scale undertakings. The Fiat Group EWC was established in 1997 on the basis of the implementing agreement initially signed in 1996 and subsequently revised and amended. Since renewal of the agreement on 28 June 2011, however, the EWC has yet to be formally constituted, with representatives for four countries (out of a total of nine) still to be appointed. As a result, Fiat S.p.A. has been unable to call a meeting of the EWC in accordance with the established procedures. Fiat notified *industriAll* European Trade Union (the European federation of metal, chemical and textiles workers) of its willingness to initiate that procedure as soon as the EWC has been formed, as well as working jointly to find solutions for any obstacles to the correct constitution of the EWC that may still exist.

In **Italy**, Fiat S.p.A. and the trade unions FIM-CISL, UILM-UIL, FISMIC, UGL Metalmeccanici and the Associazione Quadri e Capi Fiat reached an agreement for renewal of pay conditions for 2013 under the company-specific collective bargaining agreement (CCSL).

This agreement was particularly significant given the current economic crisis in Italy and the continued difficulties in the auto sector in general. A mutually-agreed negotiation process enabled the Group to manage the crisis without redundancies or plant closures, focusing instead on significant new investments for the relaunch of the Group's manufacturing activities in Italy.

During the year, the Italian manufacturing activities benefited from leveraging the Group's premium brands to realign the product portfolio and reposition the business.

In particular, January saw the inauguration of the Avv. Giovanni Agnelli plant in Grugliasco (Turin, Italy), where the Maserati Quattroporte and Maserati Ghibli are produced for export to markets worldwide. Fiat invested more than €1 billion in development of the two new models and preparation of the plant for production.

In July, the Group presented plans for future activities at the Sevel plant in Atessa, Italy (operated as a 50/50 JV between Fiat Group Automobiles and PSA–Peugeot Citroën for production of LCVs), where the Fiat Professional Ducato is currently produced. Approximately €700 million is to be invested in the facility over a 5-year period.

During the year, the Group also launched a program of investments at the SATA Melfi plant (Italy), announced at the end of 2012, where more than €1 billion will be spent on upgrades in preparation for production of the new 500X and a Jeep brand vehicle.

As in previous years, the CEO met with trade unions (signatories to the CCSL) to present the Group's half-year financial results. At a meeting in September, the Group and trade unions renewed their mutual commitment to strengthening the contractual relationship, which was recognized as essential to Fiat's continued commitment to an industrial presence in Italy. On the basis of that renewed commitment, the CEO announced that the Group would commence the investment necessary to ensure future production and jobs at the Mirafiori plant in Turin.

The Ministry for Economic Development continued to examine solutions for maintaining industrial activities at the Termini Imerese plant where, as announced in 2009, the Group ceased production in December 2011.

### Collective Bargaining

**Collective bargaining** at various levels resulted in agreements with trade unions on both pay and work conditions in several countries.

In **Italy**, Fiat S.p.A. reached agreement with unions on renewal of pay conditions under the CCSL applicable to Group employees in Italy from 2012. The agreement provides for an average increase in basic pay of €40 gross per month, in addition to the introduction of an individual productivity bonus, payable monthly, based on the actual number of hours worked. Also finalized during the year was the structure of the FASIF supplementary healthcare scheme, which offers employees different contribution and service levels, in addition to free basic healthcare cover automatically provided by the Company. As of January 2013, employees under the CCSL are also eligible for a Long-Term Care scheme (covering long-term disabilities requiring care) and bi-annual checkups for cardiovascular conditions and metabolic syndrome.

The agreement applies for the 2013 calendar year and in November 2013 the Company and unions began negotiations for renewal of the agreement.

In **France** and **Poland**, the results of the company-level collective wage bargaining reflected the negative earnings results in Europe which, together with continuing negative market conditions, required that any collective wage increases be strictly limited.

In **Serbia**, the 3-year collective agreement applicable to employees of Fiat Automobiles Serbia d.o.o Kragujevac was renewed. The negotiation on wage conditions resulted in average increases in line with inflation. The agreement also provides for an individual "Christmas Bonus" based on the actual number of hours worked.

In **Canada**, CpK Interior Products Inc. (owned by Chrysler Canada Inc.) and the United Steel Workers (USW) negotiated a new 4-year collective agreement providing competitive labor cost provisions and work rules.

In **Mexico**, Chrysler Group and the Sindicato Nacional de Trabajadores de la Industria Automotriz Integrada Similares y Conexos de la Republica Mexicana reached a new 3-year agreement, which terminates on 9 May 2016. The agreement represents the Mexican automotive manufacturing sector's first ever multi-year agreement.

In 2013, the level of **labor unrest** at Fiat Group companies in **Italy** was negligible, both in terms of the number of instances and the number of employees taking part, despite appearances based on the level of public attention given to certain issues. Local labor action during the year was also negligible.

**Outside Italy**, the overall level of labor unrest was again negligible this year, and mostly involved local issues at individual plants.

### Management of Production Levels

In 2013, the Group's earnings results once again reflected the benefits of geographic diversification.

The Group was able to respond to increased activity levels in some markets through the use of flexible labor mechanisms. Market conditions also enabled conversion of the majority of fixed-term contracts into permanent contracts.

In **Europe**, the significant contraction in market demand had an impact on production levels in Italy, in particular, making temporary production stoppages necessary. However, the Group maintained its policy of protecting jobs through the use of temporary layoff benefit schemes, where possible, or other mechanisms provided under collective bargaining agreements or company policy.

In **Italy**, use of temporary layoff benefit schemes enabled the Group to manage production declines, as well as restructuring and reorganization activities related to the Group's investment programs.

In **other European countries**, there was only a marginal level of production stoppages – implemented through the use of temporary layoff benefit schemes, where possible, or other mechanisms provided under collective bargaining agreements or company policy – as well as restructuring and reorganizations. In the early part of the year, the Group completed the reorganization at the Fiat Auto Poland plant in Tychy announced in December 2012.

In **Brazil**, the need to increase production in response to higher market demand was primarily managed through use of flexible labor mechanisms already in place and reorganization of shifts, based on union agreements.

Chrysler Group increased vehicle production at its **NAFTA** facilities in response to increased product demand. Staffing levels were increased to support higher output levels, including manufacturing employees to support current and anticipated production volumes, as well as additional engineering, research and development and other highly-skilled employees to support product development, sales, marketing and other corporate activities.

## SUSTAINABLE SUPPLY CHAIN MANAGEMENT

A robust process based on sound environmental practices and respect for human rights can only be truly effective with the direct involvement of all suppliers, which represent strategic partners for the Group in producing technologically advanced vehicles that meet the highest standards of quality. The supplier selection process is based on objective assessment criteria that guarantee impartiality and equal opportunity in the process itself. At the same time, conduct which is environmentally responsible, ethical and respects human rights is given the same value in the selection process as competitiveness and quality of products and services. Group Purchasing, which is responsible for procurement activities worldwide, manages about €45 billion in direct materials purchases through a base of 2,884 direct materials suppliers. The supplier base is highly concentrated, with the top 184 suppliers, which account for approximately 57% of the total value of purchases, considered strategic suppliers.

Approximately 69% of the direct materials purchases, by value, are for plants in NAFTA, 19% for plants in EMEA, and 12% for plants in LATAM. By supplier, 73% are located in NAFTA, 19% in EMEA, 3% in LATAM, and 5% in APAC (based on the value of direct material purchases). Where possible, the Group uses local suppliers in order to generate opportunities for direct and indirect employment and support economic growth in local communities, as well as limiting environmental impacts, including those associated with transport and the use of natural resources.

### Environmental and Social Impacts of Suppliers

Following the 2009 introduction of supplier evaluation and selection procedures that incorporate sustainability-related criteria, clauses have been gradually introduced to new supply agreements requiring adherence to the Group's Code of Conduct and specific Sustainability Guidelines. Those clauses are also included in all new project-specific supply agreements, in addition to the general purchasing terms and conditions.

Group Purchasing uses self-assessment questionnaires and on-site audits to monitor compliance with the Group's sustainability standards and, where necessary, implement measures for improvement or alignment. The questionnaires address supplier practices in areas such as human rights, the environment, health and safety, ethics, anti-corruption, and employee training and development. In 2013, more than 1,200 suppliers, representing 43% of the value of purchases managed by Group Purchasing for the year, responded to the self-assessment questionnaires. In addition, in-depth audits were conducted by internal and external personnel, on the basis of which no significant issues were identified, no suppliers were placed on watch status, and no supplier agreements were suspended or terminated. However, where areas for potential improvement were identified, corrective action plans were formulated in collaboration with the supplier(s) concerned.

Given the nature and intensity of economic change, in addition to the existing monitoring programs, the Group has also adopted models of consultation and collaboration with suppliers based on effective, interactive communication processes. Initiatives such as local seminars, discussion forums and training programs have been developed over the years to facilitate the exchange of ideas and know-how and increase the level of collaboration.

On the environmental front, for example, suppliers are encouraged to develop internal policies and guidelines and adopt a certified environmental management system. In 2013, as part of the Group's commitment to supporting suppliers in addressing climate change issues and focusing their attention on the importance of reducing greenhouse gas emissions, a select number of suppliers were invited to participate in the Carbon Disclosure Project's Supply Chain program, which each year collects information from participating suppliers on the strategies and initiatives they have implemented to address climate change and manage water resources. The 45 suppliers that participated (out of 68 selected) achieved a score of 68/100 for transparency in disclosure and placed in the 'C' performance band for commitment toward reducing carbon emissions. The results revealed that measures implemented by those suppliers had yielded a 39 million ton reduction in CO<sub>2</sub> emissions. The Group has also initiated a series of consultations with several strategic suppliers to monitor water management within the supply chain and, over the next few years, develop a risk management strategy for areas where water resources are scarce.

Another important area of long-term focus for the Group, in collaboration with industry peers and stakeholders, is the respect of human rights and working conditions at all levels in the supply chain. One of the greatest challenges is extending Group practices beyond the first level of suppliers, where the risk of sub-standard working conditions may exist. To address that potential risk, Tier 1 suppliers are required to implement a system of supply chain management. In addition, in 2013, a free online training course on responsible working conditions was also extended to Tier 2 suppliers, with approximately 100 companies participating, predominantly from the EMEA region. The Group's objective is to develop new approaches to involve downstream suppliers with which there is no direct contractual relationship. This will improve the ability to evaluate the overall level of commitment, conformity and effectiveness and, as a consequence, the ability to ensure sustainable practices throughout the supply chain.

## REDUCING THE ENVIRONMENTAL IMPACT OF MANUFACTURING AND NON-MANUFACTURING PROCESSES

The Group sees its commitment to the environment and conservation of natural resources as essential to the process of responsible and sustainable development. It is fully committed to minimizing the impact of its activities on the environment in all areas from manufacturing processes to logistics, dealerships and commercial and administrative offices. Efforts to reduce its environmental footprint and continuously improve environmental performance are an integral part of the Group's overall industrial strategy.

The Group's focus on the environment also includes targeted activities such as eComau, a division of Comau whose primary activity is working with customers on innovative environmental solutions for their industrial processes. In 2013, eComau reported a 67% year-over-year increase in revenues to around €1.5 million.

## WORLD CLASS MANUFACTURING PROCESSES

The World Class Manufacturing (WCM) program – first adopted by the Group about 10 years ago and now implemented at nearly all manufacturing sites worldwide – represents the concrete application of the Group's focus on the environment and reducing the impacts of its production processes. WCM is a rigorous and integrated manufacturing methodology that involves the entire organization and encompasses all phases of production and distribution. In 2013, some 41,700 WCM-related projects were implemented, including several specifically targeted at reducing environmental impacts. Through the Environmental Pillar, WCM develops and applies tools and methodologies to reduce waste and optimize use of natural resources. Approximately 3,000 projects based on this pillar led to significant reductions in energy consumption and approximately €70 million in cost savings.

Other measures to ensure a responsible approach to environmental management include the development and application of an Environmental Management System (EMS) that conforms to ISO 14001 standards. Adopted at all plants worldwide, the EMS consists of a system of methodologies and processes designed to prevent or reduce the environmental impact of the Group's manufacturing activities through, for example, reductions in emissions, water consumption and waste generation and conservation of energy and raw materials. At year-end 2013, 100% of Group plants included in the 2012 scope of reporting were ISO 14001 certified.

### Energy Consumption and Emissions

The Group is continuously researching new solutions to reduce use of fossil fuels and greenhouse gas emissions in response to increasingly strict regulations. Over time, this has also resulted in significant energy-related cost savings.

A total of approximately 2,400 energy-related projects developed during the year as part of WCM contributed to a reduction of approximately 2,000 terajoules of energy, with a corresponding reduction of approximately 180,000 tons in CO<sub>2</sub> emissions. One example is the new paint shop at the Group's Sterling Heights Assembly Plant near Detroit, Michigan. In auto manufacturing, painting is the most energy-intensive process. Natural gas, electricity and water are used to meet stringent process control requirements. The new paint shop at the Sterling Heights plant (which covers 100,000 square meters) uses a highly-efficient "Cascading Air/Recirculating Air" process to significantly reduce energy and water usage, recirculating 90% of air. This innovation provides annual energy savings of approximately €1.3 million, avoiding approximately 24,000 tons of potential CO<sub>2</sub> emissions through direct and indirect energy reduction, while also resulting in a significant reduction in water use.

Despite those energy-related initiatives, the increase in production volumes for mass-market and premium brands in NAFTA together with extreme temperatures throughout the year were the main contributors to a year-over-year increase in energy consumption of 5.4%. However, consumption in 2013 remained well below levels recorded for 2010 and 2011.

#### Direct and indirect energy consumption

Fiat Group worldwide (TeraJoules)	2013	2012	2011
<b>Total energy consumption</b>	<b>48,322</b>	45,692	48,875

Total CO<sub>2</sub> emissions from manufacturing processes also increased over 2012 (+5%), but remained well below levels recorded for 2010 and 2011.

#### Total CO<sub>2</sub> emissions

Fiat Group worldwide (thousands of tons of CO <sub>2</sub> )	2013	2012	2011
<b>Total CO<sub>2</sub> emissions</b>	<b>4,178</b>	3,965	4,196

In 2013, utilization of energy from renewable sources at Group plants increased to 20.9% of total energy consumed<sup>(1)</sup> (20.5% in 2012).

### Water Management

In many parts of the world, scarcity of water resources is currently one of the greatest challenges faced by governments, businesses and private households.

<sup>(1)</sup> Includes all plants of Fiat Group Automobiles, Ferrari, Maserati, Comau, Magneti Marelli and Teksid.

To protect this essential natural resource, the Group has adopted Water Management Guidelines that establish criteria for sustainable management of the entire water cycle, including technologies and procedures to maximize recycling and reuse of water and minimize the level of pollutants existing in discharged water.

In 2013, the level of water reuse in the manufacturing cycle at Group plants worldwide was 98.8%, representing a total of more than 2.1 billion m<sup>3</sup> in water savings.

As a result, water withdrawal was reduced by 3.6% over 2012 maintaining the trend of continuous reductions (-27.1% versus 2010)<sup>(1)</sup>. Lower water consumption at plants worldwide generated total savings of approximately €2.5 million.

#### Water withdrawal

Fiat Group worldwide (thousands of m <sup>3</sup> )	2013	2012	2011
<b>Total water withdrawal</b>	<b>24,936</b>	25,874	29,862

#### Waste Management

Fiat Group is committed to preventing waste generation to reduce the consumption of raw materials and the related environmental impacts. Throughout the Group, procedures are in place to ensure the maximum recovery and reuse of materials. What cannot be reused is recycled. If neither reuse nor recovery is possible, waste is disposed of using the method having the least environmental impact, with landfills only used as a last resort. These principles are incorporated in the Waste Management Guidelines formalized in 2012 and adopted at Group sites worldwide.

Continued improvements in the waste management cycle meant that the level of waste generation in 2013 was substantially in line with the prior year despite the increase in production volumes. Compared with 2011, however, there was 2.5% reduction.

At Group level, the percentage of waste recovered increased to 72.7% of total waste generated. Waste sent to landfill accounted for 24.3% and essentially related to inert sand from Teksid foundries. Plants which produce for the mass-market and premium brands, however, reduced waste to landfill either to zero or very close to zero.

The Group is also committed to reducing hazardous waste and in 2013 it achieved a 3.1% year-over-year reduction in hazardous waste generated (-36.7% since 2010).

In 2013, the reduction in the total volume of waste generated led to savings of around €4.5 million worldwide.

#### Waste generated

Fiat Group worldwide (thousands of tons)	2013	2012	2011
Waste recovered	<b>1,316</b>	1,271	1,247
<i>% of waste recovered</i>	<b>72.72%</b>	72.20%	67.24%
Waste disposed of	<b>493</b>	490	608
<b>Total waste generated</b>	<b>1,809</b>	<b>1,761</b>	<b>1,855</b>
<i>of which hazardous</i>	<b>39</b>	40	51

<sup>(1)</sup> First year in which Chrysler Group was consolidated and therefore scope of operations is comparable with 2013.

## LOGISTICS PROCESSES

Efficient and environmentally-sustainable logistics are important elements in the value creation process.

The Group has also been working to reduce logistics-related emissions throughout the supply chain and minimize the use of non-reusable packaging. This has enabled optimization of transport flows, resulting in reduced traffic and transportation costs.

In 2010, the Group published the Green Logistics Principles as part of a process to coordinate the approach and methods of interaction with logistics partners. The Principles provide guidelines on reducing environmental impacts with a focus on four main areas:

- low-emissions transport
- intermodal transport solutions
- optimized use of available transport capacity
- reduced use of packaging and protective materials

These measures have contributed to lowering CO<sub>2</sub> emissions from the movement of vehicles and materials and at the same time lowered transportation costs.

As a result of its increased use of intermodal transport solutions in 2013, Chrysler Group achieved a cost savings of €1.3 million and reduced CO<sub>2</sub> emissions by approximately 4,500 tons.

## ECO-SUSTAINABLE DEALERS

In 2013, the Group launched a number of initiatives to extend its environmental commitment to the dealer network. In Italy, Group-owned dealerships, with a total surface area of around 105,000 square meters, implemented measures that led to a 5.5% or 6,400 GJ reduction in energy consumption over 2012, reducing CO<sub>2</sub> emissions by 685 tons and generating cost savings at the same time. Similar initiatives to improve sustainability are planned for dealers outside Italy.

In the U.S., for the second consecutive year, Chrysler Group managed the Dealer Environmentally Conscious Operations (ECO) Program, which recognizes dealers with a demonstrated commitment to eco-friendly business practices. During 2014, best practices will be shared with the rest of the dealer network via the DealerCONNECT portal.

## OFFICES

Efforts to improve environmental performance also encompass offices and other work areas.

During the year, the Group continued the program of replacing electronic office equipment such as computers, monitors and printers with energy-saving equipment certified by Energy Star. The program to migrate to virtual servers also continued. For the period 2010-2013, these initiatives led to a reduction of more than 26,000 tons in CO<sub>2</sub> emissions.

New and existing initiatives provided the opportunity for employee involvement and training on issues relating to personal health, the environment (waste management, water consumption, energy savings) and good practices in the workstation environment. The ultimate objective of these initiatives is to generate a 360 degree awareness of sustainable practices applicable both in the office and at home.

Environmental initiatives include the "Zero Waste to Landfill" program instituted at the Chrysler Group Headquarters and Technology Center in Auburn Hills (Michigan, U.S.A.), where more than 14,000 people work. Approximately 1,670 containers were installed for separate disposal of plastic, paper, recyclable and organic waste. At a special education event employees were given a questionnaire to test their awareness relating to waste disposal with awards given for the best responses. Of a total 8,358 tons of waste generated at the Auburn Hills complex during 2013, including 5,613 tons of metallic materials, zero waste was disposed of via landfill.

Group initiatives utilize a variety of different channels to encourage employee involvement, including face-to-face meetings, information published via intranet portals or websites, e-mail campaigns, notices posted in common areas and special events.

In 2013, the Group undertook the conversion of an unutilized 42,000 m<sup>2</sup> industrial site in Mirafiori (Turin, Italy) into offices.

The energy performance specifications of the new structure are superior to existing regulations and, from 2014, the site will house approximately 1,600 employees. Beginning with the design phase, particular attention was given to the ability of the building's outer shell to adapt to seasonal variations in climate, optimizing ventilation systems and natural lighting, as well as using advanced technologies to limit thermal dispersion.

From an environmental point of view, the primary benefits of renovating an existing building rather than building a new structure are:

- reuse of an existing industrial site
- significant reduction in the generation of waste due to preservation of the building's internal structure and outer shell
- reduction in use of new construction materials with consequent impacts of production and transport being avoided
- conservation of latent energy of materials forming part of existing structure

Another tangible sign of the project's responsible approach was the use of recyclable materials for the renovation.

Once occupied, the building's energy performance will be monitored. In addition, the new site is expected to contribute to a progressive revitalization of the local area and infrastructure.

## RESPONSIBILITY TO LOCAL COMMUNITIES

The Group actively contributes to the advancement of local communities. Initiatives follow the Group's Guidelines for Investment in Local Communities which provide instructions on how to manage activities to benefit the targeted communities and establish commitments that are consistent with the characteristics and positioning of the Group and its brands. Projects which represent a major financial commitment are approved and managed centrally, while other initiatives are managed locally by the plant, company or brand.

These activities are primarily targeted at areas around the Group's industrial sites, but can also include response to natural disasters in other geographic areas. Social initiatives are primarily in the form of long-term investment based on a detailed plan targeted at development in the local community. Investment is not just monetary, but often also includes employees volunteering time and know-how for initiatives that address community development, education, the environment and basic social needs.

A variety of forms of support are planned in collaboration with local stakeholders and provided to communities based on specific local requirements.

Particular attention has been given to educational initiatives (which account for 39% of approximately €20 million in contributions to local communities) to encourage development and self-sufficiency of communities and improve quality of life for the residents.

Specific indicators are used to measure the impact and effectiveness of local community initiatives and identify opportunities for further development.

# Corporate Governance

## Foreword

Fiat Group adheres to the Corporate Governance Code for Italian Listed Companies issued in December 2011, with modifications that take into account the specific characteristics of the Group. In 2012, the Board of Directors, at the proposal of the Compensation Committee, formulated a Compensation Policy that conforms to the recommendations of the Corporate Governance Code and Consob regulations that took effect on 31 December 2011. The Policy (which, in accordance with statute, forms the first section of the Compensation Report) was revised on 20 February 2013 and submitted to the non-binding vote of shareholders who voted in favor at the Annual General Meeting on 9 April 2013.

Additionally, in 2012 the Board also introduced changes to the Guidelines for the Internal Control and Risk Management System, including redefinition of the roles of the Internal Control Committee (which was renamed Internal Control and Risk Committee) and other related entities and individuals.

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

## Direction and Coordination

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

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

Subsidiaries headquartered outside Italy generally benefit from those activities. However, Chrysler, which has a board of directors composed of a majority of members not affiliated with Fiat S.p.A., relies directly on capital markets funding for its operations and for those of its subsidiaries and manages its financial resources independently. The board of directors of Chrysler Group LLC, in addition to ensuring maintenance of Chrysler Group's standalone financial integrity, has oversight responsibilities for Chrysler Group operations, including approval of capital expenditures above certain levels and, during 2013, the review and approval of non-Alliance transactions above *de minimis* levels between Fiat and Chrysler Group LLC. On 21 January 2014, Fiat S.p.A., through its wholly owned subsidiary Fiat North America LLC, completed the acquisition of all of the VEBA Trust's membership interests in Chrysler Group LLC. Chrysler Group subsequently became an indirect wholly-owned subsidiary of Fiat (see "Subsequent Events" for further details).

## Board of Directors

The By-laws establish that the Company's Board of Directors may be composed of between nine and fifteen members. With due consideration given to the Company's increased focus in the automobiles sector following the demerger of the capital goods activities to Fiat Industrial, on 4 April 2012 Shareholders voted – at the recommendation of the Board – to set the number of board members at nine. In addition, in recognition of the benefits of gender diversity among the board's members, shareholders voted to elect two women directors, resulting in early application by the Company of the legal requirements that will apply from 2015. Under Article 11 of the By-laws, Board members are elected through a voting list system, which ensures minority shareholders the opportunity to elect a director to the Board. The minimum equity interest required for submission of a list of candidates is established by Consob with reference to the Company's market capitalization in the fourth quarter of the last financial year of the Board's mandate. Each list must indicate at least one candidate that satisfies the legal requirements for independence.

The voting list system was utilized for the first time for the election of the Board of Directors at the General Meeting of 27 March 2009 and was used for the renewal of the Boards of Directors and Statutory Auditors at the General Meeting of 4 April 2012. The Company invited shareholders who, individually or jointly with others, owned at least 1% of ordinary shares (as established by Consob with reference to Fiat's average market capitalization for the fourth quarter of 2011) to submit lists of candidates – indicated in numerical order and who satisfied the requirements of law and the Company's By-laws – to the Company at its registered office at least 25 days prior to the General Meeting.

Two lists of candidates for the Board of Directors were presented: one list was presented by EXOR S.p.A., holder of 30.465% of shares, and the other by a group of Italian and international asset managers and institutional investors, holders of a combined 1.86% of shares.

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

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

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

The task of implementing the Procedures and disseminating them to Group companies is assigned to the manager responsible for the Company’s financial reporting, who must also ensure coordination with the administrative and accounting procedures required under Article 154-*bis* of Legislative Decree 58/1998.

As established in the “Guidelines for Significant Transactions”, transactions having a significant impact on the Company’s earnings and financial position are subject to prior examination and approval by the Board.

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

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

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

At 31 December 2013, the Board of Directors was composed of three executive directors and six non-executive directors (i.e., directors without specific executive powers or responsibilities within the Company or the Group), four of whom qualified as independent on the basis of the criteria approved by Shareholders on 4 April 2012 and adopted for past elections. All of those independent directors (Joyce Victoria Bigio, René Carron, Gian Maria Gros-Pietro and Patience Wheatcroft) also meet the independence requirements established under Legislative Decree 58/98.

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

An adequate number of independent directors is an essential element in protecting the interests of shareholders, particularly minority shareholders, and third parties. For this reason, considering it to be significantly in the Company's interests to maintain adequate guarantees against potential conflicts of interest, in its proposal of 22 February 2012, the Board of Directors recommended that, in relation to re-election of the Board on 4 April 2012, Shareholders elect a significant number of independent directors. In consideration of the current legal requirement that at least two directors are independent and the provision of the Corporate Governance Code that at least one-third of the members of the Board of Directors are independent, Shareholders voted to elect four directors who meet the requirements of independence adopted for previous elections.

The **independence of directors** is assessed annually and is based on the absence or non-relevance, during the previous three years, of economic or shareholding relationships or other relationships, whether direct, indirect or on behalf of third parties, with the Company, its executive directors and executives with strategic responsibilities, its controlling companies or subsidiaries, or any other party related to the Company. The criteria also exclude directors as being considered independent if they were partners or directors of major competitors, rating agencies or audit firms engaged by the Company or Group companies in the previous three years, or are executive directors at other companies where the Company's directors are non-executive directors. The results of those assessments are published in the Annual Report on Corporate Governance.

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

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

- Andrea Agnelli: Chairman of Juventus FC S.p.A., General Partner of Giovanni Agnelli e C. S.a.p.A., Director of EXOR S.p.A. and Member of the Advisory Board of BlueGem Capital Partners LLP;
- Joyce Victoria Bigio: Director of Simmel Difesa S.p.A. and Gentium S.p.A.;
- Tiberto Brandolini D'Adda: Chairman of EXOR S.A., General Partner of Giovanni Agnelli e C. S.a.p.A. and Vice Chairman of EXOR S.p.A.;
- Luca Cordero di Montezemolo: Chairman of Charme Management S.r.l., Vice Chairman of UniCredit S.p.A., Director of Poltrona Frau S.p.A., N.T.V. S.p.A., Tod's S.p.A., Kering S.A. (previously Pinault Printemps Redoute S.A.), Montezemolo & Partners SGR and Delta Topco Ltd.;
- John Elkann: Chairman of Giovanni Agnelli e C. S.a.p.A., Chairman and Chief Executive Officer of EXOR S.p.A., Director of CNH Industrial N.V., Gruppo Banca Leonardo S.p.A., The Economist Group and News Corporation;
- Gian Maria Gros-Pietro: Chairman of ASTM S.p.A., Chairman of the Management Board of Intesa Sanpaolo S.p.A. and Independent Director of Edison S.p.A. and Caltagirone S.p.A.;
- Sergio Marchionne: Chairman of CNH Industrial N.V., CNHI International S.A., Iveco S.p.A., FPT Industrial S.p.A. and SGS S.A., Director of EXOR S.p.A. and Philip Morris International Inc.;
- Patience Wheatcroft: Member of the Advisory Board of Huawei Technologies (UK) and Bell Pottinger LLP, Non-executive Director of St. James's Place PLC.

## Board Committees

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

## Internal Control System

In 2012, the Board approved the “Guidelines for the Internal Control and Risk Management System”, which constituted a revision of the procedures established in 1999 and 2003, including adoption of changes introduced by the Corporate Governance Code in 2011.

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

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

- Level 1: operating areas, which identify and assess risk and establish specific actions for management of that risk
- Level 2: departments responsible for risk control, which define methodologies and instruments for managing risk and monitor that risk
- Level 3: internal audit, which conducts independent evaluations of the System in its entirety. The head of Internal Audit is also assigned the role of Compliance Officer pursuant to Article 150 of Legislative Decree 58/1998

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

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

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

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

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

On 20 February 2013, the Board was presented Fiat S.p.A.'s revised Compliance Program and Guidelines for Adoption and Revision of the Compliance Program by Group companies in Italy, which incorporate new categories of offenses introduced in Italian legislation. With these amendments, new criminal offenses were included and the relevant sensitive processes were identified. Legislative Decree 109/2012 introduced as Article 25-*duodecies* of Legislative Decree 231/2001 the offense of "Employment of foreign nationals residing illegally in Italy" (Article 22 (12-*bis*) of Legislative Decree 286/1998, which addresses immigration and legal status of foreign nationals). Law 190/2012 introduced the offense of being induced to give a bribe as Article 25 (3) and the offense of bribery between private individuals as Article 25-*ter* (1) (S-*bis*) with direct reference to Article 2635 (3) of the Civil Code which establishes penalties for giving or promising financial or other advantage to directors, managers, statutory auditors or employees of a company. Additionally, the Guidelines were revised in July 2013 to reflect additional requirements placed on the Compliance Program Supervisory Body consistent with the strengthening of the Group's corporate governance system.

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

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

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

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

## Board of Statutory Auditors

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

In accordance with Legislative Decree 58/1998, Article 17 of the Company's By-laws establishes the right for appropriately constituted **minority groups** to appoint one regular auditor, who serves as Chairman, and one alternate. The By-laws also establish that the minimum equity interest required for submission of a list of candidates for elections of the Statutory Auditors may not be lower than the percentage required by law for elections of the Board of Directors. The lists presented, together with the documentation required by law and the Company's By-laws, must be placed on record at the Company's registered office at least 25 days prior to the date set for the General Meeting on first call.

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

The Statutory Auditors are: Ignazio Carbone, Chairman; Lionello Jona Celesia and Piero Locatelli, regular auditors; and Lucio Pasquini, Fabrizio Mosca and Corrado Gatti, alternate auditors. The regular auditors Lionello Jona Celesia and Piero Locatelli were elected from the list presented by the majority shareholder EXOR S.p.A. and Ignazio Carbone, Chairman of the Board of Statutory Auditors, was elected from the minority list presented by a group of Italian and international asset managers and institutional investors holding 1.86% of shares (a complete list of those shareholders is provided in the Annual Report on Corporate Governance). The minimum equity interest required to submit a list of candidates was 1% of ordinary shares, as established by Consob with reference to Fiat's average market capitalization for the fourth quarter of 2011. Additional information provided to Shareholders on the candidates and lists presented are available in the Investors section of the Group website ([www.fiatspa.com](http://www.fiatspa.com)).

The Board of Statutory Auditors' current term of office expires on the date of the General Meeting called for approval of the 2014 financial statements. Following is a list of the most significant positions held by the members of the Board of Statutory Auditors. Ignazio Carbone is a director of Banca Popolare del Frusinate S.c.p.a. and Enertronica S.p.A.; Lionello Jona Celesia is Chairman of the Board of Statutory Auditors of Giovanni Agnelli e C. S.a.p.A., IBM Italia S.p.A., Lazard S.r.l., statutory auditor of ASTM S.p.A. and Chairman of the Board of Directors of Banca del Piemonte S.p.A.; Piero Locatelli is a statutory auditor of Giovanni Agnelli e C. S.a.p.A. and Simon Fiduciaria S.p.A.

## Transactions between Group Companies and with Related Parties

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

Information on transactions with related parties, including specific disclosures required by the Consob Communication of 28 July 2006, is provided in Note 31 to the Consolidated Financial Statements and in Note 29 to Fiat S.p.A.'s Financial Statements.

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

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

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

# Subsequent Events and Outlook

## Subsequent Events

- On January 1st, 2014, Fiat S.p.A. announced an agreement with the VEBA Trust, under which its wholly-owned subsidiary, Fiat North America LLC (“FNA”), would acquire all of the VEBA Trust’s equity membership interests in Chrysler Group LLC (“Chrysler Group”), representing 41.5% of Chrysler Group. The transaction closed on 21 January 2014. In consideration for the sale of its membership interests in Chrysler Group, the VEBA Trust received an aggregate consideration of USD 3,650 million consisting of a special distribution paid from available cash on hand by Chrysler Group to its members, in an aggregate amount of USD 1,900 million (FNA directed its portion of the special distribution to the VEBA Trust as part of the purchase consideration) and a payment from FNA for the remainder of USD 1,750 million in cash purchase consideration to the VEBA Trust. Fiat funded the USD 1,750 million in cash from available cash on hand. Contemporaneously with the transactions described above, Chrysler and the UAW entered into a memorandum of understanding under the collective bargaining agreement with the UAW in which the UAW made commitments to continue to support Chrysler industrial operations and the further implementation of the Fiat-Chrysler Alliance. In particular, the UAW has committed to use its best efforts to cooperate in the continued roll-out of World Class Manufacturing, or WCM, programs, actively participate in benchmarking efforts associated with implementation of WCM programs across all Fiat-Chrysler manufacturing sites to ensure objective performance assessments and provide for proper application of WCM principles, and to actively assist in the achievement of the Group long-term business plan. In consideration of these commitments, Chrysler agreed to make payments to the VEBA Trust totaling USD 700 million to be paid in four equal annual installments. The initial payment of USD 175 million was made on 21 January 2014 and additional payments will be payable on each of the next three anniversaries of the initial payment.
- On January 10th, Standard & Poor’s Ratings Services:
  - raised its ratings on Chrysler Group LLC, including the corporate credit rating, to ‘BB-’ from ‘B+’. The outlook is stable.
  - confirmed its rating on Fiat S.p.A.’s long-term debt at ‘BB-’. The short-term rating was confirmed at ‘B’. The outlook remains stable.
- On January 29th, the Board of Directors of Fiat S.p.A. approved a corporate reorganization and the formation of Fiat Chrysler Automobiles (“FCA”) as a fully-integrated global automaker. Following Fiat’s acquisition of the minority equity interest in Chrysler Group LLC, previously held by the VEBA Trust, the Fiat Board of Directors reviewed options for the most appropriate governance and corporate structure. In order to establish a true peer to the major global automotive groups, in both scale and capital market appeal, the Board decided to establish Fiat Chrysler Automobiles N.V., organized in the Netherlands, as the parent company of the Group.

Under the proposal approved by the Fiat Board, Fiat shareholders will receive one FCA common share for each Fiat share held and the FCA common shares will be listed on the New York Stock Exchange (NYSE) with an additional listing on the *Mercato Telematico Azionario* (MTA) in Milan. It is intended that FCA will be resident for tax purposes in the United Kingdom, but this is not expected to affect the taxes payable by Group companies in the jurisdictions where their activities are carried out.
- On February 7th, Chrysler Group LLC closed its offering of secured senior debt securities, raising approximately USD 3.0 billion in net proceeds; and senior secured term loan facilities, raising approximately USD 2.0 billion in net proceeds. Chrysler Group applied the proceeds of the debt offering to prepay all amounts outstanding, including accrued and unpaid interest, of approximately USD 5.0 billion under the senior unsecured note issued on 10 June 2009 to the VEBA Trust with an original face amount of USD 4.587 billion (the “VEBA Trust Note”).

The secured senior debt securities, issued on top of existing bonds, consist of USD 1.375 billion aggregate principal amount of 8% Secured Senior Notes due 2019 at an issue price of 108.25% of their aggregate principal amount plus accrued interest from 15 December 2013, and USD 1.380 billion aggregate principal amount of 8¼% Secured Senior Notes due 2021 at an issue price of 110.50% of their aggregate principal amount plus accrued interest from 15 December 2013. The issue prices represent a yield to maturity of 6.165% per annum for the Notes due 2019 and 6.433% per annum for the Notes due 2021.

In connection with the term loan facilities, Chrysler Group borrowed (1) an additional USD 250 million of term loans under its existing senior secured credit facilities maturing May 24, 2017, under which Chrysler Group borrows at 2.75% over LIBOR, subject to a LIBOR floor of 0.75%; and (2) USD 1.75 billion of term loans under a new senior secured term loan facility maturing 31 December 2018, at 2.50% over LIBOR, subject to a LIBOR floor of 0.75%.

The refinancing transactions are expected to result in yearly interest expense savings, for the period from 2014 to 2016, of approximately USD 134 million.<sup>(1)</sup>

- On February 11th, Moody's Investors Service lowered Fiat S.p.A.'s Corporate Family Rating from 'Ba3' to 'B1' and consequently, in accordance with their methodology, ratings on the notes issued by Fiat Finance & Trade Ltd. S.A. and Fiat Finance North America Inc. were also lowered from 'B1' to 'B2'.

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<sup>(1)</sup> For the purposes of Chrysler Group consolidated financial statements (prepared in accordance with US GAAP) the refinancing transactions are expected to result in yearly interest expense savings, for the period from 2014 to 2016, of approximately USD 200 million including the elimination of the non-cash VEBA Trust Note discount amortization of approximately USD 65 million per annum. In addition, for the same reason, Chrysler Group expects to record a non-cash charge of approximately USD 500 million in connection with the repayment of the VEBA Trust Note.

For the purposes of its consolidated financial statements (prepared in accordance with IFRS) Fiat Group expects to record interest expense savings lower than those recorded by Chrysler Group and to report no non-cash charges in connection with the repayment of the VEBA Trust Note, which has been carried at face value as a result of the purchase accounting related to the acquisition of control and consolidation of Chrysler Group in May 2011.

## Outlook

As already announced and now increasingly relevant following the acquisition of the minority stake in Chrysler previously held by the VEBA Trust, the Group will be presenting an updated business plan in early May 2014 that will give increased visibility of the Group's strategic direction and execution priorities. Notwithstanding that process, the Group indicates the following guidance for 2014:

- **Revenues:** ~€93 billion, representing a 7% increase over reported revenues for 2013. It is expected that the increase will be primarily driven by commercial activities in NAFTA where, as illustrated in the financial results presentation given on 29 January 2014, the market is expected to register continued growth, albeit at a lower rate than for prior years, and where the Group expects revenue growth as sales of new models introduced over the past 12 months gain increased momentum, mainly the Jeep Cherokee and also the new Chrysler 200, which will be available in the second quarter of 2014. The year-over-year revenue contribution from APAC is also expected to be higher in 2014, driven by both increased market demand and penetration in the Group's key markets in the region, particularly China and Australia. For EMEA, the Group's volumes and revenues are expected to be substantially in line with 2013, primarily due to the industry outlook that overall demand will remain flat and that competitive pricing pressures, particularly in the mass-market segments, will continue to be a key factor. In Latin America, it is expected that overall car demand will remain at 2013 levels, with the Group expecting to maintain its market position substantially unchanged despite increased competition. The Group's luxury brands are also expected to contribute to revenue growth in 2014 on the strength of volume growth for new models launched in 2013, particularly for Maserati.
- **Trading profit:** ~€3.6 to €4.0 billion.
- **Net income:** ~€0.6 to €0.8 billion, with EPS to improve from ~€0.10 (ex-unusals) to ~€0.44-€0.60. Includes increased deferred tax charge of ~€0.5 billion due to the recognition of net deferred tax assets at year-end 2013 related to Chrysler.
- The **net industrial debt** target for year-end 2014 is between €9.8 and €10.3 billion. Excluding disbursements for the purchase of the VEBA interest in Chrysler, totaling €2.7 billion and the €0.3 billion negative effect from the consolidation of the debt related to joint operations due to the application of the new accounting standard IFRS 11<sup>(1)</sup> cash used in investing activities for the period is expected to exceed cash from operating activities<sup>(2)</sup> in a range between €0.1 and €0.6 billion. The targeted increase in EBITDA reflects the expectation for higher trading profit together with an increase in depreciation and amortization. Working capital is expected to generate positive cash flow for the period, although below the 2013 level. The year-over-year comparison reflects an expected increase in export activity, resulting in higher finished inventories, and exceptional seasonality in 2013, which resulted in higher sales volumes and production levels for Chrysler in the fourth quarter, primarily relating to the launch of the new Jeep Cherokee.

<sup>(1)</sup> See Notes to the Consolidated Financial Statement – "New standards and interpretations not yet effective".

<sup>(2)</sup> Cash from operating activities consists of EBITDA less interest and cash taxes expected for the year in addition to changes in working capital and provisions.

## Financial Review – Fiat S.p.A.

The following information is based on the 2013 financial statements prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”), as adopted by the European Union, and regulations implementing Article 9 of Italian Legislative Decree 38/2005.

### Operating Performance

Fiat S.p.A. reported a loss of €227 million for 2013, compared with a loss of €152 million for the prior year.

The principal components of the income statement were as follows:

(€ million)	2013	2012
Income from investments	(3)	68
Dividends	536	1,030
Impairment (losses)/reversals on investments	(540)	(962)
Gains/(losses) on disposals	1	-
Personnel and operating costs, net of other income	(28)	(35)
Financial income/(expense)	(210)	(216)
<b>PROFIT/(LOSS) BEFORE TAXES</b>	<b>(241)</b>	<b>(183)</b>
Income taxes	14	31
<b>PROFIT/(LOSS) FOR THE YEAR</b>	<b>(227)</b>	<b>(152)</b>

**Income from investments** was a negative €3 million for the year (positive €68 million for 2012), with dividends received more than offset by net impairments:

- **Dividends** totaling €536 million included €500 million received from Fiat Gestione Partecipazioni S.p.A. (now Fiat Partecipazioni S.p.A.), €23 million from Fiat Finance S.p.A., €5 million from Teksid S.p.A. and €8 million from Fiat Industrial S.p.A. (now CNH Industrial N.V.).

In 2012, dividends totaling €1,030 million were received from Fiat Gestione Partecipazioni S.p.A. (€1,000 million), Fiat Finance S.p.A. (€24 million) and Fiat Industrial S.p.A. (€6 million).

- **Net impairment on investments** of €540 million consisted of a €465 million impairment on the investment in Fiat Gestione Partecipazioni S.p.A. (now Fiat Partecipazioni S.p.A.), aligning the carrying amount with the book value of the investee's equity following the distribution of reserves to Fiat S.p.A., as well as impairment losses on the investments in RCS MediaGroup S.p.A. (€74 million) and Teksid Aluminum S.r.l. (€17 million), net of a partial reversal for Fiat Partecipazioni S.p.A., now FGA Real Estate Services S.p.A. (€16 million).

In 2012, net impairments totaled €962 million, consisting of a €933 million impairment on the investment in Fiat Gestione Partecipazioni S.p.A., for the same reason as the adjustment recognized in 2013, as well as impairment losses on the investments in RCS MediaGroup S.p.A. (€35 million) and Teksid Aluminum S.r.l. (€15 million), net of a partial reversal for Fiat Powertrain Technologies S.p.A. (€21 million).

- **Gains on disposals** totaled €1 million and related to the transfer of the shareholdings in Fiat Revisione Interna S.c.p.A. and Isvor Fiat S.c.p.A. to Fiat Partecipazioni S.p.A. In 2012, no shareholdings were sold.

**Personnel and operating costs, net of other income** totaled €28 million, compared with €35 million for 2012.

- **Personnel and operating costs** totaled €111 million, compared with €112 million in 2012. A reduction in costs for services and lower notional charges for stock options offset an increase in personnel costs attributable to a higher average headcount (236 employees, compared with 219 in 2012). That increase was primarily due to the acquisition of a business unit from the subsidiary Fiat Services S.p.A. in early 2013.
- **Other income** of €83 million (€77 million in 2012) mainly related to services rendered, including by senior management personnel, to the principal Group companies. The €6 million increase over the prior year was mainly due to the increase in services rendered to Group companies, including services provided by the newly-acquired business unit, as well as an increase in reimbursements for the cost of seconded personnel.

**Net financial expense**, of €210 million, included €241 million in financial charges, relating primarily to interest expense on debt, partially offset by a €31 million gain at expiration on the stock-option related equity swaps on Fiat and CNH Industrial shares. For 2012, net financial expense of €216 million included a €250 million in financial charges offset by the €34 million gain in the mark-to-market of the above equity swaps. The €6 million year-over-year decrease was attributable to a more favorable mix of liquidity/debt/interest rates (€9 million), net of the negative difference in the gain on the equity swaps (€3 million).

For **income taxes**, the Company recognized a €14 million credit for the year (€31 million credit in 2012), which primarily reflected compensation received for losses contributed by Fiat S.p.A. to the domestic tax consolidation for the Group's Italian companies.

## Statement of Financial Position

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

(€ million)	31.12.2013	31.12.2012
Non-current assets	13,106	11,809
of which: Investments	13,060	11,765
Working capital	(220)	(261)
<b>NET CAPITAL INVESTED</b>	<b>12,886</b>	<b>11,548</b>
<b>EQUITY</b>	<b>8,693</b>	<b>8,901</b>
<b>NET DEBT</b>	<b>4,193</b>	<b>2,647</b>

**Non-current assets** consisted almost entirely of shareholdings in the Group's principal subsidiaries. The €1,295 million increase in investments over 31 December 2012 related primarily to the recapitalization of subsidiaries (€1,738 million, of which €1,650 million for Fiat Group Automobili S.p.A.), capital subscriptions (€94 million related to the associate company RCS MediaGroup S.p.A.) and fair value revaluation of investments in other companies, net of the €540 million in impairments commented on above.

**Working capital** was a negative €220 million and consisted of trade receivables/payables, other receivables/payables (from/to tax authorities, employees, etc.), contract work in progress net of advances, and provisions for the period. The €41 million difference over 31 December 2012 mainly reflects changes in the receivable/payable position with subsidiaries arising from the domestic tax consolidation and the consolidated VAT settlement.

**Equity** totaled €8,693 million at 31 December 2013, a net decrease of €208 million over 31 December 2012, mainly reflecting the €227 million loss for the year, partially offset by gains recognized directly to reserves and other positive items.

A more detailed analysis of changes in equity is provided in the notes to Fiat S.p.A.'s statutory financial statements.

**Net debt** totaled €4,193 million at 31 December 2013, representing a €1,546 million increase over year-end 2012 due primarily to recapitalizations and capital subscriptions in investees, net of the dividends commented on above and other cash items. Net debt consisted of the following:

(€ million)	31.12.2013	31.12.2012
Current financial assets, cash and cash equivalents	(1)	(59)
Current financial liabilities	3,780	1,294
Non-current financial liabilities	414	1,412
<b>NET DEBT/(CASH)</b>	<b>4,193</b>	<b>2,647</b>

Current financial liabilities at 31 December 2013 consisted principally of the following items payable to the subsidiary Fiat Finance S.p.A.:

- a current account overdraft
- a short-term €3,000 million loan provided at market terms

At 31 December 2012, current financial assets and liabilities also consisted of receivables and payables from/to the subsidiary Fiat Finance S.p.A. relating to the positive fair value of equity swaps on Fiat and Fiat Industrial shares expiring in 2013, as described above.

Non-current financial liabilities mainly consisted of the loan from Fiat Finance S.p.A., at market rates of interest, which is repayable in 2014. A more detailed analysis of cash flows is provided in the notes to Fiat S.p.A.'s statutory financial statements.

### Reconciliation between Equity and Net Profit of the Parent Company and the Group

As required by the Consob Communication of 28 July 2006, the following table provides a reconciliation between the net result and equity of Fiat S.p.A. for the years ended 31 December 2013 and 2012 and the comparable items on a consolidated basis (portion attributable to owners of Fiat S.p.A.).

(€ million)	Equity at 31.12.2013	2013 Profit/(Loss)	Equity at 31.12.2012	2012 Profit/(Loss)
<b>Financial Statements of Fiat S.p.A.</b>	<b>8,693</b>	<b>(227)</b>	<b>8,901</b>	<b>(152)</b>
Elimination of carrying amount of interests in consolidated entities and related dividends	(12,761)	(528)	(11,454)	(1,024)
Elimination of impairment losses (net of reversals) on consolidated entities	-	540	-	962
Equity and profit/(loss) of consolidated entities	14,170	1,163	10,501	311
Consolidation adjustments:				
Elimination of intercompany profit/loss on inventories and fixed assets, dividends paid between subsidiaries and other adjustments	(1,776)	(44)	(1,761)	(53)
<b>CONSOLIDATED FINANCIAL STATEMENTS (PORTION ATTRIBUTABLE TO OWNERS OF FIAT S.P.A.)</b>	<b>8,326</b>	<b>904</b>	<b>6,187</b>	<b>44</b>

## Motion for Approval of the Statutory Financial Statements and Allocation of 2013 Net Result

Shareholders,

We hereby submit for your approval the Statutory Financial Statements for the year ended 31 December 2013, which report a net loss of €226,697,618. We propose that the loss be allocated to the Retained Profit reserve, bringing the value of the reserve to €1,537,084,936.

27 February 2014

*On behalf of the Board of Directors*

/s/ John Elkann

John Elkann

**CHAIRMAN**



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# Fiat Group Consolidated Financial Statements at 31 December 2013

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

(€ million)	Note	2013	2012 <sup>(**)</sup>
Net revenues	(1)	86,816	83,957
Cost of sales	(2)	74,570	71,701
Selling, general and administrative costs	(3)	6,689	6,763
Research and development costs	(4)	2,231	1,850
Other income/(expenses)		68	(102)
<b>TRADING PROFIT/(LOSS)</b>		<b>3,394</b>	<b>3,541</b>
Result from investments:	(5)	97	107
Share of the profit/(loss) of investees accounted for using the equity method		87	94
Other income/(expenses) from investments		10	13
Gains/(losses) on the disposal of investments	(6)	8	(91)
Restructuring costs	(7)	28	15
Other unusual income/(expenses)	(8)	(499)	(138)
<b>EBIT</b>		<b>2,972</b>	<b>3,404</b>
Financial income/(expenses)	(9)	(1,964)	(1,885)
<b>PROFIT/(LOSS) BEFORE TAXES</b>		<b>1,008</b>	<b>1,519</b>
Tax (income)/expenses	(10)	(943)	623
<b>PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>		<b>1,951</b>	<b>896</b>
Profit/(loss) from Discontinued Operations		-	-
<b>PROFIT/(LOSS)</b>		<b>1,951</b>	<b>896</b>
<b>PROFIT/(LOSS) ATTRIBUTABLE TO:</b>			
Owners of the parent		904	44
Non-controlling interests		1,047	852
(in €)			
<b>BASIC EARNINGS/(LOSS) PER ORDINARY SHARE</b>	(12)	<b>0.744</b>	<b>0.036</b>
<b>DILUTED EARNINGS/(LOSS) PER ORDINARY SHARE</b>	(12)	<b>0.736</b>	<b>0.036</b>

<sup>(\*)</sup> Pursuant to Consob Resolution 15519 of 27 July 2006, the effects of related party transactions on the consolidated income statement are presented in the specific Income Statement schedule provided in the following pages and are further described in Note 31.

<sup>(\*\*)</sup> Following the retrospective application of the amendment to IAS 19 from 1 January 2013, the 2012 comparative amounts were restated as required by IAS 1. Compared to the previously reported figures, Profit for 2012 decreased by €515 million, of which mainly €273 million in Trading Profit/EBIT and €244 million in Financial expenses. Reference should be made to the section "New and revised IFRSs adopted since 1 January 2013" for further details.

# Consolidated Statement of Comprehensive Income/(losses)

(€ million)	Note	2013	2012 <sup>(1)</sup>
<b>PROFIT/(LOSS) (A)</b>		<b>1,951</b>	<b>896</b>
Items that will never be reclassified to the Income statement:			
Gains/(losses) on remeasurements of defined benefit plans	(23)	2,678	(1,843)
Share of gains/(losses) on remeasurements of defined benefit plans for equity accounted entities	(23)	(9)	1
Related tax impact	(23)	239	3
<b>Total items that will never be reclassified to the Income statement (B1)</b>		<b>2,908</b>	<b>(1,839)</b>
Items that may be reclassified to the Income statement:			
Gains/(losses) on cash flow hedging instruments	(23)	162	184
Gains/(losses) on available-for-sale financial assets	(23)	4	27
Exchange differences on translating foreign operations	(23)	(708)	(270)
Share of Other comprehensive Income/(losses) for equity accounted entities	(23)	(100)	21
Related tax impact	(23)	(27)	(24)
<b>Total items that may be reclassified to the Income statement (B2)</b>		<b>(669)</b>	<b>(62)</b>
<b>TOTAL OTHER COMPREHENSIVE INCOME/(LOSSES), NET OF TAX (B1)+(B2)=(B)</b>		<b>2,239</b>	<b>(1,901)</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSSES) (A)+(B)</b>		<b>4,190</b>	<b>(1,005)</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSSES) ATTRIBUTABLE TO:</b>			
Owners of the parent		2,117	(1,062)
Non-controlling interests		2,073	57

<sup>(1)</sup> Following the retrospective application of the amendment to IAS 19 from 1 January 2013, the 2012 comparative amounts were restated as required by IAS 1. Compared to the previously reported, Total comprehensive income for 2012 decreased by €2,265 million, of which €515 million arose from lower Profit for 2012 and €1,750 million from a decrease in Total other comprehensive Income/(losses). Reference should be made to the section "New and revised IFRSs adopted since 1 January 2013" for further details.

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

(€ million)	Note	At 31 December 2013	At 31 December 2012 <sup>(**)</sup>	At 1 January 2012 <sup>(**)</sup>
<b>ASSETS</b>				
Intangible assets		19,509	19,284	18,200
Goodwill and intangible assets with indefinite useful lives	(13)	12,439	12,947	13,213
Other intangible assets	(14)	7,070	6,337	4,987
Property, plant and equipment	(15)	22,843	22,061	20,785
Investments and other financial assets:	(16)	2,260	2,287	2,663
Investments accounted for using the equity method		1,561	1,507	1,582
Other investments and financial assets		699	780	1,081
Leased assets		1	1	45
Defined benefit plan assets		105	93	105
Deferred tax assets	(10)	2,893	1,738	1,689
<b>TOTAL NON-CURRENT ASSETS</b>		<b>47,611</b>	<b>45,464</b>	<b>43,487</b>
Inventories	(17)	10,230	9,295	9,123
Trade receivables	(18)	2,406	2,702	2,625
Receivables from financing activities	(18)	3,671	3,727	3,968
Current tax receivables	(18)	291	236	369
Other current assets	(18)	2,302	2,163	2,088
Current financial assets:		815	807	789
Current investments		35	32	33
Current securities	(19)	247	256	199
Other financial assets	(20)	533	519	557
Cash and cash equivalents	(21)	19,439	17,657	17,526
<b>TOTAL CURRENT ASSETS</b>		<b>39,154</b>	<b>36,587</b>	<b>36,488</b>
Assets held for sale	(22)	9	55	66
<b>TOTAL ASSETS</b>		<b>86,774</b>	<b>82,106</b>	<b>80,041</b>

<sup>(\*)</sup> Pursuant to Consob Resolution 15519 of 27 July 2006, the effects of related party transactions on the Consolidated statement of financial position are presented in the specific Statement of financial position schedule provided in the following pages and are further described in Note 31.

<sup>(\*\*)</sup> Following the retrospective application of the amendment to IAS 19 from 1 January 2013, the comparative amounts at 1 January and 31 December 2012 were restated as required by IAS 1. Reference should be made to the section "New and revised IFRSs adopted since 1 January 2013" for further details.

## Consolidated Statement of Financial Position (continued)

(€ million)	Note	At 31 December 2013	At 31 December 2012 <sup>(1)</sup>	At 1 January 2012 <sup>(1)</sup>
<b>EQUITY AND LIABILITIES</b>				
Equity:	(23)	12,584	8,369	9,711
Equity attributable to owners of the parent		8,326	6,187	7,358
Non-controlling interest		4,258	2,182	2,353
Provisions:		17,360	20,276	18,182
Employee benefits	(25)	8,265	11,486	9,584
Other provisions	(26)	9,095	8,790	8,598
Debt:		29,902	27,889	26,772
Asset-backed financing	(27)	596	449	710
Other debt	(27)	29,306	27,440	26,062
Other financial liabilities	(20)	137	201	429
Trade payables	(28)	17,235	16,558	16,418
Current tax payables		314	231	230
Deferred tax liabilities	(10)	278	801	761
Other current liabilities	(29)	8,943	7,781	7,538
Liabilities held for sale	(22)	21	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>86,774</b>	<b>82,106</b>	<b>80,041</b>

<sup>(1)</sup> Following the retrospective application of the amendment to IAS 19 from 1 January 2013 the comparative figures at 1 January and 31 December 2012 were restated as required by IAS 1. More specifically, the amount of Equity at 31 December 2012 decreased by €4,804 million, of which €2,872 million in Equity attributable to owners of the parent and €1,932 million in Non-controlling interest. Reference should be made to the section "New and revised IFRSs adopted since 1 January 2013" for further details.

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

(€ million)	Note	2013	2012
<b>A) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	(21)	<b>17,657</b>	<b>17,526</b>
<b>B) CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES DURING THE YEAR:</b>			
Profit/(loss) for the year		1,951	896 <sup>(†)</sup>
Amortization and depreciation		4,574	4,134
(Gains)/losses on disposal of:			
Property, plant and equipment and intangible assets		31	14
Investments		(8)	91
Other non-cash items	(32)	522	562 <sup>(†)</sup>
Dividends received		92	89
Change in provisions		444	77
Change in deferred taxes		(1,578)	(72)
Change in items due to buy-back commitments	(32)	92	(51)
Change in operating lease items	(32)	1	(10)
Change in working capital		1,468	714
<b>TOTAL</b>		<b>7,589</b>	<b>6,444</b>
<b>C) CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES:</b>			
Investments in:			
Property, plant and equipment and intangible assets	(32)	(7,440)	(7,534)
Investments in consolidated subsidiaries		(19)	-
Other investments		(212)	(24)
Proceeds from the sale of:			
Property, plant and equipment and intangible assets		43	118
Other investments		5	21
Net change in receivables from financing activities		(449)	(24)
Change in current securities		(10)	(64)
Other changes		(4)	(30)
<b>TOTAL</b>		<b>(8,086)</b>	<b>(7,537)</b>
<b>D) CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES:</b>			
New issuance of bonds		2,866	2,535
Repayment of bonds		(1,000)	(1,450)
Issuance of other medium-term borrowings		3,188	1,925
Repayment of other medium-term borrowings		(2,549)	(1,528)
Net change in other financial payables and other financial assets/liabilities		686	197
Increase in share capital		4	22
Dividends paid		(1)	(58)
Distribution for tax withholding obligations on behalf of non-controlling interests ("NCI")		(6)	-
<b>TOTAL</b>		<b>3,188</b>	<b>1,643</b>
Translation exchange differences		(909)	(419)
<b>E) TOTAL CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>1,782</b>	<b>131</b>
<b>F) CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	(21)	<b>19,439</b>	<b>17,657</b>

<sup>(†)</sup> Pursuant to Consob Resolution 15519 of 27 July 2006, the effects of related party transactions on the Consolidated statement of cash flows are presented in the specific Statement of cash flows schedule provided in the following pages.

<sup>(‡)</sup> Following the retrospective application of the amendment to IAS 19 from 1 January 2013, the 2012 comparative amounts for Profit decreased by €515 million with a corresponding increase in Other non-cash items.

# Statement of Changes in Consolidated Equity

(€ million)	Share capital	Treasury shares	Capital reserves	Earnings reserves	Cash flow hedge reserve	Cumulative translation adjustment reserve	Available for sale financial assets reserve	Remeasurement of defined benefit plans reserve	Cumulative share of OCI of entities consolidated under the equity method	Non-controlling interests	Total
<b>AT 31 DECEMBER 2011</b> (Reported amounts)	4,466	(289)	147	3,862	(170)	834	(43)	-	(80)	3,533	12,260
IAS 19 revised adoption effect	-	-	-	(79)	-	-	-	(1,287)	(3)	(1,180)	(2,549)
<b>AT 1 JANUARY 2012</b>	4,466	(289)	147	3,783	(170)	834	(43)	(1,287)	(83)	2,353	9,711
<b>Changes in equity for 2012:</b>											
Capital increase	-	-	-	-	-	-	-	-	-	22	22
Effect of the conversion of preference and savings shares into ordinary shares	10	-	(10)	-	-	-	-	-	-	-	-
Share based payments	-	30	-	(15)	-	-	-	-	-	-	15
Dividends distributed	-	-	-	(40)	-	-	-	-	-	(18)	(58)
Purchase and sale of shares in subsidiaries from/to non-controlling interests	-	-	-	22	1	3	-	(114)	-	(232)	(320)
Total comprehensive income	-	-	-	44	184	(204)	26	(1,133)	21	57	(1,005)
Other changes	-	-	-	4	-	-	-	-	-	-	4
<b>AT 31 DECEMBER 2012</b>	4,476	(259)	137	3,798	15	633	(17)	(2,534)	(62)	2,182	8,369

## Statement of Changes in Consolidated Equity (continued)

(€ million)	Share capital	Treasury shares	Capital reserves	Earnings reserves	Cash flow hedge reserve	Cumulative translation adjustment reserve	Available for sale financial assets reserve	Remeasurement of defined benefit plans reserve	Cumulative share of OCI of entities consolidated under the equity method	Non-controlling interests	Total
<b>AT 31 DECEMBER 2012</b> (Reported amounts)	<b>4,476</b>	<b>(259)</b>	<b>137</b>	<b>4,187</b>	<b>15</b>	<b>580</b>	<b>(17)</b>	<b>-</b>	<b>(60)</b>	<b>4,114</b>	<b>13,173</b>
IAS 19 revised adoption effect	-	-	-	(389)	-	53	-	(2,534)	(2)	(1,932)	<b>(4,804)</b>
<b>AT 1 JANUARY 2013</b>	<b>4,476</b>	<b>(259)</b>	<b>137</b>	<b>3,798</b>	<b>15</b>	<b>633</b>	<b>(17)</b>	<b>(2,534)</b>	<b>(62)</b>	<b>2,182</b>	<b>8,369</b>
<b>Changes in equity for 2013:</b>											
Capital increase	1	-	2	-	-	-	-	-	-	1	<b>4</b>
Dividends distributed	-	-	-	-	-	-	-	-	-	(1)	<b>(1)</b>
Share based payments	-	-	-	9	-	-	-	-	-	-	<b>9</b>
Total comprehensive income	-	-	-	904	86	(555)	4	1,786	(108)	2,073	<b>4,190</b>
Distribution for tax withholding obligations on behalf of NCI	-	-	-	-	-	-	-	-	-	(6)	<b>(6)</b>
Purchase of shares in subsidiaries from non-controlling interests	-	-	-	2	-	-	-	-	-	-	<b>2</b>
Other changes	-	-	-	8	-	-	-	-	-	9	<b>17</b>
<b>At 31 DECEMBER 2013</b>	<b>4,477</b>	<b>(259)</b>	<b>139</b>	<b>4,721</b>	<b>101</b>	<b>78</b>	<b>(13)</b>	<b>(748)</b>	<b>(170)</b>	<b>4,258</b>	<b>12,584</b>

# Consolidated Income Statement

pursuant to Consob Resolution 15519 of 27 July 2006

(€ million)	Note	2013		2012	
		Total	of which Related parties (Note 31)	Total	of which Related parties (Note 31)
Net revenues	(1)	86,816	2,832	83,957	2,793
Cost of sales	(2)	74,570	3,391	71,701	3,674
Selling, general and administrative costs	(3)	6,689	119	6,763	116
Research and development costs	(4)	2,231	1	1,850	7
Other income/(expenses)		68	35	(102)	20
<b>TRADING PROFIT/(LOSS)</b>		<b>3,394</b>		<b>3,541</b>	
Result from investments:	(5)	97	97	107	107
Share of the profit/(loss) of investees accounted for using the equity method		87	87	94	94
Other income/(expenses) from investments		10	10	13	13
Gains/(losses) on the disposal of investments	(6)	8	-	(91)	-
Restructuring costs	(7)	28	-	15	-
Other unusual income/(expenses)	(8)	(499)	-	(138)	-
<b>EBIT</b>		<b>2,972</b>		<b>3,404</b>	
Financial income/(expenses)	(9)	(1,964)	(22)	(1,885)	(25)
<b>PROFIT/(LOSS) BEFORE TAXES</b>		<b>1,008</b>		<b>1,519</b>	
Tax (income)/expenses	(10)	(943)		623	
<b>PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>		<b>1,951</b>		<b>896</b>	
Profit/(loss) from Discontinued Operations		-		-	
<b>PROFIT/(LOSS)</b>		<b>1,951</b>		<b>896</b>	
<b>PROFIT/(LOSS) ATTRIBUTABLE TO:</b>					
Owners of the parent		904		44	
Non-controlling interests		1,047		852	

# Consolidated Statement of Financial Position

pursuant to Consob Resolution 15519 of 27 July 2006

(€ million)	Note	At 31 December 2013		At 31 December 2012	
		Total	of which Related parties (Note 31)	Total	of which Related parties (Note 31)
<b>ASSETS</b>					
Intangible assets		19,509	-	19,284	-
Goodwill and intangible assets with indefinite useful lives	(13)	12,439	-	12,947	-
Other intangible assets	(14)	7,070	-	6,337	-
Property, plant and equipment	(15)	22,843	-	22,061	-
Investments and other financial assets:	(16)	2,260	1,930	2,287	1,880
Investments accounted for using the equity method		1,561	1,561	1,507	1,507
Other investments and financial assets		699	369	780	373
Leased assets		1	-	1	-
Defined benefit plan assets		105	-	93	-
Deferred tax assets	(10)	2,893	-	1,738	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>47,611</b>		<b>45,464</b>	
Inventories	(17)	10,230	3	9,295	2
Trade receivables	(18)	2,406	279	2,702	384
Receivables from financing activities	(18)	3,671	163	3,727	201
Current tax receivables	(18)	291	-	236	-
Other current assets	(18)	2,302	34	2,163	49
Current financial assets:		815	-	807	-
Current investments		35	-	32	-
Current securities	(19)	247	-	256	-
Other financial assets	(20)	533	-	519	-
Cash and cash equivalents	(21)	19,439	-	17,657	-
<b>TOTAL CURRENT ASSETS</b>		<b>39,154</b>		<b>36,587</b>	
Assets held for sale	(22)	9	-	55	54
<b>TOTAL ASSETS</b>		<b>86,774</b>		<b>82,106</b>	

# Consolidated Statement of Financial Position

pursuant to Consob Resolution 15519 of 27 July 2006 (continued)

(€ million)	Note	At 31 December 2013		At 31 December 2012	
		Total	of which Related parties (Note 31)	Total	of which Related parties (Note 31)
<b>EQUITY AND LIABILITIES</b>					
Equity:	(23)	12,584	-	8,369	-
Equity attributable to owners of the parent		8,326	-	6,187	-
Non-controlling interests		4,258	-	2,182	-
Provisions:		17,360	158	20,276	158
Employee benefits	(25)	8,265	146	11,486	145
Other provisions	(26)	9,095	12	8,790	13
Debt:		29,902	448	27,889	272
Asset-backed financing	(27)	596	85	449	61
Other debt	(27)	29,306	363	27,440	211
Other financial liabilities	(20)	137	-	201	-
Trade payables	(28)	17,235	873	16,558	969
Current tax payables		314	-	231	-
Deferred tax liabilities	(10)	278	-	801	-
Other current liabilities	(29)	8,943	164	7,781	179
Liabilities held for sale	(22)	21	-	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>86,774</b>		<b>82,106</b>	

# Consolidated Statement of Cash Flows

pursuant to Consob Resolution 15519 of 27 July 2006

(€ million)	Note	2013		2012	
		Total	of which Related Parties (Note 31)	Total	of which Related Parties (Note 31)
<b>A) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	(21)	<b>17,657</b>		<b>17,526</b>	
<b>B) CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES DURING THE YEAR:</b>					
Profit/(loss) for the period		1,951		896	
Amortization and depreciation		4,574		4,134	
(Gains)/losses on disposal of:					
Property, plant and equipment and intangible assets		31		14	
Investments		(8)		91	
Other non-cash items	(32)	522	6	562	9
Dividends received		92	92	89	89
Change in provisions		444	1	77	1
Change in deferred taxes		(1,578)	-	(72)	-
Change in items due to buy-back commitments	(32)	92	2	(51)	2
Change in operating lease items	(32)	1	-	(10)	-
Change in working capital		1,468	79	714	(90)
<b>TOTAL</b>		<b>7,589</b>		<b>6,444</b>	
<b>C) CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES:</b>					
Investments in:					
Property, plant and equipment and intangible assets	(32)	(7,440)	-	(7,534)	-
Investments in consolidated subsidiaries		(19)	-	-	-
Other investments		(212)	(211)	(24)	(20)
Proceeds from the sale of:					
Property, plant and equipment and intangible assets		43	-	118	-
Other investments		5	-	21	-
Net change in receivables from financing activities		(449)	17	(24)	(7)
Change in current securities		(10)	-	(64)	-
Other changes		(4)	-	(30)	-
<b>TOTAL</b>		<b>(8,086)</b>		<b>(7,537)</b>	
<b>D) CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES:</b>					
Issuance of bonds		2,866	-	2,535	-
Repayment of bonds		(1,000)	-	(1,450)	-
Issuance of other medium-term borrowings		3,188	-	1,925	-
Repayment of other medium-term borrowings		(2,549)	-	(1,528)	-
Net change in other financial payables and other financial assets/liabilities		686	191	197	(34)
Increase in share capital		4	-	22	-
Dividends paid		(1)	-	(58)	(11)
Distribution for tax withholding obligations on behalf of non-controlling interests ("NCI")		(6)	-	-	-
<b>TOTAL</b>		<b>3,188</b>		<b>1,643</b>	
Translation exchange differences		(909)		(419)	
<b>E) TOTAL CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>1,782</b>		<b>131</b>	
<b>F) CASH AND CASH EQUIVALENTS AT END OF THE YEAR AS REPORTED</b>	(21)	<b>19,439</b>		<b>17,657</b>	

# Notes to the Consolidated Financial Statements

## Principal activities

Fiat S.p.A. is a corporation organized under the laws of the Republic of Italy. Fiat S.p.A. and its subsidiaries (the “Group”), among which the most significant is Chrysler Group LLC (together with its subsidiaries, “Chrysler” or “Chrysler Group”), are engaged in the design, engineering, manufacture, distribution and sale of automobiles and light commercial vehicles, engines, transmission systems, automotive-related components, metallurgical products and production systems. In addition, the Group has for a long while also been involved in certain other activities, including services (mainly captive) and publishing, which represent an insignificant portion of the Group core business.

## Basis of preparation

The 2013 consolidated financial statements have been prepared in accordance with the *International Financial Reporting Standards* (the “IFRS”) issued by the *International Accounting Standards Board* (“IASB”) and adopted by the European Union, and with the provisions implementing article 9 of Legislative Decree 38/2005. The designation “IFRS” also includes all valid *International Accounting Standards* (“IAS”), as well as all interpretations of the IFRS *Interpretations Committee*, formerly the *Standing Interpretations Committee* (“SIC”) and then the *International Financial Reporting Interpretations Committee* (“IFRIC”).

The financial statements are prepared under the historical cost method, modified as required for the measurement of certain financial instruments, as well as on a going concern basis. In this respect, the Group’s assessment is that no material uncertainties (as defined in paragraph 25 of IAS 1) exist about its ability to continue as a going concern, also considering the on going operational integration between Fiat and Chrysler and the Group’s industrial and financial flexibility.

The Group’s presentation currency is Euro.

## Format of the financial statements

For presentation of the Income statement, the Group uses a classification based on the function of expenses, rather than one based on their nature, as it is more representative of the format used for internal reporting and management purposes and is consistent with international practice in the automotive sector.

The Group measures its performance on the basis of Trading profit and Earnings before Interest and Taxes (EBIT). EBIT is the measure of the Group profitability before interests and taxes; it includes all revenues and costs, income and expenses arising from the Group ongoing operations, whether recurring or non-recurring. Trading profit reflects the result from ongoing operations before Result from investments and unusual items that are separately reported in accordance with IAS 1 paragraph 85 which are:

- Gains/(losses) on the disposal of investments in subsidiaries, jointly controlled entities and associates;
- Restructuring costs;
- Impairment of Property plant and equipment and Intangible assets arising from transactions that are only incidentally related to the ordinary activities of the Group and are not expected to occur frequently (i.e. impairment or other losses as a consequence of change in strategy related to products portfolio, manufacturing footprint, dealer network and suppliers);
- Other items only incidentally related to the ordinary activities of the Group and not expected to occur frequently, such as the effect of defined benefit plan amendments, including curtailments and settlements, and acquisition costs related to a business combination or costs arising from operations terminated or disposed of in prior years.

The definition of “unusual” adopted by the Group differs from the definition provided in the Consob Communication of 28 July 2006, under which unusual and/or abnormal transactions are those which – because of their significance or materiality, the nature of the counterparty, the object of the transaction, the method for determination of the transfer price or the timing of the event (e.g., close to year-end) – could give rise to doubts regarding the accuracy/completeness of the information in the financial statements, conflicts of interest, the proper safeguarding of corporate assets or protection of non-controlling interests.

For the Consolidated statement of financial position, a mixed format has been selected to present current and non-current assets and liabilities, as permitted by IAS 1. More specifically, the Group’s financial statements include both industrial companies and financial services companies. The investment portfolios of financial services companies are included in current assets, as the investments will be realized in their normal operating cycle. However, the financial services companies only obtain a portion of their funding from the market; the remainder is obtained from Fiat S.p.A. through the Group’s treasury companies (included under industrial activities), which provide funding both to industrial companies and financial services companies in the Group, as the need arises. This financial service structure within the Group does not allow the separation of financial liabilities funding the financial services operations (whose assets are reported within current assets) and those funding the industrial operations. Presentation of financial liabilities as current or non-current based on their date of maturity would not facilitate comparison with financial assets, which are categorized on the basis of their normal operating cycle. Disclosure as to the due date of liabilities is provided in Note 27.

The Statement of cash flows is presented using the indirect method.

In connection with the requirements of Consob Resolution No. 15519 of 27 July 2006 relating to the format of the financial statements, specific supplementary Income statement, Statement of financial position and Statement of cash flows formats have been added for related party transactions.

## Significant accounting policies

### Basis of consolidation

#### *Subsidiaries*

Subsidiaries are entities controlled by the Group, as defined in IAS 27 – *Consolidated and Separate Financial Statements*. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are consolidated from the date that control commences until the date that control ceases. Equity attributable to non-controlling interests and non-controlling interests in the profit/(loss) of consolidated subsidiaries are presented separately from the interests of the owners of the parent in the Consolidated statement of financial position and Income statement respectively. Losses applicable to non-controlling interests that exceed the minority’s interests in the subsidiary’s equity are allocated against the non-controlling interests.

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

If the Group loses control of a subsidiary, a gain or loss is recognized in the Income statement and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. Any profits or losses recognized in Other comprehensive income/(losses) in respect of the measurement of the assets of the subsidiary are reclassified to the Income statement when the Group loses control of the subsidiary if, in accordance with relevant IFRS, these gains and losses would be reclassified to the Income statement on the disposal of the related assets or liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost shall be regarded as the fair value on initial recognition of a financial assets in accordance with *IAS 39 – Financial instruments: recognition and measurement* or, when appropriate, the cost on initial recognition of an investment in an associate or jointly controlled entity.

#### *Jointly controlled entities*

Jointly controlled entities are enterprises in which the Group has contractually agreed to share control or for which a contractual arrangement exists whereby two or more parties undertake an economic activity that is subject to joint control. Investments in jointly controlled entities are accounted for using the equity method from the date that joint control commences until the date that joint control ceases.

#### *Associates*

Associates are entities over which the Group has significant influence, as defined in *IAS 28 – Investments in Associates*, but not control or joint control over the financial and operating policies. Investments in associates are accounted for using the equity method from the date that significant influence commences until the date it ceases. When the Group's share of losses of an associate, if any, exceeds the carrying amount of the associate in the Group's balance sheet, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates.

#### *Investments in other companies*

Investments in other companies that are available-for-sale financial assets are measured at fair value, when this can be reliably determined. Gains or losses arising from changes in fair value are recognized in Other comprehensive income/(losses) until the assets are sold or are impaired; at that time, the cumulative Other comprehensive income/(losses) are recognized in the Income statement. Investments in other companies for which fair value is not available are stated at cost less any impairment losses.

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

#### *Transactions eliminated in consolidation*

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

#### *Foreign currency transactions*

The functional currency of the Group's entities is the currency of their primary economic environment. In individual companies, transactions in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate prevailing at that date. Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period or in previous financial statements, are recognized in the Income statement.

### Consolidation of foreign entities

All assets and liabilities of foreign consolidated companies with a functional currency other than the Euro are translated using the exchange rates in effect at the balance sheet date. Income and expenses are translated into Euro at the average exchange rate for the period. Translation differences resulting from the application of this method are classified as Other comprehensive Income/(losses) until the disposal of the investment. Average exchange rates for the period are used to translate the cash flows of foreign subsidiaries in preparing the Consolidated statement of cash flows.

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

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

	Average 2013	At 31 December 2013	Average 2012	At 31 December 2012
U.S. Dollar	1.328	1.379	1.285	1.319
Brazilian Real	2.867	3.258	2.508	2.704
Chinese Renminbi	8.164	8.349	8.106	8.221
Serbian Dinar	113.096	114.642	113.120	113.718
Polish Zloty	4.197	4.154	4.185	4.074
Argentine Peso	7.263	8.988	5.836	6.478
Pound Sterling	0.849	0.834	0.811	0.816
Swiss Franc	1.231	1.228	1.205	1.207

### Business Combinations

Business combinations are accounted for by applying the acquisition method of accounting, in accordance with IFRS 3 – *Business combinations*. When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and any resulting gain or loss is recognized in Income statements under Gains/(losses) on the disposal of investments. Changes in the equity interest in the acquiree that have been recognized in Other comprehensive income/(losses) in prior reporting periods are reclassified to Income statement as if the interest had been disposed.

### Intangible assets

#### Goodwill

Goodwill arising from business combinations is initially measured at cost as established on the acquisition date. Goodwill is not amortized, but is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

On the loss of control of a previously acquired entity, any outstanding goodwill balance is included in the determination of the gain or loss on disposal.

### *Development costs*

Development costs for vehicle project production and related components, engines and production systems are recognized as an asset if and only if both of the following conditions under IAS 38 – *Intangible assets* are met: that development costs can be measured reliably and that the technical feasibility of the product, volumes and pricing support the view that the development expenditure will generate future economic benefits. Capitalized development costs include all direct and indirect costs that may be directly attributed to the development process.

Capitalized development costs are amortized on a straight-line basis from the start of production over the expected life cycle of the models (generally 5-6 years) or powertrains developed (generally 10-12 years).

All other development costs are expensed as incurred.

### *Intangible assets with indefinite useful lives*

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

## **Property, plant and equipment**

### *Cost*

Property, plant and equipment are initially recognized at cost which comprises the purchase price, any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management and any initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. The self-constructed assets are initially recognized at production cost. Subsequent expenditures and the cost of replacing parts of an asset are capitalized only if they increase the future economic benefits embodied in that asset. All other expenditures are expensed as incurred. When such replacement costs are capitalized, the carrying amount of the parts that are replaced is recognized in the Income statement.

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

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

### *Depreciation*

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

In %	Depreciation rates
Buildings	3% - 8%
Plant, machinery and equipment	3% - 33%
Other assets	5% - 33%

Land is not depreciated.

### Impairment of assets

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

If indications of impairment are present, the carrying amount of the asset is reduced to its recoverable amount that is the higher of fair value less costs to sell and its value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. In assessing the value in use of an asset, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized if the recoverable amount is lower than the carrying amount. Impairment of Property plant and equipment and Intangible assets arising from transactions that are only incidentally related to the ordinary activities of the Group and that are not expected to occur frequently, are recognized under Other unusual expenses.

Where an impairment loss for assets other than Goodwill, subsequently no longer exists or has decreased, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but not in excess of the carrying amount that would have been recorded had no impairment loss been recognized. The reversal of an impairment loss is recognized in the Income statement immediately.

### Financial instruments

#### *Presentation*

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

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

Current financial assets, as defined in IAS 39, include Trade receivables, Receivables from financing activities, Current Investments, Current securities and Other current financial assets (which include derivative financial instruments stated at fair value), as well as Cash and cash equivalents. In particular, Cash and cash equivalents include cash at banks, units in liquidity funds and other money market securities that are readily convertible into cash and are subject to an insignificant risk of changes in value. Current securities include short-term or marketable securities which represent temporary investments of available funds and do not satisfy the requirements for being classified as cash equivalents; Current securities include both available-for-sale and held-for-trading securities.

Financial liabilities refer to Debt, which includes Asset-backed financing, and Other financial liabilities (which include derivative financial instruments stated at fair value), Trade payables and Other payables.

#### *Measurement*

Investments in unconsolidated companies are accounted for as described in the previous paragraph – Investments in other companies.

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

Current financial assets and held-to-maturity securities are recognized on the basis of the settlement date and, on initial recognition, are measured at acquisition cost, including transaction costs. Subsequent to initial recognition, available-for-sale and held-for-trading financial assets are measured at fair value. When market prices are not directly available, the fair value of available-for-sale financial assets is measured using appropriate valuation techniques (e.g. discounted cash flow analysis based on market information available at the balance sheet date).

Gains and losses on available-for-sale financial assets are recognized in Other comprehensive income/(losses) until the financial asset is disposed of or is impaired; when the asset is disposed of, the cumulative gains or losses, including those previously recognized in Other comprehensive income/(losses), are reclassified to the Income statement for the period, within Financial income and expenses; when the asset is impaired, accumulated losses are recognized in the Income statement. Gains and losses arising from changes in the fair value of held-for-trading financial instruments are included in the Income statement for the period.

Loans and receivables which are not held by the Group for trading (loans and receivables originating in the course of business), held-to-maturity securities and equity investments whose fair value cannot be determined reliably, are measured, to the extent that they have a fixed term, at amortized cost, using the effective interest method. When the financial assets do not have a fixed term, they are measured at acquisition cost. Receivables with maturities of over one year which bear no interest or an interest rate significantly lower than market rates are discounted using market rates. Assessments are made regularly as to whether there is any objective evidence that a financial asset or group of assets may be impaired. If any such evidence exists, an impairment loss is included in the Income statement for the period.

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

Financial assets and liabilities hedged against changes in fair value (fair value hedge) are measured in accordance with hedge accounting principles: gains and losses arising from remeasurement at fair value, due to changes in the respective hedged risk, are recognized in the Income statement and are offset by the effective portion of the loss or gain arising from remeasurement at fair value of the hedging instrument.

#### *Derivative financial instruments*

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

All derivative financial instruments are measured at fair value.

When derivative financial instruments qualify for hedge accounting, the following accounting treatments apply:

- *Fair value hedges* – 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 hedges* – Where a derivative financial instrument is designated as a hedge of the exposure to variability in future cash flows of a recognized asset or liability or a highly probable forecasted transaction and could affect the Income statement, the effective portion of any gain or loss on the derivative financial instrument is recognized directly in Other comprehensive income/(losses). The cumulative gain or loss is reclassified from Other comprehensive income/(losses) to the Income statement at the same time as the economic effect arising from the hedged item affects income. The gain or loss associated with a hedge or part of a hedge that has become ineffective is recognized in the Income statement immediately. When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss realized to the point of termination remains in Other comprehensive income/(losses) and is recognized in the Income statement at the same time as the underlying transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealized gain or loss held in Other comprehensive income/(losses) is recognized in the Income statement immediately.

- *Hedges of a net investment* – If a derivative financial instrument is designated as a hedging instrument for a net investment in a foreign operation, the effective portion of the gain or loss on the derivative financial instrument is recognized in Other comprehensive income/(losses). The cumulative gain or loss is reclassified from Other comprehensive income/(losses) to Income statement on the disposal of the foreign operation.

For further information on the effects arising on Income statement on derivative financial instruments refers to Note 20.

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.

#### Transfers of financial assets

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

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

On derecognition of financial assets, the difference between the carrying amount of the asset and the consideration received or receivable for the transfer of the asset is recognized in the Income statement.

#### Inventories

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

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

## Employee benefits

### *Defined contribution plans*

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

### *Defined benefit plans*

The Group net obligations are determined separately for each plan by estimating the present value of future benefits that employees have earned in the current and prior periods, and deducting the fair value of any plan assets. The present value of the defined benefit obligation is measured using actuarial techniques and actuarial assumptions that are unbiased and mutually compatible and attributes benefits to periods in which the obligation to provide post-employment benefits arise by using the Projected Unit Credit Method. Plan assets are recognized and measured at fair value.

When the net obligation is a potential asset, the recognized amount is limited to the present value of any economic benefits available in the form of future refunds or reductions in future contributions to the plan (asset ceiling).

The components of the defined benefit cost are recognized as follows:

- the service costs are recognized in Income statement by function and presented in the respective line items (Cost of sales, Selling general and administrative costs, Research and development costs, etc.);
- the net interests on the defined benefit liability or asset are recognized in the Income statement as Financial income (expenses), and is determined by multiplying the net liability/(asset) by the discount rate used to discount obligations taking into account the effect of contributions and benefit payments made during the year;
- the remeasurement components of the net obligations, which comprise actuarial gains and losses, the return on plan assets (excluding interest income recognized in the Income statement) and any change in the effect of the asset ceiling are recognized immediately in Other comprehensive income/(losses). These remeasurement components are not reclassified in Income statement in a subsequent period.

Past service costs arising from plan amendments and curtailments are recognized immediately in the Income statement within Other unusual income and expenses. Gains and losses on the settlement of a plan are recognized in the Income statement within Other unusual income and expenses when the settlement occurs.

### *Other long term employee benefits*

The Group obligations represent the present value of future benefits that employees have earned in return for their service during the current and prior periods. Remeasurement components on other long term employee benefits are recognized in the Income statements in the period in which they arise.

### *Termination benefits*

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring.

## Provisions

Provisions are recognized when the Group has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Changes in estimates of provisions are reflected in the Income statement in the period in which the change occurs.

### Revenue recognition

Revenue for sale of vehicles and service parts is recognized if it is probable that the economic benefits associated with a transaction will flow to the Group and the revenue can be reliably measured. Revenue is recognized when the risks and rewards of ownership are transferred to the customer, the sales price is agreed or determinable and collectability is reasonably assured; for vehicles this corresponds generally to the date when the vehicles are made available to dealers, or when the vehicle is released to the carrier responsible for transporting vehicles to dealers.

Revenues are recognized net of discounts, including but not limited to, sales incentives and customer bonus.

The estimated costs of sales incentive programs includes incentive offered to dealers and retail customers as well as any granting of retail financing at significant discount to market interest rates. These costs are recognized at the time of the sale of the vehicle.

New vehicle sales with a buy-back commitment, or through Guaranteed Depreciation Program ("GDP"), under which the Group guarantees the residual value or otherwise assumes responsibility for the minimum resale value of the vehicle, are not recognized at the time of delivery but are accounted for similar to an operating lease and rental income is recognized over the contractual term of the lease on a straight-line basis. At the end of the lease term, the Group recognizes revenue for the portion of the vehicle sales price which had not been previously recognized as rental income and recognizes, in Cost of sales, the remainder of the cost of the vehicle.

Revenues from services and from construction contracts are recognized when they are rendered by reference to the stage of completion.

Revenues also include lease rentals recognized over the contractual term of the lease on a straight-line basis and interest income from financial services companies.

### Cost of sales

Cost of sales comprises expenses incurred in the manufacturing and distribution of vehicles and parts, mainly the cost of materials and components. The remaining costs principally include labor costs, consisting of direct and indirect wages, as well as depreciation, amortization and transportation costs. Cost of sales also includes warranty and product-related costs, estimated at the time of sale to dealer networks or to the end customer.

Expenses which are directly attributable to the financial services companies, including the interest expenses related to their financing as a whole and provisions for risks and write-downs of assets, are reported in Cost of sales.

### Government grants

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

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

### Taxes

Income taxes include all taxes based upon the taxable profits of the Group. Current and deferred taxes are recognized as income or expense and included in the Income statement for the period, except tax arising from (i) a transaction or event which is recognized, in the same or a different period, either in Other comprehensive income/(losses) or directly in Equity, (ii) a business combination.

Deferred taxes are accounted for under the full liability method. They are recognized for all temporary differences between the tax base of assets or liabilities and their carrying amounts in the Consolidated financial statements, except for deferred tax liabilities arising from the initial recognition

of goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax assets and liabilities are measured at the substantively enacted tax rates in the respective jurisdictions in which the Group operates that are expected to apply to the period when the asset is realized or liability is settled.

The Group recognizes deferred tax liabilities associated with the existence of a subsidiary's undistributed profits, except when it is able to control the timing of the reversal of the temporary difference; and it is probable that this temporary difference will not reverse in the foreseeable future. The Group recognizes deferred tax assets associated with the deductible temporary differences on investments in subsidiaries only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets relating to the carry-forward of unused tax losses and tax credits, as well as those arising from deductible temporary differences, are recognized to the extent that it is probable that future profits will be available against which they can be utilized. The Group reassesses unrecognized deferred tax assets at the end of each year and recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current income taxes and deferred taxes are offset when they relate to the same taxation authority and there is a legally enforceable right of offset.

Other taxes not based on income, such as property taxes and capital taxes, are included in Other income/(expenses).

## Segment reporting

The organization of the Group, with reference to the car mass-market brands, is based on four operating regions (the "regions") that deal with the development, production and sale of "mass-market brand" passenger cars, light commercial vehicles and related parts and services in specific geographical areas: NAFTA (U.S., Canada and Mexico), LATAM (South and Central America, excluding Mexico), APAC (Asia and Pacific countries) and EMEA (Europe, Middle East and Africa). The Group also includes two additional operating segments (Luxury Brands and Components), the first which designs, manufactures and sells luxury cars (Ferrari and Maserati) and the other that produces and sells components and production systems for the automotive industry (Magneti Marelli, Teksid and Comau). Both segments operate on a worldwide basis.

In more detail, the regions and the operating segments identified by the Group are the following:

- NAFTA mainly earns its revenues from the design, development, production, distribution and sale of automobiles under the Chrysler, Jeep, Dodge, Ram, SRT and Fiat brand names, and from sales of the related parts and accessories (under the Mopar brand name) in the United States, Canada and Mexico.
- LATAM mainly earns its revenues from the production and sale of passenger cars and light commercial vehicles and related spare parts under the Fiat and Fiat Professional brand names in South and Central America, excluding Mexico, and from the distribution of Chrysler group brand cars in the same region; in addition, it provides financial services to the dealer network in Brazil and Argentina, and to the dealer network and end customers of CNH Industrial group for the sale of trucks and commercial vehicles in the same countries.
- APAC mainly earns its revenues from the sale of cars, engines and transmissions and related spare parts under the Chrysler and Fiat brands mostly in China, Japan, Australia, South Korea and India. These activities are carried out by the region through both subsidiaries and joint ventures.
- EMEA mainly earns its revenues from the design, development, production and sale of passenger cars and light commercial vehicles under the Fiat, Alfa Romeo, Lancia/Chrysler, Abarth and Fiat Professional brand names and the sale of the related spare parts in Europe, Middle East and Africa, and from the distribution of Chrysler group vehicles in the same areas. In addition, the region provides financial services related to the sale of cars and light commercial vehicles in Europe, primarily through the 50/50 joint venture FGA Capital set up with the Crédit Agricole group included within entities accounted for using the equity method.

- The Luxury Brands (Ferrari and Maserati) grouping earns its revenues from the production and sale of luxury sport cars under the Ferrari and Maserati brands, from managing the Ferrari racing team and from providing financial services offered in conjunction with the sale of Ferrari brand cars.
- The Components (Magnetit Marelli, Teksid and Comau) grouping earns its revenues from the production and sale of lighting components, engine control units, suspensions, shock absorbers, electronic systems and exhaust systems and from activities in the plastic molding components and in the after-market carried out under the Magnetit Marelli brand name, cast iron components for engines, gearboxes, transmissions and suspension systems and aluminum cylinder heads (Teksid), in addition to the design and production of industrial automation systems and related products for the automotive industry (Comau).

The regions and operating segments reflect the components of the Group that are regularly reviewed by the Chief Executive Officer together with the Group Executive Council for making strategic decisions, allocating resources and assessing performance.

### Use of estimates

The Consolidated 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 liabilities and the amounts of income and expenses recognized. 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.

The estimates and underlying assumptions are reviewed periodically and continuously by the Group. If the items subject to estimates do not perform as assumed, then the actual results could differ from the estimates, which would require adjustment accordingly. The effects of any changes in estimate are recognized in the Income statement in the period in which the adjustment is made, or in future periods.

The main items affected by these uses of estimates are non-current assets (Tangible and Intangible assets), Deferred tax assets, Provision for employee benefits and Inventories. Following are the items requiring estimates for which there is a risk that a significant difference may arise in respect of the carrying amounts of assets and liabilities in the future.

#### *Recoverability of non-current assets*

Non-current assets include Property, plant and equipment, Goodwill and Intangible assets with definite and indefinite useful lives. The Group periodically reviews the carrying amount of non-current assets and that of assets held for sale when events and circumstances warrant such a review. Impairment testing is performed by comparing the carrying amount and the recoverable amount of each cash-generating unit ("CGU"). The recoverable amount is the higher of the CGUs fair value less costs of disposal and their value in use. In assessing the value in use, the pre-tax estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

The analysis of the recoverable amount of non-current assets is performed at least annually for CGUs to which Goodwill or Intangible assets with indefinite useful lives have been allocated. For a discussion on impairment testing on Goodwill arising from the Chrysler acquisition and Intangible assets with an indefinite useful life, reference should be made to Note 13.

For other CGUs, the same analysis is performed when events and circumstances indicate that an asset may be impaired. At 31 December 2012 and 2013, due to the continued decline in car demand on the European market (primarily in Italy) and to the streamlining of architectures<sup>(1)</sup> and related production platforms associated with the region's refocused product strategy, impairment tests relating to EMEA net assets were performed on two levels.

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<sup>(1)</sup> The "vehicle architecture" is the combination of systems that enables the generation of specific vehicle platforms for the different models in a certain segment.

Firstly, the recoverable amounts of the assets of specific EMEA CGUs were tested, identified as plants, machinery and equipment as well as the associated intangible assets dedicated to the production of specific platforms and powertrains. This impairment analysis led to the recognition of impairment on Development costs of €66 million and on Other tangible assets of €37 million (€108 million in 2012 mainly related to Development costs and Other tangible assets). These impairment losses were recognized under Other unusual expenses (€93 million) and under Operating costs (€10 million). A similar process was carried out also for specific CGUs within the Components operating segment and for the Maserati CGU, leading to the recognition of an impairment of Property, plant and equipment for €30 million and an impairment of Development costs of €65 million, respectively.

Secondly, following the above mentioned decline in demand, at 31 December 2012 and 2013, the Group deemed necessary to test the recoverable amount of the Net Capital Employed pertaining to the EMEA operating segment as a whole, by determining its value in use with the following assumptions:

- reference scenario was based on 2014 budget, the expected trading conditions and the automotive market trends for the 2015-2019 period, based on analysis and studies carried out by primary independent analysts (*IHS-Global Insight*), in line with the announced strategic decision to leverage historical premium brand heritage (Alfa Romeo) and the success of the new 500 family;
- the six year period has been deemed necessary to take into account the full cycle of new vehicles introduced reflecting the benefits arising from the capital expenditure devoted to the product portfolio enrichment and renewal, largely concentrated in 2015-2016;
- the expected future cash flows, represented by the projected trading profit plus depreciation and amortization and reduced by expected capital expenditure, include a normalized terminal period used to estimate the future results beyond the time period explicitly considered. This terminal period was assumed substantially in line with 2017-2019 amounts. The long-term growth rate was set at zero;
- the expected future cash flows have been discounted using a pre-tax Weighted Average Cost of Capital ("WACC") of 12.20% (13.14% in 2012). This WACC reflects the current market assessment of the time value of money for the period being considered and the risks specific to the EMEA region. The WACC was calculated by referring among others to the yield curve of 10 years European government bonds and to Fiat cost of debt.

The recoverable amount of the net assets of the EMEA operating segment was higher than the corresponding book value. In addition, sensitivity analysis were performed by simulating two different scenarios: a) WACC was increased by 1% for 2017, 2% for 2018 and 3% for 2019 and for Terminal Value; b) cash-flows were reduced by estimating the impact of a 5% decrease in the European car market demand for 2015, 7.5% for 2016 and 10% for 2017-2019 as compared to the base assumptions. In all cases the recoverable amount of the net assets continued to be higher than their book value.

The estimates and assumptions described reflect the Group's current available knowledge as to the expected future development of the businesses and are based on an assessment of the future development of the markets and the car industry, which remain subject to a high degree of uncertainty due to the continuation of the economic difficulties in most countries of the Eurozone and its effects on the industry. More specifically, considering the uncertainty, a future worsening in the economic environment in the Eurozone that is not reflected in these Group assumptions, could result in actual performance that differs from the original estimates, and might therefore require adjustments to the carrying amounts of certain non-current assets in future periods.

#### *Recoverability of deferred tax assets*

The carrying amount of deferred tax assets is reduced to the extent that it is not probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax assets to be utilized.

At 31 December 2013, the Group had deferred tax assets on deductible temporary differences of €6,173 million (€6,353 million at 31 December 2012), of which €435 million was not recognized (€2,445 million at 31 December 2012). At the same date the Group had also theoretical tax benefit of losses carried forward of €3,810 million (€3,399 million at 31 December 2012), of which €2,891 million was unrecognized (€2,473 million at 31 December 2012). In addition, at 31 December 2013, in view of the results achieved by Chrysler, of the continuous improvement of its product mix, its trends in international sales and its implementation of new vehicles, together with the consolidation of the alliance between Fiat and Chrysler, following Fiat's acquisition of the remaining shareholding at the beginning of 2014, the Group recognized previously unrecognized deferred tax assets for a total of €1,734 million, of which €1,500 million recognized in Income taxes and €234 million in Other comprehensive income/(losses).

The recoverability of deferred tax assets is dependent on the Group's ability to generate sufficient future taxable income in the period in which it is assumed that the deductible temporary differences reverse and tax losses carried forward can be utilized. In making this assessment, the Group considers future taxable income arising on the most recent budgets and plans, prepared by using the same criteria described for testing the impairment of assets and goodwill, moreover, it estimates the impact of the reversal of taxable temporary differences on earnings and it also considers the period over which these assets could be recovered.

These estimates and assumptions are subject to a high degree of uncertainty, in particular with regard to the future performance in the Eurozone, therefore changes in current estimates due to unanticipated events could have a significant impact on the Group's Consolidated financial statements.

#### *Pension plans and other post-retirement benefits*

At 31 December 2013 net liabilities and net assets for employee benefit, amounting to €7,181 million and to €95 million, respectively (€10,256 million and €83 million, respectively at 31 December 2012), are measured on an actuarial basis which requires the use of estimates and assumptions to determine the net liability or net asset. The actuarial method takes into consideration parameters of a financial nature such as the discount rate and the return on plan assets, the rates of salary increases and the rates of health care cost increases and the likelihood of potential future events estimated by using demographic assumptions such as mortality rates, dismissal and retirement rates.

In particular, the discount rates selected are based on high quality corporate bonds in the relevant market. The return on plan assets is interest, dividends and other revenue derived from the plan assets, together with realized and unrealized gains or losses on the plan assets, less any costs of administering the plan and less any tax payable by the plan itself (other than those included in the actuarial assumptions used to measure the defined benefit obligation). Rates of salary increases reflect the Group's long-term actual expectation in the reference market and inflation trends. Trends in health care costs are developed on the basis of historical experience, the near-term outlook for costs and likely long-term trends. Changes in any of these assumptions are recognized in Other comprehensive income/(losses) when they occur and may have an effect on future contributions to the plans.

#### *Net realizable value of Inventories*

At 31 December 2013 the Group had Inventories of €10,230 million (€9,295 million at 31 December 2012), measured at the lower of cost and their net realizable value. Net realizable value is based on the most reliable evidence of the amount the Group expects to realize from vehicles and components, on future sales trends or needs (for components) and also takes into account items that are wholly or partially obsolete. A future unexpected worsening in market conditions could result in an adjustment in future expected sales, requirements and in estimated selling prices assumptions which may require an adjustment to the carrying amount of Inventories.

### *Incentives*

The Group offers a variety of sales incentive programs, including: cash offers to dealers primarily on the basis of their cumulative level of sales during a specified period, cash offers to retail customers and subvention programs offered to retail customers or lease subsidies. Incentive programs are generally brand, model and region specific for a defined period of time, which may be extended. The Group recognizes the estimated cost of these incentive programs at the time of sale. The estimated cost represents the incentive programs offered to dealers and retail customers, as well as the expected modifications to these programs in order to facilitate sales of the dealer inventory. Subsequent adjustments to incentive programs and new incentive programs offered by the Group on vehicles previously sold to dealers are recognized as an adjustment to Net revenue in the period the adjustment is determined.

### *Product warranties and liabilities*

At 31 December 2013 the Group had provisions for estimated expenses related to product warranties of €3,656 million (€3,617 million at 31 December 2012). Estimates of warranty costs are principally based on assumptions regarding the lifetime of warranty costs of each vehicle, as well as historical claims experience. Estimates of the future costs of these actions are inevitably imprecise and may result in adjustments to the established provisions due to numerous uncertainties, including new laws and regulations, the number of vehicles affected and the nature of the corrective action.

Moreover, the Group makes provisions for estimated product liability costs arising from personal injuries alleged to be the result of product defects. The valuation of the reserve is actuarially determined on an annual basis based on, among other factors, the number of vehicles sold and product liability claims incurred. Costs associated with these provisions are recorded in Cost of Sales and any subsequent adjustments are recorded in the period in which the adjustment is determined.

### *Contingent liabilities*

The Group makes provision in connection with pending or threatened disputes or legal proceedings when it is considered probable that there will be an outflow of funds and when the amount can be reasonably estimated. If an outflow of funds becomes possible but the amount cannot be estimated, the matter is disclosed in the notes to the financial statements. The Group is the subject of legal and tax proceedings covering a wide range of matters in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the outflow of funds which will result from such disputes with any certainty. Moreover, the cases and claims against the Group often derive from complex legal issues which are subject to a differing degree of uncertainty, including the facts and circumstances of each particular case and the manner in which applicable law is likely to be interpreted and applied to such fact and circumstances, and the jurisdiction and the different laws involved. The Group monitors the status of pending legal procedures and consults with experts on legal and tax matters on a regular basis. It is therefore possible that the provisions for the Group's legal proceedings and litigation may vary as the result of future developments in pending matters.

### *New and revised IFRSs adopted since 1 January 2013*

The following new standards and amendments were adopted by the Group since 1 January 2013:

- Amendments to IAS 19 – *Employee Benefits*;
- IFRS 13 – *Fair Value Measurement*;
- Amendments to IAS 1 – *Presentation of Financial Statements: Presentation of items of Other Comprehensive Income*;
- Amendments to IFRS 7 – *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*;
- Amendments to IAS 1 – *Presentation of Financial Statements* (as part of the *Annual Improvements to IFRS's – 2009-2011 Cycle*).

The nature and effects of changes are explained below.

*Amendments to IAS 19 – Employee Benefits*

The Group adopted IAS 19, as amended, effective 1 January 2013. The revised standard modifies the requirements for recognizing defined benefit plans and termination benefits. The main changes relate to the:

- Recognition of the plan deficit or surplus: The amendments remove the previous option of deferring actuarial gains and losses under the off balance sheet “corridor method”, and require them to be recognized directly in Other comprehensive income/(losses). In addition, the amendments require the immediate recognition of past service costs in the Income statement. These amendments led to the recognition of the entire plan deficit or surplus in the balance sheet.
- Net interest expense: The interest expense, calculated by using a discount rate, and the expected return on plan assets, calculated by using a long-term rate of return of assets, are replaced by the net interest expense on the plan deficit or surplus, which consists of (i) the interest expense calculated on the present value of the obligations, (ii) the interest income arising from the valuation of the plan assets, and (iii) the interest expense or income on the effect of the asset ceiling. All above components are calculated by using the discount rate applied for measuring the obligation at the beginning of the period.
- Classification of net interest expense: The Group recognizes net interest expense in Financial income/(expenses). Under the previous version of IAS 19, the Group recognized all income and expense arising from the measurement of funded pension plan assets and liabilities in operating costs, by function, while the interest expense relating to unfunded defined benefit plans was included in Financial income/(expenses).
- Administrative expenses: the amendments require that the cost of managing plan assets should be deducted from the return on plan assets (through Other comprehensive income/losses) and all other administrative costs relating to assets should be recognized in the Income statements in the year they occur. Under the previous version of IAS 19, the Group recognized all administrative costs and costs for managing plan assets in the Income statements in the year in which they occur, as a deduction from the expected return on assets.

The Group applied the relevant transitional provisions and restated the comparative amounts reported in this Annual report on a retrospective basis. The impacts of the adoption of these amendments on amounts previously reported are set out below:

	At 1 January 2012			At 31 December 2012		
	Amounts as previously reported	IAS 19 amendments adoption effect	Amounts as restated	Amounts as previously reported	IAS 19 amendments adoption effect	Amounts as restated
<i>(€ million)</i>						
<b>Effects on Statement of financial position</b>						
Investments and other financial assets	2,660	3	2,663	2,290	(3)	2,287
Defined benefit plan assets	97	8	105	105	(12)	93
Deferred tax assets	1,690	(1)	1,689	1,736	2	1,738
Provision for employee benefits	7,026	2,558	9,584	6,694	4,792	11,486
Deferred tax liabilities	760	1	761	802	(1)	801
<b>Equity:</b>	<b>12,260</b>	<b>(2,549)</b>	<b>9,711</b>	<b>13,173</b>	<b>(4,804)</b>	<b>8,369</b>
Equity attributable to owners of the parent	8,727	(1,369)	7,358	9,059	(2,872)	6,187
Non-controlling interests	3,533	(1,180)	2,353	4,114	(1,932)	2,182

	2012		
(€ million)	Amounts as previously reported	IAS 19 revised adoption effect	Amounts as restated
<b>Effects on Income statement</b>			
Cost of sales	71,474	227	71,701
Selling, general and administrative costs	6,731	32	6,763
Research and development costs	1,835	15	1,850
Other income/(expenses)	(103)	1	(102)
<b>Trading profit/(loss)</b>	<b>3,814</b>	<b>(273)</b>	<b>3,541</b>
<b>EBIT</b>	<b>3,677</b>	<b>(273)</b>	<b>3,404</b>
Financial income/(expenses)	(1,641)	(244)	(1,885)
Income taxes	625	(2)	623
<b>Profit/(loss) from continuing operations</b>	<b>1,411</b>	<b>(515)</b>	<b>896</b>
<b>Profit/(loss) for the period</b>	<b>1,411</b>	<b>(515)</b>	<b>896</b>
<b>Profit/(loss) for the period attributable to:</b>			
Owners of the parent	348	(304)	44
Non-controlling interests	1,063	(211)	852

	2012		
(in €)	Amounts as previously reported	IAS 19 revised adoption effect	Amounts as restated
<b>Basic and diluted earnings/(loss) per share</b>			
Basic earnings/(loss) per ordinary share	0.286	(0.250)	0.036
Diluted earnings/(loss) per ordinary share	0.284	(0.248)	0.036

	2012		
(€ million)	Amounts as previously reported	IAS 19 revised adoption effect	Amounts as restated
<b>Effects on Statement of comprehensive income</b>			
<b>PROFIT/(LOSS) FOR THE PERIOD (A)</b>	<b>1,411</b>	<b>(515)</b>	<b>896</b>
Items that will never be reclassified to Income statement (B1)	-	(1,839)	(1,839)
Items that may be reclassified to Income statement (B2)	(151)	89	(62)
Total Other comprehensive income/(losses), net of tax (B1)+(B2)=(B)	(151)	(1,750)	(1,901)
Total Other comprehensive income/(losses) (A)+(B)	<b>1,260</b>	<b>(2,265)</b>	<b>(1,005)</b>

	2012		
(€ million)	Amounts as previously reported	IAS 19 revised adoption effect	Amounts as restated
<b>Effects on Consolidated statement of cash flows</b>			
<b>Cash flows from/(used in) operating activities</b>			
Profit/(loss) for the period	1,411	(515)	896
Other non-cash items	47	515	562

#### *IFRS 13 – Fair Value Measurement*

The new standard clarifies the measurement of fair value for the purpose of the financial statements and is applicable to all IFRSs permitting or requiring a fair value measurement or the presentation of disclosures based on fair value. Moreover, IFRS 13 includes extensive disclosure requirements on the fair value measurements. In accordance with the relevant transitional provision, the Group adopted the new fair value measurement guidance prospectively since 1 January 2013 without applying the new disclosure requirements in the standard for comparative information reported in this Annual report. Other than the additional disclosures on the fair value measurement reported in the Note 30, the adoption of the new standard had no significant effect on the amounts recognized in this Annual report.

#### *Amendments to IAS 1 – Presentation of Financial Statements: Presentation of items of Other Comprehensive Income*

The amendments required items of Other comprehensive income/(losses) to be grouped on the basis of whether they will be reclassified subsequently to the Income Statements when specific conditions are met. The Group adopted these amendments in this Annual report and modified the presentation of items of Other comprehensive income. Comparative information has been reclassified accordingly.

#### *Amendments to IFRS 7 – Financial Instruments: Disclosures: Offsetting Financial Assets and Financial Liabilities*

The amendments require information about the effect or potential effect of netting arrangements for financial assets and liabilities on an entity's financial position. The Group applied the amendments since 1 January 2013 retrospectively. The adoption of the amendments had no impacts on the disclosure or on the amounts recognized in this Annual report.

#### *Amendments to IAS 1 – Presentation of Financial Statements (as part of the Annual Improvements to IFRS's – 2009-2011 Cycle)*

On 17 May 2012, the IASB issued a number of amendments to IFRSs ("*Annual Improvements to IFRS's – 2009-2011 Cycle*"). The amendments that are relevant to the Group, effective 1 January 2013, are the amendments to IAS 1 – *Presentation of Financial Statements*. The amendments clarify 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. The amendments were applied by the Group for the restatement of the amounts presented in the statements of financial position as a result of applying the amendments to IAS 19 by adding a third Statement of financial position as of 1 January 2012.

## New standards and interpretations not yet effective

In May 2011, a package of three standards was issued: IFRS 10 – *Consolidated Financial Statements*, IFRS 11 – *Joint Arrangements* and IFRS 12 – *Disclosure of Interests in Other Entities*. IAS 27 – *Consolidated and Separate Financial Statements* (which has been renamed IAS 27 – *Separate Financial Statements*) and IAS 28 – *Investments in Associates* (which has been renamed IAS 28 – *Investments in Associates and Joint Ventures*) were consequently revised. Subsequently, other amendments were issued to clarify transitional guidance on the first-time adoption of the standards. The new standards are effective for annual periods beginning on or after 1 January 2013, and must be applied retrospectively. The European Union endorsed these standards by postponing their effective date to 1 January 2014, allowing early adoption from 1 January 2013. The Group will apply the new standards from 1 January 2014. In particular:

- IFRS 10 – *Consolidated Financial Statements* will replace SIC-12 – *Consolidation: Special Purpose Entities* and parts of IAS 27 – *Consolidated and Separate Financial Statements* (which has been renamed IAS 27 – *Separate Financial Statements* and addresses the accounting treatment of investments in separate financial statements). The new standard builds on existing principles by identifying a single control model applicable to all entities, including “structured entities”. The standard also provides additional guidance to assist in the determination of control where this is difficult to assess. At the date of this Annual report, adoption of this new standard would have no effect as no changes to the control conclusions reached before and after the adoption of the new standard would arise.
- IFRS 11 – *Joint Arrangements* supersedes IAS 31 – *Interests in Joint Ventures* and SIC-13 – *Jointly Controlled Entities: Non-monetary Contributions by Venturers*. The adoption of this new standard for the Group will require the reclassification of investments classified as jointly controlled entities under IAS 31 as either Joint ventures (if the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement) or Joint operations (if the Group has right only to the net assets of an arrangement). The classification will focus on the rights and obligations of the arrangements, rather than their legal form. Notwithstanding the reclassification, the Group investments that will be classified as Joint ventures under IFRS 11 will continue to be recognized by applying the equity method and the Group expects no impact on its Consolidated financial statements for these investments. In relation to its interests in Sevel S.p.A. and in Fiat India Automobiles Limited, that will be classified as Joint operations upon the adoption of IFRS 11, the Group will recognize its share of assets, liabilities, revenues and expenses instead of recognizing its interests by using the equity method. At 31 December 2013, this adoption of IFRS 11 would lead to an estimated increase in total Assets recognized of approximately €440 million, an increase in Debt of approximately €380 million (the effect on Net industrial debt is an increase of approximately €360 million). No effect will arise on the Group’s Profit/(Loss) or Equity from the adoption of the standard.
- IFRS 12 – *Disclosure of Interests in Other Entities*, is 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 application of the new standard will result in expanded disclosure in the Notes to the Consolidated financial statements.

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. No significant effect is expected from the first time adoption of the standard.

On 29 May 2013, the IASB issued an amendment to IAS 36 – *Recoverable Amount Disclosures for Non-Financial Assets* addressing the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014. Earlier application is permitted for periods when the entity has already applied IFRS 13. The application of this amendment will result in an expanded disclosure in the Notes to the Consolidated financial statements in case of impairment based on fair value less cost of disposal.

On 27 June 2013, the IASB issued narrow scope amendments to IAS 39 – *Financial Instruments: Recognition and Measurement* entitled “*Novation of Derivatives and Continuation of Hedge Accounting*”. The amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. Similar relief will be included in IFRS 9 – *Financial Instruments*. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014. No significant effect is expected from the first time adoption of these amendments.

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

- On 12 November 2009, the IASB issued IFRS 9 – *Financial Instruments*. The new standard was reissued in October 2010 and subsequently amended in November 2013. The standard addresses the classification, measurement and recognition of financial assets and financial liabilities and hedge accounting. It replaces the relevant parts of IAS 39 – *Financial Instruments: recognition and measurement*. As part of the November 2013 amendments, among other, the IASB removed the standard’s mandatory effective date, previously set on 1 January 2015. This date will be added to the standard when all phases of the IFRS 9 project are completed and a final complete version of the standard is issued.
- On 20 May 2013, the IASB issued the IFRIC Interpretation 21 - *Levies*, an interpretation of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets. The interpretation sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognized. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014.
- On 21 November 2013, the IASB published narrow scope amendments to IAS 19 – *Employee benefits* entitled “*Defined Benefit Plans: Employee Contributions*”. These amendments apply to contributions from employees or third parties to defined benefit plans in order to simplify their accounting in specific cases. The amendments are effective, retrospectively, for annual periods beginning on or after 1 July 2014 with earlier application permitted.
- On 12 December 2013 the IASB issued the *Annual Improvements to IFRSs 2010–2012 Cycle* and *Annual Improvements to IFRSs 2011–2013 Cycle*. The most important topics addressed in these amendments are, among others, the definition of vesting conditions in IFRS 2 – *Share based payment*, the aggregation of operating segments in IFRS 8 – *Operating Segments*, the definition of key management personnel in IAS 24 – *Related Party disclosures*, the extension of the exclusion from the scope of IFRS 3 – *Business Combinations* to all types of joint arrangements (as defined in IFRS 11 – *Joint arrangements*) and to clarify the application of certain exceptions in IFRS 13 – *Fair value Measurement*.

The Group will comply with these new standards and amendments based on their relevant effective dates when endorsed by the European Union and it will evaluate their potential impacts on the Consolidated financial statements.

## Scope of consolidation

### *Consolidated entities*

The Consolidated financial statements at 31 December 2013 includes Fiat S.p.A. and 303 subsidiaries consolidated on a line-by-line basis in which Fiat S.p.A., directly or indirectly, has a majority of the voting rights, and over which it exercises control or from which it is able to derive benefit by virtue of its power to govern their corporate financial and operating policies.

There were no significant changes in the scope of consolidation in 2013, although the following minor changes occurred:

- on 1 July 2013, the Group, through its wholly owned subsidiary Fiat Group Automobili S.p.A., acquired full control of the VM Motori group, which was previously considered a joint venture consolidated by using the equity method. Starting from this date, Fiat Group has consolidated VM Motori group on a line-by-line basis;
- from November 2013, the investment in the Brazilian company, CMP Componentes e Modulos Plasticos Industria e Comercio Ltda, which was previously classified as held for sale on acquisition, has been consolidated on a line by line basis as a result of changes in the plans for its sale;
- from December 2013, the assets and liabilities related to a subsidiary consolidated by the Components operating segment (Fonderie du Poitou Fonte S.A.S.) were reclassified as Assets and liabilities held for sale (Note 22).

Certain minor subsidiaries (dealership and captive service companies) generating a negligible volume of activities are excluded from consolidation and accounted for using the equity method. Their proportion of the Group's assets, liabilities and aggregate revenues are insignificant. Other minor subsidiaries that are dormant, under liquidation or generating a negligible volume of business are excluded from consolidation and accounted for at cost. Their aggregate assets and revenues at 31 December 2013 represent 0.1% of the Group's respective amounts.

Interests in jointly controlled entities are accounted for using the equity method. Condensed financial information based on the Group's pro-rata interest in these entities, before eliminations, is as follows:

(€ million)	At 31 December 2013	At 31 December 2012
Non-current assets	1,730	1,984
Current assets	8,759	8,790
<b>TOTAL ASSETS</b>	<b>10,489</b>	<b>10,774</b>
Debt	7,686	7,602
Other liabilities	1,319	1,601

The combined balances of the Group's share in the principal Income statement items of jointly controlled entities accounted for using the equity method are as follows:

(€ million)	2013	2012
Net revenues	4,021	4,381
Trading profit/(loss)	213	230
EBIT	213	225
Profit/(loss) before taxes	175	200
Profit/(loss)	136	148

At 31 December 2013 the main aggregate amounts related to the Group's interests in associates are as follows:

(€ million)	At 31 December 2013	At 31 December 2012
Total assets	404	294
Liabilities	293	218

(€ million)	2013	2012
Net revenues	225	182
Net profit/(loss)	(28)	(38)

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

(€ million)	At 31 December 2013	At 31 December 2012
Total assets	30	35
Liabilities	13	16

(€ million)	2013	2012
Net revenues	47	48
Net profit/(loss)	5	4

#### Acquisitions or disposals

No significant subsidiaries were acquired or disposed of in 2013. Nevertheless, as discussed above on 1 July 2013, through its potential voting rights, the Fiat Group acquired control of the VM Motori group in accordance with IAS 27 - *Consolidated and Separate Financial Statements*. The company, which was previously consolidated by using the equity method, was consolidated on a line-by-line basis from that date. On the same date, General Motors, holding the 50% remaining interest in VM Motori, notified Fiat of the exercise of its put option to sell its interest, subject to the approval of the relevant anti-trust authorities. The transaction closed on 28 October 2013 with the payment of a purchase consideration of €34.1 million. Other option rights existing at that date expired unexercised. At 31 December 2013, the purchase price allocation was completed with the recognition of goodwill for €15 million. Amounts of fair valued assets and liabilities acquired are disclosed as Change in the scope of consolidation, where significant in the relevant Notes.

No significant subsidiaries were acquired or disposed of in 2012. Nevertheless, in January 2012, as a result of the occurrence of the third performance event ("*Ecological Event*") established in *Chrysler's LLC Operating Agreement*, the Group acquired a further 5% interests in Chrysler with no monetary consideration. At 31 December 2012, Fiat had therefore a 58.5% ownership interest in Chrysler.

## Composition and principal changes

### 1. Net revenues

Net revenues are as follows:

(€ million)	2013	2012
Sales of goods	83,000	80,278
Services provided	2,043	2,049
Contract revenues	1,047	1,086
Interest income from customers and other financial income of financial services companies	239	277
Lease installments for assets sold with a buy-back commitment and for operating leases	226	244
Other	261	23
<b>Total Net revenues</b>	<b>86,816</b>	<b>83,957</b>

Net revenues are as follows:

(€ million)	2013	2012
Italy	6,937	7,275
Rest of the world	79,879	76,682
<b>Total Net revenues</b>	<b>86,816</b>	<b>83,957</b>

Net revenues in the Rest of the world in 2013 are attributed mainly to: United States, Canada and Mexico for €47,552 million (€45,170 million in 2012), Brazil for €8,431 million (€9,834 million in 2012), China for €4,438 million (€2,697 million in 2012), Germany for €3,054 million (€3,167 million in 2012), France for €1,957 million (€2,055 million in 2012), UK for €1,453 million (€1,429 million in 2012), Argentina for €1,439 million (€1,179 million in 2012), Turkey for €1,268 million (€1,236 million in 2012) and Spain for €1,015 million (€873 million in 2012).

### 2. Cost of sales

Cost of sales amounts to €74,570 million in 2013 (€71,701 million in 2012) and the majority of it is made up by cost of materials and components. The remaining costs principally include labor costs, consisting of direct and indirect wages, as well as depreciation of Property, plant and equipment, amortization of Other intangible assets relating to production and transportation costs. Cost of sales also includes warranty and product-related costs, estimated at the time of sale to dealer networks or to the end customer.

Cost of sales also includes €190 million (€158 million in 2012) of interest cost and other financial expenses from financial services companies.

### 3. Selling, general and administrative costs

Selling costs amount to €4,269 million in 2013 (€4,367 million in 2012) and mainly consist of marketing, advertising, and sales personnel costs. Marketing and advertising expenses consist primarily of media campaigns, as well as marketing support in the form of trade and auto shows, events, and sponsorships.

General and administrative costs amount to €2,420 million in 2013 (€2,396 million in 2012) and mainly consist of administration expenses which are not attributable to sales, manufacturing or research and development functions.

### 4. Research and development costs

Research and development costs are as follows:

(€ million)	2013	2012
Research and development costs expensed during the year	1,320	1,172
Amortization of capitalized development costs	887	621
Write-down of costs previously capitalized	24	57
<b>Total Research and development costs</b>	<b>2,231</b>	<b>1,850</b>

### 5. Result from investments

In 2013 the net gain, amounting to €97 million (a net gain of €107 million in 2012), mainly consists of the Group's share of €87 million (€94 million in 2012) in the Net profit/(loss) of investees accounted for using the equity method, and also includes write-downs for impairment, reversals, accruals to provisions against investments and dividends.

In particular, in 2013, the item includes (amounts in € million): investments held by subsidiaries pertaining to the EMEA region €145 (€160 in 2012), to the Components operating segment €5 (€2 in 2012), to the APAC region -€39 (-€5 in 2012), to the RCS MediaGroup investment -€34 (-€68 in 2012) and other investments €20 (€18 in 2012).

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

In 2012, this item included the write-down of €91 million of the investment in Sevelnord Société Anonyme following its reclassification to Assets held for sale (transferred during the first quarter of 2013).

## 7. Restructuring costs

Net restructuring costs amounts to €28 million in 2013 and mainly relates to the restructuring provision in other minor business aggregated within Other activities in the segment reporting for €38 million, partially offset by the release of a restructuring provision previously made by the NAFTA region for €10 million.

Net restructuring costs in 2012 amounted to €15 million and related to the EMEA region for €43 million, the Components operating segment and Other Activities for €20 million. The item also included the release of restructuring provisions previously made by the NAFTA region for €48 million.

## 8. Other unusual income/(expenses)

In 2013, Other unusual expenses amount to €686 million and mainly includes write-downs of €272 million as a result of the rationalization of architectures associated with the new product strategy, particularly for the Alfa Romeo, Maserati and Fiat brands; in particular, €226 million related to development costs and €46 million to tangible assets. In addition, in relation to the market expected trends, the assets of the cast-iron business in the Components segment (Teksid) were written down by € 57 million. Moreover, there was a €56 million write-off of the book value of the Equity Recapture Agreement Right considering the agreement closed on 21 January 2014 to purchase the remaining minority equity stake in Chrysler from the VEBA Trust (as described in the Subsequent events note). Other unusual charges also includes for 2013 a €115 million charge related to the June 2013 voluntary safety recall for the 1993-1998 Jeep Grand Cherokee and the 2002-2007 Jeep Liberty, as well as the customer satisfaction action for the 1999-2004 Jeep Grand Cherokee. This item also includes a €59 million foreign currency translation loss recognized in the first quarter of 2013 related to the February 2013 devaluation of the official exchange rate of the Venezuelan Bolivar ("VEF") relative to the US Dollar from 4.30 VEF per US Dollar to 6.30 VEF per US Dollar. During the second and third quarter of 2013, certain monetary liabilities, which had been submitted to the Commission for the Administration of Foreign Exchange ("CADIVI") for payment approval through the ordinary course of business prior to the devaluation date, were approved to be paid at an exchange rate of 4.30 VEF per US Dollar. As a result, €12 million in the second quarter of 2013 and €4 million in the third quarter of 2013 of foreign currency transaction gains were recognized due to these monetary liabilities being previously remeasured at the 6.30 VEF per US Dollar at the devaluation date.

In 2012, Other unusual expense of net €138 million mainly included €145 million of costs arising from disputes relating to operations terminated in prior years and costs related to the termination of the joint venture Sevelnord Société Anonyme.

In 2013, Other unusual income amount to €187 million. This item mainly includes the impacts of a curtailment gain and plan amendments of €166 million with a corresponding net reduction to Chrysler's pension obligation. During the second quarter of 2013, Chrysler amended its U.S. and Canadian salaried defined benefit pension plans. The U.S. plans were amended in order to comply with Internal Revenue Service regulations, cease the accrual of future benefits effective 31 December 2013, and enhance the retirement factors. The Canada amendment ceases the accrual of future benefits effective 31 December 2014, enhances the retirement factors and continues to consider future salary increases for the affected employees. An interim remeasurement was required for these plans, which resulted in an additional €509 million net reduction to the pension obligation, a €7 million reduction to defined benefit plan assets and a corresponding €502 million increase in Total Other comprehensive income/(losses).

## 9. Financial income/(expenses)

The following table sets out details of the Group's financial income and expenses, including the amounts reported in the Income statement within the Financial income/(expenses) line item, as well as interest income from customers and other financial income of financial services companies, recognized under Net revenues, and Interest cost and other financial charges from financial services companies, recognized under Cost of sales.

(€ million)	2013	2012
Financial income:		
Interest income and other financial income	200	254
Interest income from customers and other financial income of financial services companies	239	277
Gains on disposal of securities	4	2
<b>Total Financial income</b>	<b>443</b>	<b>533</b>
of which:		
Financial income, excluding financial services companies (A)	204	256
Interest cost and other financial expenses:		
Interest expense and other financial expenses	1,880	1,936
Write-downs of financial assets	105	50
Losses on disposal of securities	3	9
Net interest expenses on employee benefits provisions	371	388
<b>Total Interest and other financial expenses</b>	<b>2,359</b>	<b>2,383</b>
Net (income)/expenses from derivative financial instruments and exchange rate differences	(1)	(84)
<b>Total interest and other financial expenses, net (income)/expenses from derivative financial instruments and exchange differences</b>	<b>2,358</b>	<b>2,299</b>
of which:		
Interest cost and other financial expenses, net (income)/expenses from derivative financial instruments and exchange rate differences, excluding financial services companies (B)	2,168	2,141
<b>Net financial income/(expenses) excluding financial services companies (A) – (B)</b>	<b>(1,964)</b>	<b>(1,885)</b>

Net financial expenses in 2013 (excluding the financial services companies) amount to €1,964 million (€1,885 million in 2012).

This amount includes the net financial expenses of Chrysler of €975 million (€1,068 million in 2012), of which net interest expenses on employee benefits provisions of €347 million (€356 million in 2012). Net financial expenses also include net income of €31 million (net income of €34 million in 2012) arising from the equity swaps on Fiat S.p.A. and CNH Industrial N.V. (formerly Fiat Industrial S.p.A.) shares relating to certain stock option plans. These equity swaps expired in 2013.

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

(€ million)	2013	2012
Interest income from banks deposits	152	168
Interest income from securities	8	14
Other interest income and financial income	40	72
<b>Total Interest income and other financial income</b>	<b>200</b>	<b>254</b>

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

(€ million)	2013	2012
Interest expenses on bonds	959	921
Interest expenses on bank borrowing	346	347
Commission expenses	25	21
Other interest cost and financial expenses	550	647
<b>Total Interest cost and other financial expenses</b>	<b>1,880</b>	<b>1,936</b>

In 2013 the Other interest cost and financial expenses included interest expenses of €326 million (€342 million in 2012) related to the *VEBA Trust Note* and interest expenses of €61 million (€71 million in 2012) related to the *Canadian Health Care Trust Note*.

## 10. Tax (income)/expenses

Income taxes are as follows:

(€ million)	2013	2012
Current taxes	607	686
Deferred taxes (benefits) costs	(1,570)	(71)
Taxes relating to prior periods	20	8
<b>Total Tax (income)/expenses</b>	<b>(943)</b>	<b>623</b>

In 2013 Income taxes were a positive €943 million, mainly as a consequence of the recognition of previously unrecognized deferred tax assets related to Chrysler of €1,500 million.

In 2013, the Regional Italian Income Tax IRAP recognized within current taxes amounts to €54 million (€60 million in 2012) and IRAP recognized within deferred tax costs amounts to €12 million (€20 million in 2012).

The reconciliation between the theoretical income taxes calculated on the basis of the theoretical tax rate in effect in Italy for IRES (equal to 27.5%) and the income taxes recognized is as follows:

(€ million)	2013	2012
<b>Theoretical income taxes</b>	<b>277</b>	<b>418</b>
<b>Tax effect on:</b>		
Recognition and utilization of previously unrecognized deferred tax assets	(1,747)	(529)
Permanent differences	8	(79)
Deferred tax assets not recognized and write-downs	380	473
Differences between foreign tax rates and the theoretical Italian tax rate and tax holidays	119	164
Taxes relating to prior years	20	8
Other differences	(66)	88
<b>Total Tax (income)/expenses, excluding IRAP</b>	<b>(1,009)</b>	<b>543</b>
Effective tax rate	-	35.7%
IRAP (current and deferred)	66	80
<b>Total Tax (income)/expenses</b>	<b>(943)</b>	<b>623</b>

Since IRAP taxable basis differs from income before taxes, it is excluded in the above reconciliation.

In 2013, the Group's effective tax rate is not representative because the Group recognized a net tax benefit in relation to a Consolidated Net profit. In particular, in 2013, the theoretical income taxes and the Group's actual differ primarily due to the recognition of previously unrecognized deferred tax assets related to Chrysler for €1,500 million. Excluding this effect, the theoretical tax rate of the Group in 2013 would have been 48.7%. The difference is also affected by other effects arising from the utilization of tax losses carried forward for which deferred tax assets were not recognized in the past. These benefits were partially offset by the negative impact of €380 million euro (€473 million in 2012) arising from the unrecognized deferred tax assets on temporary differences and tax losses arising in the year.

In 2013 Other differences include unrecoverable withholding tax of €84 million (€95 million in 2012).

The Group recognizes in its Statement of Financial Position within Deferred tax asset, the amount of Deferred tax assets less the Deferred tax liabilities of the individual consolidated companies, where these may be offset. Amounts recognized are as follows:

(€ million)	At 31 December 2013	At 31 December 2012
Deferred tax assets	2,893	1,738
Deferred tax liabilities	(278)	(801)
<b>Total</b>	<b>2,615</b>	<b>937</b>

Changes in net deferred tax assets of €1,678 million are mainly due to the following:

- recognition of a net benefit of €1,570 million arising on previously unrecognized Deferred tax assets and the recognition of Deferred tax assets on temporary differences arising during the year, net of write-down of deferred tax relating to previous years;
- recognition directly to Equity of net deferred tax assets of €212 million;
- exchange rate differences and other changes for a negative amount of €99 million.

The significant components of Deferred tax assets and liabilities and their changes during the year are as follows:

(€ million)	At 31 December 2012	Recognized in Income statement	Charged to equity	Changes in the scope of consolidation	Translation differences and other changes	At 31 December 2013
Deferred tax asset arising on:						
Provisions	2,911	368	-	3	(353)	2,929
Provision for employee benefits	1,022	137	18	-	(47)	1,130
Intangible assets	381	(38)	-	1	(1)	343
Impairment of financial assets	228	13	-	-	(50)	191
Inventories	264	(1)	-	1	(4)	260
Allowances for doubtful accounts	90	18	-	-	2	110
Other	1,457	(223)	-	2	(26)	1,210
<b>Total</b>	<b>6,353</b>	<b>274</b>	<b>18</b>	<b>7</b>	<b>(479)</b>	<b>6,173</b>
Deferred tax liabilities arising on:						
Accelerated depreciation	(1,354)	(128)	-	1	77	(1,404)
Capitalization of development costs	(1,211)	(252)	-	-	47	(1,416)
Brands and other intangibles	(784)	48	-	(17)	113	(640)
Provision for employee benefits	(21)	-	-	(1)	2	(20)
Other	(527)	53	(23)	(2)	(63)	(562)
<b>Total</b>	<b>(3,897)</b>	<b>(279)</b>	<b>(23)</b>	<b>(19)</b>	<b>176</b>	<b>(4,042)</b>
<b>Deferred tax asset arising on tax loss carry-forward</b>	<b>3,399</b>	<b>437</b>	<b>-</b>	<b>7</b>	<b>(33)</b>	<b>3,810</b>
Unrecognized deferred tax assets	(4,918)	1,138	217	-	237	(3,326)
<b>Total net Deferred tax assets</b>	<b>937</b>	<b>1,570</b>	<b>212</b>	<b>(5)</b>	<b>(99)</b>	<b>2,615</b>

The decision to recognize Deferred tax assets is taken for each company in the Group by assessing critically whether the conditions exist for the future recoverability of such assets by taking into account the basis of most recent forecasts from budgets and plans. In this regard at 31 December 2013, in view of the results achieved by Chrysler, of the continuous improvement of its product mix and of its trends in international sales and its implementation of new vehicles, together with the consolidation of the alliance between Fiat and Chrysler, following Fiat's acquisition of full control at the beginning of 2014, the Group recognized previously unrecognized deferred tax assets for a total of €1,734 million, of which €1,500 million recognized in Income taxes and €234 million in Other comprehensive income/(losses). Moreover, in respect to the Group's Italian entities, at 31 December 2013, despite a tax loss in the national tax consolidation, the Group continued to recognize Deferred tax assets for €1,016 million (€1,063 million at 31 December 2012) on the basis of the future taxable income expected to arise in future periods and taking into account that these tax losses can be carried forward indefinitely.

At 31 December 2013, the Group had deferred tax assets on deductible temporary differences of €6,173 million (€6,353 million at 31 December 2012), of which €435 million was not recognized (€2,445 million at 31 December 2012). At the same date the Group had also theoretical tax benefit on losses carried forward of €3,810 million (€3,399 million at 31 December 2012), of which €2,891 million was unrecognized (€2,473 million at 31 December 2012). At 31 December 2013, net deferred tax assets included the amount of €919 million in respect of benefits on unused tax losses carry-forwards (€926 million at 31 December 2012).

Deferred taxes on the undistributed earnings of subsidiaries have not been recognized, except in cases where it is probable they earnings will be distributed in the foreseeable future.

The totals of deductible and taxable temporary differences and accumulated tax losses at 31 December 2013, together with the amounts for which deferred tax assets have not been recognized, analyzed by year of expiry, are as follows:

(€ million)	At 31 December 2013	Year of expiry					
		2014	2015	2016	2017	Beyond 2017	Unlimited/ indeterminable
Temporary differences and tax losses relating to State taxation (IRES in Italy):							
Deductible temporary differences	18,768	4,997	1,738	1,641	1,803	8,589	-
Taxable temporary differences	(11,604)	(1,133)	(1,396)	(1,229)	(1,218)	(5,360)	(1,268)
Tax losses	13,555	86	16	303	31	1,556	11,563
Amounts for which deferred tax assets were not recognized	(11,546)	(685)	(90)	(193)	(136)	(172)	(10,270)
<b>Temporary differences and tax losses relating to State taxation</b>	<b>9,173</b>	<b>3,265</b>	<b>268</b>	<b>522</b>	<b>480</b>	<b>4,613</b>	<b>25</b>
Temporary differences and tax losses relating to local taxation (IRAP in Italy):							
Deductible temporary differences	18,570	3,922	1,946	2,248	2,067	8,387	-
Taxable temporary differences	(15,151)	(1,193)	(1,634)	(1,540)	(1,529)	(6,934)	(2,321)
Tax losses	1,091	2	3	9	54	234	789
Amounts for which deferred tax assets were not recognized	(1,169)	(124)	(30)	(21)	(13)	(212)	(769)
<b>Temporary differences and tax losses relating to local taxation</b>	<b>3,341</b>	<b>2,607</b>	<b>285</b>	<b>696</b>	<b>579</b>	<b>1,475</b>	<b>(2,301)</b>

### 11. Other information by nature

In 2013, personnel costs amounted to €9,352 million (€9,110 million in 2012), these amounts comprise costs that were capitalized mainly in connection to the product development activities.

In 2013, Fiat Group had an average number of employees of 220,194 (205,112 employees in 2012).

### 12. Earnings/(loss) per share

As explained in Note 23 below, in accordance with the resolution adopted at the extraordinary session of the Shareholders' General Meeting of 4 April 2012, from 21 May 2012 the share capital of Fiat S.p.A. is represented by ordinary shares.

The earnings/(loss) per share is determined by dividing the Profit/(loss) attributable to the equity holders of the parent company, by the weighted average number of ordinary shares outstanding during the period.

The following table provides amounts used in the calculation of basic earnings/(loss) per share for the two periods:

		2013	2012
Profit/(loss) attributable to owners of the parent	€ million	904	44
Weighted average number of shares outstanding	thousands	1,215,921	1,215,828
<b>Basic earnings/(loss) per share</b>	euros	<b>0.744</b>	<b>0.036</b>

In order to calculate the diluted earnings/(loss) per share, the average number of outstanding ordinary shares has been increased to also take into consideration the theoretical effect that would arise if all the share based payment plans were exercised.

The following table provides the amounts used in the calculation of diluted earnings per share for the periods presented:

		2013	2012
Profit/(loss) attributable to shares	€ million	904	44
Weighted average number of shares	thousands	1,228,926	1,225,868
<b>Diluted earnings/(loss) per share</b>	€	<b>0.736</b>	<b>0.036</b>

### 13. Goodwill and intangible assets with indefinite useful lives

In 2013 and 2012, changes in Goodwill and intangible assets with indefinite useful lives were as follows:

(€ million)	At 31 December 2012	Change in the scope of consolidation	Impairment losses	Translation differences and other changes	At 31 December 2013
Gross amount	10,644	15	-	(377)	10,282
Accumulated impairment losses	(414)	-	-	(29)	(443)
<b>Goodwill</b>	<b>10,230</b>	15	-	(406)	<b>9,839</b>
<b>Brands</b>	<b>2,717</b>	-	-	(117)	<b>2,600</b>
<b>Goodwill and intangible assets with indefinite useful lives</b>	<b>12,947</b>	<b>15</b>	-	<b>(523)</b>	<b>12,439</b>

(€ million)	At 31 December 2011	Change in the scope of consolidation	Impairment losses	Translation differences and other changes	At 31 December 2012
Gross amount	10,864	-	-	(220)	10,644
Accumulated impairment losses	(421)	-	-	7	(414)
<b>Goodwill</b>	<b>10,443</b>	-	-	(213)	<b>10,230</b>
<b>Brands</b>	<b>2,770</b>	-	-	(53)	<b>2,717</b>
<b>Goodwill and intangible assets with indefinite useful lives</b>	<b>13,213</b>	-	-	<b>(266)</b>	<b>12,947</b>

Foreign exchange effects in 2013 and in 2012 arose mainly from changes in the US Dollar/Euro rate and amount to €523 million and €266 million, respectively.

Changes in the scope of consolidation includes the effects of the consolidation of the VM Motori group from the 1<sup>st</sup> July 2013, as discussed in the section Scope of consolidation.

#### Brands

Brands arise from the NAFTA region and comprise the Chrysler, Jeep, Dodge, Ram and Mopar brands. These rights are protected legally through registration with government agencies and through the continuous use in commerce. As these rights have no legal, contractual, competitive or economic term that limits their useful lives, they are classified as intangible assets with indefinite useful lives, and are therefore not amortized.

For the purpose of impairment testing, Brands and Goodwill are tested jointly and the carrying amount of Brands is allocated to the NAFTA operating segment.

### Goodwill

Goodwill principally resulted from the acquisition of the control of Chrysler for €8,967 million (€9,372 million at 31 December 2012) and the purchase of certain interests in Ferrari S.p.A. for €786 million (€786 million at 31 December 2012).

Goodwill is allocated to operating segments or to CGUs within the operating segments as appropriate, in accordance with IAS 36. The following table presents the allocation of Goodwill across the operating segments:

(€ million)	At 31 December 2013	At 31 December 2012
NAFTA	7,330	7,661
APAC	968	1,012
LATAM	461	482
EMEA	208	217
Luxury Brands	786	786
Components	51	51
Other activities	35	21
<b>Goodwill (net carrying amount)</b>	<b>9,839</b>	<b>10,230</b>

In accordance with IAS 36, Goodwill is not amortized and is tested for impairment annually or more frequently if facts or circumstances indicate that the asset may be impaired. Impairment testing is performed by comparing the carrying amount and the recoverable amount of each CGU to which Goodwill has been allocated. The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use.

The assumptions used in this process represent the management's best estimate for the period under consideration.

Goodwill allocated to the NAFTA operating segment represents approximately 75% of the Group's total Goodwill. Additionally, all of the carrying value of the Group's Brands was included within the NAFTA operating segment as described before. The estimate of the value in use of the NAFTA operating segment for purposes of performing the annual impairment test was based on the following assumptions:

- The expected future cash flows covering the period from 2014 through 2017 have been derived from the Chrysler business plan prepared in connection with the recent public offering process (then withdrawn after the Fiat acquisition of the securities proposed to be offered through a private transaction) and based on two different scenarios: "Low Case" and "High Case", both of which based on the same market assumptions, but with different assumptions on variable and fixed costs. For the purpose of this impairment analysis, the "Low Case" scenario has been considered. More specifically, in making the estimates, expected EBITDA for the periods under consideration was adjusted to reflect the expected capital expenditure and monetary contributions to pension plans and other post-employment benefit plans. These flows relate to the CGU in its condition when preparing the Financial statements and exclude the estimated cash flows that might arise from restructuring plans or other structural changes. Volumes and sales mix used for estimating the future cash flow are based on analyses and studies carried out by primary independent analysts, including in particular *IHS – Global Insight* and *Ward's Automotive* and on management assumptions. These assumptions are considered reasonable and sustainable and represent the best estimate of expected conditions regarding market trends and segment, brand and model share for the NAFTA operating segment in the countries in which it operates (United States, Canada and Mexico) over the period considered.

- The expected future cash flows include a normalized terminal period used to estimate the future results beyond the time period explicitly considered. This terminal period was calculated by applying to the average 2014-2017 expected revenues, an EBITDA margin of the average of those estimated for 2014-2017; the EBITDA calculated in this way was then adjusted by a normalized amount of investments determined assuming a steady state business and by the expected monetary contributions to pension plans and post-employment benefit plans. As regards long-term growth rates, although it would have been reasonable to use a rate of between 2% and 3% in the market in which the NAFTA operating segment operates, a rate of zero was used.
- Pre-tax expected future cash flows have been estimated in U.S. Dollars, and discounted using a pre-tax discount rate appropriate for that currency, determined by using a base WACC of 16.0% (15.1% in 2012). The WACC used reflects the current market assessment of the time value of money for the period being considered and the risks specific to the operating segment under consideration. The WACC was calculated using the Capital Asset Pricing Model ("CAPM") technique in which the risk free rate has been calculated by referring to the yield curve of long-term U.S. government bonds and the beta coefficient and the debt/equity ratio have been extrapolated by analyzing a group of comparable companies operating in the automotive sector. Additionally, to reflect the uncertainty of the current economic environment and future market conditions, the cost of equity component of the WACC was progressively increased by a 50 basis point risk premium for the years 2014 through 2016 and by 300 basis points in the terminal period.

The surplus between the value in use estimated as above and the book value of the net capital employed (inclusive of Goodwill and Brands allocated to the NAFTA operating segment) at 31 December 2013 amounts to approximately €560 million. A sensitivity analysis was performed by increasing the WACC determined as above by 0.5%, resulting in a surplus of approximately €200 million of the value in use over the carrying amount. Based on scenario and business plan assumptions used, additional sensitivity analysis have not been performed as the assumptions used for the business plan preparation ("Low Case") and those used in the valuation analysis for the base case (additional execution risks, nil long-term growth rate and average results projected in terminal value), already take into account what management consider to be a conservative scenario.

Impairment tests for other regions, where Goodwill was allocated, were based on the expected future cash flows covering the period from 2014 through 2017. The assumptions used to determine the pre-tax WACCs and the risk premiums were consistent with those described above for the NAFTA region. Cash flows were measured in U.S. Dollars and base pre-tax WACCs of 14.9% (14.4% in 2012), 22.3% (17.2% in 2012) and 17.9% (16.4% in 2012) were used for the APAC, LATAM and EMEA regions respectively. For these regions, after an increase of 0.5% in WACCs, the recoverable amounts still exceed their carrying amounts.

For Luxury Brands, the CGU corresponds to the Ferrari and the expected future cash flows are the operating cash flows taken from the estimates included in the 2014 budget and the expected business performance, taking account of the uncertainties of the global financial and economic situation, extrapolated for subsequent years by using the specific medium/long-term growth rate for the sector equal to 1.0% (2.0% in 2012). These cash flows were then discounted using a post-tax discount rate of 8.35% (8.05% in 2012). The recoverable amount of the CGU to which the Ferrari Goodwill relates is significantly higher than its carrying amount; in addition, the exclusivity of the business, its historical profitability and its future earnings prospects indicate that this carrying amount will continue to be recoverable, even in the event of difficult economic and market conditions.

#### 14. Other intangible assets

Changes in the gross carrying amount of Other intangible assets were as follows:

(€ million)	At 31 December 2012	Additions	Divestitures	Changes in the scope of consolidation	Translation differences and other changes	At 31 December 2013
Development costs externally acquired	5,227	1,562	(5)	198	(123)	6,859
Development costs internally generated	4,637	480	(304)	-	(159)	4,654
<b>Total Development costs</b>	<b>9,864</b>	<b>2,042</b>	<b>(309)</b>	<b>198</b>	<b>(282)</b>	<b>11,513</b>
Patents, concessions and licenses externally acquired	<b>2,100</b>	224	(19)	1	(21)	<b>2,285</b>
Other intangible assets externally acquired	<b>625</b>	64	(2)	21	(99)	<b>609</b>
<b>Gross carrying amount</b>	<b>12,589</b>	<b>2,330</b>	<b>(330)</b>	<b>220</b>	<b>(402)</b>	<b>14,407</b>

(€ million)	At 31 December 2011	Additions	Divestitures	Changes in the scope of consolidation	Translation differences and other changes	At 31 December 2012
Development costs externally acquired	3,841	1,547	(4)	-	(157)	5,227
Development costs internally generated	4,116	591	(51)	-	(19)	4,637
<b>Total Development costs</b>	<b>7,957</b>	<b>2,138</b>	<b>(55)</b>	<b>-</b>	<b>(176)</b>	<b>9,864</b>
Patents, concessions and licenses externally acquired	<b>1,982</b>	175	(35)	-	(22)	<b>2,100</b>
Other intangible assets externally acquired	<b>606</b>	72	(27)	-	(26)	<b>625</b>
<b>Gross carrying amount</b>	<b>10,545</b>	<b>2,385</b>	<b>(117)</b>	<b>-</b>	<b>(224)</b>	<b>12,589</b>

Changes in accumulated amortization and impairment losses were as follow:

(€ million)	At 31 December 2012	Amortization	Impairment losses	Divestitures	Changes in the scope of consolidation	Translation differences and other changes	At 31 December 2013
Development costs externally acquired	2,436	479	120	(1)	142	(11)	3,165
Development costs internally generated	2,516	408	130	(286)	-	(90)	2,678
<b>Total Development costs</b>	<b>4,952</b>	<b>887</b>	<b>250</b>	<b>(287)</b>	<b>142</b>	<b>(101)</b>	<b>5,843</b>
Patents, concessions and licenses externally acquired	875	213	-	(18)	-	16	1,086
Other intangible assets externally acquired	425	46	-	(1)	11	(73)	408
<b>Accumulated amortization and impairment</b>	<b>6,252</b>	<b>1,146</b>	<b>250</b>	<b>(306)</b>	<b>153</b>	<b>(158)</b>	<b>7,337</b>

(€ million)	At 31 December 2011	Amortization	Impairment losses	Divestitures	Changes in the scope of consolidation	Translation differences and other changes	At 31 December 2012
Development costs externally acquired	2,280	234	19	-	-	(97)	2,436
Development costs internally generated	2,157	387	38	(45)	-	(21)	2,516
<b>Total Development costs</b>	<b>4,437</b>	<b>621</b>	<b>57</b>	<b>(45)</b>	<b>-</b>	<b>(118)</b>	<b>4,952</b>
Patents, concessions and licenses externally acquired	705	208	-	(34)	-	(4)	875
Other intangible assets externally acquired	416	52	1	(26)	-	(18)	425
<b>Accumulated amortization and impairment</b>	<b>5,558</b>	<b>881</b>	<b>58</b>	<b>(105)</b>	<b>-</b>	<b>(140)</b>	<b>6,252</b>

Changes in the net carrying amount of Other intangible assets were as follows:

(€ million)	At 31 December 2012	Additions	Amorti- zation	Impairment losses	Divesti- tures	Change in the scope of consoli- dation	Translation diff. and other changes	At 31 December 2013
Development costs externally acquired	2,791	1,562	(479)	(120)	(4)	56	(112)	3,694
Development costs internally generated	2,121	480	(408)	(130)	(18)	-	(69)	1,976
Total Development costs	<b>4,912</b>	2,042	(887)	(250)	(22)	56	(181)	<b>5,670</b>
Patents, concessions and licenses externally acquired	<b>1,225</b>	224	(213)	-	(1)	1	(37)	<b>1,199</b>
Other intangible assets externally acquired	<b>200</b>	64	(46)	-	(1)	10	(26)	<b>201</b>
<b>Net carrying amount</b>	<b>6,337</b>	<b>2,330</b>	<b>(1,146)</b>	<b>(250)</b>	<b>(24)</b>	<b>67</b>	<b>(244)</b>	<b>7,070</b>

(€ million)	At 31 December 2011	Additions	Amorti- zation	Impairment losses	Divesti- tures	Change in the scope of consoli- dation	Translation diff. and other changes	At 31 December 2012
Development costs externally acquired	1,561	1,547	(234)	(19)	(4)	-	(60)	2,791
Development costs internally generated	1,959	591	(387)	(38)	(6)	-	2	2,121
Total Development costs	<b>3,520</b>	2,138	(621)	(57)	(10)	-	(58)	<b>4,912</b>
Patents, concessions and licenses externally acquired	<b>1,277</b>	175	(208)	-	(1)	-	(18)	<b>1,225</b>
Other intangible assets externally acquired	<b>190</b>	72	(52)	(1)	(1)	-	(8)	<b>200</b>
<b>Net carrying amount</b>	<b>4,987</b>	<b>2,385</b>	<b>(881)</b>	<b>(58)</b>	<b>(12)</b>	<b>-</b>	<b>(84)</b>	<b>6,337</b>

Additions of €2,330 million in 2013 (€2,385 million in 2012) include development costs of €2,042 million (€2,138 million in 2012), consisting primarily of material costs and personnel related expenses relating to engineering, design and development focused on content enhancement of existing vehicles, new models and powertrain programs in NAFTA and EMEA region.

In 2013, to reflect the new product strategy the Group wrote-down certain Development costs by €250 million (€57 million in 2012). This amount mainly includes €151 million for the EMEA region, €32 million for the LATAM region and €65 million for Maserati in connection with development costs on new Alfa Romeo, Fiat and Maserati products, which have now been switched to new platforms considered technologically more appropriate. These write-downs of Development costs have been recognized as Other unusual expenses for €226 million. In 2012, the write-down was recognized within Trading profit/(loss), as this was not related to strategic factors.

Changes in the scope of consolidation amounted to €67 million mainly includes the effects of the consolidation of the VM Motori group, as discussed in the section Scope of consolidation.

Foreign exchange losses of €242 million in 2013 principally reflect the changes in the US Dollar and Brazilian Real against the Euro. Foreign exchange losses of €87 million in 2012 principally reflected the devaluation of the US Dollar and Brazilian Real against the Euro, partially offset by the appreciation of the Polish Zloty against the Euro.

**15. Property, plant and equipment**

Changes in the gross carrying amount of Property, plant and equipment were as follows:

(€ million)	At 31 December 2012	Additions	Divestitures	Depreciation	Change in the scope of consolidation	Translation differences	Other changes	At 31 December 2013
Land	716	4	(5)	-	3	(55)	216	879
Owned industrial buildings	6,397	510	(29)	-	19	(282)	254	6,869
Industrial buildings leased under finance leases	19	-	-	-	-	-	71	90
Total Industrial buildings	6,416	510	(29)	-	19	(282)	325	6,959
Owned plant, machinery and equipment	34,078	2,470	(847)	-	213	(1,338)	2,357	36,933
Plant, machinery and equipment leased under finance leases	382	54	(4)	-	27	1	15	475
Total Plant, machinery and equipment	34,460	2,524	(851)	-	240	(1,337)	2,372	37,408
Other tangible assets	1,908	137	(51)	-	5	(93)	123	2,029
Advances and tangible assets in progress	3,273	1,935	(4)	(2)	4	(177)	(2,752)	2,277
<b>Gross carrying amount</b>	<b>46,773</b>	<b>5,110</b>	<b>(940)</b>	<b>(2)</b>	<b>271</b>	<b>(1,944)</b>	<b>284</b>	<b>49,552</b>

(€ million)	At 31 December 2011	Additions	Divestitures	Depreciation	Change in the scope of consolidation	Translation differences	Other changes	At 31 December 2012
Land	726	4	(7)	-	-	(8)	1	716
Owned industrial buildings	5,938	170	(33)	-	2	(70)	390	6,397
Industrial buildings leased under finance leases	57	-	-	-	-	-	(38)	19
Total Industrial buildings	5,995	170	(33)	-	2	(70)	352	6,416
Owned plant, machinery and equipment	31,674	1,244	(822)	-	(12)	(404)	2,398	34,078
Plant, machinery and equipment leased under finance leases	359	29	(3)	-	(6)	3	-	382
Total Plant, machinery and equipment	32,033	1,273	(825)	-	(18)	(401)	2,398	34,460
Other tangible assets	1,940	118	(75)	-	2	(20)	(57)	1,908
Advances and tangible assets in progress	2,679	3,584	(9)	-	-	(104)	(2,877)	3,273
<b>Gross carrying amount</b>	<b>43,373</b>	<b>5,149</b>	<b>(949)</b>	<b>-</b>	<b>(14)</b>	<b>(603)</b>	<b>(183)</b>	<b>46,773</b>

Changes in accumulated depreciation and impairment losses were as follows:

(€ million)	At 31 December 2012	Depreciation	Impairment losses	Divestitures	Change in the scope of consolidation	Translation differences	Other changes	At 31 December 2013
Land	7	-	-	-	-	-	-	7
Owned industrial buildings	2,228	257	-	(14)	2	(82)	(38)	2,353
Industrial buildings leased under finance leases	5	1	-	-	-	-	(2)	4
Total Industrial buildings	2,233	258	-	(14)	2	(82)	(40)	2,357
Owned plant, machinery and equipment	21,352	2,960	84	(811)	131	(689)	50	23,077
Plant, machinery and equipment leased under finance leases	128	32	-	(1)	17	-	8	184
Total Plant, machinery and equipment	21,480	2,992	84	(812)	148	(689)	58	23,261
Other tangible assets	982	178	-	(37)	4	(44)	(10)	1,073
Advances and tangible assets in progress	10	-	-	-	-	-	1	11
<b>Accumulated depreciation and impairment</b>	<b>24,712</b>	<b>3,428</b>	<b>84</b>	<b>(863)</b>	<b>154</b>	<b>(815)</b>	<b>9</b>	<b>26,709</b>

(€ million)	At 31 December 2011	Depreciation	Impairment losses	Divestitures	Change in the scope of consolidation	Translation differences	Other changes	At 31 December 2012
Land	7	-	-	-	-	-	-	7
Owned industrial buildings	1,999	253	2	(13)	2	(22)	7	2,228
Industrial buildings leased under finance leases	14	1	-	-	-	-	(10)	5
Total Industrial buildings	2,013	254	2	(13)	2	(22)	(3)	2,233
Owned plant, machinery and equipment	19,505	2,794	47	(795)	(12)	(202)	15	21,352
Plant, machinery and equipment leased under finance leases	105	27	-	-	(6)	1	1	128
Total Plant, machinery and equipment	19,610	2,821	47	(795)	(18)	(201)	16	21,480
Other tangible assets	948	178	-	(56)	2	(16)	(74)	982
Advances and tangible assets in progress	10	-	1	-	-	-	(1)	10
<b>Accumulated depreciation and impairment</b>	<b>22,588</b>	<b>3,253</b>	<b>50</b>	<b>(864)</b>	<b>(14)</b>	<b>(239)</b>	<b>(62)</b>	<b>24,712</b>

Changes in the net carrying amount of Property, plant and equipment were as follows:

(€ million)	At 31 December 2012	Additions	Depreciation	Impairment losses	Divestitures	Change in the scope of consolidation	Translation differences	Other changes	At 31 December 2013
Land	709	4	-	-	(5)	3	(55)	216	872
Owned industrial buildings	4,169	510	(257)	-	(15)	17	(200)	292	4,516
Industrial buildings leased under finance leases	14	-	(1)	-	-	-	-	73	86
Total Industrial buildings	4,183	510	(258)	-	(15)	17	(200)	365	4,602
Owned plant, machinery and equipment	12,726	2,470	(2,960)	(84)	(36)	82	(649)	2,307	13,856
Plant, machinery and equipment leased under finance leases	254	54	(32)	-	(3)	10	1	7	291
Total Plant, machinery and equipment	12,980	2,524	(2,992)	(84)	(39)	92	(648)	2,314	14,147
Other tangible assets	926	137	(178)	-	(14)	1	(49)	133	956
Advances and tangible assets in progress	3,263	1,935	-	(2)	(4)	4	(177)	(2,753)	2,266
<b>Net carrying amount</b>	<b>22,061</b>	<b>5,110</b>	<b>(3,428)</b>	<b>(86)</b>	<b>(77)</b>	<b>117</b>	<b>(1,129)</b>	<b>275</b>	<b>22,843</b>

(€ million)	At 31 December 2011	Additions	Depreciation	Impairment losses	Divestitures	Change in the scope of consolidation	Translation differences	Other changes	At 31 December 2012
Land	719	4	-	-	(7)	-	(8)	1	709
Owned industrial buildings	3,939	170	(253)	(2)	(20)	-	(48)	383	4,169
Industrial buildings leased under finance leases	43	-	(1)	-	-	-	-	(28)	14
Total Industrial buildings	3,982	170	(254)	(2)	(20)	-	(48)	335	4,183
Owned plant, machinery and equipment	12,169	1,244	(2,794)	(47)	(27)	-	(202)	2,383	12,726
Plant, machinery and equipment leased under finance leases	254	29	(27)	-	(3)	-	2	(1)	254
Total Plant, machinery and equipment	12,423	1,273	(2,821)	(47)	(30)	-	(200)	2,382	12,980
Other tangible assets	992	118	(178)	-	(19)	-	(4)	17	926
Advances and tangible assets in progress	2,669	3,584	-	(1)	(9)	-	(104)	(2,876)	3,263
<b>Net carrying amount</b>	<b>20,785</b>	<b>5,149</b>	<b>(3,253)</b>	<b>(50)</b>	<b>(85)</b>	<b>-</b>	<b>(364)</b>	<b>(121)</b>	<b>22,061</b>

As a result of an analysis of the classification of the Group's assets arising from the data conversion connected to the implementation of a new accounting information system for certain subsidiaries, the 2011 and 2012 amounts presented in this analysis for comparative purposes have been reclassified to ensure comparability and consistency. A group of equipment previously classified within the item Other tangible assets is now classified as Plant, machinery and equipment. This reclassification had no effect on the results, net assets and total of Property, plant and equipment reported in the Statement of financial position.

Additions of €5,110 million in 2013 are primarily related to the car mass-market operations in NAFTA and EMEA region, as well as, to the ongoing construction of the new LATAM plant in Pernambuco.

In 2013, €30 million of impairment losses are related to assets in the Cast Iron business unit of the Components segment as a result of an expected reduction in these activities compared to the previous expectations, due to the increasing use of aluminum in the production of the automotive engine blocks rather than cast iron. These impairments, which are due to a structural change in the market, were fully recognized within Unusual expenses. The remaining impairment losses were related to the above mentioned streamlining of architectures and models associated with the EMEA region's refocused product strategy.

Changes in the scope of consolidation mainly reflects the consolidation of the VM Motori group from the 1<sup>st</sup> July 2013, as discussed in the section Scope of consolidation.

In 2013, Exchange losses of €1,129 million mainly reflect the changes of the US Dollar and the Brazilian Real against the Euro. In 2012, exchange losses of €364 million mainly reflected the depreciation of the US Dollar and the Brazilian Real against the Euro, partially offset by the appreciation of the Polish Zloty against the Euro.

In 2013 Other changes primarily consisted of the reclassification of prior year balances for Advances and tangible assets in progress to the respective categories when the assets were acquired and entered service. With reference to Land, Other changes also includes €214 million which is the fair value of the land donated to Fiat by the State of Pernambuco (Brazil) at the end of the year following the Group commitment to implement an industrial unit designed to produce, assemble and sell vehicles.

At 31 December 2013, Property, plant and equipment of the Fiat Group excluding Chrysler reported as pledged as collateral for loans, is mainly related to assets that are legally owned by suppliers but are recognized in the consolidated financial statements in accordance with IFRIC 4 with the corresponding recognition of a financial lease payable. They were as follows:

(€ million)	At 31 December 2013	At 31 December 2012
Land and industrial buildings of pledged as security for debt	102	31
Plant and machinery pledged as security for debt and other commitments	294	259
Other assets pledged as security for debt and other commitments	5	6
<b>Property plant and equipment pledged as security for debt</b>	<b>401</b>	<b>296</b>

The amount of Property, plant and equipment of Chrysler at 31 December 2013 is €11,975 million (€12,069 million at 31 December 2012). Substantially all the Property, plant and equipment of Chrysler and its U.S. subsidiary guarantors are unconditionally pledged as securities for certain debts of Chrysler (see Note 27).

At 31 December 2013, the Group had contractual commitments for the purchase of Property, plant and equipment amounting to €1,536 million (€919 million at 31 December 2012).

**16. Investments and other financial assets**

(€ million)	At 31 December 2013	At 31 December 2012
Investments in jointly controlled entities	1,405	1,416
Investments in associates	123	58
Investments in subsidiaries	33	33
Equity method investees	1,561	1,507
Investments at fair value with changes directly in Other comprehensive income/(losses)	148	142
Investments at fair value with changes in Income statement	151	153
Investments at fair value	299	295
Investment in subsidiaries	18	18
Investments in associates	19	23
Investments in other entities	15	15
Investments measured at cost	52	56
<b>Total Investments</b>	<b>1,912</b>	<b>1,858</b>
Non-current financial receivables	292	310
Other securities and other financial assets	56	119
<b>Total Investments and other financial assets</b>	<b>2,260</b>	<b>2,287</b>

Changes in Investments in 2013 are set out below:

(€ million)	At 31 December 2012	Revaluations/ (Write-downs)	Purchases/ capital increases	Change in the scope of consolidation	Translation differences	Other changes	At 31 December 2013
Equity method investees	1,507	87	202	(35)	(87)	(113)	1,561
Investments at fair value	295	-	1	-	-	3	299
Investments measured at cost	56	(5)	9	(5)	(4)	1	52
<b>Total Investments</b>	<b>1,858</b>	<b>82</b>	<b>212</b>	<b>(40)</b>	<b>(91)</b>	<b>(109)</b>	<b>1,912</b>

For equity method investees, revaluations and write-downs in 2013 mainly reflect the share of the net profit/(loss) recognized in the period. Other changes in investments consisting of a net decrease of €109 million mainly relates to dividends distributed by equity method investees for €92 million (of which €72 million relate to Tofas-Turk Otomobil Fabrikasi A.S. and €15 million relate to FGA Capital), to the negative change in the cash flow hedge reserve of €14 million, partially offset by the positive change in fair value of available-for-sale investments of €5 million.

### Investments accounted for using the equity method

The equity method investees are as follows:

	Operating segment	At 31 December 2013		At 31 December 2012	
		% of interest	(€ million)	% of interest	(€ million)
FGA Capital S.p.A.	EMEA	50.0	839	50.0	770
Tofas-Turk Otomobil Fabrikasi A.S.	EMEA	37.9	240	37.9	329
Società Europea Veicoli Leggeri-Sevel S.p.A.	EMEA	50.0	104	50.0	102
GAC Fiat Automobiles Co. Ltd.	APAC	50.0	85	50.0	90
Fiat India Automobiles Limited	APAC	50.0	76	50.0	35
VM Motori S.p.A. <sup>(1)</sup>	EMEA	-	-	50.0	37
Other			61		53
<b>Total Investments in jointly controlled entities</b>			<b>1,405</b>		<b>1,416</b>
	OTHER ACTIVITIES				
RCS MediaGroup S.p.A.		16.4	87	10.1	28
Other			36		30
<b>Total Investments in associates</b>			<b>123</b>		<b>58</b>
<b>Total Investments in subsidiaries</b>			<b>33</b>		<b>33</b>
<b>Total investments accounted for using the equity method</b>			<b>1,561</b>		<b>1,507</b>

<sup>(1)</sup> This investment was consolidated on a line by line basis from the 1<sup>st</sup> July 2013.

On 30 July 2013 the Group, Crédit Agricole and Crédit Agricole Consumer Finance reached an agreement to extend the 50/50 Joint venture in FGA Capital S.p.A. up to 31 December 2021.

Tofas-Turk Otomobil Fabrikasi A.S., which is a listed entity, is classified as a jointly controlled entity as both partners have a shareholding of 37.9%.

With reference to the interest in RCS MediaGroup S.p.A. ("RCS"), as a result of the subscriptions of the share capital in 2013 Fiat increased its ownership to 16.4% of the whole capital (representing a 20.55% of ordinary shares) with a €94 million cash investment. In order to account for this investment, reference was made to the company's most recent published financial statements, being the "Interim Management Statements at 30 September 2013".

At 31 December 2013, the stock market price of equity investments in listed entities is as follows:

(€ million)	Carrying value	Stock market price
Tofas - Turk Otomobil Fabrikasi A.S.	240	857
RCS MediaGroup S.p.A.	87	115

*Investments measured at fair value*

At 31 December 2013, Investments at fair value with changes recognized directly in Other comprehensive income/(losses), include the investment in CNH Industrial N.V. (the entity resulting from the merger of Fiat Industrial S.p.A. with and into CNH Industrial N.V.) for €131 million (€130 million at 31 December 2012), the investment in Fin. Priv. S.r.l. for €14 million (€10 million at 31 December 2012) and the investment in Assicurazioni Generali S.p.A. for €3 million (€2 million at 31 December 2012).

Overall, at 31 December 2013, the investment in CNH Industrial N.V. consists of 34,007,650 ordinary shares (34,216,027 ordinary shares at 31 December 2012), corresponding to 3.72% voting rights, for an amount of €282 million (€283 million at 31 December 2012), of which 18,160,000 shares of CNH Industrial N.V., for an amount of €151 million, will be used for the stock option plans and are measured at fair value through profit or loss and 15,847,650 shares, for an amount of €131 million, are classified as available-for-sale and measured at fair value through Other comprehensive income/(losses). In addition, in the context of the above mentioned merger, the Group received 33,955,402 special voting shares, which cannot directly or indirectly be sold, disposed of or transferred, and over which the Group cannot create or permit to exist any pledge, lien, fixed or floating charge or other encumbrance.

*Other securities and other financial assets*

At 31 December 2012, Other securities and other financial assets included €57 million (\$75 million) relating to the amount paid for the contractual rights arising from the *Equity Recapture Agreement* and the *VEBA Call Option*. Considering the agreement with the VEBA Trust to purchase the remaining minority equity stake in Chrysler, which closed on 21 January 2014, the equivalent amount at 31 December 2013 of the \$75 million amount paid for these rights (€56 million) was written-off and recognized within the unusual charges (see Note 8).

**17. Inventories**

(€ million)	At 31 December 2013	At 31 December 2012
Raw materials, supplies and finished goods	8,859	8,160
Assets sold with a buy-back commitment	1,253	952
Gross amount due from customers for contract work	118	183
<b>Total Inventories</b>	<b>10,230</b>	<b>9,295</b>

At 31 December 2013, Inventories increased by €935 million in line with the trend in production and sales volumes for the period in the various markets in which the Group operates. The increase in 2013 is primarily related to the launch of the new models in NAFTA during the last months of the year.

At 31 December 2013, Inventories include those measured at net realizable value (estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale) amounting to €1,341 million (€1,293 million at 31 December 2012).

The amount of inventory write-downs recognized as an expense during 2013 is €570 million (€634 million in 2012).

The amount of inventories of Chrysler at 31 December 2013 is €4,958 million (€4,200 million at 31 December 2012). Substantially all of the inventories of Chrysler and its U.S. subsidiary guarantors are unconditionally pledged as securities for certain debts of Chrysler (see Note 27).

The amount due from customers for contract work relates to the design and production of industrial automation systems and related products for the automotive sector and can be analyzed as follows:

(€ million)	At 31 December 2013	At 31 December 2012
Aggregate amount of costs incurred and recognized profits (less recognized losses) to date	1,514	1,482
Less: Progress billings	(1,608)	(1,477)
<b>Construction contracts, net of advances on contract work</b>	<b>(94)</b>	<b>5</b>
Gross amount due from customers for contract work as an asset	118	183
Less: Gross amount due to customers for contract work as a liability included in Other current liabilities (Note 29)	(212)	(178)
<b>Construction contracts, net of advances on contract work</b>	<b>(94)</b>	<b>5</b>

## 18. Current receivables and Other current assets

The composition of the Current receivables and Other current assets is as follows:

(€ million)	At 31 December 2013	At 31 December 2012
Trade receivables	2,406	2,702
Receivables from financing activities	3,671	3,727
Current tax receivables	291	236
Other current assets:		
Other current receivables	1,860	1,776
Accrued income and prepaid expenses	442	387
Total Other current assets	2,302	2,163
<b>Total Current receivables and Other current assets</b>	<b>8,670</b>	<b>8,828</b>

The analysis by due date (excluding the Accrued income and prepaid expenses item) is as follows:

(€ million)	At 31 December 2013				At 31 December 2012			
	due within one year	due between one and five years	due beyond five years	Total	due within one year	due between one and five years	due beyond five years	Total
Trade receivables	2,389	15	2	2,406	2,660	42	-	2,702
Receivables from financing activities	2,776	863	32	3,671	2,688	1,014	25	3,727
Current tax receivables	206	44	41	291	145	27	64	236
Other current receivables	1,637	184	39	1,860	1,416	326	34	1,776
<b>Total Current receivables</b>	<b>7,008</b>	<b>1,106</b>	<b>114</b>	<b>8,228</b>	<b>6,909</b>	<b>1,409</b>	<b>123</b>	<b>8,441</b>

*Trade receivables*

Trade receivables, amounting to €2,406 million at 31 December 2013 (€2,702 million at 31 December 2012), are shown net of allowances for doubtful accounts of €344 million at 31 December 2013 (€347 million at 31 December 2012). Changes in these allowances, which are calculated on the basis of historical losses on receivables, were as follows in 2013:

(€ million)	At 31 December 2012	Provision	Use and other changes	At 31 December 2013
Allowances for doubtful accounts	347	47	(50)	344

The amount of trade receivables of Chrysler at 31 December 2013 is €847 million (€909 million at 31 December 2012). Substantially all the trade receivables of Chrysler and its U.S. subsidiary guarantors are unconditionally pledged as securities for certain debts of Chrysler (see Note 27).

*Receivables from financing activities*

Receivables from financing activities mainly relate to the business of financial services companies fully consolidated by the Group (primarily dealer and retail financing).

(€ million)	At 31 December 2013	At 31 December 2012
Dealer financing	2,286	2,108
Retail financing	970	1,115
Finance leases	297	331
Other	118	173
<b>Total Receivables from financing activities</b>	<b>3,671</b>	<b>3,727</b>

Receivables from financing activities decreased by €56 million over the period; net of foreign exchange translation effects, mainly from changes in the Real Brazilian/Euro rate, Receivables from financing activities increased by €331 million.

Other receivables from financing activities includes, amongst other, financial receivables from jointly controlled financial services entities (FGA Capital group) of €27 million (€58 million at 31 December 2012) and Financial receivables from companies under joint control, associates and unconsolidated subsidiaries of €33 million (€56 million at 31 December 2012).

Receivables from financing activities are shown net of an allowance for doubtful accounts determined on the basis of specific insolvency risks. At 31 December 2013, the allowance amounts to €119 million (€101 million at 31 December 2012). Changes in the allowance accounts during the year are as follows:

(€ million)	At 31 December 2012	Provision	Use and other changes	At 31 December 2013
Allowance for Receivables from financing activities	101	89	(71)	119

Finance lease receivables refer to vehicles leased out under finance lease arrangements, mainly by the Luxury Brands operating segment. This item may be analyzed as follows, gross of an allowance of €5 million at 31 December 2013 (€5 million at 31 December 2012):

(€ million)	At 31 December 2013				At 31 December 2012			
	due within one year	due between one and five years	due beyond five years	Total	due within one year	due between one and five years	due beyond five years	Total
Receivables for future minimum lease payments	104	223	8	335	123	236	5	364
Less: unrealized interest income	(14)	(18)	(1)	(33)	(11)	(17)	-	(28)
<b>Present value of future minimum lease payments</b>	<b>90</b>	<b>205</b>	<b>7</b>	<b>302</b>	<b>112</b>	<b>219</b>	<b>5</b>	<b>336</b>

Receivables for dealer financing are typically generated by sales of vehicles and are generally managed under dealer network financing programs as a component of the portfolio of the financial services companies. These receivables are interest bearing, with the exception of an initial limited, non-interest bearing period. The contractual terms governing the relationships with the dealer networks vary from country to country, although payment terms range from two to six months.

#### Other current assets

At 31 December 2013, Other current assets mainly consist of Other tax receivables for VAT and other indirect taxes of €966 million (€871 million at 31 December 2012), Receivables from employees of €150 million (€76 million at 31 December 2012) and Accrued income and prepaid expenses of €442 million (€387 million at 31 December 2012).

#### Transfer of financial assets

The Group transfers certain of its financial, trade and tax receivables, mainly through factoring transactions. Factoring transactions may be either with recourse or without recourse; certain without recourse transfers include deferred payment clauses (for example, when the payment by the factor of a minor part of the purchase price is dependent on the total amount collected from the receivables), requiring first loss cover, meaning that the transferor takes priority participation in the losses, or require a significant exposure to the cash flows arising from the transferred receivables to be retained. These types of transactions do not comply with the requirements of IAS 39 for the derecognition of the assets since the risks and rewards connected with collection are not transferred, and accordingly the Group continues to recognize the receivables transferred by this means in its balance sheet and recognizes a financial liability of the same amount under Asset-backed financing (Note 27). The gains and losses arising from the transfer of these assets are only recognized when the assets are derecognized in the Group's balance sheet.

At 31 December 2013, the carrying amount of transferred financial assets not derecognized and the related liabilities was as follows:

(€ million)	At 31 December 2013				At 31 December 2012			
	Trade receivables	Receivables from financing activities	Current tax receivables	Total	Trade receivables	Receivables from financing activities	Current tax receivables	Total
Carrying amount of assets transferred and not derecognized	123	440	33	596	9	405	35	449
Carrying amount of the related liabilities	123	440	33	596	9	405	35	449

At 31 December 2013, the Group had receivables and bills due after that date which had been transferred without recourse and which were accordingly derecognized amounting to €3,576 million (€3,631 million at 31 December 2012). The transfers related to trade receivables and other receivables for €2,864 million (€2,932 million at 31 December 2012) and financial receivables for €712 million (€699 million at 31 December 2012). These amounts include receivables of €2,177 million (€2,179 million at 31 December 2012), mainly due from the sales network, transferred to jointly controlled financial services companies (FGA Capital).

### 19. Current securities

Current securities consist of short-term or marketable securities which represent temporary investments, but which do not satisfy all the requirements for being classified as cash equivalents. In particular:

(€ million)	At 31 December 2013	At 31 December 2012
Current securities available-for-sale	92	83
Current securities held-for-trading	155	173
<b>Total Current securities</b>	<b>247</b>	<b>256</b>

### 20. Other financial assets and Other financial liabilities

These line items mainly consist of fair value measurement of derivative financial instruments. They also include some collateral deposits (held in connection with derivative transactions and debts).

(€ million)	At 31 December 2013		At 31 December 2012	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Fair value hedges				
Interest rate risk - Interest rate swaps	93	-	121	-
Interest rate and currency risk - Combined interest rate and currency swaps	15	-	1	(1)
Total Fair value hedges	108	-	122	(1)
Cash flow hedges				
Currency risks - Forward contracts, Currency swaps and Currency options	260	(59)	108	(75)
Interest rate risk - Interest rate swaps	1	(3)	-	(8)
Interest rate and currency risk - Combined interest rate and currency swaps	9	(22)	7	(9)
Commodity price risk - Commodity swap	6	(5)	10	(6)
Total Cash flow hedges	276	(89)	125	(98)
Derivatives for trading	129	(48)	254	(102)
<b>Fair value of derivative instruments</b>	<b>513</b>	<b>(137)</b>	<b>501</b>	<b>(201)</b>
Collateral deposits	20	-	18	-
<b>Other financial assets/(liabilities)</b>	<b>533</b>	<b>(137)</b>	<b>519</b>	<b>(201)</b>

The overall change in Other financial assets (from €519 million at 31 December 2012 to €533 million at 31 December 2013) and in Other financial liabilities (from €201 million at 31 December 2012 to €137 million at 31 December 2013) is mostly due to fluctuations in exchange rates, in interest rates and in commodity prices during the year, and to the equity swaps on Fiat S.p.A. and CNH Industrial N.V. ordinary shares, expired in 2013.

As this item consists principally of hedging derivatives financial instruments, the change in their value is compensated by the change in the value of the hedged items.

At 31 December 2013 derivatives for trading consisted principally of derivative contracts entered for hedging purposes which do not qualify for hedge accounting and one embedded derivative in a bond issue in which the yield is determined as a function of trends in the inflation rate and related hedging derivative, which converts the exposure to floating rate (the total value of the embedded derivative is offset by the value of the hedging derivative). At 31 December 2012 derivatives for trading also included certain equity swaps on Fiat S.p.A. and CNH Industrial N.V. shares that expired in 2013.

At 31 December 2013, the notional amount of outstanding derivative financial instruments is as follows:

(€ million)	At 31 December 2013	At 31 December 2012
Currency risk management	11,248	10,540
Interest rate risk management	2,546	5,226
Interest rate and currency risk management	1,455	1,118
Commodity price risk management	473	495
Other derivative financial instruments	14	168
<b>Total notional amount</b>	<b>15,736</b>	<b>17,547</b>

At 31 December 2013, the notional amount of Other derivative financial instruments of €14 million (€14 million at 31 December 2012) relates to the notional amount of the above mentioned embedded derivative and the related hedging derivative. At 31 December 2012 this amount also included €154 million which was the notional amount of the above mentioned equity swaps.

The following table provides an analysis by due date of outstanding derivatives financial instruments based on their notional amounts:

(€ million)	At 31 December 2013			Total
	within one year	due between one and five years	due beyond five years	
Currency risk management	10,446	802	-	<b>11,248</b>
Interest rate risk management	764	1,782	-	<b>2,546</b>
Interest rate and currency risk management	-	1,455	-	<b>1,455</b>
Commodity price risk management	450	23	-	<b>473</b>
Other derivative financial instruments	-	-	14	<b>14</b>
<b>Total notional amount</b>	<b>11,660</b>	<b>4,062</b>	<b>14</b>	<b>15,736</b>

*Cash flow hedges*

The effects recognized in the Income statement mainly relate to currency risk management and, to a lesser extent, to hedges regarding commodity price risk management and the cash flows that are exposed to an interest rate risk.

The policy of the Group for managing currency risk normally requires that future cash flows from trading activities which will occur within the following twelve months, and from orders acquired (or contracts in progress), whatever their due dates, be hedged. It is considered reasonable to suppose that the hedging effect arising from this and recorded in the cash flow hedge reserve will be recognized in Income statement, mainly during the following year.

Derivatives relating to interest rate and currency risk management are treated as cash flow hedges and were entered into by treasuries for the purpose of hedging bonds issued in foreign currencies. The amount recorded in the cash flow hedge reserve will be recognized in Income statement according to the timing of the flows of the underlying bonds.

In respect of derivative financial instruments, in 2013 the Group reclassified gains of €190 million (losses of €105 million in 2012), net of the tax effect, from Other comprehensive income/(losses) to Income statement. These items are reported in the following lines:

(€ million)	2013	2012
Currency risk		
Increase/(Decrease) in Net revenues	126	(92)
Decrease/(Increase) in Cost of sales	44	25
Financial income/(expenses)	22	32
Result from investments	17	(12)
Interest rate risk		
Decrease/(Increase) in Cost of sales	(6)	(6)
Result from investments	(4)	(5)
Financial income/(expenses)	(10)	(6)
Commodities price risk		
Decrease/(Increase) in Cost of sales	(1)	(40)
Ineffectiveness - overhedges	5	(6)
Taxes income/(expenses)	(3)	5
<b>Total recognized in the Income statement</b>	<b>190</b>	<b>(105)</b>

The ineffectiveness of cash flow hedges was not material in 2013 or 2012.

In 2013 there was an overall positive economic effect of €5 million (negative effect of €6 million in 2012) which related to excess future flows hedged (over-hedges).

### Fair value hedges

The gains and losses arising from the valuation of outstanding interest rate and currency derivatives financial instruments (mostly for managing currency risk) and interest rate derivatives (for managing the interest rate risk) recognized in accordance with fair value hedge accounting and the gains and losses arising from the respective hedged items are set out in the following table:

(€ million)	2013	2012
Currency risk		
Net gains/(losses) on qualifying hedges	19	14
Fair value changes in hedged items	(19)	(14)
Interest rate risk		
Net gains/(losses) on qualifying hedges	(28)	(51)
Fair value changes in hedged items	29	53
<b>Net gains/(losses)</b>	<b>1</b>	<b>2</b>

The ineffective portion of transactions treated as fair value hedges was a positive amount of €1 million in 2013 (positive amount of €2 million in 2012).

## 21. Cash and cash equivalents

At 31 December 2013 Cash and cash equivalents amount to €19,439 million (€17,657 million at 31 December 2012), of which €9,676 million (€8,803 million at 31 December 2012) relates to Chrysler, and consists of:

(€ million)	At 31 December 2013	At 31 December 2012
Cash at banks <sup>(1)</sup>	9,923	7,568
Money market securities	9,516	10,089
<b>Total Cash and cash equivalents</b>	<b>19,439</b>	<b>17,657</b>

<sup>(1)</sup> Includes bank deposits which may be used exclusively by Group companies entitled to perform specific operations (cash with a pre-determined use) amounting to €3 million at 31 December 2013 (€8 million at 31 December 2012).

These amounts include cash at banks, units in liquidity funds and other money market securities, comprising commercial papers and certificate of deposits, that are readily convertible into cash. Cash and cash equivalents are subject to an insignificant risk of changes in value, and consist of balances spread across various primary national and international banking institutions, and money market instruments.

The Group holds a subsidiary which operates in Venezuela whose functional currency is the U.S. Dollar. Pursuant to certain Venezuelan foreign currency exchange control regulations, the Central Bank of Venezuela centralizes all foreign currency transactions in the country. Under these regulations, the purchase and sale of foreign currency must be made through the Commission for the Administration of Foreign Exchange ("CADIVI"). The cash and cash equivalents denominated in VEF amounted to €270 million (VEF 2,347 million) at 31 December 2013 and €260 million (VEF 1,476 million) at 31 December 2012.

**22. Assets and liabilities held for sale**

The items included in Assets and liabilities held for sale are as follows:

(€ million)	At 31 December 2013	At 31 December 2012
Property, plant and equipment	1	1
Investments and other financial assets	-	54
Inventories	3	-
Trade and other receivables	5	-
<b>Total Assets held for sale</b>	<b>9</b>	<b>55</b>
Provisions	5	-
Trade and other payables	16	-
<b>Total Liabilities held for sale</b>	<b>21</b>	<b>-</b>

Assets and liabilities held for sale at 31 December 2013 consist of certain properties and the assets and liabilities related to a subsidiary consolidated by the Components operating segment. At 31 December 2012, Assets held for sale included the above mentioned properties allocated to the Components operating segment, the investment in the jointly controlled entity Sevelnord Société Anonyme (transferred during the first quarter of 2013) and the investment in a company in Brazil now consolidated on line-by-line basis.

**23. Equity**

Consolidated shareholders' equity at 31 December 2013 increased by €4,215 million from 31 December 2012, mainly due to an increase of €2,908 million in the remeasurement of defined benefit plans reserve net of related tax impact, the profit for the period of €1,951 million and an increase of €123 million in the cash flow hedge reserve partially offset by the decrease of €796 million in the cumulative exchange differences on translating foreign operations.

### Share capital

At 31 December 2013, fully paid-up share capital amounts to €4,477 million (€4,476 million at 31 December 2012) and consists of 1,250,687,773 ordinary shares (1,250,402,773 ordinary shares at 31 December 2012), with a par value of €3.58 each. The capital increase from the previous year is due to the issue of 285,000 new shares in relation to the exercise of stock options.

The following table provides a reconciliation between the number of Fiat S.p.A. shares outstanding at 31 December 2011 and the number outstanding at 31 December 2013:

(number of shares in thousands)	At 31 December 2011	Conversion of preferences and saving shares	Share based payments	At 31 December 2012	Exercise of Stock Options	At 31 December 2013
Ordinary shares issued	1,092,681	157,722	-	1,250,403	285	1,250,688
Less: Ordinary treasury shares	(38,568)	(10)	4,000	(34,578)	-	(34,578)
Ordinary shares outstanding	1,054,113	157,712	4,000	1,215,825	285	1,216,110
Preference shares issued	103,292	(103,292)	-	-	-	-
Savings shares issued	79,913	(79,913)	-	-	-	-
<b>Total Shares issued by Fiat S.p.A.</b>	<b>1,275,886</b>	<b>(25,483)</b>	<b>-</b>	<b>1,250,403</b>	<b>285</b>	<b>1,250,688</b>
<b>Less: Treasury shares</b>	<b>(38,568)</b>	<b>(10)</b>	<b>4,000</b>	<b>(34,578)</b>	<b>-</b>	<b>(34,578)</b>
<b>Total Fiat S.p.A. outstanding shares</b>	<b>1,237,318</b>	<b>(25,493)</b>	<b>4,000</b>	<b>1,215,825</b>	<b>285</b>	<b>1,216,110</b>

The mandatory conversion of all 103,292,310 Fiat S.p.A. preference shares and 79,912,800 Fiat S.p.A. savings shares into 157,722,163 Fiat S.p.A. ordinary shares, approved by the extraordinary Shareholders' Meeting of 4 April 2012, took place (at a conversion ratio of 0.850 ordinary shares for every preference share and 0.875 ordinary shares for every savings share). From 21 May 2012 only Fiat S.p.A. ordinary shares are traded on the Borsa Italiana electronic exchange ("MTA").

As a result of the above-mentioned conversion, the allocation of the annual profit of Fiat S.p.A. as stated in its annual separate financial statements is currently as follows:

- to the legal reserve, 5% of net profit until the amount of the reserve is equal to one-fifth of share capital;
- further allocations to the legal reserve, allocations to the extraordinary reserve, to retained profit reserve and/or to other allocations as may be resolved by Shareholders;
- to each share, any remaining net profit which Shareholders may resolve to distribute.

In the case of winding up, the company's assets shall be distributed in equal pro rata amounts to shares.

In addition, as a result of the resolutions adopted by the Board of Directors on 3 November 2006, the demerger of Fiat Industrial S.p.A. (now CNH Industrial N.V.), and the resolution adopted by Shareholders at the Extraordinary Meeting on 4 April 2012, Fiat S.p.A. share capital may be increased by a maximum of €33,229,112.50 through the issue of up to 9,281,875 ordinary shares, through paid capital contributions, exclusively to executives employed by the Company and/or its subsidiaries in accordance with the relevant incentive plan.

### Policies and processes for managing capital

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

- the minimum share capital is €120,000;
- any change in the amount of share capital must be approved in a General meeting by shareholders who may delegate powers to the Board of Directors to increase share capital up to a predetermined amount for a maximum period of five years; the General meeting of shareholders is also required to adopt suitable measures when share capital decreases by more than one third as the result of ascertained losses and to reduce share capital if by the end of the following year such losses have not fallen by at least one third. If as the consequence of a loss of more than one third of capital this then falls below the legal minimum, shareholders in General meeting are required to approve a decrease and simultaneous increase of capital to an amount not less than this minimum or must change a company's legal form;
- an additional paid-in capital reserve is established if a company issues shares at a price exceeding their nominal value. This reserve may not be distributed until the legal reserve has reached one fifth of share capital;
- a company may not purchase treasury shares for an amount exceeding the distributable profits and available reserves stated in its most recently approved Financial statements. Any purchase must be approved by shareholders in General meeting and in no case may the nominal value of the shares acquired exceed one fifth of share capital.

For 2013, the Board of Directors has proposed to Shareholders at their annual general meeting not to recommend a dividend payment on Fiat shares, given the company's desire to maintain a balanced level of liquidity following the acquisition of the minority stake in Chrysler on 21 January 2014.

The objectives identified by the Group for managing capital are to create value for shareholders as a whole, safeguard business continuity and support the growth of the Group. As a result, the Group endeavors to maintain an adequate level of capital that at the same time enables it to obtain a satisfactory economic return for its shareholders and guarantee economic access to external sources of funds, including by means of achieving an adequate credit rating.

The Group constantly monitors the ratio between debt and equity and in particular the level of net debt and the generation of cash from its industrial activities.

In order to reach these objectives, the Group aims at a continuous improvement in the profitability of the business in which it operates. Further, in general, it may sell part of its assets to reduce the level of its debt, while the Board of Directors may make proposals to Shareholders in the general meeting to reduce or increase share capital or, where permitted by law, to distribute reserves. In this context, the Group may also make purchases of treasury shares, without exceeding the limits authorized by Shareholders in the general meeting, under the same logic of creating value, compatible with the objectives of achieving financial equilibrium and an improvement in its rating.

In this respect, capital means the value brought into Fiat S.p.A. by its shareholders (share capital plus the additional paid-in capital reserve less treasury shares), equal to €5,292 million at 31 December 2013 (€5,289 million at 31 December 2012) and the value generated by the Group in terms of the results achieved in operations (retained earnings and other reserves), equal in total, before the result for the year, to €3,786 million at 31 December 2013 and €3,252 million at 31 December 2012, excluding Other comprehensive income/(losses) and non-controlling interests.

### *Treasury Shares*

Treasury shares consist of 34,577,867 Fiat S.p.A. ordinary shares for an amount of €259 million (34,577,766 ordinary shares for an amount of €259 million at 31 December 2012). There has been an increase of 101 in the number of treasury shares over 31 December 2012 as a result of the adjustment arising from the conversion of preference and savings shares into ordinary shares resolved in 2012.

In addition, at their annual general meeting of 9 April 2013, the shareholders renewed their authorization for the purchase and sale of treasury shares, including through subsidiaries. The previous authorization provided on 4 April 2012 was revoked. The authorization provides for the purchase of a maximum number of shares not to exceed the legally established percentage of share capital or an aggregate value of €1.2 billion, inclusive of the €259 million in Fiat shares already held. As announced, the buy-back program is currently on hold and Fiat has no obligation to buy-back shares under the authorization. The buy-back authorization is valid for a period of 18 months and any buy-backs must be carried out in the manner established by law and at a purchase price per share which may not be more than 10% higher or 10% lower than the reference price reported by Borsa Italiana on the day prior to purchase.

On 27 February 2014, the Board of Directors proposed to Shareholders to revoke the previous resolution, for the part not already utilized at the date of the General Meeting, and approve a new resolution for the purchase of own shares for a further period of 18 months and for an amount not to exceed the legally established percentage of share capital and the maximum amount of approximately €1.2 billion, inclusive of the equity reserves allocated for treasury shares already held for €259 million. Should renewal of the program be approved, the Company would, however, have no obligation to buy back shares. The authorization is being requested to ensure the Company the flexibility to pursue any strategic opportunities that may arise for all purposes permitted by law.

### *Earnings reserves*

The main earnings reserves include:

- the legal reserve of Fiat S.p.A. of €529 million at 31 December 2013 (€529 million at 31 December 2012);
- retained earnings of €3,225 million at 31 December 2013 (retained earnings of €3,256 million at 31 December 2012);
- the profit attributable to owners of the parent of €904 million at 31 December 2013 (a profit of €44 million for the year ended 31 December 2012);
- the reserve for share-based payments of €63 million at 31 December 2013 (€54 million at 31 December 2012).

*Other comprehensive income/(losses)*

Other comprehensive income/(losses) are as follows:

(€ million)	2013	2012
<b>Items that will never be reclassified to the Income statement:</b>		
Gains/(losses) on remeasurement of defined benefit plans	2,678	(1,843)
Shares of gains/(losses) on remeasurement of defined benefit plans for equity accounted entities	(9)	1
<b>Total items that will never be reclassified to the Income statement (B1)</b>	<b>2,669</b>	<b>(1,842)</b>
<b>Items that may be reclassified to the Income statement:</b>		
Gains/(losses) on cash flow hedging instruments arising during the period	343	91
Gains/(losses) on cash flow hedging instruments reclassified to the Income statement	(181)	93
<b>Gains/(losses) on cash flow hedging instruments</b>	<b>162</b>	<b>184</b>
Gains/(losses) on available-for-sale financial assets arising during the period	4	27
Gains/(losses) on available-for-sale financial assets reclassified to the Income statement	-	-
<b>Gains/(losses) on available-for-sale financial assets</b>	<b>4</b>	<b>27</b>
Exchange differences on translating foreign operations arising during the period	(708)	(270)
Exchange differences on translating foreign operations reclassified to the Income statement	-	-
<b>Exchange differences on translating foreign operations</b>	<b>(708)</b>	<b>(270)</b>
Share of Other comprehensive income/(losses) for equity accounted entities arising during the period	(87)	4
Share of Other comprehensive income/(losses) for equity accounted entities reclassified to the Income statement	(13)	17
<b>Share of Other comprehensive income/(losses) for equity accounted entities</b>	<b>(100)</b>	<b>21</b>
<b>Total items that may be reclassified to the Income statement (B2)</b>	<b>(642)</b>	<b>(38)</b>
<b>TOTAL OTHER COMPREHENSIVE INCOME/(LOSSES) (B1)+(B2)=(B)</b>	<b>2,027</b>	<b>(1,880)</b>
Tax effect	212	(21)
<b>TOTAL OTHER COMPREHENSIVE INCOME/(LOSSES), NET OF TAX</b>	<b>2,239</b>	<b>(1,901)</b>

With reference to the Group defined benefit plans, the gains and losses arising from the remeasurement mainly include actuarial gains and losses arising during the period, the return on plan assets (net of interest income recognized in the Income statement) and any changes in the effect of the asset ceiling. These gains and losses are offset against the related net liabilities or assets for defined benefit plans (see Note 25).

The tax effect relating to Other comprehensive income/(losses) are as follows:

(€ million)	2013			2012		
	Pre-tax balance	Tax income/(expense)	Net balance	Pre-tax balance	Tax income/(expense)	Net balance
Gains/(Losses) on remeasurement of defined benefit plans	2,678	239	2,917	(1,843)	3	(1,840)
Gains/(losses) on cash flow hedging instruments	162	(27)	135	184	(24)	160
Gains/(losses) on available-for-sale financial assets	4	-	4	27	-	27
Exchange gains/(losses) on translating foreign operations	(708)	-	(708)	(270)	-	(270)
Share of Other comprehensive income/(losses) for equity accounted entities	(109)	-	(109)	22	-	22
<b>Total Other comprehensive income/(losses)</b>	<b>2,027</b>	<b>212</b>	<b>2,239</b>	<b>(1,880)</b>	<b>(21)</b>	<b>(1,901)</b>

#### Non-controlling interest

The non-controlling interest of €4,258 million at 31 December 2013 (€2,182 million at 31 December 2012) refers mainly to the following subsidiaries:

(% held by non-controlling interest)	At 31 December 2013	At 31 December 2012
Chrysler Group LLC <sup>(1)</sup>	41.5	41.5
Ferrari S.p.A.	10.0	10.0
Teksid S.p.A.	15.2	15.2

<sup>(1)</sup> It should be noted that on 21 January 2014 Fiat acquired the remaining ownership interest of Chrysler (41.5%), further information are described in Note 39.

The following table shows the effects of changes in Group's interest in its subsidiaries on the Group's equity:

(€ million)	2013	2012
<b>Profit/(loss) for the period attributable to owners of the parent</b>	<b>904</b>	<b>348</b>
Acquisition of 50% in VM Motori	2	-
Acquisition of 5% (fully-diluted) in Chrysler	-	35
Net transfers from/(to) non-controlling interests	2	35
<b>Total Profit/(loss) for the year and transfers from (to) non-controlling interest</b>	<b>906</b>	<b>383</b>

#### 24. Share-based compensation

The following share-based compensation plans relating to managers of Group companies and the Chief Executive Officer of Fiat S.p.A. were in place.

*Stock option plans linked to Fiat S.p.A. and CNH Industrial N.V. ordinary shares*

On 26 July 2004, the Board of Directors granted the Chief Executive Officer, as a part of his variable compensation in that position, options to purchase 10,670,000 Fiat S.p.A. ordinary shares at a price of €6.583 per share. Options are vested and exercisable at any time until 1 January 2016. Following the demerger of Fiat Industrial S.p.A. (now CNH Industrial N.V.), the beneficiary now has the right to receive one ordinary Fiat S.p.A. share and one ordinary CNH Industrial N.V. share for each original option, with the option exercise price remaining unchanged.

At 31 December 2013, the features of the stock option plan are as follows:

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

On 3 November 2006, the Fiat S.p.A. Board of Directors approved (subject to the subsequent approval of Shareholders in general meeting, which was given on 5 April 2007) an eight year stock option plan, which granted certain managers of the Group and the Chief Executive Officer of Fiat S.p.A. the right to purchase a specific number of Fiat S.p.A. ordinary shares at a fixed price of €13.37 each. More specifically, the 10,000,000 options granted to employees and the 5,000,000 options granted to the Chief Executive Officer had a vesting period of four years, with an equal number vesting each year, were subject to achieving certain predetermined profitability targets (Non-Market Conditions or "NMC") in the reference period and are exercisable from the date on which the 2010 Financial statements were approved. The additional 5,000,000 options granted to the Chief Executive Officer of Fiat S.p.A. also had a vesting period of four years with an equal number vesting each year and are exercisable from November 2010. The ability to exercise the options is additionally subject to specific restrictions regarding the duration of the employment relationship or the continuation of the position held. Following the demerger of Fiat Industrial S.p.A. (now CNH Industrial N.V.), the beneficiary now has the right to receive one ordinary Fiat S.p.A. share and one ordinary CNH Industrial N.V. share for each original option, with the option exercise price remaining unchanged.

The contractual terms of the plan are as follows:

Plan	Beneficiary	Expiry date	Strike price (€)	N° of options granted	Vesting date	Vesting portion
Stock Option November 2006	Chief Executive Officer	3 November 2014	13.37	5,000,000	November 2007	25%
					November 2008	25%
					November 2009	25%
					November 2010	25%
Stock Option November 2006	Chief Executive Officer	3 November 2014	13.37	5,000,000	1st Quarter 2008 <sup>(1)</sup>	25%xNMC
					1st Quarter 2009 <sup>(1)</sup>	25%xNMC
					1st Quarter 2010 <sup>(1)</sup>	25%xNMC
					1st Quarter 2011 <sup>(1)</sup>	25%xNMC
Stock Option November 2006	Managers	3 November 2014	13.37	10,000,000	1st Quarter 2008 <sup>(1)</sup>	25%xNMC
					1st Quarter 2009 <sup>(1)</sup>	25%xNMC
					1st Quarter 2010 <sup>(1)</sup>	25%xNMC
					1st Quarter 2011 <sup>(1)</sup>	25%xNMC

<sup>(1)</sup> On approval of the prior year's Consolidated financial statements; subject to continuation of the professional relationship.

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

A summary of the terms of the stock option plans outstanding at 31 December 2013 is as follows:

Exercise price (€)	Rights granted to managers			Rights granted to the Chief Executive Officer		
	Options outstanding at 31 December 2013	Options outstanding at 31 December 2012	Average remaining contractual life (years)	Options outstanding at 31 December 2013	Options outstanding at 31 December 2012	Average remaining contractual life (years)
6.583	-	-	-	10,670,000	10,670,000	2.0
13.370	1,240,000	1,576,875	0.8	6,250,000	6,250,000	0.8
<b>Total</b>	<b>1,240,000</b>	<b>1,576,875</b>		<b>16,920,000</b>	<b>16,920,000</b>	

Changes during the year 2013 were as follows:

	Rights granted to managers		Rights granted to the Chief Executive Officer	
	Number of options	Average exercise price (€)	Number of options	Average exercise price (€)
Outstanding at the beginning of the year	1,576,875	13.37	16,920,000	9.09
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	(285,000)	13.37	-	-
Expired	(51,875)	13.37	-	-
<b>Outstanding at 31 December 2013</b>	<b>1,240,000</b>	<b>13.37</b>	<b>16,920,000</b>	<b>9.09</b>
<b>Exercisable at 31 December 2013</b>	<b>1,240,000</b>	<b>13.37</b>	<b>16,920,000</b>	<b>9.09</b>
<b>Exercisable at 31 December 2012</b>	<b>1,576,875</b>	<b>13.37</b>	<b>16,920,000</b>	<b>9.09</b>

As they were already fully vested at 31 December 2010, the above stock option plans did not lead to any nominal cost for 2013 and 2012.

*Stock Grant plans linked to Fiat S.p.A.*

On 4 April 2012, General Shareholders Meeting resolved to approve the adoption of a Long Term Incentive Plan (the “Retention LTI”), in the form of *stock grants*.

As a result of the Shareholders’ resolution the Group attributed the Chief Executive Officer with 7 million rights, representative of an equal number of Fiat S.p.A. ordinary shares. The rights vest ratably, one third on 22 February 2013, one third on 22 February 2014 and one third on 22 February 2015, subject to the requirement that the Chief Executive Officer remains in office.

The Plan is to be serviced through treasury shares without issuing new shares. The Company has the right to replace, in whole or in part, shares vested under the Plan with a cash payment calculated on the basis of the Official Price of those shares published by Borsa Italiana on the date of vesting fulfillment.

At 31 December 2013, the contractual terms of the Plan are therefore as follows:

Plan	Beneficiary	Number of shares	Vesting date	Vesting portion
<i>Retention LTI</i>	Chief Executive Officer	7,000,000 Fiat S.p.A.	22 February 2013	2,333,333
			22 February 2014	2,333,333
			22 February 2015	2,333,333

Changes in the *Retention LTI* were as follows:

	2013		2012	
	Number of Fiat S.p.A. shares	Average Fair value at the grant date (€)	Number of Fiat S.p.A. shares	Average Fair value at the grant date (€)
Outstanding shares unvested at the beginning of the year	7,000,000	4.205	-	-
Granted	-	-	7,000,000	4.205
Forfeited	-	-	-	-
Vested	2,333,333	4.205	-	-
<b>Outstanding shares unvested at the end of the year</b>	<b>4,666,667</b>	<b>4.205</b>	<b>7,000,000</b>	<b>4.205</b>

In 2013, a nominal cost of €6 million was recognized in the Income statement for this plan.

*Share-Based Compensation Plans Issued by Chrysler*

Four share-based compensation plans have been issued by Chrysler: the Chrysler Group LLC Restricted Stock Unit Plan (“RSU Plan”), the Amended and Restated Chrysler Group LLC Directors’ Restricted Stock Unit Plan (“Directors’ RSU Plan”), the Chrysler Group LLC Deferred Phantom Share Plan (“DPS Plan”) and the Chrysler Group LLC 2012 Long-Term Incentive Plan (“2012 LTIP Plan”).

The fair value of each unit issued under the plans is based on the fair value of Chrysler’s membership interests. Each unit represents a “Chrysler Group Unit,” which is equal to 1/600th of the value of a Chrysler Class A Membership Interest. Since there is no publicly observable trading price for Chrysler’s interests, fair value was determined using a discounted cash flow methodology. This approach, which is based on projected cash flows of Chrysler, is used to estimate the Chrysler enterprise value. The fair value of Chrysler’s outstanding interest bearing debt as of the measurement date is deducted from Chrysler’s enterprise value to arrive at the fair value of equity. This amount is then divided by the total number of Chrysler Group Units, as determined above, to estimate the fair value of a single Chrysler Group Unit.

#### *Restricted Stock Unit Plans issued by Chrysler Group LLC*

During 2009, the U.S. Treasury's Office of the *Special Master for Troubled Asset Relief Program Executive Compensation* (the "Special Master") and the Compensation Committee of Chrysler approved the *Chrysler Group LLC Restricted Stock Unit Plan* ("RSU Plan"), which authorized the issuance of Restricted Stock Units ("RSUs") to certain key employees. RSUs represent a contractual right to receive a payment in an amount equal to the fair value of one Chrysler unit, as defined in the RSU plan. Originally, RSUs granted to Chrysler's employees in 2009 and 2010 vested in two tranches. In September 2012, Chrysler's Compensation Committee approved a modification to the second tranche of RSUs. The modification removed the performance condition requiring an IPO to occur prior to the award vesting. Prior to this modification, the second tranche of the 2009 and 2010 RSUs were equity-classified awards. In connection with the modification of these awards, Chrysler determined that it was no longer probable that the awards would be settled with Chrysler's company stock. Chrysler reclassified the second tranche of the 2009 and 2010 RSUs from equity-classified awards to liability-classified awards. As a result of this modification, additional compensation expense of €12 million was recognized during 2012. RSUs granted to employees generally vest if the participant is continuously employed by Chrysler through the third anniversary of the grant date. The settlement of these awards is in cash.

Further, during 2009 Chrysler established the *Amended and Restated Chrysler Group LLC Directors' Restricted Stock Unit Plan* ("Directors' RSU Plan"). In April 2012, the Compensation Committee amended and restated the Chrysler Group LLC 2009 Directors' Restricted Stock Unit Plan to allow grants having a one year vesting term to be granted on an annual basis. Director RSUs are granted to Chrysler non-employee members of our Board of Directors. Prior to the change, Director RSUs were granted at the beginning of a three-year performance period and vested in three equal tranches on the first, second, and third anniversary of the date of grant, subject to the participant remaining a member of the Chrysler Board of Directors on each vesting date. Under the plan, settlement of the awards is made within 60 days of the Director's cessation of service on the Board of Directors and awards are paid in cash; however, upon completion of an IPO, Chrysler has the option to settle the awards in cash or shares. The value of the awards is recorded as compensation expense over the requisite service periods and is measured at fair value.

The liability from the vast majority of these awards is measured and adjusted to fair value at reporting date. The expense recognized in total for both of the RSU Plans for the year ended 31 December 2013 and 2012 approximated €14 million and €28 million, respectively.

Changes during 2013 were as follows:

	2013		2012	
	Restricted Stock Units	Weighted average Fair value at the grant date (€)	Restricted Stock Units	Weighted average Fair value at the grant date (€)
Outstanding shares unvested at the beginning of the year	4,735,442	4.34	5,952,331	2.51
Granted	161,290	7.46	1,466,523	5.87
Vested	(977,573)	2.61	(2,586,060)	0.95
Forfeited	(225,403)	5.25	(97,352)	4.76
<b>Outstanding shares unvested at the end of the year</b>	<b>3,693,756</b>	<b>4.72</b>	<b>4,735,442</b>	<b>4.34</b>

#### *Deferred Phantom Shares issued by Chrysler Group LLC*

During 2009 the Special Master approved the *Chrysler Group LLC Deferred Phantom Share Plan* ("DPS Plan") which authorized the issuance of phantom shares of the Company ("Phantom Shares"). Under the DPS Plan, Phantom Shares were granted to certain key employees as well as to the Chief Executive Officer in connection with his role as a member of the Chrysler Group Board of Directors. The Phantom Shares vested immediately on the grant date and will be settled in cash. The Phantom Shares are redeemable in three equal annual installments.

Changes during 2013 were as follows:

	2013		2012	
	Phantom Shares	Weighted average Fair value at the grant date (€)	Phantom Shares	Weighted average Fair value at the grant date (€)
Outstanding shares at the beginning of the year	1,508,785	2.68	4,944,476	1.83
Granted and Vested	-	-	-	-
Settled	(1,190,054)	2.13	(3,435,691)	1.43
<b>Outstanding shares at the end of the year</b>	<b>318,731</b>	<b>4.53</b>	<b>1,508,785</b>	<b>2.68</b>

The expense recognized in connection with this plan in 2013 and 2012 approximated €2 million and €2 million, respectively.

#### *2012 Long-Term Incentive Plan of Chrysler Group LLC*

In February 2012, the Compensation Committee of Chrysler adopted the *2012 Long-Term Incentive Plan* (the “2012 LTIP”). The 2012 LTIP covers senior Chrysler executives (other than the Chief Executive Officer). It is designed to retain talented professionals and reward their performance through grants of phantom equity in the form of restricted share units (“LTIP RSUs”) and performance share units (“LTIP PSUs”). LTIP RSUs may be granted annually, while LTIP PSUs are generally granted at the beginning of a three-year performance period. The Compensation Committee also has authority to grant additional LTIP PSUs awards during the three-year performance period. The LTIP RSUs will vest over three years in one-third increments on the anniversary of their grant date, while the LTIP PSUs will vest at the end of the three-year performance period only if Chrysler meets or exceeds certain three-year cumulative financial performance targets. Concurrent with the adoption of the 2012 LTIP Plan, the Compensation Committee established financial performance targets based on Chrysler Group’s consolidated financial results for the three-year performance period, ending 31 December 2014. If Chrysler does not fully achieve these targets, the LTIP PSUs will be deemed forfeited. LTIP RSUs and LTIP PSUs represent a contractual right to receive a payment in an amount equal to the fair value of one Chrysler unit, as defined in the LTIP Plan. Once vested, LTIP RSUs and LTIP PSUs will be settled in cash or, in the event Chrysler conducts an IPO, in cash or shares of publicly traded stock, at the Compensation Committee’s discretion. Settlement will be made as soon as practicable after vesting, but in any case no later than 15 March of the year following. Vesting of the LTIP RSUs and LTIP PSUs may be accelerated in certain circumstances, including upon the participant’s death, disability or in the event of a change of control.

Changes during 2013 were as follows:

	2013		2012	
	LTIP RSUs	Weighted average Fair value at the grant date (€)	LTIP RSUs	Weighted average Fair value at the grant date (€)
Outstanding shares unvested at the beginning of the year	1,805,123	5.78	-	-
Granted	1,628,822	6.89	1,835,833	5.73
Vested	(615,315)	5.77	(20,123)	5.91
Forfeited	(120,423)	6.20	(10,587)	5.91
<b>Outstanding shares unvested at the end of the year</b>	<b>2,698,207</b>	<b>6.13</b>	<b>1,805,123</b>	<b>5.78</b>

	2013		2012	
	LTIP PSUs	Weighted average Fair value at the grant date (€)	LTIP PSUs	Weighted average Fair value at the grant date (€)
Outstanding shares unvested at the beginning of the year	8,419,684	5.78	-	-
Granted	587,091	7.15	8,450,275	5.73
Vested	-	-	-	-
Forfeited	(589,264)	5.77	(30,591)	5.91
<b>Outstanding shares unvested at the end of the year</b>	<b>8,417,511</b>	<b>5.64</b>	<b>8,419,684</b>	<b>5.78</b>

The expense recognized in connection with these plans in 2013 was €36 million (€24 million in 2012). Total unrecognized compensation expenses at 31 December 2013 was approximately €32 million. These expenses will be recognized over the remaining service periods based upon the assessment of the performance conditions being achieved.

## 25. Provisions for employee benefits

Group's provisions and net assets for employee benefits are as follows:

(€ million)	At 31 December 2013	At 31 December 2012	At 1 January 2012
Present value of defined benefit obligations:			
Pension benefits	23,136	26,973	25,202
Health care and life insurance plans	1,945	2,289	2,070
Other post-employment benefits	984	960	919
<b>Total present value of defined benefit obligations</b>	<b>26,065</b>	<b>30,222</b>	<b>28,191</b>
<b>Fair value of plan assets</b>	<b>18,982</b>	<b>20,049</b>	<b>20,005</b>
Asset ceiling	3	-	-
<b>Total net defined benefit plans</b>	<b>7,086</b>	<b>10,173</b>	<b>8,186</b>
of which:			
Net defined benefit liability	7,181	10,256	8,280
(Defined benefit plan asset)	(95)	(83)	(94)
Other provisions for employees and liabilities for share based payments	1,084	1,230	1,304
<b>Total Provisions for employee benefits</b>	<b>8,265</b>	<b>11,486</b>	<b>9,584</b>

The Group provides post-employment benefits for certain of their active employees and retirees. The way these benefits are provided varies according to the legal, fiscal and economic conditions of each country in which the Group operates and may change periodically. The plans are classified by the Group on the basis of the type of benefit provided as follows: Pension benefits, Health care and life insurance plans, and Other post-employment benefits. Moreover, Group companies provide post-employment benefits, such as pension or health care benefits, to its employees under defined contribution plans. In this case, the Group pays contributions to public or private insurance plans on a legally mandatory, contractual, or voluntary basis. By paying these contributions the Group fulfills all of its obligations. The Group recognizes the cost for defined contribution plans over the period in which the employee renders service and classifies this by function in Cost of sales, Selling, general and administrative costs and Research and development costs. In 2013 this costs totaled €1,288 million (€1,087 million in 2012).

### Pension benefits

Group companies in the United States, Canada and Mexico sponsor both non-contributory and contributory defined benefit pension plans. The non-contributory pension plans cover certain hourly and salaried employees. Benefits are based on a fixed rate for each year of service. Additionally, contributory benefits are provided to certain salaried employees under the salaried employees' retirement plans. These plans provide benefits based on the employee's cumulative contributions, years of service during which the employee contributions were made and the employee's average salary during the five consecutive years in which the employee's salary was highest in the 15 years preceding retirement.

In the United Kingdom, the Group participates, amongst others, in a pension plan financed by various entities belonging to the Group, called the "Fiat Group Pension Scheme" covering mainly deferred and retired employees.

Liabilities arising from these plans are usually funded by contributions made by Group subsidiaries and, at times by their employees, into legally separate trusts from which the employee benefits are paid. The Group's funding policy for defined benefit pension plans is to contribute at least the minimum amounts required by applicable laws and regulations. Occasionally, additional discretionary contributions in excess of these legally required are made to achieve certain desired funding levels. In the U.S. these excess amounts are tracked, and the resulting credit balance can be used to satisfy minimum funding requirements in future years. As of 31 December 2013, the combined credit balances for the U.S. qualified pension plans was approximately €1.9 billion, the usage of this credit balances to satisfy minimum funding requirements is subject to the plans maintaining certain funding levels. The Group contributions to funded pension plans for 2014 are expected to be €666 million, of which €647 million related to Chrysler and more specifically, €573 million are discretionary contributions and €74 million will be made to satisfy minimum funding requirement. The expected benefit payments for pension plans are as follows:

(€ million)	Expected benefit payments
2014	1,654
2015	1,623
2016	1,598
2017	1,572
2018	1,554
2019-2023	7,552

The following summarizes the changes in the pension plans:

(€ million)	2013				2012			
	Obligation	Fair value of plan assets	Asset ceiling	Liability (asset)	Obligation	Fair value of plan assets	Asset ceiling	Liability (asset)
<b>Amounts at 1 January</b>	<b>26,973</b>	<b>(20,049)</b>	-	<b>6,924</b>	<b>25,202</b>	<b>(20,005)</b>	-	<b>5,197</b>
<b>Included in the Income statement</b>								
Current service cost	292	-	-	<b>292</b>	271	-	-	271
Interest expense/(income)	1,026	(768)	-	<b>258</b>	1,199	(942)	-	257
Other administration costs	-	42	-	<b>42</b>	-	44	-	44
Past service costs (credits) and gains or losses arising from settlements	(176)	14	-	<b>(162)</b>	10	-	-	10
<b>Included in Other comprehensive income/losses</b>								
Actuarial losses (gains) from:								
- Demographic assumptions	(35)	-	-	<b>(35)</b>	172	-	-	172
- Financial assumptions	(1,943)	(1)	-	<b>(1,944)</b>	2,556	-	-	2,556
- Other	(2)	2	-	<b>-</b>	(248)	-	-	(248)
Return on assets	-	(518)	-	<b>(518)</b>	-	(989)	-	(989)
Changes in the effect of limiting net assets	-	-	3	<b>3</b>	-	-	-	-
Changes in exchange rates	(1,352)	1,107	-	<b>(245)</b>	(402)	286	-	(116)
<b>Other</b>								
Employer contributions	-	(458)	-	<b>(458)</b>	-	(216)	-	(216)
Plan participant contributions	9	(9)	-	<b>-</b>	10	(9)	-	(9)
Benefits paid	(1,673)	1,667	-	<b>(6)</b>	(1,796)	1,781	-	(15)
Other changes	17	(11)	-	<b>6</b>	(1)	1	-	-
<b>Amounts at 31 December</b>	<b>23,136</b>	<b>(18,982)</b>	<b>3</b>	<b>4,157</b>	<b>26,973</b>	<b>(20,049)</b>	-	<b>6,924</b>

During the second quarter of 2013, Chrysler amended its U.S. and Canadian salaried defined benefit pension plans. The U.S. plans were amended in order to comply with U.S. regulations, cease the accrual of future benefits effective 31 December 2013, and enhance the retirement factors. The Canada amendment ceases the accrual of future benefits effective 31 December 2014, enhances the retirement factors and continues to consider future salary increases for the affected employees. An interim re-measurement was performed for these plans, which resulted a curtailment gain of €166 million recognized in unusual income in the Income statement (see Note 8). In addition, the Group recognized a €509 million reduction to its pension obligation, a €7 million reduction to defined benefit plan assets and a corresponding €502 million increase in accumulated Other comprehensive income/(losses).

During 2013 an increase in discount rates resulted in actuarial gains for the year ended 31 December 2013, compared with actuarial losses for the year ended 31 December 2012, when interest rates declined from the prior year end. The actuarial losses were partially offset by the return on plan assets during the year.

The fair value of plan assets by class is as follows:

(€ million)	At 31 December 2013		At 31 December 2012	
	Amount	of which have a quoted market price in an active market	Amount	of which have a quoted market price in an active market
<b>Cash and cash equivalent</b>	<b>532</b>	<b>401</b>	<b>516</b>	<b>403</b>
US equity securities	2,047	2,033	1,882	1,787
Non-US equity securities	1,540	1,531	1,558	1,549
Commingled funds	1,518	195	967	69
<b>Equity instruments</b>	<b>5,105</b>	<b>3,759</b>	<b>4,407</b>	<b>3,405</b>
Government securities	2,545	729	3,632	1,708
Corporate bonds (including Convertible and high yield bonds)	5,049	38	5,271	11
Other fixed income	635	-	717	1
<b>Fixed income securities</b>	<b>8,229</b>	<b>767</b>	<b>9,620</b>	<b>1,719</b>
Private equity funds	1,713	-	1,861	-
Mutual funds	4	-	3	3
Real estate funds	1,222	-	1,221	-
Hedge funds	1,759	-	1,844	-
<b>Investments funds</b>	<b>4,698</b>	<b>-</b>	<b>4,929</b>	<b>3</b>
<b>Insurance contracts and other</b>	<b>418</b>	<b>46</b>	<b>577</b>	<b>7</b>
<b>Total fair value of plan assets</b>	<b>18,982</b>	<b>4,974</b>	<b>20,049</b>	<b>5,537</b>

Non-US Equity securities are invested broadly in developed international and emerging markets. Debt instruments are fixed income securities which comprise primarily long duration U.S. Treasury and global government bonds, as well as U.S. developed international and emerging market companies' debt securities diversified by sector, geography and through a wide range of market capitalization. Private equity funds include those in limited partnerships that invest primarily in operating companies that are not publicly traded on a stock exchange. Real estate investments includes those in limited partnerships that invest in various commercial and residential real estate projects both domestically and internationally. Hedge fund investments include those seeking to maximize absolute return using a broad range of strategies to enhance returns and provide additional diversification.

The investment strategies and objectives for pension assets in the U.S., Canada and Mexico reflect a balance of liability-hedging and return-seeking investment considerations. The investment objectives are to minimize the volatility of the value of the pension assets relative to the pension liabilities and to ensure assets are sufficient to pay plan obligations. The objective of minimizing the volatility of assets relative to liabilities is addressed primarily through asset diversification, partial asset-liability matching and hedging. Assets are broadly diversified across many asset classes to achieve risk-adjusted returns that, in total, lower asset volatility relative to the liabilities. Additionally, in order to minimize pension asset volatility relative to the pension liabilities, a portion of the pension plan assets are allocated to fixed income securities. The group policy, for these plans, rebalances investments regularly and ensures actual allocations are in line with target allocations as appropriate.

Assets are actively managed, primarily, by external investment managers. Investment managers are not permitted to invest outside of the asset class or strategy for which they have been appointed. The Group uses investment guidelines to ensure investment managers invest solely within the mandated investment strategy. Certain investment managers use derivative financial instruments to mitigate the risk of changes in interest rates and foreign currencies impacting the fair values of certain investments. Derivative financial instruments may also be used in place of physical securities when it is more cost effective and/or efficient to do so. Plan assets do not include shares of Fiat S.p.A. or properties occupied by Group companies.

Sources of potential risk in the pension plan assets measurements relate to market risk, interest rate risk and operating risk. Market risk is mitigated by diversification strategies and as a result, there are no significant concentrations of risk in terms of sector, industry, geography, market capitalization, or counterparty. Interest rate risk is mitigated by partial asset–liability matching. The fixed income target asset allocation partially matches the bond–like and long–dated nature of the pension liabilities. Interest rate increases generally will result in a decline in the fair value of the investments in fixed income securities and the present value of the obligations. Conversely, interest rate decreases generally will increase the fair value of the investments in fixed income securities and the present value of the obligations.

The weighted average assumptions used to determine the defined benefit obligations are as follows:

(In %)	At 31 December 2013			At 31 December 2012		
	USA	Canada	UK	USA	Canada	UK
Discount rate	4.7	4.6	4.5	4.0	3.9	4.6
Future salary increase rate	3.0	3.5	3.1	3.0	3.5	3.0

The discount rates are used in measuring the obligation and the interest expense/(income) of net period cost. The Group selects these rates on the basis of the rate on return on high-quality (AA rated) fixed income investments for which the timing and amounts of payments match the timing and amounts of the projected pension and other post-employment plan. The average duration of the U.S. and Canadian liabilities was approximately 11 and 12 years, respectively. The average duration of the UK pension liabilities was approximately 21 years.

The effect of the increase or decrease of 0.1% in the assumed discount rate, holding all other assumptions constant, would be as follows:

(€ million)	0.1% decrease in discount rate	0.1% increase in discount rate
Effect on defined benefit obligation	265	(261)

### Health care and life insurance plans

Liabilities arising from these plans comprise obligations for retiree health care and life insurance granted to employees and to retirees in the U.S. and Canada by Chrysler Group companies. Upon retirement from the Company, these employees may become eligible for continuation of certain benefits. Benefits and eligibility rules may be modified periodically. These plans are unfunded. The expected benefit payments for unfunded health care and life insurance plans are as follows:

(€ million)	Expected benefit payments
2014	128
2015	127
2016	127
2017	127
2018	126
2019-2023	631

Changes in the net defined benefit obligations for healthcare and life insurance plans are as follows:

(€ million)	2013	2012
<b>Present value of obligations at 1 January</b>	<b>2,289</b>	<b>2,070</b>
<b>Included in Income statement</b>		
Current service cost	23	22
Interest expense	89	103
Past service costs (credits) and gains or losses arising from settlements	-	(6)
<b>Included in OCI</b>		
Actuarial losses (gains) from:		
Demographic assumptions	(21)	52
Financial assumptions	(207)	231
Other	11	(1)
Effect of movements in exchange rates	(112)	(38)
<b>Other</b>		
Benefits paid	(126)	(145)
Other	(1)	1
<b>Present value of obligations at 31 December</b>	<b>1,945</b>	<b>2,289</b>

Health care and life insurance plans are accounted for on an actuarial basis, which requires the selection of various assumptions, in particular, it requires the use of estimates of the present value of the projected future payments to all participants, taking into consideration the likelihood of potential future events such as health care cost increases and demographic experience.

The weighted average assumptions used to determine the defined benefit obligations are as follows:

(In %)	At 31 December 2013		At 31 December 2012	
	USA	Canada	USA	Canada
Discount rate	4.9	4.7	4.1	3.9
Salary growth	n/a	2.7	n/a	2.7
Weighted average ultimate healthcare cost trend rate	5.0	3.6	5.0	3.7

The discount rates used for the measurement of these obligations are based on yields of high-quality (AA-rated) fixed income securities for which the timing and amounts of payments match the timing and amounts of the projected benefit payments. The average duration of the U.S. and Canadian liabilities was approximately 12 and 15 years, respectively.

The effect of the increase or decrease of 0.1% in the assumed discount rate, holding all other assumptions constant, is as follows:

(€ million)	0.1% decrease in discount rate	0.1% increase in discount rate
Effect on defined benefit obligation	24	(23)

The annual rate of increase in the per capita cost of covered U.S. health care benefits assumed for 2013 was 6.8% (8.0% in 2012). The annual rate was assumed to decrease gradually to 5.0% after 2017 and remain at that level thereafter. The annual rate of increase in the per capita cost of covered Canadian health care benefits assumed for 2013 was 3.3% (3.7% in 2012). The annual rate was assumed to remain at 3.6% thereafter.

The assumed health care cost trend rate has a significant effect on the amounts reported for postretirement health care and life insurance benefits. A one percentage point change in the assumed health care cost trend rate for U.S. and Canada combined would have the following effects as of 31 December 2013:

(€ million)	1 % decrease in assumed health care trend rate	1 % increase in assumed health care trend rate
Effect on defined benefit obligation	(40)	48

#### *Other post-employment benefits*

Other post-employment benefits includes other employee benefits granted to Group employees in Europe and comprise, amongst other, the Italian TFR (obligation amounting to €825 million at 31 December 2013 and to €796 million at 31 December 2012), consisting of the residual obligation for the benefit due to employees of Italian companies until 31 December 2006, having more than 50 employees and accrued over the employee's working life for the others and settled when an employee leaves the Group. These schemes are unfunded.

Changes in defined benefit obligations for other post-employment benefits are as follows:

(€ million)	2013	2012
<b>Present value of obligations at 1 January</b>	<b>960</b>	<b>919</b>
<b>Included in Income statement</b>		
Current service cost	9	8
Interest expenses	15	24
Past service costs (credits) and gains or losses arising from settlements	-	(3)
<b>Included in OCI</b>		
Actuarial losses (gains) from:		
Demographic assumptions	(1)	(4)
Financial assumptions	34	51
Other	23	25
Effect of movements in exchange rates	(4)	2
<b>Other</b>		
Benefits paid	(57)	(76)
Change in the scope of consolidation	21	-
Other	(16)	14
<b>Present value of obligations at 31 December</b>	<b>984</b>	<b>960</b>

The main assumptions used in developing the required estimates for other post-employment benefits include the discount rate, the retirement or employee leaving rate and the mortality rates.

The discount rates used for the measurement of the Italian TFR obligation are based on yields of high-quality (AA rated) fixed income securities for which the timing and amounts of payments match the timing and amounts of the projected benefit payments. For this plan, the single weighted average discount rate that reflects the estimated timing and amount of the scheme future benefit payments for 2013 is equal to 2.77% (3.4% in 2012). The average duration of the Italian TFR is approximately 7 years. Retirement or employee leaving rates are developed to reflect actual and projected Group experience and law requirements for retirement in Italy. The effect on the TFR obligation of 1% increase or decrease in the assumed discount rate, holding all other assumption constant, is negative for €43 million and positive for €52 million respectively.

#### *Other provisions for employees and liabilities for share based payments*

At 31 December 2013, Other provisions for employees and liabilities for share based payments comprised other long term benefits obligations for €332 million (€323 million at 31 December 2012), representing the expected obligation for benefits as jubilee and long term disability granted to certain employees by the Group. This item also comprised Liabilities for share-based payments amounting to €123 million at 31 December 2013 (€125 million at 31 December 2012).

**26. Other provisions**

Changes in Other provisions are as follows:

(€ million)	At 31 December 2012	Charge	Utilization	Release to income	Translation differences	Changes in the scope of consolidation and other changes	At 31 December 2013
Warranty provision	3,617	1,962	(1,720)	(13)	(194)	4	3,656
Restructuring provision	261	41	(90)	(21)	(2)	2	191
Investment provision	13	-	-	-	(2)	1	12
Other risks	4,899	8,279	(7,507)	(217)	(222)	4	5,236
<b>Total Other provisions</b>	<b>8,790</b>	<b>10,282</b>	<b>(9,317)</b>	<b>(251)</b>	<b>(420)</b>	<b>11</b>	<b>9,095</b>

The effect of discounting these provisions is €21 million in 2013.

The warranty provision represents the best estimate of commitments given by the Group for contractual, legal, or constructive obligations arising from product warranties given for a specified period of time beginning at the date of sale to the end customer. This estimate is principally based on assumptions regarding the lifetime warranty costs of each vehicle and each model year of that vehicle line, as well as historical claims experience for vehicles. The Group establishes provisions for product warranty obligations when the related sale is recognized. Warranty provisions also include management's best estimate of the costs that are expected to be incurred in connection with product defects that could result in a general recall of vehicles, which are estimated by making an assessment of the historical occurrence of defects on a case-by-case basis and are accrued when a reliable estimate of the amount of the obligation can be made.

The restructuring provision at 31 December 2013 consists of termination benefits of €106 million (€194 million at 31 December 2012) payable to employees in connection with restructuring plans, manufacturing rationalization costs of €15 million (€21 million at 31 December 2012) and other costs of €70 million (€46 million at 31 December 2012). These provisions are related to car mass-market operations for €94 million, Components €28 million and Other activities €69 million.

The provision for other risks represents the amounts provided by the individual companies of the Group in connection mainly with contractual and commercial risks and disputes. Details of this item are as follows:

(€ million)	At 31 December 2013	At 31 December 2012
Sales incentives	2,993	2,622
Legal proceedings and other disputes	545	528
Commercial risks	371	393
Environmental risks	29	36
Indemnities	62	62
Other reserves for risk and charges	1,236	1,258
<b>Total Other risks</b>	<b>5,236</b>	<b>4,899</b>

A description of these follows:

- Sales incentives that are offered on a contractual basis to the Group's dealer networks, primarily on the basis of a specific cumulative level of sales transactions during a certain period. The provision also includes sales cash incentives provided to retail customers.
- Legal proceedings and other disputes, this provision represents management's best estimate of the liability to be recognized by the Group with regard to legal proceedings arising in the ordinary course of business with dealers, customers, suppliers or regulators (such as contractual or patent disputes), legal proceedings involving claims with active and former employees and Legal proceedings involving different tax authorities.

None of these provisions is individually significant. Each Group company recognizes a provision for legal proceedings when it is deemed probable that the proceedings will result in an outflow of resources. In determining their best estimate of the liability, each Group company evaluates their legal proceedings on a case-by-case basis to estimate the probable losses that typically arise from events of the type giving rise to the liability. Their estimate takes into account, as applicable, the views of legal counsel and other experts, the experience of the Group and others in similar situations and the Group's intentions with regard to further action in each proceeding. Group's consolidated provision combines these individual provisions established by each of the Group's companies.

- Commercial risks arising in connection with the sale of products and services such as maintenance contracts. An accrual is recorded when the expected costs to complete the services under these contracts exceed the revenues expected to be realized.
- Environmental risks, this provision represents best estimate of the Group's probable environmental obligations. Amounts included in the estimate comprise direct costs to be incurred by the Group in connection with environmental obligations associated with current or formerly owned facilities and sites. This provision also includes costs related to claims on environmental matters.
- Indemnities estimated by the Group in connection with divestitures. These liabilities primarily arise from indemnities relating to contingent liabilities in existence at the time of the sale, as well as those covering any possible breach of the representations and warranties provided in the contract and, in certain instances, environmental or tax matters. These provisions were determined estimating the amount of the expected outflow of resources, taking into consideration the relevant level of probability of occurrence.
- Other risk and charges, this provision includes, among others, the estimated product liability costs arising from personal injuries alleged to be the result of product defects. The valuation of the reserve is actuarially determined on an annual basis based on, among other factors, the number of vehicles sold and product liability claims incurred.

**27. Debt**

Breakdown of debt by category and by maturity is as follows:

(€ million)	At 31 December 2013				At 31 December 2012			
	due within one year	due between one and five years	due beyond five years	Total	due within one year	due between one and five years	due beyond five years	Total
Asset-backed financing	586	10	-	<b>596</b>	436	13	-	<b>449</b>
Bonds	2,572	8,317	3,577	<b>14,466</b>	1,389	8,295	3,032	<b>12,716</b>
Borrowings from banks	2,436	5,609	607	<b>8,652</b>	2,489	5,084	566	<b>8,139</b>
Payables represented by securities	554	1,374	2,604	<b>4,532</b>	516	1,220	3,137	<b>4,873</b>
Other	990	348	318	<b>1,656</b>	981	352	379	<b>1,712</b>
Total Other debt	6,552	15,648	7,106	<b>29,306</b>	5,375	14,951	7,114	<b>27,440</b>
<b>Total Debt</b>	<b>7,138</b>	<b>15,658</b>	<b>7,106</b>	<b>29,902</b>	<b>5,811</b>	<b>14,964</b>	<b>7,114</b>	<b>27,889</b>

At 31 December 2013, Debt includes €9,458 million (€10,312 million at 31 December 2012) of Chrysler debt due to third parties.

Debt increased by €2,013 million at 31 December 2013. Net of foreign exchange translation effects and scope of consolidation, the increase in Debt was €3,092 million: the Group issued new bonds for €2,866 million during the year and repaid bonds on maturity for €1,000 million; during the year, medium and long-term loans obtained by the Group amounted to €2,593 million while medium and long-term borrowings repayments amounted to €1,954 million<sup>(1)</sup>.

Asset-backed financing represents the amount of financing received through factoring transactions which do not meet IAS 39 derecognition requirements and is recognized as an asset in the Statement of financial position under Current receivables and other current assets (Note 18). Asset-backed financing increased by €147 million in 2013.

<sup>(1)</sup> These amounts exclude the proceeds and repayments of €595 million arising from the amendments to the Tranche B Term Loan made in June 2013 by Chrysler.

The annual effective interest rates and the nominal currencies of debt at 31 December 2013 are as follows:

(€ million)	Interest rate					Total at 31 December 2013
	less than 5%	from 5% to 7.5%	from 7.5% to 10%	from 10% to 12.5%	greater than 12.5%	
Euro	5,043	7,412	2,253	90	-	<b>14,798</b>
US Dollar	2,962	122	5,744	12	169	<b>9,009</b>
Brazilian Real	1,271	431	256	1,190	-	<b>3,148</b>
Swiss Franc	378	672	-	-	-	<b>1,050</b>
Canadian Dollar	39	79	584	-	-	<b>702</b>
Mexican Peso	-	-	414	-	-	<b>414</b>
Chinese Renminbi	2	292	66	-	-	<b>360</b>
Polish Zloty	141	15	-	10	-	<b>166</b>
British Pound	116	-	-	-	-	<b>116</b>
Argentine Peso	-	-	33	-	64	<b>97</b>
Other	33	2	3	-	4	<b>42</b>
<b>Total Debt</b>	<b>9,985</b>	<b>9,025</b>	<b>9,353</b>	<b>1,302</b>	<b>237</b>	<b>29,902</b>

For further information on the management of interest rate and currency risk reference should be made to Note 35.

At 31 December 2013, debt secured by assets of the Fiat Group excluding Chrysler amounts to €416 million (€363 million at 31 December 2012), of which €370 million (€276 million at 31 December 2012) due to creditors for assets acquired under finance leases. The total carrying amount of assets acting as security for loans amounts to €401 million at 31 December 2013 (€296 million at 31 December 2012).

At 31 December 2013, debt secured by assets of Chrysler amounts to €5,180 million (€5,530 million at 31 December 2012), and includes €4,448 million (€4,665 million at 31 December 2012) relating to the *Secured Senior Notes* and the *Senior Secured Credit Facility* (the “*Tranche B Term Loan*” and the “*Revolving Credit Facility*”, which at 31 December 2013 was undrawn), €165 million (€183 million at 31 December 2012) was due to creditors for assets acquired under finance leases and other debt and financial commitments for €567 million (€682 million at 31 December 2012).

In addition, at 31 December 2013 the Group's assets include current receivables to settle Asset-backed financing of €596 million (€449 million at 31 December 2012), see Note 18.

### Bonds

The bond issues outstanding at 31 December 2013 are as follows:

	Currency	Face value of outstanding bonds (in million)	Coupon	Maturity	Outstanding amount (€ million)
<b>GLOBAL MEDIUM TERM NOTES:</b>					
Fiat Finance and Trade Ltd S.A. <sup>(1)</sup>	EUR	900	6.125%	8 July 2014	900
Fiat Finance and Trade Ltd S.A. <sup>(1)</sup>	EUR	1,250	7.625%	15 September 2014	1,250
Fiat Finance and Trade Ltd S.A. <sup>(1)</sup>	EUR	1,500	6.875%	13 February 2015	1,500
Fiat Finance and Trade Ltd S.A. <sup>(2)</sup>	CHF	425	5.000%	7 September 2015	346
Fiat Finance and Trade Ltd S.A. <sup>(1)</sup>	EUR	1,000	6.375%	1 April 2016	1,000
Fiat Finance and Trade Ltd S.A. <sup>(1)</sup>	EUR	1,000	7.750%	17 October 2016	1,000
Fiat Finance and Trade Ltd S.A. <sup>(2)</sup>	CHF	400	5.250%	23 November 2016	326
Fiat Finance and Trade Ltd S.A. <sup>(1)</sup>	EUR	850	7.000%	23 March 2017	850
Fiat Finance North America Inc. <sup>(1)</sup>	EUR	1,000	5.625%	12 June 2017	1,000
Fiat Finance and Trade Ltd S.A. <sup>(2)</sup>	CHF	450	4.000%	22 November 2017	367
Fiat Finance and Trade Ltd S.A. <sup>(1)</sup>	EUR	1,250	6.625%	15 March 2018	1,250
Fiat Finance and Trade Ltd S.A. <sup>(1)</sup>	EUR	600	7.375%	9 July 2018	600
Fiat Finance and Trade Ltd S.A. <sup>(1)</sup>	EUR	1,250	6.750%	14 October 2019	1,250
Other	EUR	7			7
<b>TOTAL GLOBAL MEDIUM TERM NOTES</b>					<b>11,646</b>
<b>OTHER BONDS:</b>					
Chrysler Group LLC (Secured Senior Notes) <sup>(3)</sup>	USD	1,500	8.000%	15 June 2019	1,088
Chrysler Group LLC (Secured Senior Notes) <sup>(3)</sup>	USD	1,700	8.250%	15 June 2021	1,232
<b>TOTAL OTHER BONDS</b>					<b>2,320</b>
<b>HEDGING EFFECT AND AMORTISED COST VALUATION</b>					<b>500</b>
<b>TOTAL BONDS</b>					<b>14,466</b>

<sup>(1)</sup> Bond for which a listing on the Irish Stock Exchange was obtained.

<sup>(2)</sup> Bond for which a listing on the SIX Swiss Exchange was obtained.

<sup>(3)</sup> The Secured Senior Notes were issued at par on 24 May 2011 and initially sold in a private placement to qualified institutional buyers and non-US persons as defined by US Securities Act. On 29 December 2011, in accordance with the indenture, Chrysler commenced an offer to exchange the Original Notes outstanding for notes having substantially identical terms as those originally issued and the same principal amount but do not contain restrictions on transfer. The offer to exchange the Original Notes expired on 1 February 2012. Substantially all of the Original Notes were tendered for Secured Senior Notes.

Changes in bonds during 2013 are mainly due to:

- the issue by Fiat Finance and Trade Ltd S.A. as part of the *Global Medium Term Notes Programme* of 6.625% notes at par having a principal of €1,250 million and due March 2018;
- the repayment on maturity of a bond having a nominal value of €1 billion issued by Fiat Finance and Trade Ltd S.A. in 2006;
- the issue by Fiat Finance and Trade Ltd S.A. as part of the *Global Medium Term Notes Programme* of 6.75% notes at par having a principal of €850 million and due October 2019;
- the re-opening of the above €850 million 6.75% notes due October 2019, with the issue by Fiat Finance and Trade Ltd S.A. of a further €400 million of notes at 101.231% of par value and a yield to maturity of 6.50%, increasing the total principal amount of the bond to €1.25 billion;
- the issue by Fiat Finance and Trade Ltd S.A. as part of the *Global Medium Term Notes Programme* of 4.00% notes at par having a principal of CHF 450 million and due November 2017.

The bonds issued by Fiat and Chrysler are subject to different terms and conditions, which vary by issuer and, in some cases, by individual issuance. The prospectuses and/or indentures relating to the principal bond issues are available on the Group's website at [www.fiatspa.com](http://www.fiatspa.com) under "*Investors - Debt and Credit Ratings - Bonds*" and at [www.chryslergroupllc.com](http://www.chryslergroupllc.com) under "*Investor Relations - SEC filings*". These documents are unaudited.

Following the repayment on 15 February 2013 of the bond issued by Fiat Finance and Trade Ltd. S.A. having a nominal value of €1 billion, bearing fixed interest at 6.625%, all the bonds issued by the Fiat Group excluding Chrysler are currently governed by the terms and conditions of the *Global Medium Term Note Programme*. A maximum of €15 billion may be issued under this Program, of which notes of approximately €11.6 billion have been issued to 31 December 2013; the Program is guaranteed by Fiat S.p.A. The issuers taking part in the program include, amongst others, Fiat Finance and Trade Ltd. S.A. for an amount outstanding of €10.6 billion and Fiat Finance North America Inc. with a bond having a nominal value of €1 billion.

The companies in the Fiat Group may from time to time buy back bonds on the market that have been issued by the Group, also for purposes of their cancellation. Such buybacks, if made, depend upon market conditions, the financial situation of the Group and other factors which could affect such decisions.

Chrysler may redeem, at any time, all or any portion of the *Secured Senior Notes* on not less than 30 and not more than 60 days' prior notice mailed to the holders of the Notes to be redeemed.

- Prior to 15 June 2015, the 2019 *Secured Senior Notes* ("2019 Notes") will be redeemable at a price equal to the principal amount of the 2019 Notes being redeemed, plus accrued and unpaid interest to the date of redemption and a "make-whole" premium calculated under the indenture. At any time prior to 15 June 2014, Chrysler may also redeem up to 35% of the aggregate principal amount of the 2019 Notes, at a redemption price equal to 108% of the principal amount of the 2019 Notes being redeemed, plus accrued and unpaid interest to the date of redemption with the net cash proceeds from certain equity offerings. On and after 15 June 2015, the 2019 Notes are redeemable at redemption prices specified in the indenture, plus accrued and unpaid interest to the date of redemption. The redemption price is initially 104% of the principal amount of the 2019 Notes being redeemed for the twelve months beginning 15 June 2015, decreasing to 102% for the year beginning 15 June 2016 and to par on and after 15 June 2017.
- Prior to 15 June 2016, the 2021 *Secured Senior Notes* ("2021 Notes") will be redeemable at a price equal to the principal amount of the 2021 Notes being redeemed, plus accrued and unpaid interest to the date of redemption and a "make-whole" premium calculated under the indenture. At any time prior to 15 June 2014, Chrysler may also redeem up to 35% of the aggregate principal amount of the 2021 Notes, at a redemption price equal to 108.25% of the principal amount of the 2021 Notes being redeemed, plus accrued and unpaid interest to the date of redemption with the net cash proceeds from certain equity offerings. On and after 15 June 2016, the 2021 Notes are redeemable at redemption prices specified in the indenture, plus accrued and unpaid interest to the date of redemption. The redemption price is initially 104.125% of the principal amount of the 2021 Notes being redeemed for the twelve months beginning 15 June 2016, decreasing to 102.75% for the year beginning 15 June 2017, to 101.375% for the year beginning 15 June 2018 and to par on and after 15 June 2019.

The bonds issued by Fiat Finance and Trade Ltd S.A. and by Fiat Finance North America Inc. impose covenants on the issuer and, in certain cases, on Fiat S.p.A. as guarantor, which is standard international practice for similar bonds issued by companies in the same industry sector as the Group. Such covenants include: (i) negative pledge clauses which require that, in case any security interest upon assets of the issuer and/or Fiat S.p.A. is granted in connection with other bonds or debt securities having the same ranking, such security should be equally and ratably extended to the outstanding bonds; (ii) *pari passu* clauses, under which the bonds rank and will rank *pari passu* with all other present and future unsubordinated and unsecured obligations of the issuer and/or Fiat S.p.A.; (iii) periodic disclosure obligations; (iv) cross-default clauses which require immediate repayment of the bonds under certain events of default on other financial instruments issued by the Group's main entities; and, (v) other clauses that are generally applicable to securities of a similar type. A breach of these covenants can lead to the early repayment of the notes. In addition, the agreements for the bonds guaranteed by Fiat S.p.A. contain clauses which could lead to requirement to make early repayment if there is a change of the controlling shareholder of Fiat S.p.A. which leads to a resulting downgrading by the ratings agencies.

In addition, the indenture of the *Secured Senior Notes* issued by Chrysler Group LLC includes negative covenants which limited Chrysler's ability and, in certain instances, the ability of certain of its subsidiaries to, (i) pay dividends or make distributions of Chrysler's capital stock or repurchase Chrysler's capital stock; (ii) make certain payments; (iii) create certain liens to secure indebtedness; (iv) enter into sale and leaseback transactions; (v) engage in transactions with affiliates; (vi) merge or consolidate with certain companies and (vii) transfer and sell assets. The indenture provides for customary events of default, including but not limited to, (i) non-payment; (ii) breach of covenants in the indenture; (iii) payment defaults or acceleration of other indebtedness; (iv) a failure to pay certain judgments and (v) certain events of bankruptcy, insolvency and reorganization. If certain events of default occur and are continuing, the trustee or the holders of at least 25% in principal amount of the notes outstanding under one of the series may declare all of the notes of that series to be due and payable immediately, together with accrued interest, if any.

Chrysler's *Secured Senior Notes* are secured by liens junior to the *Senior Secured Credit Facilities* on substantially all of Chrysler Group LLC's assets and the assets of its U.S. subsidiary guarantors, including 100% of the equity interests in Chrysler's U.S. subsidiaries and 65% of the equity interests in its non U.S. subsidiaries held directly by Chrysler Group LLC and its U.S. subsidiary guarantors.

#### *Borrowing from banks*

At 31 December 2013, the item includes €2,119 million (€2,265 million at 31 December 2012) outstanding on the \$3.0 billion *Tranche B Term Loan* of Chrysler, payable in equal quarterly installments of \$7.5 million, with the remaining balance due at maturity in May 2017. Taking advantage of market conditions and its improved credit profile, in June 2013, Chrysler had reduced the interest rate for its \$3.0 billion *Tranche B Term Loan* and its undrawn \$1.3 billion *Revolving Credit Facility*, maturing in May 2016. Certain loan covenants were also amended to be consistent with those in the Chrysler's bond agreement. Subsequently, in December 2013, Chrysler further reduced the interest rate on the *Tranche B Term Loan*.

Medium/long term committed credit lines (expiring after twelve months) currently available to the treasury companies of Fiat Group excluding Chrysler amount to approximately €3.2 billion at 31 December 2013, of which €2.1 billion related to the 3-year syndicated revolving credit line due in July 2016 that was undrawn at 31 December 2013. In June 2013, Fiat S.p.A. signed a new €2 billion 3-year revolving credit line, which replaced the existing of €1.95 billion signed in July 2011. The syndication of the new line was successfully completed on 18 July 2013 with a group of 19 banks and, as a result of the positive response, the facility was increased to €2.1 billion.

Additionally, the operating entities of Fiat Group excluding Chrysler have committed credit lines available, with residual maturity after twelve months, to fund scheduled investments, of which approximately €1.8 billion was still undrawn at 31 December 2013.

The €2.1 billion syndicated credit facility of Fiat contains typical covenants for contracts of this type and size, such as financial covenants (Net Debt/EBITDA and EBITDA/Net Interest ratios related to industrial activities) and negative pledge, *pari passu*, cross default and change of control clauses. The failure to comply with these covenants, in certain cases if not suitably remedied, can lead to the requirement to make early repayment of the outstanding loans. Similar covenants are contemplated for loans granted by the European Investment Bank for a total of €1.1 billion, in order to fund the Group's investments and research and development costs. In addition, the above syndicated credit facility, currently contemplates limits to the capability to extend guarantees or loans to Chrysler.

At 31 December 2013, Chrysler has secured revolving credit facility ("*Revolving Credit Facility*") amounting to approximately €0.9 billion (\$1.3 billion), fully undrawn at that date and maturing in May 2016.

Chrysler's senior credit facilities, which include the above mentioned *Tranche B Term Facility* and the *Revolving Credit Facility*, are secured by a senior priority security interest in substantially all of Chrysler Group LLC's assets and the assets of its U.S. subsidiary guarantors, subject to certain exceptions. The collateral includes 100% of the equity interests in Chrysler's U.S. subsidiaries and 65% of the equity interests in its non U.S. subsidiaries held directly by Chrysler Group LLC and its U.S. subsidiary guarantors.

The *Senior Secured Credit Agreement* includes negative covenants, including but not limited to: (i) limitations on incurrence, repayment and prepayment of indebtedness; (ii) limitations on incurrence of liens; (iii) limitations on making certain payments; (iv) limitations on transactions with affiliates, swap agreements and sale and leaseback transactions; (v) limitations on fundamental changes, including certain asset sales and (vi) restrictions on certain subsidiary distributions. In addition, the *Senior Secured Credit Agreement* requires Chrysler to maintain a minimum ratio of "borrowing base" to "covered debt" (as defined in the Facility), as well as a minimum liquidity of \$3.0 billion, which includes any undrawn amounts on the *Revolving Credit Facility*.

The *Senior Secured Credit Agreement* contains a number of events of default related to: (i) failure to make payments when due; (ii) failure to comply with covenants; (iii) breaches of representations and warranties; (iv) certain changes of control; (v) cross-default with certain other debt and hedging agreements and (vi) the failure to pay certain material judgments.

#### *Payables represented by securities*

At 31 December 2013, the item Payables represented by securities includes the *VEBA Trust Note* of €3,575 million (€3,863 million at 31 December 2012), which represents Chrysler's financial liability to the International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America ("UAW") Retiree Medical Benefits Trust ("*VEBA Trust*") having a carrying value of \$4,715 million (€3,419 million). This financial liability was recognized by Chrysler in connection with the settlement of obligations related to postretirement healthcare benefits for certain UAW retirees. The *VEBA Trust Note* has an implied interest rate of 9.0% and requires annual payments of principal and interest through 15 July 2023. On 7 February 2014, Chrysler repaid the *VEBA Trust Note* through the issuance of secured senior notes for \$3 billion and senior secured credit facilities for \$2 billion (as described in Note 39 – *Subsequent events*).

At 31 December 2013, Chrysler's Payables represented by securities also includes the *Canadian Health Care Trust Notes* totaling €703 million (€864 million at 31 December 2012), which represents Chrysler's financial liability to the *Canadian Health Care Trust* arising from the settlement of postretirement health care benefits for represented employees, retirees and dependants of *Chrysler Canada Inc.'s National Automobile, Aerospace, Transportation and General Workers Union of Canada* ("CAW"). These notes were issued in four tranches maturing up to 2024.

*Other*

At 31 December 2013, payables for finance leases amount to €535 million and may be analyzed as follows:

(€ million)	At 31 December 2013				At 31 December 2012			
	due within one year	due between one and five years	due beyond five years	Total	due within one year	due between one and five years	due beyond five years	Total
Minimum future lease payments	80	279	261	<b>620</b>	90	246	215	<b>551</b>
Interest expense	(20)	(52)	(13)	<b>(85)</b>	(20)	(57)	(15)	<b>(92)</b>
<b>Present value of minimum lease payments</b>	<b>60</b>	<b>227</b>	<b>248</b>	<b>535</b>	<b>70</b>	<b>189</b>	<b>200</b>	<b>459</b>

At 31 December 2013, the Fiat Group excluding Chrysler had outstanding financial lease agreements for certain Property, plant and equipment whose overall net carrying amount totals €377 million (€268 million at 31 December 2012) (Note 15). As discussed in Note 15, finance lease payables also relate to suppliers' assets recognized in the Consolidated financial statements in accordance with IFRIC 4.

*Net financial position*

In compliance with the Consob Regulation issued on 28 July 2006 and in conformity with the ESMA update of the CESR's "Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses", the Net financial position of the Group at 31 December 2013 is as follows

(€ million)	At 31 December 2013		At 31 December 2012	
	Total	of which Related parties (Note 31)	Total	of which Related parties (Note 31)
A. Cash and cash equivalents	19,439	-	17,657	-
B. Current securities	247	-	256	-
<b>C. Liquidity (C) = (A+B)</b>	<b>19,686</b>	<b>-</b>	<b>17,913</b>	<b>-</b>
<b>D. Receivables from financing activities (Current financial receivables)</b>	<b>3,671</b>	<b>163</b>	<b>3,727</b>	<b>201</b>
<b>E. Other financial assets</b>	<b>533</b>	<b>-</b>	<b>519</b>	<b>-</b>
<b>F. Debt</b>	<b>29,902</b>	<b>448</b>	<b>27,889</b>	<b>272</b>
<b>G. Other financial liabilities</b>	<b>137</b>	<b>-</b>	<b>201</b>	<b>-</b>
<b>H. Net financial position (H) = (C+D+E-F-G)</b>	<b>(6,149)</b>	<b>(285)</b>	<b>(5,931)</b>	<b>(71)</b>

The item Receivables from financing activities includes the entire portfolio of the Consolidated financial services entities, classified as current assets as they will be realized during the normal operating cycle of these companies.

The following is reconciliation between the Net financial position as presented in the above table and Net debt as presented in the Report on Operations:

(€ million)	At 31 December 2013	At 31 December 2012
	Total Fiat Group	Total Fiat Group
<b>Consolidated net debt as presented in the Report on Operations</b>	<b>(9,793)</b>	<b>(9,600)</b>
Less: Current financial receivables, excluding those due from jointly controlled financial services companies, amounting to €27 million at 31 December 2013 (€58 million at 31 December 2012), and financial receivables for leased assets under IFRIC 4	3,644	3,669
<b>Net financial position</b>	<b>(6,149)</b>	<b>(5,931)</b>

Reference should be made to Notes 18, 19, 20 and 21 and the information provided in this Note for a further analysis of the items in the table.

## 28. Trade payables

Trade payables of €17,235 million at 31 December 2013 increased by €677 million over 31 December 2012 and entirely due within one year.

## 29. Other current liabilities

An analysis of Other current liabilities is as follows:

(€ million)	At 31 December 2013	At 31 December 2012
Advances on buy-back agreements	1,583	1,198
Indirect tax payables	1,302	1,233
Accrued expenses and deferred income	2,364	1,920
Payables to personnel	778	728
Social security payables	343	321
Amounts due to customers for contract work (Note 17)	212	178
Other	2,361	2,203
<b>Total Other current liabilities</b>	<b>8,943</b>	<b>7,781</b>

An analysis of Other current liabilities (excluding Accrued expenses and deferred income) by due date is as follows:

(€ million)	At 31 December 2013				At 31 December 2012			
	due within one year	due between one and five years	due beyond five years	Total	due within one year	due between one and five years	due beyond five years	Total
<b>Total Other current liabilities (excluding Accrued expenses and deferred income)</b>	5,717	840	22	<b>6,579</b>	5,124	703	34	<b>5,861</b>

The item Advances on buy-back agreements refers to buy-back agreements entered into by the Group and comprises the price received for the product recognized as an advance at the date of the sale, and subsequently, the repurchase price and the remaining lease installments yet to be recognized.

Indirect tax payables includes taxes on commercial transactions accrued by the Brazilian subsidiary FIASA for which the company (as well as a number of important industrial groups which operate in Brazil) is awaiting the decision by the Supreme Court regarding its claim alleging double taxation. In March 2007, FIASA received a preliminary trial court decision allowing the payment of such tax on a taxable base consistent with the company's position. Since it is a preliminary decision and the amount may be required to be paid to the tax authorities at any time, the difference between the tax payments as preliminary allowed and the full amount determined as required by the legislation still in force is recognized as a current liability due between one and five years. Timing for the Supreme Court decision is not predictable.

Deferred income includes the revenues not yet recognized in relation to separately-priced extended warranties and service contracts offered by Chrysler. These revenues will be recognized in the Income statement over the contract period in proportion to the costs expected to be incurred based on historical information. In addition, at 31 December 2013, the item also include €214 million deferred income arising from the donation of a land from the State of Pernambuco. This deferred income will be recognized in the Income statement starting from the entering in to activity of the plant (see Note 15).

### 30. Fair value measurement

IFRS 13 establishes a hierarchy that categorizes into three levels the inputs to the valuation techniques used to measure fair value by giving the highest priority to quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1 inputs) and the lowest priority to unobservable inputs (level 3 inputs). In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy at the lowest level input that is significant to the entire measurement.

Levels used in the hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities that the Group can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the assets and liabilities.

### Assets and liabilities that are measured at fair value on a recurring basis

The following table shows the fair value hierarchy for financial assets and liabilities that are measured at fair value on a recurring basis at 31 December 2013:

(€ million)	Note	Level 1	Level 2	Level 3	Total
Assets at fair value available for sale:					
Investments at fair value with changes directly in Other comprehensive income/(losses)	(16)	134	14	-	<b>148</b>
Investments at fair value through profit or loss	(16)	151	-	-	<b>151</b>
Other non-current securities	(16)	42	-	12	<b>54</b>
Current securities available-for-sale	(19)	92	-	-	<b>92</b>
Financial assets at fair value held-for-trading:					
Current investments		35	-	-	<b>35</b>
Current securities held for trading	(19)	155	-	-	<b>155</b>
Other financial assets	(20)	20	509	4	<b>533</b>
Cash and cash equivalents	(21)	18,498	941	-	<b>19,439</b>
<b>Total Assets</b>		<b>19,127</b>	<b>1,464</b>	<b>16</b>	<b>20,607</b>
Other financial liabilities	(20)	-	135	2	<b>137</b>
<b>Total Liabilities</b>		<b>-</b>	<b>135</b>	<b>2</b>	<b>137</b>

In 2013, there were no transfers between Levels in the fair value hierarchy.

The fair value of Other financial assets and liabilities that are mainly composed by derivatives financial instruments is measured by taking into consideration market parameters at the balance sheet date and using valuation techniques widely accepted in the financial business environment. In particular:

- the fair value of forward contracts and currency swaps is determined by taking the prevailing exchange rate and interest rates at the balance sheet date;
- the fair value of interest rate swaps and forward rate agreements is determined by taking the prevailing interest rates at the balance sheet date and using the discounted expected cash flow method;
- the fair value of combined interest rate and currency swaps is determined using the exchange and interest rates prevailing at the balance sheet date and the discounted expected cash flow method;
- the fair value of swaps and options hedging commodity price risk is determined by using suitable valuation techniques and taking market parameters at the balance sheet date (in particular, underline prices, interest rates and volatility rates);
- the fair value of equity swaps is determined using market prices at the balance sheet date.

The par value of Cash and cash equivalents usually approximates fair value due to the short maturity of these instruments, which consist primarily of bank current accounts and time deposits, certificates of deposit, commercial paper, bankers' acceptances and money market funds. Money market funds valuation is also based on available market quotations. Where appropriate, the fair value of Cash equivalents is determined with discounted expected cash flow techniques, using observable market yields (represented in level 2 above).

The following table provides a reconciliation from the opening balances to the closing balances for fair value measurements categorized in Level 3 in 2013:

(€ million)	Other non-current securities	Other financial assets/(liabilities)
<b>At 31 December 2012</b>	<b>12</b>	<b>7</b>
(Gains)/Losses recognized in Income statement	-	6
Gains/(Losses) recognized in Other comprehensive income/losses	-	(3)
Issues/Settlements	-	(8)
<b>At 31 December 2013</b>	<b>12</b>	<b>2</b>

The gains/losses included in the Income statement are recognized in Cost of sales for €6 million. The gains and losses recognized in Other comprehensive income/(losses) have been included in Gains/(losses) on cash flow hedging instruments for €2 million and in Exchange differences on translating foreign operations for €1 million (see Note 23).

#### *Assets and liabilities not measured at fair value on recurring basis*

For financial instruments represented by short-term receivables and payables, for which the present value of future cash flows does not differ significantly from carrying value, we assume that carrying value is a reasonable approximation of the fair value. In particular, the carrying amount of Current receivables and Other current assets and of Trade payables and Other current liabilities approximates their fair value.

The following table represents carrying amount and fair value for the most relevant categories of financial assets and liabilities not measured at fair value on a recurring basis:

(€ million)	Note	At 31 December 2013		At 31 December 2012	
		Carrying amount	Fair Value	Carrying amount	Fair Value
Dealer financing		2,286	2,290	2,108	2,108
Retail financing		970	957	1,115	1,112
Finance lease		297	296	331	331
Other receivables from financing activities		118	118	173	173
<b>Receivables from financing activities</b>	<b>(18)</b>	<b>3,671</b>	<b>3,661</b>	<b>3,727</b>	<b>3,724</b>
Asset backed financing		596	596	449	449
Bonds		14,466	15,464	12,716	13,164
Other debt		14,840	14,952	14,724	14,747
<b>Debt</b>	<b>(27)</b>	<b>29,902</b>	<b>31,012</b>	<b>27,889</b>	<b>28,360</b>

The fair values of Receivables from financing activities, which are categorized within the Level 3 of the fair value hierarchy, have been estimated with discounted cash flows models. The most significant inputs used for this measurement are market discount rates, that reflect conditions applied in various reference markets on receivables with similar characteristics, adjusted in order to take into account the credit risk of the counterparties.

Bonds are listed in active markets, their fair value was measured with reference to year-end quoted prices and therefore they were classified within the Level 1 of the fair value hierarchy, with the exception of a residual nominal €7 million issuance maturing in 2021 classified within the Level 2 of the fair value hierarchy, whose fair value was measured by using a discounted cash flow model.

The fair value of Other debt is included in Level 2 of the fair value hierarchy and has been estimated with discounted cash flows models. The main inputs used are year-end market interest rates, adjusted for market expectations on the Group non-performance risk implied in quoted prices of traded securities issued by the Group and existing credit derivatives on Group liabilities.

### 31. Related party transactions

Pursuant to IAS 24, the related parties of the Group are entities and individuals capable of exercising control, joint control or significant influence over Fiat Group and its subsidiaries, companies belonging to the Exor group, (including the CNH Industrial group) and unconsolidated subsidiaries, associates or joint ventures of the Fiat Group. In addition, members of Fiat Group Board of Directors, Board of Statutory Auditors and executives with strategic responsibilities and their families are also considered related parties.

The Group carries out transactions with unconsolidated subsidiaries, jointly-controlled entities, associates and other related parties, on commercial terms that are normal in the respective markets, considering the characteristics of the goods or services involved. Transactions carried out by the Group with unconsolidated subsidiaries, jointly-controlled entities, associates and other related parties are primarily of those a commercial nature, which have had an effect on revenues, cost of sales, and trade receivables and payables; in particular, these transactions relate to:

- the sale of motor vehicles to the jointly-controlled entities Tofas-Turk Otomobil Fabrikasi A.S. and FGA Capital group;
- the sale of engines, other components and production systems to the jointly-controlled entity Società Europea Veicoli Leggeri-Sevel S.p.A. and companies of the CNH Industrial group and, for 2012, to the jointly-controlled entity Société Européenne de Véhicules Légers du Nord-Sevelnord Société Anonyme;
- the provision of services, recharges of research costs and the sale of goods to the jointly-controlled entities Fiat India Automobiles Limited and GAC FIAT Automobiles Co Ltd;
- the purchase of commercial vehicles from the jointly-controlled entities Società Europea Veicoli Leggeri-Sevel S.p.A., Tofas-Turk Otomobil Fabrikasi A.S and, for 2012, Société Européenne de Véhicules Légers du Nord-Sevelnord Société Anonyme;
- the purchase of engines from the VM Motori group in 2012 and in the first half of 2013;
- the purchase of commercial vehicles from the CNH Industrial group.

The most significant financial transactions with related parties generated Receivables from financing activities of the Group's financial services companies due from jointly-controlled entities and Asset-backed financing relating to amounts due to FGA Capital for the sale of receivables which do not qualify for derecognition under IAS 39. At 31 December 2013 and at 31 December 2012, Receivables from financing activities due from related parties also included receivables due from CNH Industrial group companies mainly arising from customer factoring provided by the Group's financial services companies. On the other hand, Debt due to related parties included certain balances due to CNH Industrial group companies, mainly relating to factoring and dealer financing in Latin America.

In accordance with IAS 24, transactions with related parties also include compensation payable to Directors, Statutory Auditors and managers with strategic responsibilities.

The amounts of the transactions with related party recognized in the Income statement are as follows:

(€ million)	2013				2012			
	Net Revenues	Cost of sales	Selling, general and administrative costs	Financial income/ (expenses)	Net Revenues	Cost of sales	Selling, general and administrative costs	Financial income/ (expenses)
Tofas-Turk Otomobil Fabrikasi A.S.	1,145	1,287	3	-	1,115	1,227	4	-
Società Europea Veicoli Leggeri-Sevel S.p.A.	475	1,557	6	-	470	1,526	-	-
FGA Capital group	223	62	10	(24)	200	82	12	(28)
Fiat India Automobiles Limited	27	1	4	1	38	-	1	-
GAC FIAT Automobiles Co Ltd	137	-	1	-	147	-	-	-
Société Européenne de Véhicules Légers du Nord-Sevelnord Société Anonyme <sup>(1)</sup>	-	-	-	-	24	218	-	-
VM Motori group	-	121	-	-	-	215	-	-
Other	8	6	-	-	8	4	-	-
<b>Total jointly-controlled entities</b>	<b>2,015</b>	<b>3,034</b>	<b>24</b>	<b>(23)</b>	<b>2,002</b>	<b>3,272</b>	<b>17</b>	<b>(28)</b>
To-dis S.r.l.	48	4	-	-	48	2	-	-
Arab American Vehicles Company S.A.E.	15	-	-	-	24	-	-	-
Other	7	-	5	-	6	1	7	-
<b>Total associates</b>	<b>70</b>	<b>4</b>	<b>5</b>	<b>-</b>	<b>78</b>	<b>3</b>	<b>7</b>	<b>-</b>
CNH Industrial group	703	314	-	-	676	264	1	-
Poltrona Frau group	-	22	1	-	-	18	-	-
Directors, Statutory Auditors and Key Management	-	-	49	-	-	-	57	-
Other	-	2	12	-	1	18	7	-
<b>Total other related parties and CNH Industrial group</b>	<b>703</b>	<b>338</b>	<b>62</b>	<b>-</b>	<b>677</b>	<b>300</b>	<b>65</b>	<b>-</b>
<b>Total unconsolidated subsidiaries</b>	<b>44</b>	<b>15</b>	<b>28</b>	<b>1</b>	<b>36</b>	<b>99</b>	<b>27</b>	<b>3</b>
<b>Total of which related parties</b>	<b>2,832</b>	<b>3,391</b>	<b>119</b>	<b>(22)</b>	<b>2,793</b>	<b>3,674</b>	<b>116</b>	<b>(25)</b>
<b>Total</b>	<b>86,816</b>	<b>74,570</b>	<b>6,689</b>	<b>(1,964)</b>	<b>83,957</b>	<b>71,701</b>	<b>6,763</b>	<b>(1,885)</b>
<b>Effect on Total (%)</b>	<b>3.3%</b>	<b>4.5%</b>	<b>1.8%</b>		<b>3.3%</b>	<b>5.1%</b>	<b>1.7%</b>	

<sup>(1)</sup> At 31 December 2012, the Investment was classified as Asset held for sale, then transferred at the beginning of the 2013.

Non-financial assets and liabilities originated by related party transactions are as follows:

(€ million)	At 31 December 2013				At 31 December 2012			
	Trade receivables	Trade payables	Other current assets	Other current liabilities	Trade receivables	Trade payables	Other current assets	Other current liabilities
Tofas-Turk Otomobil Fabrikasi A.S.	50	232	-	-	32	257	-	2
Società Europea Veicoli Leggeri-Sevel S.p.A.	21	406	4	9	23	396	3	5
FGA Capital group	49	165	1	93	64	147	12	85
Fiat India Automobiles Limited	10	10	-	-	96	5	2	-
GAC FIAT Automobiles Co Ltd	35	3	-	5	23	4	-	-
Société Européenne de Véhicules Légers du Nord-Sevelnord Société Anonyme <sup>(1)</sup>	-	-	-	-	1	55	-	-
VM Motori group	-	-	-	-	-	20	-	-
Other	5	13	1	-	7	17	1	-
<b>Total jointly-controlled entities</b>	<b>170</b>	<b>829</b>	<b>6</b>	<b>107</b>	<b>246</b>	<b>901</b>	<b>18</b>	<b>92</b>
Arab American Vehicles Company S.A.E.	9	3	-	-	11	3	-	-
Other	13	3	-	25	29	4	-	27
<b>Total associates</b>	<b>22</b>	<b>6</b>	<b>-</b>	<b>25</b>	<b>40</b>	<b>7</b>	<b>-</b>	<b>27</b>
CNH Industrial group	48	20	24	13	74	30	27	45
Poltrona Frau group	-	6	-	-	-	5	-	-
Directors, Statutory Auditors and Key Management	-	-	-	17	-	-	-	14
Other	-	1	-	1	-	11	-	-
<b>Total other related parties and CNH Industrial group</b>	<b>48</b>	<b>27</b>	<b>24</b>	<b>31</b>	<b>74</b>	<b>46</b>	<b>27</b>	<b>59</b>
<b>Total unconsolidated subsidiaries</b>	<b>39</b>	<b>11</b>	<b>4</b>	<b>1</b>	<b>24</b>	<b>15</b>	<b>4</b>	<b>1</b>
<b>Total of which related parties</b>	<b>279</b>	<b>873</b>	<b>34</b>	<b>164</b>	<b>384</b>	<b>969</b>	<b>49</b>	<b>179</b>
<b>Total</b>	<b>2,406</b>	<b>17,235</b>	<b>2,302</b>	<b>8,943</b>	<b>2,702</b>	<b>16,558</b>	<b>2,163</b>	<b>7,781</b>
<b>Effect on Total (%)</b>	<b>11.6%</b>	<b>5.1%</b>	<b>1.5%</b>	<b>1.8%</b>	<b>14.2%</b>	<b>5.9%</b>	<b>2.3%</b>	<b>2.3%</b>

<sup>(1)</sup> At 31 December 2012, the investment was classified as Asset held for sale, then transferred at the beginning of the 2013.

Financial assets and liabilities originated by related party transactions are as follows:

(€ million)	At 31 December 2013			At 31 December 2012		
	Current Receivables from financing activities	Asset- backed financing	Other debt	Current Receivables from financing activities	Asset- backed financing	Other debt
FGA Capital group	54	85	270	88	56	96
Società Europea Veicoli Leggeri-Sevel S.p.A.	28	-	20	24	-	4
Other	18	-	-	5	-	-
<b>Total jointly-controlled entities</b>	<b>100</b>	<b>85</b>	<b>290</b>	<b>117</b>	<b>56</b>	<b>100</b>
Global Engine Alliance LLC	-	-	-	-	-	4
Other	7	-	-	-	-	-
<b>Total associates</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>
<b>Total CNH Industrial group</b>	<b>18</b>	<b>-</b>	<b>53</b>	<b>18</b>	<b>5</b>	<b>87</b>
<b>Total unconsolidated subsidiaries</b>	<b>38</b>	<b>-</b>	<b>20</b>	<b>66</b>	<b>-</b>	<b>20</b>
<b>Total of which related parties</b>	<b>163</b>	<b>85</b>	<b>363</b>	<b>201</b>	<b>61</b>	<b>211</b>
<b>Total</b>	<b>3,671</b>	<b>596</b>	<b>29,306</b>	<b>3,727</b>	<b>449</b>	<b>27,440</b>
<b>Effect on Total (%)</b>	<b>4.4%</b>	<b>14.3%</b>	<b>1.2%</b>	<b>5.4%</b>	<b>13.6%</b>	<b>0.8%</b>

#### *Guarantees pledged in favor of related parties*

Other guarantees pledged in favor of related parties are as follows:

(€ million)	At 31 December 2013	At 31 December 2012
Total jointly-controlled entities	7	5
Total other related parties and CNH Industrial group	-	7
Total unconsolidated subsidiaries	8	13
<b>Total of which related parties</b>	<b>15</b>	<b>25</b>

### *Emoluments to Directors, Statutory Auditors and Key Management*

The fees of the Director and Statutory Auditors of Fiat S.p.A. for carrying out their respective functions, including those in other consolidated companies, are as follows:

(in € thousands)	2013	2012
Directors (a)	18,912	22,780
Statutory auditors	230	229
<b>Total Emoluments</b>	<b>19,142</b>	<b>23,009</b>

<sup>(a)</sup> This amount includes the notional compensation cost arising from stock grants granted to the Chief Executive Officer.

The aggregate compensation payable to executives with strategic responsibilities was approximately €30 million for 2013. This is inclusive of an amount of €3 million as the Fiat Group's contribution to State and employer defined contribution pension funds.

### **32. Explanatory notes to the Statement of cash flows**

The Statement of cash flows sets out changes in Cash and cash equivalents during the year. As required by IAS 7 – *Statement of cash flows*, cash flows are separated into operating, investing and financing activities. The effects of changes in exchange rates on cash and cash equivalents are shown separately under the line item Translation exchange differences.

Cash flows from (used in) operating activities mostly derive from the Group's industrial activities.

The cash flows generated by the sale of vehicles under buy-back commitments, net of the amounts included in Profit/(loss) for the year, are included under operating activities in a single line item which includes changes in working capital arising from these transactions.

For 2013, Other non-cash items (positive for €522 million) mainly include €336 million impairment losses on tangible and intangible assets, €54 million loss related to the devaluation of the official exchange rate of the Venezuelan Bolivar (VEF) relative to the US Dollar (Note 8) and €56 million write-off of the book value of the Equity Recapture Agreement Right. For 2012, Other non-cash items (positive for €562 million) mainly included impairment losses on fixed assets and the share of the net profit and loss of investees accounted for using the equity method and the effect, for €515 million, related to the restatement of the Income statement for 2012 following the retrospective adoption of IAS 19 amendment from 1 January 2013, as if the amendment had always been applied.

Cash flows for income tax payments net of refunds amount to €429 million in 2013 (€475 million in 2012).

Interest of €1,808 million (€1,914 million in 2012) was paid and interest of €400 million (€635 million in 2012) was received in 2013. Amounts indicated are inclusive of interest rate differentials paid or received on interest rate derivatives.

### 33. Guarantees granted, commitments and contingent liabilities

#### *Guarantees granted*

At 31 December 2013, the Group had pledged guarantees on the debt or commitments of third parties totaling €31 million (€50 million at 31 December 2012), as well as guarantees of €15 million on related party debt (€25 million at 31 December 2012).

#### *SCUSA Private-Label Financing Agreement*

In February 2013, Chrysler entered into a private-label financing agreement with Santander Consumer USA Inc. ("SCUSA"), an affiliate of Banco Santander (the "SCUSA Agreement"). The new financing arrangement launched on May 1, 2013. Under the SCUSA Agreement, SCUSA provides a wide range of wholesale and retail financing services to Chrysler's dealers and consumers in accordance with its usual and customary lending standards, under the Chrysler Capital brand name. The financing services include credit lines to finance dealers' acquisition of vehicles and other products that Chrysler sell or distribute, retail loans and leases to finance consumer acquisitions of new and used vehicles at Chrysler's dealerships, financing for commercial and fleet customers, and ancillary services. In addition, SCUSA work with dealers to offer them construction loans, real estate loans, working capital loans and revolving lines of credit.

Under the new financing arrangement, SCUSA has agreed to specific transition milestones for the initial year following launch. If the transition milestones are met, or otherwise satisfactory to Chrysler, the SCUSA Agreement will have a ten-year term, subject to early termination in certain circumstances, including the failure by a party to comply with certain of its ongoing obligations under the SCUSA Agreement. In accordance with the terms of the agreement, SCUSA provided Chrysler an upfront, nonrefundable payment of €109 million (\$150 million) in May 2013, which was recognized as deferred revenue and will be amortized over ten years. As of 31 December 2013 €102 million remained in deferred revenue.

From time to time, Chrysler works with certain lenders to subsidize interest rates or cash payments at the inception of a financing arrangement to incentivize customers to purchase its vehicles, a practice known as "subvention." Chrysler has provided SCUSA with limited exclusivity rights to participate in specified minimum percentages of certain of its retail financing rate subvention programs. SCUSA has committed to certain revenue sharing arrangements, as well as to consider future revenue sharing opportunities. SCUSA bears the risk of loss on loans contemplated by the SCUSA Agreement. The parties share in any residual gains and losses in respect of consumer leases, subject to specific provisions in the SCUSA Agreement, including limitations on Chrysler participation in gains and losses.

#### *Ally Auto Finance Operating Agreement and Repurchase Obligations*

In April 2013, the Auto Finance Operating Agreement between Chrysler Group and Ally Financial Inc. ("Ally"), referred as the "Ally Agreement", was terminated. Notwithstanding the termination of the Ally Agreement, Ally will continue to provide wholesale and retail financing to Chrysler dealers and retail customers in the U.S. in accordance with its usual and customary lending standards. Chrysler's dealers and retail customers also obtain funding from other financing sources.

In accordance with the terms of the Ally Agreement, Chrysler remains obligated to repurchase Ally-financed U.S. dealer inventory that was acquired on or before 30 April 2013, upon certain triggering events and with certain exceptions, in the event of an actual or constructive termination of a dealer's franchise agreement, including in certain circumstances when Ally forecloses on all assets of a dealer securing financing provided by Ally. These obligations exclude vehicles that have been damaged or altered, that are missing equipment or that have excessive mileage or an original invoice date that is more than one year prior to the repurchase date.

As of 31 December 2013, the maximum potential amount of future payments required to be made to Ally under this guarantee was approximately €167 million and was based on the aggregate repurchase value of eligible vehicles financed by Ally in Chrysler's U.S. dealer stock. If vehicles are required to be repurchased under this arrangement, the total exposure would be reduced to the extent the vehicles can be resold to another dealer. The fair value of the guarantee was less than €0.1 million at 31 December 2013, which considers both the likelihood that the triggering events will occur and the estimated payment that would be made net of the estimated value of inventory that would be reacquired upon the occurrence of such events. The estimates are based on historical experience.

On 1 February 2013, the Canadian automotive finance business of Ally was acquired by the Royal Bank of Canada ("RBC"). Dealers with financing through Ally were offered new lending agreements with RBC, as the Ally-financing arrangements did not transfer with the sale. As such, Chrysler Group no longer has an obligation to repurchase dealer inventory in Canada that was acquired prior to 1 February 2013 and was financed by Ally.

#### *Other Repurchase Obligations*

In accordance with the terms of other wholesale financing arrangements in Mexico, Chrysler is required to repurchase dealer inventory financed under these arrangements, upon certain triggering events and with certain exceptions, including in the event of an actual or constructive termination of a dealer's franchise agreement. These obligations exclude certain vehicles including, but not limited to, vehicles that have been damaged or altered, that are missing equipment or that have excessive mileage or an original invoice date that is more than one year prior to the repurchase date.

As of 31 December 2013, the maximum potential amount of future payments required to be made in accordance with these other wholesale financing arrangements was approximately €262 million and was based on the aggregate repurchase value of eligible vehicles financed through such arrangements in the respective dealer's stock. If vehicles are required to be repurchased through such arrangements, the total exposure would be reduced to the extent the vehicles can be resold to another dealer. The fair value of the guarantee was less than €0.1 million at 31 December 2013, which considers both the likelihood that the triggering events will occur and the estimated payment that would be made net of the estimated value of inventory that would be reacquired upon the occurrence of such events. These estimates are based on historical experience.

#### *Arrangements with Key Suppliers*

From time to time, in the ordinary course of our business, Chrysler enter into various arrangements with key suppliers in order to establish strategic and technological advantages. A limited number of these arrangements contain unconditional purchase obligations to purchase a fixed or minimum quantity of goods and/or services with fixed and determinable price provisions. Purchases under these arrangements from third parties were €167 million in 2013 (€340 million in 2012). Future minimum purchase obligations under these arrangements as of 31 December 2013 were as follows:

(in €million)

2014	197
2015	153
2016	109
2017	62
2018	9
2019 and thereafter	22

#### *Other commitments and important contractual rights*

The Group has important commitments and rights deriving from outstanding agreements, summarized below.

#### **Teksid**

Fiat S.p.A. is subject to a put contract with Renault in reference to the original investment of 33.5% in Teksid, now 15.2%. In particular, Renault would acquire the right to exercise a sale option to Fiat on its interest in Teksid, in the following cases:

- in the event of non-fulfillment in the application of the protocol of the agreement and admission to receivership or any other redressement procedure;
- in the event Renault's investment in Teksid falls below 15% or Teksid decides to invest in a structural manner outside the foundry sector;
- should Fiat be the object of the acquisition of control by another car manufacturer.

The exercise price of the option is established as follows:

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

#### **Chrysler**

At 31 December 2013 Fiat held a 58.5% membership interest in Chrysler; the remaining 41.5% was held by the VEBA Trust. As described in Note 39 - Subsequent events, on 1 January 2014, Fiat S.p.A. announced an agreement with the VEBA Trust, under which its wholly-owned subsidiary, Fiat North America LLC ("FNA"), acquired all of the VEBA Trust's equity membership interests in Chrysler, representing 41.5% interest of Chrysler. The transaction closed on 21 January 2014. In consideration for the sale of its membership interests in Chrysler, the VEBA Trust received an aggregate consideration of \$3,650 million consisting of a special distribution paid by Chrysler to its members, in an aggregate amount of \$1,900 million (FNA directed its portion of the special distribution to the *VEBA Trust* as part of the purchase consideration), and a payment from FNA for the remainder of \$1,750 million in cash purchase consideration to the VEBA Trust. At the date of publication of this Annual report, therefore, Fiat holds a 100% interest in Chrysler and all rights (*VEBA Trust Call Option* and *Equity Recapture Agreement*) previously existing in respect to Fiat's investment in Chrysler lapsed.

#### **Agreement with UAW**

On 21 January 2014 Chrysler and the *International Union, United Automobile, Aerospace and Agricultural Implement Workers of America* (the "UAW") entered into a memorandum of understanding ("MoU") under the collective bargaining agreement with the UAW, in which the UAW made commitments to continue to support Chrysler industrial operations and the further implementation of the Fiat-Chrysler Alliance. In particular, the UAW has committed to use its best efforts to cooperate in the continued roll-out of our World Class Manufacturing ("WCM") programs, actively participate in benchmarking efforts associated with implementation of WCM programs across all Fiat-Chrysler manufacturing sites to ensure objective performance assessments and provide for proper application of WCM principles, and to actively assist in the achievement of the Group long-term business plan. In consideration of these commitments, Chrysler agreed to make payments to the VEBA Trust totaling \$700 million to be paid in four equal annual installments. The initial payment of \$175 million was made on 21 January 2014 and additional payments will be payable on each of the next three anniversaries of the initial payment.

## Sevel

As part of the Sevel cooperation agreement with PSA, the Fiat group is party to a call agreement with PSA whereby, from 1 July 2017 to 30 September 2017, Fiat will have the right to acquire the residual interest in Sevel S.p.A. held by PSA, with effect from 31 December 2017.

### Operating lease contracts

The Group has entered operating lease contracts for the right to use industrial buildings and equipment with an average term of 10-20 years and 3-5 years, respectively. At 31 December 2013, the total future minimum lease payments under non-cancellable lease contracts are as follows:

	At 31 December 2013				At 31 December 2012			
	due within one year	due between one and five years	due beyond five years	Total	due within one year	due between one and five years	due beyond five years	Total
(€ million)								
Future minimum lease payments under operating lease agreements	133	350	227	<b>710</b>	147	347	222	<b>716</b>

During 2013, the Group has recorded costs for lease payments of €199 million (€184 million in 2012).

### Contingent liabilities

As a global group with a diverse business portfolio, the Group is exposed to numerous legal risks, particularly in the areas of product liability, competition and antitrust law, environmental risks and tax matters, dealer and supplier relationships and intellectual property rights. The outcome of any proceedings cannot be predicted with certainty. These proceedings seek recovery for damage to property, personal injuries and in some cases include a claim for exemplary or punitive damage. It is therefore possible that legal judgments could give rise to expenses that are not covered, or not fully covered, by insurers' compensation payments and could affect the Group's financial position and results.

At 31 December 2013, contingent liabilities estimated by the Group for which no provisions have been recognized since an outflow of resources is not considered to be probable and for which a reliable estimate can be made amount to approximately €100 million (approximately €100 million at 31 December 2012). Furthermore, contingent assets and expected reimbursement in connection with these contingent liabilities for approximately €12 million (€16 million at 31 December 2012) have been estimated but not recognized.

Instead, when it is probable that an outflow of resources embodying economic benefits will be required to settle obligations and this amount can be reliably estimated, the Group recognizes specific provisions for this purpose (see Note 26).

Furthermore, in connection with significant asset divestitures carried out in prior years, the Group provided indemnities to purchasers with the maximum amount of potential liability under these contracts generally capped at a percentage of the purchase price. These liabilities refer principally to potential liabilities arising from possible breaches of representations and warranties provided in the contracts and, in certain instances, environmental or tax matters, generally for a limited period of time. At 31 December 2013, potential obligations with respect to these indemnities were approximately €240 million (approximately €430 million at 31 December 2012). Against these obligations, at 31 December 2013 provisions of €62 million (€62 million 31 December 2012) have been made which are classified as Other provisions. The Group has provided certain other indemnifications that do not limit potential payment; it is not possible to estimate a maximum amount of potential future payments that could result from claims made under these indemnities.

### 34. Segment reporting

The regions and operating segments, as defined at the beginning of this Notes (section – *Segment reporting*), reflect the components of the Group that are regularly reviewed by the Chief Executive Officer together with the Group Executive Council for making strategic decisions, allocating resources and assessing performance.

Transactions among regions generally are presented on a “where-sold” basis, which reflects the profit/(loss) on the ultimate sale to the external customer within the region. This presentation generally eliminates the effect of the legal entity transfer price within the regions. For the regions which also provide financial services activities, revenues and costs also include interest income and expense and other financial income and expense arising from those activities.

Revenues, Trading profit/(loss) and EBIT of the other operating segments are those directly generated by or attributable to the segment as the result of its usual business activities and include revenues from transactions with third parties as well as those arising from transactions with regions and other operating segments, recognized at normal market prices. For Luxury Brands segment which also provides financial services activities, revenues and costs include interest income and expense, and other financial income and expense arising from those activities.

Other activities include the results of the activities and businesses that are not an operating segment under IFRS 8, the Unallocated items and adjustments include consolidation adjustments and eliminations in addition to financial income and expense and income taxes that are not attributable to the performance of the segments and are subject to separate assessment by the Chief Executive Officer.

Operating assets are not included in the data reviewed by the Chief Executive Officer, consequently, as permitted by IFRS 8, the related information is not provided.

Details of the Income statement by segments in 2013 and 2012 are as follows:

(€ million)	Car Mass-Market brands				Luxury Brands	Components	Other activities	Unallocated items & adjustments	Fiat Group	of which: Fiat Group excluding Chrysler
	NAFTA	LATAM	APAC	EMEA						
<b>2013</b>										
Revenues	45,777	9,973	4,621	17,420	3,809	8,080	929	(3,793)	<b>86,816</b>	<b>35,593</b>
Revenues from transactions with regions and other operating segments	(173)	(100)	(1)	(640)	(33)	(2,395)	(451)	3,793	-	(1,635)
<b>Revenues from external customers</b>	<b>45,604</b>	<b>9,873</b>	<b>4,620</b>	<b>16,780</b>	<b>3,776</b>	<b>5,685</b>	<b>478</b>	<b>-</b>	<b>86,816</b>	<b>33,958</b>
<b>Trading profit/(loss)</b>	<b>2,220</b>	<b>619</b>	<b>358</b>	<b>(470)</b>	<b>535</b>	<b>201</b>	<b>(67)</b>	<b>(2)</b>	<b>3,394</b>	<b>246</b>
Profit/(loss) from investments	(1)	-	(39)	145	-	5	(13)	-	97	103
Unusual income/(expense)	71	(127)	(1)	(195)	(65)	(60)	(87)	(55)	(519)	(537)
<b>EBIT</b>	<b>2,290</b>	<b>492</b>	<b>318</b>	<b>(520)</b>	<b>470</b>	<b>146</b>	<b>(167)</b>	<b>(57)</b>	<b>2,972</b>	<b>(188)</b>
Financial income/(expense)									(1,964)	(989)
<b>Profit/(loss) before taxes</b>									<b>1,008</b>	<b>(1,177)</b>
Tax (income)/expenses									(943)	(736)
<b>Profit/(loss) for the period</b>									<b>1,951</b>	<b>(441)</b>

(€ million)	Car Mass-Market brands				Luxury Brands	Components	Other activities	Unallocated items & adjustments	Fiat Group	of which: Fiat Group excluding Chrysler
	NAFTA	LATAM	APAC	EMEA						
<b>2012</b>										
Revenues	43,521	11,062	3,128	17,800	2,898	8,030	979	(3,461)	<b>83,957</b>	<b>35,566</b>
Revenues from transactions with regions and other operating segments	(27)	(89)	(2)	(543)	(11)	(2,341)	(448)	3,461	-	(893)
<b>Revenues from external customers</b>	<b>43,494</b>	<b>10,973</b>	<b>3,126</b>	<b>17,257</b>	<b>2,887</b>	<b>5,689</b>	<b>531</b>	<b>-</b>	<b>83,957</b>	<b>34,673</b>
<b>Trading profit/(loss)</b>	<b>2,443</b>	<b>1,056</b>	<b>260</b>	<b>(703)</b>	<b>392</b>	<b>174</b>	<b>(85)</b>	<b>4</b>	<b>3,541</b>	<b>338</b>
Profit/(loss) from investments	-	-	(5)	160	-	2	(52)	2	107	110
Unusual income/(expense)	48	(31)	-	(194)	-	(11)	(12)	(44)	(244)	(261)
<b>EBIT</b>	<b>2,491</b>	<b>1,025</b>	<b>255</b>	<b>(737)</b>	<b>392</b>	<b>165</b>	<b>(149)</b>	<b>(38)</b>	<b>3,404</b>	<b>187</b>
Financial income/(expense)									(1,885)	(817)
<b>Profit/(loss) before taxes</b>									<b>1,519</b>	<b>(630)</b>
Tax (income)/expenses									623	418
<b>Profit/(loss) for the period</b>									<b>896</b>	<b>(1,048)</b>

Unallocated items, and in particular financial income/(expenses), are not attributed to the regions and operating segments as they do not fall under the scope of their operational responsibilities and are therefore assessed separately. These items arise from the management of treasury assets and liabilities by the treasuries of Fiat and Chrysler, which work independently and separately within the Group.

The Group's treasury assets and liabilities are as follows, as presented in the Report on operations:

(€ million)	Note	At 31 December 2013			At 31 December 2012		
		Fiat Group	Chrysler	Fiat excluding Chrysler	Fiat Group	Chrysler	Fiat excluding Chrysler
Debt:	(27)	(29,902)	(9,544)	(20,451)	(27,889)	(10,312)	(17,586)
Asset-backed financing		(596)	-	(596)	(449)	-	(449)
Bonds, bank loans and other debt		(29,306)	(9,544)	(19,855)	(27,440)	(10,312)	(17,137)
Current financial receivables from jointly controlled financial services companies <sup>(a)</sup>		27	-	27	58	-	58
Intersegment financial receivables <sup>(b)</sup>		-	7	86	-	9	-
<b>Debt, net of current financial receivables from jointly controlled financial services companies and intersegment financial receivables</b>		<b>(29,875)</b>	<b>(9,537)</b>	<b>(20,338)</b>	<b>(27,831)</b>	<b>(10,303)</b>	<b>(17,528)</b>
Other financial assets <sup>(c)</sup>	(20)	533	97	436	519	45	474
Other financial liabilities <sup>(c)</sup>	(20)	(137)	(21)	(116)	(201)	(42)	(159)
Current securities	(19)	247	-	247	256	-	256
Cash and cash equivalents	(21)	19,439	9,676	9,763	17,657	8,803	8,854
<b>(Net debt)/Net cash</b>		<b>(9,793)</b>	<b>215</b>	<b>(10,008)</b>	<b>(9,600)</b>	<b>(1,497)</b>	<b>(8,103)</b>
<i>Industrial Activities</i>		(6,649)	215	(6,864)	(6,545)	(1,497)	(5,048)
<i>Financial Services</i>		(3,144)	-	(3,144)	(3,055)	-	(3,055)
Cash, cash equivalents and current securities		19,686	9,676	10,010	17,913	8,803	9,110
Undrawn committed credit lines		3,043	943	2,100	2,935	985	1,950
<b>Total available liquidity</b>		<b>22,729</b>	<b>10,619</b>	<b>12,110</b>	<b>20,848</b>	<b>9,788</b>	<b>11,060</b>

<sup>(a)</sup> Includes current financial receivables from FGA Capital.

<sup>(b)</sup> Relates to intragroup manufacturing agreements reclassified as finance leases in accordance with IFRIC 4, in addition to receivables relating to factoring transactions between Chrysler Group companies and Fiat Group financial services companies in EMEA.

<sup>(c)</sup> Includes fair value of derivative financial instruments.

#### Information about geographical area

Total Non-current assets (excluding financial assets, deferred tax assets and post-employment benefits assets) located in Italy totaled €10,555 million at 31 December 2013 (€9,852 million at 31 December 2012). Non-current assets attributed to all foreign countries totaled €33,709 million at 31 December 2013 (€33,352 million 31 December 2012) and may be analyzed as follow: United States, Canada and Mexico €26,689 million (€26,733 million at 31 December 2012), Brazil €2,955 million (€2,306 million at 31 December 2012), Poland €1,277 million (€1,455 million at 31 December 2012) and Serbia €1,007 million (€985 million at 31 December 2012).

### 35. Qualitative and quantitative information on financial risks

The Group is exposed to the following financial risks connected with its operations:

- credit risk, arising both from its normal commercial relations with final customers and dealers, and its financing activities;
- liquidity risk, with particular reference to the availability of funds and access to the credit market and to financial instruments in general;
- financial market risk (principally relating to exchange rates, interest rates and commodity prices), since the Group operates at an international level in different currencies and uses financial instruments which generate interests. The Group is also exposed to the risk of changes in the price of certain commodities and of certain listed shares.

These risks could significantly affect the Group's financial position and results, and for this reason the Group systematically identifies, and monitors these risks, in order to detect potential negative effects in advance and take the necessary action to mitigate them, primarily through its operating and financing activities and if required, through the use of derivative financial instruments.

Financial instruments held by the funds that manage pension plan assets are not included in this analysis (see the Note 25).

The following section provides qualitative and quantitative disclosures on the effect that these risks may have upon the Group. The quantitative data reported in the following does not have any predictive value, in particular the sensitivity analysis on finance market risks does not reflect the complexity of the market or the reaction which may result from any changes that are assumed to take place.

#### *Credit risk*

Credit risk is the risk of economic loss arising from the failure to collect a receivable. Credit risk encompasses the direct risk of default and the risk of a deterioration of the creditworthiness of the counterparty.

The Group's credit risk differs in relation to the activities carried out. In particular, dealer financing and operating and financial lease activities that are carried out through the Group's financial services companies are exposed both to the direct risk of default and the deterioration of the creditworthiness of the counterparty, while the sale of vehicles and spare parts is mostly exposed to the direct risk of default of the counterparty. These risks are however mitigated by the fact that collection exposure is spread across a large number of counterparties and customers.

Taken overall, however, the credit risk regarding the Group's trade receivables and receivables from financing activities is concentrated in the European Union and Latin America markets for Fiat excluding Chrysler and in the North American market for Chrysler.

In order to test for impairment, significant receivables from corporate customers and receivables for which collectability is at risk are assessed individually, while receivables from end customers or small business customers are grouped into homogeneous risk categories. A receivable is considered impaired when there is objective evidence that the Group will be unable to collect all amounts due specified in the contractual terms. Objective evidence may be provided by the following factors: significant financial difficulties of the counterparty, the probability that the counterparty will be involved in an insolvency procedure or will default on its installment payments, the restructuring or renegotiation of open items with the counterparty, changes in the payment status of one or more debtors included in a specific risk category and other contractual breaches. The calculation of the amount of the impairment loss is based on the risk of default by the counterparty, which is determined by taking into account all the information available as to the customer's solvency, the fair value of any guarantees received for the receivable and the Group's historical experience.

The maximum credit risk to which the Group is theoretically exposed at 31 December 2013 is represented by the carrying amounts of financial assets in the financial statements and the nominal value of the guarantees provided on liabilities and commitments to third parties as discussed in Note 31.

Dealers and final customers for which the Group provides financing are subject to specific assessments of their creditworthiness under a detailed scoring system; in addition to carrying out this screening process, the Group also obtains financial and non-financial guarantees for risks arising from credit granted. These guarantees are further strengthened where possible by reserve of title clauses on financed vehicle sales to the sales network made by Group financial service companies and on vehicles assigned under finance and operating lease agreements.

Receivables for financing activities amounting to €3,671 million at 31 December 2013 contain balances totaling €21 million (€7 million at 31 December 2012), which have been written down on an individual basis. Of the remainder, balances totaling €72 million are past due by up to one month (€107 million at 31 December 2012), while balances totaling €23 million are past due by more than one month (€62 million at 31 December 2012). In the event of installment payments, even if only one installment is overdue, the whole amount of the receivable is classified as such.

Trade receivables and Other receivables amounting to €4,266 million at 31 December 2013 contain balances totaling €19 million (€39 million at 31 December 2012) which have been written down on an individual basis. Of the remainder, balances totaling €243 million are past due by up to one month (€216 million at 31 December 2012), while balances totaling €358 million are past due by more than one month (€307 million at 31 December 2012).

Provided that Current securities and Cash and cash equivalents consist of balances spread across various primary national and international banking institutions and money market instruments that are measured at fair value, there was no exposure to sovereign debt securities at 31 December 2013 which might lead to significant repayment risk.

#### *Liquidity risk*

Liquidity risk arises if the Group is unable to obtain the funds needed to carry out its operations under economic conditions. Any actual or perceived limitations on the Group's liquidity may affect the ability of counterparties to do business with the Group or may require additional amounts of cash and cash equivalents to be allocated as collateral for outstanding obligations.

The continuation of a difficult economic situation in the markets in which the Group operates and the uncertainties that characterize the financial markets, necessitate giving special attention to the management of liquidity risk. In that sense measures taken to generate funds through operations and to maintain a conservative level of available liquidity are an important factor for ensuring operational flexibility and addressing strategic challenges over the next few years.

The two main factors that determine the Group's liquidity situation are on the one hand the funds generated by or used in operating and investing activities and on the other the debt lending period and its renewal features or the liquidity of the funds employed and market terms and conditions.

The Group has adopted a series of policies and procedures whose purpose is to optimize the management of funds and to reduce liquidity risk as follows:

- centralizing the management of receipts and payments, where it may be economical in the context of the local civil, currency and fiscal regulations of the countries in which the Group is present;
- maintaining a conservative level of available liquidity;
- diversifying the means by which funds are obtained and maintaining a continuous and active presence in the capital markets;
- obtaining adequate credit lines;
- monitoring future liquidity on the basis of business planning.

From an operating point of view the Group manages liquidity risk by monitoring cash flows and keeping an adequate level of funds at its disposal. The operating cash flows, main funding operations and liquidity of the Fiat Group excluding Chrysler are centrally managed in the Group's treasury companies with the aim of ensuring effective and efficient management of the Group's funds. These companies obtain funds on the financial markets by means which may assume different technical forms.

Chrysler manages the cash generated by its operations and coverage of its funding requirements independently. In this respect Fiat has pledged no guarantee, commitment or similar obligation in relation to any of Chrysler's financing obligations, nor has it assumed any kind of obligation or commitment to fund Chrysler in the future.

Details of the repayment structure of the Group's financial assets and liabilities are provided in Note 18 - Current Receivables and Other current assets and in Note 27 - Debt. Details of the repayment structure of derivative financial instruments are provided in Note 20.

The Group believes that the funds currently available to the treasuries of Fiat and Chrysler, in addition to those that will be generated from operating and financing activities, will enable the Fiat Group to satisfy the requirements of its investing activities and working capital needs, fulfill its obligations to repay its debt at the natural due dates and ensure an appropriate level of operating and strategic flexibility.

#### *Financial market risks*

The Group is exposed to the risks from fluctuations in foreign currency exchange and interest rates and the commodity prices associated with business operations.

The Group's exposure to currency risk arises both in connection with the geographical distribution of the Group's industrial activities compared to the markets in which it sells its products, and in relation to the use of external borrowing denominated in foreign currencies.

The Group's exposure to interest rate risk arises from the need to fund industrial and financial operating activities and the necessity to deploy surplus funds. Changes in market interest rates may have the effect of either increasing or decreasing the Group's net profit/(loss), thereby indirectly affecting the costs and returns of financing and investing transactions.

The Group's exposure to commodity price risk arises from the risk of changes occurring in the price of certain raw materials used in production. Changes in the price of raw materials could have a significant effect on the Group's results by indirectly affecting costs and product margins.

The Group regularly assesses its exposure to finance market risk and manages those risks through the use of derivative financial instruments in accordance with its established risk management policies.

The Group's policy permits derivatives to be used only for managing the exposure to fluctuations in exchange and interest rates as well as commodities prices connected with future cash flows and assets and liabilities, and not for speculative purposes.

The Group utilizes derivative financial instruments designated as fair value hedges, mainly to hedge:

- the currency risk on financial instruments denominated in foreign currency;
- the interest rate risk on fixed rate loans and borrowings.

The instruments used for these hedges are mainly currency forward contracts, interest rate swaps and combined interest rate and currency financial instruments.

The Group uses derivative financial instruments as cash flow hedges for the purpose of pre-determining:

- the exchange rate at which forecasted transactions denominated in foreign currencies will be accounted for;
- the interest paid on borrowings, both to match the fixed interest received on loans (customer financing activity), and to achieve a targeted mix of floating versus fixed rate funding structured loans;
- the price of certain commodities.

The exchange rate exposure on forecasted commercial flows is hedged by currency swaps, forward contracts and currency options. Interest rate exposures are usually hedged by interest rate swaps and, in limited cases, by forward rate agreements. Exposure to changes in the price of commodities is generally hedged by using commodity swaps.

Counterparties to these agreements are major and diverse financial institutions.

Information on the fair value of derivative financial instruments held at the balance sheet date is provided in Note 20.

#### **Quantitative information on currency risk**

The Group is exposed to risk resulting from changes in exchange rates, which can affect its earnings and equity. In particular:

- Where a Group company incurs costs in a currency different from that of its revenues, any change in exchange rates can affect the Operating result of that company. In 2013, the total trade flows exposed to currency risk amounted to the equivalent of 13% of the Group's turnover.
- The principal exchange rates to which the Group is exposed are the following:
  - ▣ USD/CAD, relating to sales in Canadian Dollars made by Chrysler in Canada;
  - ▣ EUR/USD, relating to sales in US Dollars made by Italian companies (in particular, companies belonging to the Luxury Brands operating segment) and to sales and purchases in Euro made by Chrysler;
  - ▣ GBP, AUD, MXN, CHF, CNY, ARS and VEF in relation to sales in the UK, Australian, Mexican, Swiss, Chinese, Argentinian and Venezuelan markets;
  - ▣ PLN and TRY, relating to manufacturing costs incurred in Poland and Turkey;
  - ▣ USD/BRL, EUR/BRL, relating to Brazilian manufacturing operations and the related import and export flows.

Taken overall trade flows exposed to changes in these exchange rates in 2013 made up approximately 90% of the exposure to currency risk from trade transactions.

- It is the Group's policy to use derivative financial instruments to hedge a certain percentage, on average between 55% and 85%, of the forecast trading transaction exchange risk exposure for the coming 12 months (including such risk beyond that date where it is believed to be appropriate in relation to the characteristics of the business) and to hedge completely the exposure resulting from firm commitments.
- Group companies may find themselves with trade receivables or payables denominated in a currency different from the functional currency of the company itself. In addition, in a limited number of cases, it may be convenient from an economic point of view, or it may be required under local market conditions, for companies to obtain finance or use funds in a currency different from the functional currency. Changes in exchange rates may result in exchange gains or losses arising from these situations. It is the Group's policy to hedge fully, whenever possible, the exposure resulting from receivables, payables and securities denominated in foreign currencies different from the company's functional currency.

- Certain of the Group's subsidiaries are located in countries which are outside of the Eurozone, in particular the United States, Brazil, Canada, Poland, Serbia, Turkey, Mexico, Argentina, the Czech Republic, India, China and South Africa. As the Group's reference currency is the Euro, the Income statements of those entities are converted into Euros using the average exchange rate for the period, and while revenues and margins are unchanged in local currency, changes in exchange rates may lead to effects on the converted balances of revenues, costs and the result in Euro.
- The assets and liabilities of consolidated companies whose money of account is different from the Euro may acquire converted values in Euros which differ as a function of the fluctuation in exchange rates. The effects of these changes are recognized directly in the item Cumulative Translation Adjustments reserve, included in Other comprehensive income/(losses) (see Note 23).

The Group monitors its principal exposure to conversion exchange risk, although there was no specific hedging in this respect at the balance sheet date.

There have been no substantial changes in 2013 in the nature or structure of exposure to currency risk or in the Group's hedging policies.

The potential loss in fair value of derivative financial instruments held for currency risk management (currency swaps/forwards, currency options, interest rate and currency swaps) at 31 December 2013 resulting from a hypothetical, unfavorable and instantaneous change of 10% in the exchange rates of the leading foreign currencies with the Euro would have been approximately €745 million (€690 million at 31 December 2012).

Receivables, payables and future trade flows whose hedging transactions have been analyzed were not considered in this analysis. It is reasonable to assume that changes in exchange rates will produce the opposite effect, of an equal or greater amount, on the underlying transactions that have been hedged.

### Quantitative information on interest rate risk

The manufacturing companies and treasuries of the Group make use of external funds obtained in the form of financing and invest in monetary and financial market instruments. In addition, Group companies make sales of receivables resulting from their trading activities on a continuing basis. Changes in market interest rates can affect the cost of the various forms of financing, including the sale of receivables, or the return on investments, and the employment of funds, causing an impact on the level of net financial expenses incurred by the Group.

In addition, the financial services companies provide loans (mainly to customers and dealers), financing themselves using various forms of direct debt or asset-backed financing (e.g. factoring of receivables). Where the characteristics of the variability of the interest rate applied to loans granted differ from those of the variability of the cost of the financing obtained, changes in the current level of interest rates can affect the Operating result of those companies and the Group as a whole.

In order to manage these risks, the Group uses interest rate derivative financial instruments, mainly interest rate swaps and forward rate agreements, when available in the market, with the object of mitigating, under economically acceptable conditions, the potential variability of interest rates on net profit/(loss).

In assessing the potential impact of changes in interest rates, the Group separates out fixed rate financial instruments (for which the impact is assessed in terms of fair value) from floating rate financial instruments (for which the impact is assessed in terms of cash flows).

The fixed rate financial instruments used by the Group consist principally of part of the portfolio of the financial services companies (basically customer financing and financial leases) and part of debt (including subsidized loans and bonds).

The potential loss in fair value of fixed rate financial instruments (including the effect of interest rate derivative financial instruments) held at 31 December 2013, resulting from a hypothetical, unfavorable and instantaneous change of 10% in market interest rates, would have been approximately €110 million (approximately €100 million at 31 December 2012).

Floating rate financial instruments consist principally of cash and cash equivalents, loans provided by the financial services companies to the sales network and part of debt. The effect of the sale of receivables is also considered in the sensitivity analysis as well as the effect of hedging derivative instruments.

A hypothetical, unfavorable and instantaneous change of 10% in short-term interest rates at 31 December 2013, applied to floating rate financial assets and liabilities, operations for the sale of receivables and derivative financial instruments, would have caused increased net expenses before taxes, on an annual basis, of approximately €13 million (€10 million at 31 December 2012).

This analysis is based on the assumption that there is a general and instantaneous change of 10% in interest rates across homogeneous categories. A homogeneous category is defined on the basis of the currency in which the financial assets and liabilities are denominated.

#### **Quantitative information on commodity price risk**

The Group has entered into derivative contracts for certain commodities to hedge its exposure to commodity price risk associated with buying raw materials used in its normal operations.

In connection with the commodity price derivative contracts outstanding at 31 December 2013, a hypothetical, unfavorable and instantaneous change of 10% in the price of the commodities at that date would have caused a fair value loss of €45 million (€51 million at 31 December 2012).

#### **36. Non-recurring transactions**

Pursuant to Consob Communication DEM/6064293 of 28 July 2006, the Group did not carry out any significant non-recurring operations in 2013.

#### **37. Transactions resulting from unusual and/or abnormal operations**

Pursuant to Consob Communication DEM/6064293 of 28 July 2006, the Group did not carry out any unusual and/or abnormal operations in 2013 as defined in that Communication (for the definition of these see the Section – Format of the financial statements).

#### **38. Other information**

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

### 39. Subsequent events

■ On 1 January 2014, Fiat S.p.A. announced an agreement with the VEBA Trust, under which its wholly-owned subsidiary, Fiat North America LLC ("FNA"), would acquire all of the VEBA Trust's equity membership interests in Chrysler Group LLC ("Chrysler Group"), representing 41.5% of Chrysler Group. The transaction closed on 21 January 2014. In consideration for the sale of its membership interests in Chrysler Group, the VEBA Trust received an aggregate consideration of \$3,650 million consisting of a special distribution paid from available cash on hand by Chrysler Group to its members, in an aggregate amount of \$1,900 million (FNA directed its portion of the special distribution to the VEBA Trust as part of the purchase consideration) and a payment from FNA for the remainder of \$1,750 million in cash purchase consideration to the VEBA Trust. Fiat funded the \$1,750 million in cash from available cash on hand. Contemporaneously with the transactions described above, Chrysler and the UAW entered into a memorandum of understanding under the collective bargaining agreement with the UAW in which the UAW made commitments to continue to support Chrysler industrial operations and the further implementation of the Fiat-Chrysler Alliance. In particular, the UAW has committed to use its best efforts to cooperate in the continued roll-out of World Class Manufacturing, or WCM, programs, actively participate in benchmarking efforts associated with implementation of WCM programs across all Fiat-Chrysler manufacturing sites to ensure objective performance assessments and provide for proper application of WCM principles, and to actively assist in the achievement of the Group long-term business plan. In consideration of these commitments, Chrysler agreed to make payments to the VEBA Trust totaling \$700 million to be paid in four equal annual installments. The initial payment of \$175 million was made on 21 January 2014 and additional payments will be payable on each of the next three anniversaries of the initial payment.

■ On 10 January, Standard & Poor's Ratings Services:

- ▣ raised its ratings on Chrysler Group LLC, including the corporate credit rating, to 'BB-' from 'B+'. The outlook is stable.
- ▣ confirmed its rating on Fiat S.p.A.'s long-term debt at 'BB-'. The short-term rating was confirmed at 'B'. The outlook remains stable.

■ On 29 January, the Board of Directors of Fiat S.p.A. approved a corporate reorganization and the formation of Fiat Chrysler Automobiles ("FCA") as a fully-integrated global automaker. Following Fiat's acquisition of the minority equity interest in Chrysler Group LLC, previously held by the VEBA Trust, the Fiat Board of Directors reviewed options for the most appropriate governance and corporate structure. In order to establish a true peer to the major global automotive groups, in both scale and capital market appeal, the Board decided to establish Fiat Chrysler Automobiles N.V., organized in the Netherlands, as the parent company of the Group.

Under the proposal approved by the Fiat Board, Fiat shareholders will receive one FCA common share for each Fiat share held and the FCA common shares will be listed on the New York Stock Exchange (NYSE) with an additional listing on the *Mercato Telematico Azionario* (MTA) in Milan. It is intended that FCA will be resident for tax purposes in the United Kingdom, but this is not expected to affect the taxes payable by Group companies in the jurisdictions where their activities are carried out.

■ On 7 February, Chrysler Group closed its offering of secured senior debt securities, raising approximately \$3.0 billion in net proceeds; and senior secured term loan facilities, raising approximately \$2.0 billion in net proceeds. Chrysler Group applied the proceeds of the debt offering to prepay all amounts outstanding, including accrued and unpaid interest, of approximately \$5.0 billion under the senior unsecured note issued on 10 June 2009 to the VEBA Trust with an original face amount of \$4.587 billion (the "VEBA Trust Note").

The secured senior debt securities, issued on top of existing bonds, consist of \$1.375 billion aggregate principal amount of 8% Secured Senior Notes due 2019 at an issue price of 108.25% of their aggregate principal amount plus accrued interest from 15 December 2013, and \$1.380 billion aggregate principal amount of 8¼% Secured Senior Notes due 2021 at an issue price of 110.50% of their aggregate principal amount plus accrued interest from 15 December 2013. The issue prices represent a yield to maturity of 6.165% per annum for the Notes due 2019 and 6.433% per annum for the Notes due 2021.

In connection with the term loan facilities, Chrysler Group borrowed (1) an additional \$250 million of term loans under its existing senior secured credit facilities maturing 24 May 2017, under which Chrysler Group borrows at 2.75% over LIBOR, subject to a LIBOR floor of 0.75%; and (2) \$1.75 billion of term loans under a new senior secured term loan facility maturing 31 December 2018, at 2.50% over LIBOR, subject to a LIBOR floor of 0.75%.

The refinancing transactions are expected to result in yearly interest expense savings, for the period from 2014 to 2016, of approximately \$134 million.<sup>(1)</sup>

- On 11 February, Moody's Investors Service lowered Fiat S.p.A.'s Corporate Family Rating from 'Ba3' to 'B1' and consequently, in accordance with their methodology, ratings on the notes issued by Fiat Finance & Trade Ltd. S.A. and Fiat Finance North America Inc. were also lowered from 'B1' to 'B2'.

27 February 2014

*On behalf of the Board of Directors*

/s/ John Elkann

John Elkann

**CHAIRMAN**

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<sup>(1)</sup> For the purposes of Chrysler Group consolidated financial statements (prepared in accordance with US GAAP) the refinancing transactions are expected to result in yearly interest expense savings, for the period from 2014 to 2016, of approximately \$200 million including the elimination of the non-cash VEBA Trust Note discount amortization of approximately \$65 million per annum. In addition, for the same reason, Chrysler Group expects to record a non-cash charge of approximately \$500 million in connection with the repayment of the VEBA Trust Note. For the purposes of its consolidated financial statements (prepared in accordance with IFRS) Fiat Group expects to record interest expense savings lower than those recorded by Chrysler Group and to report no non-cash charges in connection with the repayment of the VEBA Trust Note, which has been carried at face value as a result of the purchase accounting related to the acquisition of control and consolidation of Chrysler Group in May 2011.

## Appendix I Fiat Group Companies at 31 December 2013

In accordance with Article 126 of Consob Regulation 11971 of 14 May 1999, as subsequently amended, a complete list of Group companies and significant investments at 31 December 2013 is provided on the following pages.

Companies in the list are grouped according to type of control, method of consolidation and classification by operating segment (pursuant to IFRS 8).

For each company, the following information is provided: name, location of registered office, country and share capital stated in original currency. Additionally, the percentage consolidated and the percentage interest held directly by Fiat S.p.A. or its subsidiary is also shown.

The column on the far right shows the percentage of voting rights exercisable at an ordinary general meeting, where such percentage differs from the percentage of shares held.

Name	Registered Office	Country	Share capital	Currency	% of Group consoli- dation	Interest held by	% interest held	% of voting rights
<b>Controlling company</b>								
<b>Parent Company</b>								
Fiat S.p.A.	Turin	Italy	4,477,462,227	EUR	--	--	--	--
<b>Subsidiaries consolidated on a line-by-line basis</b>								
<b>Business Auto: Car Mass-Market brands</b>								
<b>NAFTA</b>								
0847574 B.C. Unlimited Liability Company	Vancouver	Canada	1	CAD	58.54	New CarCo Acquisition Canada Ltd.	100.000	
Auburn Hills Mezzanine LLC	Wilmington	U.S.A.	100	USD	58.54	CHRYSLER GROUP REALTY COMPANY LLC	100.000	
Auburn Hills Owner LLC	Wilmington	U.S.A.	100	USD	58.54	Auburn Hills Mezzanine LLC	100.000	
Autodie LLC	Wilmington	U.S.A.	10,000,000	USD	58.54	Chrysler Group LLC	100.000	
CG MID LLC	Wilmington	U.S.A.	2,700,000	USD	58.54	Chrysler Group LLC	100.000	
Chrysler Canada Cash Services Inc.	Toronto	Canada	1,000	CAD	58.54	Chrysler Group LLC	100.000	
Chrysler Canada Inc.	Windsor	Canada	0	CAD	58.54	0847574 B.C. Unlimited Liability Company	100.000	
Chrysler de Mexico S.A. de C.V.	Santa Fe	Mexico	238,621,186	MXN	58.54	Chrysler Mexico Holding, S. de R.L. de C.V. Chrysler Group Minority LLC	99.996 0.004	
CHRYSLER GROUP AUTO TRANSPORT LLC	Wilmington	U.S.A.	100	USD	58.54	Chrysler Group LLC	100.000	
CHRYSLER GROUP DEALER CAPITAL LLC	Wilmington	U.S.A.	0	USD	58.54	Chrysler Group LLC	100.000	
CHRYSLER GROUP INTERNATIONAL LLC	Wilmington	U.S.A.	0	USD	58.54	Chrysler Group LLC	100.000	
CHRYSLER GROUP INTERNATIONAL SERVICES LLC	Wilmington	U.S.A.	0	USD	58.54	Chrysler Group LLC	100.000	
Chrysler Group LLC	Wilmington	U.S.A.	1,632,654	USD	58.54	FIAT NORTH AMERICA LLC	58.538	
Chrysler Group Minority LLC	Wilmington	U.S.A.	0	USD	58.54	Chrysler Group LLC	100.000	
CHRYSLER GROUP REALTY COMPANY LLC	Wilmington	U.S.A.	168,769,528	USD	58.54	Chrysler Group LLC	100.000	
Chrysler Group Service Contracts LLC	Wilmington	U.S.A.	100,000,000	USD	58.54	Chrysler Group LLC	100.000	
CHRYSLER GROUP TRANSPORT LLC	Wilmington	U.S.A.	0	USD	58.54	Chrysler Group LLC	100.000	
CHRYSLER GROUP VANS LLC	Wilmington	U.S.A.	0	USD	58.54	Chrysler Group LLC	100.000	
Chrysler Investment Holdings LLC	Wilmington	U.S.A.	173,350,999	USD	58.54	Chrysler Group LLC	100.000	
Chrysler Lease Receivables 1 Inc.	Windsor	Canada	100	CAD	58.54	Chrysler Canada Inc.	100.000	
Chrysler Lease Receivables 2 Inc.	Windsor	Canada	100	CAD	58.54	Chrysler Canada Inc.	100.000	

## Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Chrysler Lease Receivables Limited Partnership	Windsor	Canada	0	CAD	58.54	Chrysler Canada Inc. Chrysler Lease Receivables 1 Inc. Chrysler Lease Receivables 2 Inc.	99.990 0.005 0.005	
Chrysler Mexico Holding, S. de R.L. de C.V.	Santa Fe	Mexico	3,377,922,033	MXN	58.54	Chrysler Mexico Investment Holdings Cooperatie U.A. CarCo Intermediate Mexico LLC	99.900 0.100	
CPK Interior Products Inc.	Windsor	Canada	1,000	CAD	58.54	Chrysler Canada Inc.	100.000	
Extended Vehicle Protection LLC	Wilmington	U.S.A.	2,000,000	USD	58.54	Chrysler Group LLC	100.000	
Global Engine Manufacturing Alliance LLC	Wilmington	U.S.A.	300,000	USD	58.54	Chrysler Group LLC	100.000	
New CarCo Acquisition Canada Ltd.	Toronto	Canada	1,000	CAD	58.54	New CarCo Acquisition Holdings Canada Ltd.	100.000	
New CarCo Acquisition Holdings Canada Ltd.	Toronto	Canada	1,000	CAD	58.54	Chrysler Group LLC	100.000	
<b>LATAM</b>								
Banco Fidis S.A.	Betim	Brazil	473,669,238	BRL	100.00	Fidis S.p.A. Fiat Automoveis S.A. - FIASA	75.000 25.000	
Chrysler Argentina S.R.L.	Buenos Aires	Argentina	29,335,170	ARS	58.54	Chrysler Group LLC Chrysler Group Minority LLC	98.000 2.000	
Chrysler Chile Importadora Ltda	Santiago	Chile	41,800,000	CLP	58.54	Chrysler Group LLC Chrysler Group Minority LLC	99.990 0.010	
Chrysler de Venezuela LLC	Wilmington	U.S.A.	132,474,694	USD	58.54	CG Venezuela UK Holdings Limited	100.000	
CHRYSLER GROUP DO BRASIL COMERCIO DE VEICULOS Ltda.	São Paulo	Brazil	31,517,999	BRL	58.54	Chrysler Group LLC	100.000	
CMP Componentes e Modulos Plasticos Industria e Comercio Ltda.	Contagem	Brazil	25,007,977	BRL	100.00	Fiat Automoveis S.A. - FIASA	100.000	
Fiat Auto Argentina S.A.	Buenos Aires	Argentina	476,464,366	ARS	100.00	Fiat Automoveis S.A. - FIASA	100.000	
Fiat Auto S.A. de Ahorro para Fines Determinados	Buenos Aires	Argentina	109,535,149	ARS	100.00	Fiat Auto Argentina S.A.	100.000	
Fiat Automoveis S.A. - FIASA	Betim	Brazil	1,069,492,850	BRL	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Credito Compania Financiera S.A.	Buenos Aires	Argentina	319,798,129	ARS	100.00	Fidis S.p.A.	100.000	
FPT Powertrain Technologies do Brasil - Industria e Comércio de Motores Ltda	Campo Largo	Brazil	197,792,500	BRL	100.00	Fiat Automoveis S.A. - FIASA	100.000	
TCA - Tecnologia em Componentes Automotivos SA	Jaboatao do Guararapes	Brazil	70,840,185	BRL	100.00	Fiat Automoveis S.A. - FIASA	100.000	
<b>APAC</b>								
Chrysler (Hong Kong) Automotive Limited	Hong Kong	People's Rep. of China	10,000,000	EUR	58.54	Chrysler Group LLC	100.000	
Chrysler Asia Pacific Investment Co. Ltd.	Shanghai	People's Rep. of China	4,500,000	CNY	58.54	Chrysler (Hong Kong) Automotive Limited	100.000	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Chrysler Australia Pty. Ltd.	Mulgrave	Australia	143,629,774	AUD	58.54	Chrysler Group LLC	100.000	
Chrysler Group (China) Sales Co. Ltd.	Beijing	People's Rep. of China	10,000,000	EUR	58.54	Chrysler (Hong Kong) Automotive Limited	100.000	
Chrysler India Automotive Private Limited	Chennai	India	99,990	INR	58.54	Chrysler Netherlands Distribution B.V. CHRYSLER GROUP DUTCH OPERATING LLC	99.990 0.010	
Chrysler Japan Co., Ltd.	Tokyo	Japan	100,000,000	JPY	58.54	Chrysler Group LLC	100.000	
Chrysler Korea, Ltd.	Seoul	South Korea	32,639,200,000	KRW	58.54	Chrysler Group LLC	100.000	
Chrysler South East Asia Pte. Ltd.	Singapore	Singapore	3,010,513	SGD	58.54	Chrysler Group LLC	100.000	
Fiat Automotive Finance Co. Ltd.	Shanghai	People's Rep. of China	750,000,000	CNY	100.00	Fidis S.p.A.	100.000	
FIAT GROUP AUTOMOBILES INDIA Private Limited	Mumbai	India	937,900,000	INR	100.00	Fiat Group Automobiles S.p.A. FGA Investimenti S.p.A.	99.990 0.010	
Fiat Group Automobiles Japan K.K.	Minatu-Ku. Tokyo	Japan	420,000,000	JPY	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Powertrain Technologies (Shanghai) R&D Co. Ltd.	Shanghai	People's Rep. of China	10,000,000	EUR	100.00	Fiat Powertrain Technologies SpA	100.000	
Mopar (Shanghai) Auto Parts Trading Co. Ltd.	Shanghai	People's Rep. of China	5,000,000	USD	58.54	Chrysler Asia Pacific Investment Co. Ltd.	100.000	
<b>EMEA</b>								
Abarth & C. S.p.A.	Turin	Italy	1,500,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Alfa Romeo Automobiles S.p.A.	Turin	Italy	120,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Alfa Romeo U.S.A. S.p.A.	Turin	Italy	120,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
C.R.F. Società Consortile per Azioni	Orbassano	Italy	45,000,000	EUR	100.00	Fiat Group Automobiles S.p.A. Fiat Partecipazioni S.p.A. Fiat Powertrain Technologies SpA	75.000 20.000 5.000	
CG EU NSC LIMITED	Cardiff	United Kingdom	3	GBP	58.54	Chrysler Group LLC	100.000	
CG Venezuela UK Holdings Limited	Slough Berkshire	United Kingdom	100	GBP	58.54	CG EU NSC LIMITED	100.000	
Chrysler & Jeep Vertriebsgesellschaft mbH	Berlin	Germany	25,600	EUR	100.00	Fiat Group Automobiles Germany AG	100.000	
Chrysler Austria GmbH	Vienna	Austria	4,300,000	EUR	58.54	Chrysler Deutschland GmbH	100.000	
CHRYSLER BALKANS d.o.o. Beograd	Beograd	Serbia	500	EUR	58.54	Chrysler Group LLC	100.000	
Chrysler Belgium Luxembourg NV/SA	Brussels	Belgium	28,262,700	EUR	58.54	Chrysler Group LLC Chrysler Group Minority LLC	99.998 0.002	
Chrysler Czech Republic s.r.o.	Prague	Czech Republic	55,932,000	EUR	58.54	Chrysler Group LLC Chrysler Group Minority LLC	99.964 0.036	
Chrysler Danmark ApS	Glostrup	Denmark	1,000,000	EUR	58.54	Chrysler Group LLC	100.000	
Chrysler Deutschland GmbH	Berlin	Germany	20,426,200	EUR	58.54	Chrysler Group LLC	100.000	
Chrysler Espana S.L.	Alcalá De Henares	Spain	16,685,690	EUR	58.54	Chrysler Group LLC	100.000	
Chrysler France S.A.S.	Trappes	France	460,000	EUR	58.54	Chrysler Group LLC	100.000	
Chrysler Group Egypt Limited	New Cairo	Egypt	240,000	EGP	58.54	Chrysler Group LLC Chrysler Group Minority LLC	99.000 1.000	

## Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Chrysler Group Middle East FZ-LLC	Dubai	United Arab Emirates	300,000	AED	58.54	CHRYSLER GROUP INTERNATIONAL LLC	100.000	
Chrysler International GmbH	Stuttgart	Germany	25,000	EUR	58.54	Chrysler Group LLC	100.000	
Chrysler Italia S.r.l.	Rome	Italy	100,000	EUR	58.54	Chrysler Group LLC	100.000	
Chrysler Jeep International S.A.	Brussels	Belgium	1,860,000	EUR	58.54	Chrysler Group LLC Chrysler Group Minority LLC	99.998 0.002	
Chrysler Management Austria GmbH	Gossendorf	Austria	75,000	EUR	58.54	Chrysler Austria GmbH	100.000	
Chrysler Mexico Investment Holdings Cooperatie U.A.	Amsterdam	Netherlands	0	EUR	58.54	Chrysler Investment Holdings LLC Chrysler Group Minority LLC	99.990 0.010	
Chrysler Nederland B.V.	Utrecht	Netherlands	19,000	EUR	58.54	Chrysler Group LLC	100.000	
Chrysler Netherlands Distribution B.V.	Amsterdam	Netherlands	90,000	EUR	58.54	Chrysler Netherlands Holding Cooperatie U.A.	100.000	
Chrysler Polska Sp. z o.o.	Warsaw	Poland	30,356,000	PLN	58.54	Chrysler Group LLC	100.000	
Chrysler Russia SAO	Moscow	Russia	574,665,000	RUB	58.54	Chrysler Group LLC Chrysler Group Minority LLC	99.999 0.001	
Chrysler South Africa (Pty) Limited	Centurion	South Africa	200	ZAR	58.54	Chrysler Group LLC	100.000	
Chrysler Sweden AB	Kista	Sweden	100,000	SEK	58.54	Chrysler Group LLC	100.000	
Chrysler Switzerland GmbH	Schlieren	Switzerland	2,000,000	CHF	58.54	Chrysler Group LLC	100.000	
Chrysler UK Limited	Slough Berkshire	United Kingdom	46,582,132	GBP	58.54	CG EU NSC LIMITED	100.000	
Customer Services Centre S.r.l.	Turin	Italy	2,500,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Easy Drive S.r.l.	Turin	Italy	10,400	EUR	100.00	Fiat Group Automobiles S.p.A. Fiat Center Italia S.p.A.	99.000 1.000	
Fabbrica Italia Pomigliano S.p.A.	Pomigliano d'Arco	Italy	1,000,000	EUR	100.00	FGA Real Estate Services S.p.A.	100.000	
FGA Austro Car GmbH	Vienna	Austria	35,000	EUR	100.00	Fiat Group Automobiles Austria GmbH	100.000	
FGA Investimenti S.p.A.	Turin	Italy	2,000,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
FGA Real Estate Services S.p.A.	Turin	Italy	150,679,554	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
FGA Versicherungsservice GmbH	Heilbronn	Germany	26,000	EUR	100.00	Fiat Group Automobiles Germany AG Rimaco S.A.	51.000 49.000	
Fiat Auto Poland S.A.	Bielsko-Biala	Poland	660,334,600	PLN	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Auto Var S.r.l.	Turin	Italy	7,370,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Automobil Vertriebs GmbH	Frankfurt	Germany	8,700,000	EUR	100.00	Fiat Group Automobiles Germany AG	100.000	
Fiat Automobiles S.p.A.	Turin	Italy	120,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
FIAT AUTOMOBILES SERBIA DOO KRAGUJEVAC	Kragujevac	Serbia	30,707,843,314	RSD	66.67	Fiat Group Automobiles S.p.A.	66.670	
Fiat Center (Suisse) S.A.	Meyrin	Switzerland	13,000,000	CHF	100.00	Fiat Group Automobiles Switzerland S.A.	100.000	
Fiat Center Italia S.p.A.	Turin	Italy	2,000,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat CR Spol. S.R.O.	Prague	Czech Republic	1,000,000	CZK	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat France	Trappes	France	235,480,520	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Fiat Group Automobiles Austria GmbH	Vienna	Austria	37,000	EUR	100.00	Fiat Group Automobiles S.p.A. FGA Investimenti S.p.A.	98.000 2.000	
Fiat Group Automobiles Belgium S.A.	Auderghem	Belgium	7,000,000	EUR	100.00	Fiat Group Automobiles S.p.A. Fiat Group Automobiles Switzerland S.A.	99.998 0.002	
Fiat Group Automobiles Central and Eastern Europe KFT.	Budapest	Hungary	150,000,000	HUF	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Group Automobiles Denmark A/S	Glostrup	Denmark	55,000,000	DKK	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Group Automobiles Germany AG	Frankfurt	Germany	82,650,000	EUR	100.00	Fiat Group Automobiles S.p.A. Fiat Group Automobiles Switzerland S.A.	99.000 1.000	
Fiat Group Automobiles Hellas S.A.	Argyroupoli	Greece	62,783,499	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Group Automobiles Ireland Ltd.	Dublin	Ireland	5,078,952	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Group Automobiles Maroc S.A.	Casablanca	Morocco	1,000,000	MAD	99.95	Fiat Group Automobiles S.p.A.	99.950	
Fiat Group Automobiles Netherlands B.V.	Lijnden	Netherlands	5,672,250	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Group Automobiles Portugal, S.A.	Alges	Portugal	1,000,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Group Automobiles S.p.A.	Turin	Italy	800,000,000	EUR	100.00	Fiat S.p.A.	100.000	
Fiat Group Automobiles South Africa (Proprietary) Ltd	Bryanston	South Africa	640	ZAR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Group Automobiles Spain S.A.	Alcalá De Henares	Spain	8,079,280	EUR	100.00	Fiat Group Automobiles S.p.A. Fiat Group Automobiles Switzerland S.A.	99.998 0.002	
Fiat Group Automobiles Sweden AB	Kista	Sweden	10,000,000	SEK	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Group Automobiles Switzerland S.A.	Schlieren	Switzerland	21,400,000	CHF	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Group Automobiles UK Ltd	Slough Berkshire	United Kingdom	44,600,000	GBP	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Group Marketing & Corporate Communication S.p.A.	Turin	Italy	100,000,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
FIAT NORTH AMERICA LLC	Wilmington	U.S.A.	0	USD	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Partecipazioni France Société par actions simplifiée	Trappes	France	37,000	EUR	100.00	FGA Real Estate Services S.p.A.	100.000	
Fiat Powertrain Technologies Poland Sp. z o.o.	Bielsko-Biala	Poland	269,037,000	PLN	100.00	Fiat Powertrain Technologies SpA	100.000	
Fiat Powertrain Technologies SpA	Turin	Italy	525,000,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Professional S.p.A.	Turin	Italy	120,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fiat Real Estate Germany GmbH	Frankfurt	Germany	25,000	EUR	100.00	Fiat Automobil Vertriebs GmbH	100.000	
Fiat SR Spol. SR.O.	Bratislava	Slovak Republic	33,194	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Fidis S.p.A.	Turin	Italy	250,000,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
i-FAST Automotive Logistics S.r.l.	Turin	Italy	1,250,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
i-FAST Container Logistics S.p.A.	Turin	Italy	2,500,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
International Metropolitan Automotive Promotion (France) S.A.	Trappes	France	5,955,360	EUR	100.00	Fiat France	99.997	
Italian Automotive Center S.A.	Auderghem	Belgium	5,000,000	EUR	100.00	Fiat Group Automobiles Belgium S.A. Fiat Group Automobiles S.p.A.	99.988 0.012	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Italian Motor Village Ltd.	Slough Berkshire	United Kingdom	1,500,000	GBP	100.00	Fiat Group Automobiles UK Ltd	100.000	
Italian Motor Village S.A.	Alges	Portugal	50,000	EUR	100.00	Fiat Group Automobiles Portugal, S.A.	100.000	
Italian Motor Village, S.L.	Alcalá De Henares	Spain	1,454,420	EUR	100.00	Fiat Group Automobiles Spain S.A.	100.000	
Lancia Automobiles S.p.A.	Turin	Italy	120,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Mecaner S.A.	Urduliz	Spain	3,000,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Motor Village Austria GmbH	Vienna	Austria	37,000	EUR	100.00	Fiat Group Automobiles Austria GmbH	100.000	
New Business 32 S.r.l.	Turin	Italy	50,000	EUR	58.54	Chrysler Italia S.r.l.	100.000	
Officine Maserati Grugliasco S.p.A.	Turin	Italy	500,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Sata-Società Automobilistica Tecnologie Avanzate S.p.A.	Melfi	Italy	276,640,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
Società di Commercializzazione e Distribuzione Ricambi S.p.A. in liquidation	Turin	Italy	100,000	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
VM Motori S.p.A.	Cento	Italy	21,008,000	EUR	100.00	Fiat Powertrain Technologies SpA	100.000	
<b>Business Auto: Luxury and Performance Brands</b>								
<b>Ferrari</b>								
Ferrari S.p.A.	Modena	Italy	20,260,000	EUR	90.00	Fiat S.p.A.	90.000	
410 Park Display Inc.	Englewood Cliffs	U.S.A.	100	USD	90.00	Ferrari N.America Inc.	100.000	
Ferrari Australasia Pty Limited	Lane Cove	Australia	2,000,100	AUD	90.00	Ferrari S.p.A.	100.000	
Ferrari Central / East Europe GmbH	Wiesbaden	Germany	1,000,000	EUR	90.00	Ferrari S.p.A.	100.000	
FERRARI FAR EAST PTE LTD	Singapore	Singapore	1,000,000	SGD	90.00	Ferrari S.p.A.	100.000	
Ferrari Financial Services AG	Munich	Germany	1,777,600	EUR	81.00	Ferrari Financial Services S.p.A.	100.000	
Ferrari Financial Services Japan KK	Tokyo	Japan	199,950,000	JPY	81.00	Ferrari Financial Services S.p.A.	100.000	
Ferrari Financial Services S.p.A.	Modena	Italy	5,100,000	EUR	81.00	Ferrari S.p.A.	90.000	
Ferrari Financial Services, Inc.	Wilmington	U.S.A.	1,000	USD	81.00	Ferrari Financial Services S.p.A.	100.000	
Ferrari GE.D. S.p.A.	Modena	Italy	11,570,000	EUR	90.00	Ferrari S.p.A.	100.000	
Ferrari Japan KK	Tokyo	Japan	160,050,000	JPY	90.00	Ferrari S.p.A.	100.000	
Ferrari Management Consulting (Shanghai) CO., LTD	Shanghai	People's Rep. of China	2,100,000	USD	90.00	Ferrari S.p.A.	100.000	
Ferrari Maserati Cars International Trading (Shanghai) Co. Ltd.	Shanghai	People's Rep. of China	3,000,000	USD	53.10	Ferrari S.p.A.	59.000	
Ferrari N.America Inc.	Englewood Cliffs	U.S.A.	200,000	USD	90.00	Ferrari S.p.A.	100.000	
Ferrari North Europe Limited	Slough Berkshire	United Kingdom	50,000	GBP	90.00	Ferrari S.p.A.	100.000	
Ferrari South West Europe S.A.R.L.	Levallois-Perret	France	172,000	EUR	90.00	Ferrari S.p.A.	100.000	
GSA-Gestions Sportives Automobiles S.A.	Meyrin	Switzerland	1,000,000	CHF	90.00	Ferrari S.p.A.	100.000	
Iniziativa Fiorano S.r.l.	Modena	Italy	90,000	EUR	90.00	Ferrari S.p.A.	100.000	
Mugello Circuit S.p.A.	Scarperia	Italy	10,000,000	EUR	90.00	Ferrari S.p.A.	90.000	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
<b>Maserati</b>								
Maserati S.p.A.	Modena	Italy	40,000,000	EUR	100.00	Fiat S.p.A.	100.000	
Maserati (Suisse) S.A.	Schlieren	Switzerland	1,000,000	CHF	100.00	Maserati S.p.A.	100.000	
Maserati Deutschland GmbH	Wiesbaden	Germany	500,000	EUR	100.00	Maserati S.p.A.	100.000	
Maserati GB Limited	Slough Berkshire	United Kingdom	20,000	GBP	100.00	Maserati S.p.A.	100.000	
Maserati Japan KK	Tokyo	Japan	18,000,000	JPY	100.00	Maserati S.p.A.	100.000	
Maserati North America Inc.	Englewood Cliffs	U.S.A.	1,000	USD	100.00	Maserati S.p.A.	100.000	
Maserati West Europe société par actions simplifiée	Paris	France	37,000	EUR	100.00	Maserati S.p.A.	100.000	
<b>Components and Production Systems</b>								
<b>Magneti Marelli</b>								
Magneti Marelli S.p.A.	Corbetta	Italy	254,325,965	EUR	99.99	Fiat S.p.A.	99.990	100.00
ABC Industria, Comercio, Importacao e Exportacao de Componentes Automotivos Ltda	Nova Goiana	Brazil	1,000	BRL	99.99	Plastic Components and Modules Automotive S.p.A. Magneti Marelli Cofap Autopecas Ltda	99.900	0.100
Administracion Magneti Marelli Sistemi Sospensioni Mexicana S.R.L. de C.V.	Mexico City	Mexico	3,000	MXN	51.49	Magneti Marelli Promatcor Sistemi Sospensioni Mexicana S.R.L. de C.V. Automotive Lighting Rear Lamps Mexico S. de r.l. de C.V.	99.000	1.000
Automotive Lighting Brotterode GmbH	Brotterode	Germany	7,270,000	EUR	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Automotive Lighting Italia S.p.A.	Venaria Reale	Italy	12,000,000	EUR	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Automotive Lighting LLC	Farmington Hills	U.S.A.	25,001,000	USD	99.99	Magneti Marelli Holding U.S.A. Inc.	100.000	
Automotive Lighting o.o.o.	Rjjasan	Russia	36,875,663	RUB	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Automotive Lighting Rear Lamps France S.a.s.	Saint Julien du Sault	France	5,134,480	EUR	99.99	Automotive Lighting Italia S.p.A.	100.000	
Automotive Lighting Rear Lamps Mexico S. de r.l. de C.V.	El Marques Queretaro	Mexico	50,000	MXN	99.99	Magneti Marelli Holding U.S.A. Inc.	100.000	
Automotive Lighting Reutlingen GmbH	Reutlingen	Germany	1,330,000	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Automotive Lighting S.R.O.	Jihlava	Czech Republic	927,637,000	CZK	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Automotive Lighting UK Limited	Chadwell Heath	United Kingdom	40,387,348	GBP	99.99	Magneti Marelli S.p.A.	100.000	
Centro Ricerche Plast-Optica S.p.A.	Amaro	Italy	1,033,000	EUR	75.49	Automotive Lighting Italia S.p.A.	75.500	
CHANGCHUN MAGNETI MARELLI POWERTRAIN COMPONENTS Co.Ltd.	Changchun	People's Rep. of China	5,600,000	EUR	51.00	Magneti Marelli S.p.A.	51.000	
Ergom Soffiaggio S.r.l.	Leno	Italy	45,900	EUR	84.99	Plastic Components and Modules Automotive S.p.A.	85.000	
Fiat CIEI S.p.A. in liquidation	Corbetta	Italy	220,211	EUR	99.99	Magneti Marelli S.p.A.	100.000	

## Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Hefei Magneti Marelli Exhaust Systems Co.Ltd.	Hefei	People's Rep. of China	3,900,000	EUR	51.00	Magneti Marelli S.p.A.	51.000	
Industrial Yorcka de Mexico S.A. de C.V.	Mexico City	Mexico	50,000	MXN	99.99	Automotive Lighting Rear Lamps Mexico S. de r.l. de C.V. Industrial Yorcka de Tepotzotlan S.A. de C.V.	98.000 2.000	
Industrial Yorcka de Tepotzotlan S.A. de C.V.	Mexico City	Mexico	50,000	MXN	99.99	Automotive Lighting Rear Lamps Mexico S. de r.l. de C.V. Industrial Yorcka de Mexico S.A. de C.V.	99.000 1.000	
Industrias Magneti Marelli Mexico S.A. de C.V.	Tepotzotlan	Mexico	50,000	MXN	99.99	Magneti Marelli Sistemas Electronicos Mexico S.A. Servicios Administrativos Corp. IPASA S.A.	99.998 0.002	
Magneti Marelli (China) Co. Ltd.	Shanghai	People's Rep. of China	17,500,000	USD	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli After Market Parts and Services S.p.A.	Corbetta	Italy	7,000,000	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Aftermarket GmbH	Heilbronn	Germany	100,000	EUR	99.99	Magneti Marelli After Market Parts and Services S.p.A.	100.000	
Magneti Marelli Aftermarket Sp. z o.o.	Katowice	Poland	2,000,000	PLN	99.99	Magneti Marelli After Market Parts and Services S.p.A.	100.000	
Magneti Marelli Argentina S.A.	Buenos Aires	Argentina	700,000	ARS	99.99	Magneti Marelli S.p.A. Magneti Marelli France S.a.s.	95.000 5.000	
Magneti Marelli Automotive Components (Changsha) Co. Ltd	Changsha	People's Rep. of China	5,400,000	USD	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Automotive Components (WUHU) Co. Ltd.	Wuhu	People's Rep. of China	32,000,000	USD	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Automotive d.o.o. Kragujevac	Kragujevac	Serbia	154,200,876	RSD	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Automotive Electronics (Guangzhou) Co. Limited	Guangzhou	People's Rep. of China	16,100,000	USD	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Automotive Lighting (Foshan) Co. Ltd	Guangzhou	People's Rep. of China	10,800,000	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Cofap Autopeças Ltda	São Paulo	Brazil	7,554,539	BRL	99.99	Magneti Marelli After Market Parts and Services S.p.A.	100.000	
Magneti Marelli Cofap Fabricadora de Peças Ltda	Santo Andre	Brazil	46,284,200	BRL	99.99	Magneti Marelli After Market Parts and Services S.p.A.	100.000	
Magneti Marelli Componentes Plasticos Ltda	Itauna	Brazil	6,402,500	BRL	99.99	Plastic Components and Modules Automotive S.p.A.	100.000	
Magneti Marelli Conjuntos de Escape S.A.	Buenos Aires	Argentina	7,480,071	ARS	99.99	Magneti Marelli S.p.A. Magneti Marelli Argentina S.A.	95.000 5.000	
Magneti Marelli d.o.o. Kragujevac	Kragujevac	Serbia	1,363,504,543	RSD	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli do Brasil Industria e Comercio SA	Hortolandia	Brazil	40,568,427	BRL	99.86	Magneti Marelli S.p.A.	99.872	99.990
Magneti Marelli Espana S.A.	Linares del Valles	Spain	781,101	EUR	99.99	Magneti Marelli Iberica S.A.	100.000	
Magneti Marelli France S.a.s.	Trappes	France	19,066,824	EUR	99.99	Magneti Marelli S.p.A.	100.000	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Magneti Marelli GmbH	Russelsheim	Germany	200,000	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Holding U.S.A. Inc.	Wixom	U.S.A.	10	USD	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Iberica S.A.	Santpedor	Spain	389,767	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli India Private Ltd	Haryana	India	20,000,000	INR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli International Trading (Shanghai) Co. LTD	Shanghai	People's Rep. of China	200,000	USD	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Japan K.K.	Kohoku-Ku-Yokohama	Japan	60,000,000	JPY	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Mako Elektrik Sanayi Ve Ticaret Anonim Sirketi	Bursa	Turkey	50,005	TRY	99.94	Automotive Lighting Reutlingen GmbH PLASTIFORM PLASTIK SANAY ve TICARET A.S. Sistemi Comandi Meccanici Otomotiv Sanayi Ve Ticaret A.S.	99.842 0.052 0.052	
Magneti Marelli Motopropulsion France SAS	Argentan	France	37,002	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli North America Inc.	Wilmington	U.S.A.	7,491,705	USD	99.99	Magneti Marelli Cofap Fabricadora de Pecas Ltda	100.000	
Magneti Marelli of Tennessee LLC	Auburn Hills	U.S.A.	1,300,000	USD	99.99	Magneti Marelli Holding U.S.A. Inc.	100.000	
Magneti Marelli Poland Sp. z o.o.	Sosnowiec	Poland	83,500,000	PLN	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Magneti Marelli Powertrain India Private Limited	Haryana	India	450,000,000	INR	51.00	Magneti Marelli S.p.A.	51.000	
Magneti Marelli Powertrain Slovakia s.r.o.	Bratislava	Slovak Republic	7,000,000	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Powertrain U.S.A. LLC	Sanford	U.S.A.	25,000,000	USD	99.99	Magneti Marelli Holding U.S.A. Inc.	100.000	
Magneti Marelli Promatcor Sistemi Sospensioni Mexicana S.R.L. de C.V.	Mexico City	Mexico	3,000	MXN	51.00	Sistemi Sospensioni S.p.A.	51.000	
Magneti Marelli Repuestos S.A.	Buenos Aires	Argentina	2,012,000	ARS	99.99	Magneti Marelli After Market Parts and Services S.p.A. Magneti Marelli Cofap Autopeças Ltda	52.000 48.000	
Magneti Marelli Sistemas Automotivos Industria e Comercio Ltda	Contagem	Brazil	206,834,874	BRL	99.99	Magneti Marelli S.p.A. Automotive Lighting Reutlingen GmbH	66.111 33.889	
Magneti Marelli Sistemas Electronicos Mexico S.A.	Tepotzotlan	Mexico	50,000	MXN	99.99	Magneti Marelli S.p.A. Servicios Administrativos Corp. IPASA S.A.	99.998 0.002	
Magneti Marelli Slovakia s.r.o.	Bratislava	Slovak Republic	80,006,639	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli South Africa (Proprietary) Limited	Johannesburg	South Africa	1,950,000	ZAR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Suspension Systems Bielsko Sp. z o.o.	Bielsko-Biala	Poland	70,050,000	PLN	99.99	Sistemi Sospensioni S.p.A.	100.000	
Magneti Marelli Um Electronic Systems Private Limited	Haryana	India	420,000,000	INR	51.00	Magneti Marelli S.p.A.	51.000	
Malaysian Automotive Lighting SDN. BHD	Bayan Lepas	Malaysia	6,000,000	MYR	79.99	Automotive Lighting Reutlingen GmbH	80.000	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consoli- dation	Interest held by	% interest held	% of voting rights
MM I&T Sas	Valbonne Sophia Antipolis	France	7,000	EUR	99.99	Magneti Marelli S.p.A.	100.000	
MMH Industria e Comercio De Componentes Automotivos Ltda	Nova Goiana	Brazil	1,000	BRL	99.99	Magneti Marelli Sistemas Automotivos Industria e Comercio Ltda Magneti Marelli Cofap Autopecas Ltda	99.900 0.100	
Plastic Components and Modules Automotive S.p.A.	Grugliasco	Italy	10,000,000	EUR	99.99	Plastic Components and Modules Holding S.p.A.	100.000	
Plastic Components and Modules Holding S.p.A.	Grugliasco	Italy	10,000,000	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Plastic Components and Modules Poland S.A.	Sosnowiec	Poland	21,000,000	PLN	99.99	Plastic Components and Modules Automotive S.p.A.	100.000	
Plastic Components Fuel Systems Poland Sp. z o.o.	Sosnowiec	Poland	29,281,500	PLN	99.99	Plastic Components and Modules Poland S.A.	100.000	
PLASTIFORM PLASTIK SANAY ve TICARET A.S.	Bursa	Turkey	715,000	TRY	99.94	Magneti Marelli Mako Elektrik Sanayi Ve Ticaret Anonim Sirketi	100.000	
Servicios Administrativos Corp. IPASA S.A.	Col. Chapultepec	Mexico	1,000	MXN	99.99	Magneti Marelli Sistemas Electronicos Mexico S.A. Industrias Magneti Marelli Mexico S.A. de C.V.	99.990 0.010	
Sistemi Sospensioni S.p.A.	Corbetta	Italy	37,622,179	EUR	99.99	Magneti Marelli S.p.A.	100.000	
SNIARICERCHE S.P.A. in liquidation	Pisticci	Italy	880,000	EUR	99.99	Plastic Components and Modules Holding S.p.A. Plastic Components and Modules Automotive S.p.A.	95.000 5.000	
Tecnologia de Iluminacion Automotriz S.A. de C.V.	Juarez	Mexico	50,000	MXN	99.99	Automotive Lighting LLC Automotive Lighting Rear Lamps Mexico S. de r.l. de C.V.	99.998 0.002	
Ufima S.A.S.	Trappes	France	44,940	EUR	99.99	Magneti Marelli S.p.A. Fiat Partecipazioni S.p.A.	65.020 34.980	
<b>Teksid</b>								
Teksid S.p.A.	Turin	Italy	71,403,261	EUR	84.79	Fiat S.p.A.	84.791	
Compania Industrial Frontera S.A. de C.V.	Frontera	Mexico	50,000	MXN	84.79	Teksid Hierro de Mexico S.A. de C.V. Teksid Inc.	99.800 0.200	
(*) Fonderie du Poitou Fonte S.A.S.	Ingrandes-sur- Vienne	France	26,958,464	EUR	84.79	Teksid S.p.A.	100.000	
Funfrap-Fundicao Portuguesa S.A.	Cacia	Portugal	13,697,550	EUR	70.89	Teksid S.p.A.	83.607	
Teksid Aluminum S.r.l.	Carmagnola	Italy	5,000,000	EUR	100.00	Fiat S.p.A.	100.000	
Teksid do Brasil Ltda	Betim	Brazil	202,602,013	BRL	84.79	Teksid S.p.A.	100.000	
Teksid Hierro de Mexico S.A. de C.V.	Frontera	Mexico	716,088,300	MXN	84.79	Teksid S.p.A.	100.000	
Teksid Inc.	Wilmington	U.S.A.	100,000	USD	84.79	Teksid S.p.A.	100.000	
Teksid Iron Poland Sp. z o.o.	Skoczow	Poland	115,678,500	PLN	84.79	Teksid S.p.A.	100.000	

(\*) Asset held for sale.

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
<b>Comau</b>								
Comau S.p.A.	Grugliasco	Italy	48,013,959	EUR	100.00	Fiat S.p.A.	100.000	
COMAU (KUNSHAN) Automation Co. Ltd.	Kunshan	People's Rep. of China	3,000,000	USD	100.00	Comau S.p.A.	100.000	
Comau (Shanghai) Engineering Co. Ltd.	Shanghai	People's Rep. of China	5,000,000	USD	100.00	Comau S.p.A.	100.000	
Comau (Shanghai) International Trading Co. Ltd.	Shanghai	People's Rep. of China	200,000	USD	100.00	Comau S.p.A.	100.000	
Comau Argentina S.A.	Buenos Aires	Argentina	500,000	ARS	100.00	Comau S.p.A. Comau do Brasil Industria e Comercio Ltda. Fiat Argentina S.A.	55.280 44.690 0.030	
Comau Automatizacion S.de R.L. C.V.	Tepotzotlan	Mexico	62,204,118	MXN	100.00	Comau Mexico S.de R.L. de C.V.	100.000	
Comau Canada Inc.	Windsor	Canada	100	CAD	100.00	Comau Inc.	100.000	
Comau Deutschland GmbH	Boblingen	Germany	1,330,000	EUR	100.00	Comau S.p.A.	100.000	
Comau do Brasil Industria e Comercio Ltda.	Betim	Brazil	102,742,653	BRL	100.00	Comau S.p.A.	100.000	
Comau Estil Unl.	Luton	United Kingdom	107,665,056	USD	100.00	Comau S.p.A.	100.000	
Comau France S.A.S.	Trappes	France	6,000,000	EUR	100.00	Comau S.p.A.	100.000	
Comau Iaisa S.de R.L. de C.V.	Tepotzotlan	Mexico	17,181,062	MXN	100.00	Comau Mexico S.de R.L. de C.V.	100.000	
Comau Inc.	Southfield	U.S.A.	100	USD	100.00	Comau S.p.A.	100.000	
Comau India Private Limited	Pune	India	239,935,020	INR	100.00	Comau S.p.A. Comau Deutschland GmbH	99.990 0.010	
Comau Mexico S.de R.L. de C.V.	Tepotzotlan	Mexico	99,349,172	MXN	100.00	Comau S.p.A.	100.000	
Comau Poland Sp. z o.o.	Bielsko-Biala	Poland	3,800,000	PLN	100.00	Comau S.p.A.	100.000	
Comau Romania S.R.L.	Oradea	Romania	23,673,270	RON	100.00	Comau S.p.A.	100.000	
Comau Russia OOO	Moscow	Russia	4,770,225	RUB	100.00	Comau S.p.A. Comau Deutschland GmbH	99.000 1.000	
Comau Service Systems S.L.	Madrid	Spain	250,000	EUR	100.00	Comau S.p.A.	100.000	
Comau Trebol S.de R.L. de C.V.	Tepotzotlan	Mexico	16,168,211	MXN	100.00	Comau Mexico S.de R.L. de C.V.	100.000	
Comau U.K. Limited	Rugby	United Kingdom	2,502,500	GBP	100.00	Comau S.p.A.	100.000	
<b>Other Activities: Holding companies and Other companies</b>								
BMI S.p.A.	Genoa	Italy	124,820	EUR	88.00	Editrice La Stampa S.p.A.	88.000	
Deposito Avogadro S.p.A.	Turin	Italy	5,100,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Editrice La Stampa S.p.A.	Turin	Italy	5,700,000	EUR	100.00	Fiat S.p.A.	100.000	
Fiat Argentina S.A.	Buenos Aires	Argentina	5,292,117	ARS	100.00	Fiat Services S.p.A. Fiat do Brasil S.A. SGR-Sociedad para la Gestion de Riesgos S.A. Fiat Auto Argentina S.A.	90.961 9.029 0.009 0.001	

## Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Fiat do Brasil S.A.	Nova Lima	Brazil	42,985,146	BRL	100.00	FGA Real Estate Services S.p.A. Fiat Services S.p.A.	99.998 0.002	
Fiat Financas Brasil Ltda	Nova Lima	Brazil	2,469,701	BRL	100.00	Fiat Finance S.p.A. Fiat do Brasil S.A.	99.994 0.006	
Fiat Finance and Trade Ltd S.A.	Luxembourg	Luxembourg	251,494,000	EUR	100.00	Fiat Finance S.p.A. Fiat S.p.A.	60.003 39.997	
Fiat Finance Canada Ltd.	Calgary	Canada	10,099,885	CAD	100.00	Fiat Finance and Trade Ltd S.A.	100.000	
Fiat Finance et Services S.A.	Trappes	France	3,700,000	EUR	100.00	Fiat Services S.p.A.	99.997	
Fiat Finance North America Inc.	Wilmington	U.S.A.	190,090,010	USD	100.00	Fiat Finance and Trade Ltd S.A.	100.000	
Fiat Finance S.p.A.	Turin	Italy	224,440,000	EUR	100.00	Fiat S.p.A.	100.000	
Fiat GmbH	Ulm	Germany	200,000	EUR	100.00	Fiat Services S.p.A.	100.000	
Fiat Group Purchasing France S.a.r.l.	Trappes	France	7,700	EUR	100.00	Fiat Group Purchasing S.r.l.	100.000	
Fiat Group Purchasing Poland Sp. z o.o.	Bielsko-Biala	Poland	300,000	PLN	100.00	Fiat Group Purchasing S.r.l.	100.000	
Fiat Group Purchasing S.r.l.	Turin	Italy	600,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Fiat Iberica S.A.	Madrid	Spain	2,797,054	EUR	100.00	Fiat Services S.p.A.	100.000	
Fiat Information Technology, Excellence and Methods S.p.A.	Turin	Italy	500,000	EUR	100.00	Fiat Services S.p.A.	100.000	
Fiat Partecipazioni S.p.A.	Turin	Italy	614,071,587	EUR	100.00	Fiat S.p.A.	100.000	
Fiat Polska Sp. z o.o.	Warsaw	Poland	25,500,000	PLN	100.00	Fiat Partecipazioni S.p.A.	100.000	
Fiat Services Belgium N.V.	Zedelgem	Belgium	62,000	EUR	100.00	Fiat Services S.p.A. Servizi e Attività Doganali per l'Industria S.p.A.	99.960 0.040	
Fiat Services d.o.o. Kragujevac	Kragujevac	Serbia	15,047,880	RSD	100.00	Fiat Services S.p.A.	100.000	
Fiat Services Polska Sp. z o.o.	Bielsko-Biala	Poland	3,600,000	PLN	100.00	Fiat Services S.p.A.	100.000	
Fiat Services S.p.A.	Turin	Italy	3,600,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Fiat Servizi per l'Industria S.c.p.a.	Turin	Italy	1,652,669	EUR	90.70	Fiat Partecipazioni S.p.A. Fiat Group Automobiles S.p.A. Fiat S.p.A. Teksid S.p.A. C.R.F. Società Consortile per Azioni Comau S.p.A. Editrice La Stampa S.p.A. Fiat Services S.p.A. Magneti Marelli S.p.A.	51.000 25.500 5.000 2.000 1.500 1.500 1.500 1.500 1.500	
Fiat U.K. Limited	Basildon	United Kingdom	750,000	GBP	100.00	Fiat Partecipazioni S.p.A.	100.000	
Fiat U.S.A. Inc.	New York	U.S.A.	16,830,000	USD	100.00	Fiat S.p.A.	100.000	
Neptunia Assicurazioni Marittime S.A.	Lugano	Switzerland	10,000,000	CHF	100.00	Rimaco S.A.	100.000	
Nexta Srl	Turin	Italy	50,000	EUR	100.00	Editrice La Stampa S.p.A.	100.000	
Publikompass S.p.A.	Milan	Italy	3,068,000	EUR	100.00	Editrice La Stampa S.p.A.	100.000	
Rimaco S.A.	Lausanne	Switzerland	350,000	CHF	100.00	Fiat Partecipazioni S.p.A.	100.000	
Risk Management S.p.A.	Turin	Italy	120,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consoli- dation	Interest held by	% interest held	% of voting rights
Sadi Polska-Agencja Celna Sp. z o.o.	Bielsko-Biala	Poland	500,000	PLN	100.00	Servizi e Attività Doganali per l'Industria S.p.A.	100.000	
Servizi e Attività Doganali per l'Industria S.p.A.	Turin	Italy	520,000	EUR	100.00	Fiat Services S.p.A.	100.000	
SIRIO - Sicurezza Industriale Società consortile per azioni	Turin	Italy	120,000	EUR	86.59	Fiat Partecipazioni S.p.A.	58.252	
						Fiat Group Automobili S.p.A.	16.600	
						Magneti Marelli S.p.A.	1.841	
						Fiat Powertrain Technologies SpA	1.314	
						Sata-Società Automobilistica Tecnologie Avanzate S.p.A.	0.833	
						C.R.F. Società Consortile per Azioni	0.768	
						Fiat S.p.A.	0.751	
						Comau S.p.A.	0.729	
						Ferrari S.p.A.	0.729	
						Teksid S.p.A.	0.664	
						Fiat Services S.p.A.	0.593	
						Sistemi Sospensioni S.p.A.	0.551	
						Teksid Aluminum S.r.l.	0.540	
						Fiat Servizi per l'Industria S.c.p.a.	0.503	
						Fiat Finance S.p.A.	0.406	
						Fidis S.p.A.	0.325	
						Editrice La Stampa S.p.A.	0.273	
						Automotive Lighting Italia S.p.A.	0.255	
						FGA Real Estate Services S.p.A.	0.103	
						Fiat Group Marketing & Corporate Communication S.p.A.	0.103	
						Fiat Group Purchasing S.r.l.	0.103	
						Servizi e Attività Doganali per l'Industria S.p.A.	0.103	
						Plastic Components and Modules Automotive S.p.A.	0.065	
						Fiat Center Italia S.p.A.	0.045	
						Abarth & C. S.p.A.	0.039	
						Maserati S.p.A.	0.039	
						Orione-Società Industriale per la Sicurezza e la Vigilanza Consortile per Azioni	0.039	
						Risk Management S.p.A.	0.039	
						Sisport Fiat S.p.A. - Società sportiva dilettantistica	0.039	
						Magneti Marelli After Market Parts and Services S.p.A.	0.037	
						Customer Services Centre S.r.l.	0.022	
						Easy Drive S.r.l.	0.022	
						Fiat Auto Var S.r.l.	0.022	
						Fiat Information Technology, Excellence and Methods S.p.A.	0.022	
						i-FAST Automotive Logistics S.r.l.	0.020	
						i-FAST Container Logistics S.p.A.	0.020	

Subsidiaries consolidated on a line-by-line basis (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Sisport Fiat S.p.A. - Società sportiva dilettantistica	Turin	Italy	889,049	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
<b>Jointly-controlled entities accounted for using the equity method</b>								
<b>Business Auto: Car Mass-Market brands</b>								
<b>APAC</b>								
Fiat India Automobiles Limited	Ranjangaon	India	24,451,596,600	INR	50.00	Fiat Group Automobiles S.p.A.	50.000	
GAC FIAT Automobiles Co. Ltd.	Changsha	People's Rep. of China	2,400,000,000	CNY	50.00	Fiat Group Automobiles S.p.A.	50.000	
<b>EMEA</b>								
FGA CAPITAL S.p.A.	Turin	Italy	700,000,000	EUR	50.00	Fiat Group Automobiles S.p.A.	50.000	
FAL Fleet Services S.A.S.	Trappes	France	3,000,000	EUR	50.00	FGA CAPITAL S.p.A.	100.000	
FC France S.A.	Trappes	France	11,360,000	EUR	50.00	FGA CAPITAL S.p.A.	99.999	
FGA Bank G.m.b.H.	Vienna	Austria	5,000,000	EUR	50.00	FGA CAPITAL S.p.A. Fidis S.p.A.	50.000 25.000	
FGA Bank Germany GmbH	Heilbronn	Germany	39,600,000	EUR	50.00	FGA CAPITAL S.p.A.	100.000	
FGA CAPITAL BELGIUM S.A.	Auderghem	Belgium	3,718,500	EUR	50.00	FGA CAPITAL S.p.A.	99.999	
FGA Capital Danmark A/S	Glostrup	Denmark	14,154,000	DKK	50.00	FGA CAPITAL S.p.A.	100.000	
FGA CAPITAL HELLAS S.A.	Argyroupoli	Greece	1,200,000	EUR	50.00	FGA CAPITAL S.p.A.	100.000	
FGA CAPITAL IFIC SA	Alges	Portugal	10,000,000	EUR	50.00	FGA CAPITAL S.p.A.	100.000	
FGA CAPITAL IRELAND Public Limited Company	Dublin	Ireland	132,562	EUR	50.00	FGA CAPITAL S.p.A.	99.994	
FGA Capital Netherlands B.V.	Lijnden	Netherlands	3,085,800	EUR	50.00	FGA CAPITAL S.p.A.	100.000	
FGA CAPITAL RE Limited	Dublin	Ireland	1,000,000	EUR	50.00	FGA CAPITAL S.p.A.	100.000	
FGA Capital Services Spain S.A.	Alcalá De Henares	Spain	25,145,299	EUR	50.00	FGA CAPITAL S.p.A.	100.000	
FGA Capital Spain E.F.C. S.A.	Alcalá De Henares	Spain	26,671,557	EUR	50.00	FGA CAPITAL S.p.A.	100.000	
FGA CAPITAL UK LTD.	Slough Berkshire	United Kingdom	50,250,000	GBP	50.00	FGA CAPITAL S.p.A.	100.000	
FGA CONTRACTS UK LTD.	Slough Berkshire	United Kingdom	19,000,000	GBP	50.00	FGA CAPITAL S.p.A.	100.000	
FGA Distribuidora Portugal S.A.	Alges	Portugal	500,300	EUR	50.00	FGA CAPITAL S.p.A.	100.000	
FGA INSURANCE HELLAS S.A.	Argyroupoli	Greece	60,000	EUR	49.99	FGA CAPITAL HELLAS S.A.	99.975	
FGA Leasing GmbH	Vienna	Austria	40,000	EUR	50.00	FGA CAPITAL S.p.A.	100.000	
FGA Leasing Polska Sp. z o.o.	Warsaw	Poland	24,384,000	PLN	50.00	FGA CAPITAL S.p.A.	100.000	
FGA WHOLESALE UK LTD.	Slough Berkshire	United Kingdom	20,500,000	GBP	50.00	FGA CAPITAL S.p.A.	100.000	
Fiat Bank Polska S.A.	Warsaw	Poland	125,000,000	PLN	50.00	FGA CAPITAL S.p.A.	100.000	
Fidis Finance (Suisse) S.A.	Schlieren	Switzerland	24,100,000	CHF	50.00	FGA CAPITAL S.p.A.	100.000	
FL Auto Snc	Trappes	France	8,954,581	EUR	50.00	FC France S.A.	99.998	
FL Location SNC	Trappes	France	76,225	EUR	49.99	FC France S.A.	99.980	

Jointly-controlled entities accounted for using the equity method (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Leasys S.p.A.	Turin	Italy	77,979,400	EUR	50.00	FGA CAPITAL S.p.A.	100.000	
FER MAS Oto Ticaret A.S.	Istanbul	Turkey	5,500,000	TRY	37.64	Tofas-Turk Otomobil Fabrikasi A.S.	99.418	
Koc Fiat Kredi Tuketici Finansmani A.S.	Istanbul	Turkey	30,000,000	TRY	37.86	Tofas-Turk Otomobil Fabrikasi A.S.	100.000	
Società Europea Veicoli Leggeri-Sevel S.p.A.	Atessa	Italy	68,640,000	EUR	50.00	Fiat Group Automobiles S.p.A.	50.000	
Tofas-Turk Otomobil Fabrikasi A.S.	Levent	Turkey	500,000,000	TRY	37.86	Fiat Group Automobiles S.p.A.	37.856	
<b>Components and Production Systems</b>								
<b>Magneti Marelli</b>								
JCMM Automotive d.o.o.	Beograd	Serbia	1,223,910,473	RSD	50.00	Plastic Components and Modules Automotive S.p.A.	50.000	
Magneti Marelli Motherson Auto System Limited	New Delhi	India	1,300,000,000	INR	50.00	Magneti Marelli S.p.A. Magneti Marelli Motherson India Holding B.V.	35.385 29.231	0.000 100.000
Magneti Marelli Motherson India Holding B.V.	Lijnden	Netherlands	2,000,000	EUR	50.00	Magneti Marelli S.p.A.	50.000	
Magneti Marelli SKH Exhaust Systems Private Limited	New Delhi	India	274,190,000	INR	50.00	Magneti Marelli S.p.A.	50.000	
Magneti Marelli Talbros Chassis Systems Pvt. Ltd.	Haryana	India	100,600,000	INR	50.00	Sistemi Sospensioni S.p.A.	50.000	
SAIC MAGNETI MARELLI Powertrain Co. Ltd	Shanghai	People's Rep. of China	23,000,000	EUR	50.00	Magneti Marelli S.p.A.	50.000	
SKH Magneti Marelli Exhaust Systems Private Limited	New Delhi	India	95,450,000	INR	46.62	Magneti Marelli S.p.A.	46.621	50.000
Zhejiang Wanxiang Magneti Marelli Shock Absorbers Co. Ltd.	Zhenjiang-Jangsu	People's Rep. of China	100,000,000	CNY	50.00	Magneti Marelli S.p.A.	50.000	
<b>Teksid</b>								
Hua Dong Teksid Automotive Foundry Co. Ltd.	Zhenjiang-Jangsu	People's Rep. of China	385,363,500	CNY	42.40	Teksid S.p.A.	50.000	
<b>Subsidiaries accounted for using the equity method</b>								
<b>Business Auto: Car Mass-Market brands</b>								
<b>NAFTA</b>								
Alhambra Chrysler Jeep Dodge, Inc.	Wilmington	U.S.A.	1,272,700	USD	58.54	Chrysler Group LLC	100.000	
Bessemer Chrysler Jeep Dodge, Inc.	Wilmington	U.S.A.	3,590,000	USD	58.54	Chrysler Group LLC	100.000	
CG EC1 LLC	Wilmington	U.S.A.	0	USD	58.54	Chrysler Group LLC	100.000	
CG EC2 LLC	Wilmington	U.S.A.	0	USD	58.54	CG EC1 LLC	100.000	
Downriver Dodge, Inc.	Wilmington	U.S.A.	604,886	USD	58.54	Chrysler Group LLC	100.000	
Gwinnett Automotive Inc.	Wilmington	U.S.A.	3,505,019	USD	58.54	Chrysler Group LLC	100.000	

## Subsidiaries accounted for using the equity method (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
La Brea Avenue Motors, Inc.	Wilmington	U.S.A.	7,373,800	USD	58.54	Chrysler Group LLC	100.000	
North Tampa Chrysler Jeep Dodge, Inc.	Wilmington	U.S.A.	1,014,700	USD	58.54	Chrysler Group LLC	100.000	
Superstition Springs Chrysler Jeep, Inc.	Wilmington	U.S.A.	675,400	USD	58.54	Chrysler Group LLC	100.000	
Superstition Springs MID LLC	Wilmington	U.S.A.	3,000,000	USD	58.54	CG MID LLC	100.000	
<b>APAC</b>								
Chrysler Group Taiwan Sales Ltd.	Taipei	Taiwan	229,500,000	TWD	29.85	Chrysler Group LLC	51.000	
<b>EMEA</b>								
AC Austro Car Handelsgesellschaft m.b.h. & Co. OHG	Vienna	Austria	0	EUR	100.00	FGA Austro Car GmbH	100.000	
Alfa Romeo Inc.	Orlando	U.S.A.	3,000,000	USD	100.00	Fiat Group Automobiles S.p.A.	100.000	
Chrysler Jeep Ticaret A.S.	Istanbul	Turkey	5,357,000	TRY	58.49	Chrysler Group LLC	99.920	
Fabbrica Italia Mirafiori S.p.A.	Turin	Italy	200,000	EUR	100.00	FGA Real Estate Services S.p.A.	100.000	
GESTIN POLSKA Sp. z o.o.	Bielsko-Biala	Poland	500,000	PLN	100.00	Fiat Auto Poland S.A.	100.000	
Italcara SA	Casablanca	Morocco	4,000,000	MAD	99.85	Fiat Group Automobiles Maroc S.A.	99.900	
Sirio Polska Sp. z o.o.	Bielsko-Biala	Poland	1,350,000	PLN	100.00	Fiat Auto Poland S.A.	100.000	
<b>Components and Production Systems</b>								
<b>Magneti Marelli</b>								
Cofap Fabricadora de Pecas Ltda	Santo Andre	Brazil	75,720,716	BRL	68.26	Magneti Marelli do Brasil Industria e Comercio SA	68.350	
Magneti Marelli Shock Absorbers (India) Private Limited	Pune	India	1,198,999,990	INR	99.99	Magneti Marelli S.p.A.	100.000	
<b>Other Activities: Holding companies and Other companies</b>								
Fiat (China) Business Co., Ltd.	Beijing	People's Rep. of China	3,000,000	USD	100.00	Fiat Partecipazioni S.p.A.	100.000	
Iveco Motors of China Limited in liquidation	Shanghai	People's Rep. of China	300,000	USD	100.00	Fiat Partecipazioni S.p.A.	100.000	
SGR-Sociedad para la Gestion de Riesgos S.A.	Buenos Aires	Argentina	150,000	ARS	99.96	Rimaco S.A.	99.960	
<b>Subsidiaries valued at cost</b>								
<b>Business Auto: Car Mass-Market brands</b>								
<b>NAFTA</b>								
CarCo Intermediate Mexico LLC	Wilmington	U.S.A.	1	USD	58.54	Chrysler Mexico Investment Holdings Cooperatie U.A.	100.000	
CG Co-Issuer Inc.	Wilmington	U.S.A.	100	USD	58.54	Chrysler Group LLC	100.000	

## Subsidiaries valued at cost (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
<b>CHRYSLER GROUP DUTCH OPERATING LLC</b>	Wilmington	U.S.A.	0	USD	58.54	CNI CV	100.000	
<b>Chrysler Receivables 1 Inc.</b>	Windsor	Canada	100	CAD	58.54	Chrysler Canada Inc.	100.000	
<b>Chrysler Receivables 2 Inc.</b>	Windsor	Canada	100	CAD	58.54	Chrysler Canada Inc.	100.000	
<b>Chrysler Receivables Limited Partnership</b>	Windsor	Canada	0	CAD	58.54	Chrysler Canada Inc. Chrysler Receivables 1 Inc. Chrysler Receivables 2 Inc.	99.990 0.005 0.005	
<b>Fundacion Chrysler, I.A.P.</b>	Santa Fe	Mexico	0	MXN	58.54	Chrysler de Mexico S.A. de C.V.	100.000	
<b>The Chrysler Foundation</b>	Bingham Farms	U.S.A.	0	USD	58.54	Chrysler Group LLC	100.000	
<b>EMEA</b>								
<b>Banbury Road Motors Limited</b>	Slough Berkshire	United Kingdom	100	GBP	100.00	Fiat Group Automobiles UK Ltd	100.000	
<b>Chrysler Netherlands Holding Cooperatie U.A.</b>	Amsterdam	Netherlands	0	EUR	58.54	CNI CV CHRYSLER GROUP DUTCH OPERATING LLC	99.000 1.000	
<b>Chrysler UK Pension Trustees Limited</b>	Slough Berkshire	United Kingdom	1	GBP	58.54	Chrysler UK Limited	100.000	
<b>CNI CV</b>	Amsterdam	Netherlands	0	EUR	58.54	Chrysler Group LLC Chrysler Group Minority LLC	99.000 1.000	
<b>CODEFIS Società consortile per azioni</b>	Turin	Italy	120,000	EUR	51.00	Fiat Group Automobiles S.p.A.	51.000	
<b>CONSORZIO FIAT ENERGY</b>	Turin	Italy	7,000	EUR	54.97	Comau S.p.A. Fiat Group Automobiles S.p.A. Plastic Components and Modules Automotive S.p.A. Teksid S.p.A.	14.286 14.286 14.286 14.286	
<b>Consorzio Servizi Balocco</b>	Turin	Italy	10,000	EUR	91.37	Fiat Group Automobiles S.p.A. Ferrari S.p.A. Fiat Powertrain Technologies SpA Maserati S.p.A. Abarth & C. S.p.A.	77.800 5.300 4.500 2.800 1.500	
<b>FAS FREE ZONE Ltd. Kragujevac</b>	Kragujevac	Serbia	2,281,603	RSD	66.67	FIAT AUTOMOBILES SERBIA DOO Kragujevac	100.000	
<b>FGA Russia S.r.l.</b>	Turin	Italy	1,682,028	EUR	100.00	Fiat Group Automobiles S.p.A.	100.000	
<b>Fiat Auto Espana Marketing Instituto Agrupacion de Interes Economico</b>	Alcalá De Henares	Spain	30,051	EUR	95.00	Fiat Group Automobiles Spain S.A.	95.000	
<b>Fiat Motor Sales Ltd</b>	Slough Berkshire	United Kingdom	1,500,000	GBP	100.00	Fiat Group Automobiles UK Ltd	100.000	
<b>OOO "CABEKO"</b>	Nizhniy Novgorod	Russia	181,869,062	RUB	100.00	FGA Russia S.r.l. Fiat Group Automobiles S.p.A.	99.591 0.409	
<b>VM North America Inc.</b>	Auburn Hills	U.S.A.	1,000	USD	100.00	VM Motori S.p.A.	100.000	
<b>Business Auto: Luxury and Performance Brands</b>								
<b>Ferrari</b>								
<b>New Business 28 S.r.l.</b>	Turin	Italy	50,000	EUR	90.00	Ferrari S.p.A.	100.000	
<b>Scuderia Ferrari Club S.c. a r.l.</b>	Maranello	Italy	105,000	EUR	84.45	Ferrari S.p.A.	93.829	

Subsidiaries valued at cost (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
<b>Components and Production Systems</b>								
<b>Magneti Marelli</b>								
Automotive Lighting Japan K.K.	KohoKu-Ku-Yokohama	Japan	10,000,000	JPY	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Automotive Components (India) Limited in liquidation	Pune	India	125,000,000	INR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Comandos Mecanicos Industria e Comercio Ltda	Itauna	Brazil	1,000	BRL	99.99	Magneti Marelli Sistemas Automotivos Industria e Comercio Ltda Fiat do Brasil S.A.	99.900 0.100	
Sistemi Comandi Meccanici Otomotiv Sanayi Ve Ticaret A.S.	Bursa	Turkey	90,000	TRY	99.89	Magneti Marelli Mako Elektrik Sanayi Ve Ticaret Anonim Sirketi	99.956	
<b>Comau</b>								
Consorzio Fermag in liquidation	Bareggio	Italy	144,608	EUR	68.00	Comau S.p.A.	68.000	
<b>Other Activities: Holding companies and Other companies</b>								
Fiat Common Investment Fund Limited	London	United Kingdom	2	GBP	100.00	Fiat U.K. Limited	100.000	
Fiat Danismanlik Ve Temsilcilik Limited Sirketi	Istanbul	Turkey	120,000	TRY	100.00	Fiat Partecipazioni S.p.A.	100.000	
Fiat Investimenti S.p.A.	Turin	Italy	120,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Fiat Investments S.p.A.	Turin	Italy	120,000	EUR	100.00	New Business Netherlands N.V.	100.000	
Fiat Oriente S.A.E. in liquidation	Cairo	Egypt	50,000	EGP	100.00	Fiat Partecipazioni S.p.A.	100.000	
Fiat Partecipazioni India Private Limited	New Delhi	India	28,605,400	INR	100.00	Fiat Partecipazioni S.p.A. Fiat Group Purchasing S.r.l.	99.825 0.175	
Fiat Services Support Mexico S.A. de C.V.	Mexico City	Mexico	100	MXN	100.00	Fiat Services S.p.A. Servizi e Attività Doganali per l'Industria S.p.A.	99.000 1.000	
Fiat Services U.S.A., Inc.	Wilmington	U.S.A.	500,000	USD	100.00	Fiat Services S.p.A.	100.000	
Fides Corretagens de Seguros Ltda	Belo Horizonte	Brazil	365,525	BRL	100.00	Rimaco S.A.	99.998	
Isvor Fiat India Private Ltd. in liquidation	New Delhi	India	1,750,000	INR	100.00	Fiat Partecipazioni S.p.A.	100.000	
New Business 29 S.c.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Partecipazioni S.p.A. Fiat S.p.A.	80.000 20.000	
New Business 30 S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
New Business 34 S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
New Business 35 s.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
New Business 36 s.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
New Business Netherlands N.V.	Amsterdam	Netherlands	50,000	EUR	100.00	Fiat S.p.A.	100.000	
OOO Sadi Rus	Moscow	Russia	2,700,000	RUB	100.00	Sadi Polska-Agencja Celna Sp. z o.o. Fiat Services Polska Sp. z o.o.	90.000 10.000	

Subsidiaries valued at cost (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consoli- dation	Interest held by	% interest held	% of voting rights
Orione-Società Industriale per la Sicurezza e la Vigilanza Consortile per Azioni	Turin	Italy	120,000	EUR	97.51	Fiat Partecipazioni S.p.A.	76.722	
						Fiat S.p.A.	18.003	
						Editrice La Stampa S.p.A.	0.439	
						Fiat Group Automobili S.p.A.	0.439	
						Comau S.p.A.	0.220	
						Ferrari S.p.A.	0.220	
						Fiat Finance S.p.A.	0.220	
						Fiat Powertrain Technologies SpA	0.220	
						Fiat Services S.p.A.	0.220	
						Fiat Servizi per l'Industria S.c.p.a.	0.220	
						Magneti Marelli S.p.A.	0.220	
						Sisport Fiat S.p.A. - Società sportiva dilettantistica	0.220	
						Teksid S.p.A.	0.220	
<b>Associated companies accounted for using the equity method</b>								
<b>Business Auto: Car Mass-Market brands</b>								
<b>NAFTA</b>								
Global Engine Alliance LLC	Wilmington	U.S.A.	1,500,000	USD	19.51	Chrysler Group LLC	33.330	
United States Council for Automotive Research LLC	Southfield	U.S.A.	100	USD	19.51	Chrysler Group LLC	33.330	
<b>APAC</b>								
Hangzhou IVECO Automobile Transmission Technology Co., Ltd.	Hangzhou	People's Rep. of China	555,999,999	CNY	33.33	Fiat Partecipazioni S.p.A.	33.333	
Haveco Automotive Transmission Co. Ltd.	Zhaji Jiang	People's Rep. of China	200,010,000	CNY	33.33	Fiat Partecipazioni S.p.A.	33.330	
<b>EMEA</b>								
Arab American Vehicles Company S.A.E.	Cairo	Egypt	6,000,000	USD	28.68	Chrysler Group LLC	49.000	
<b>Components and Production Systems</b>								
<b>Magneti Marelli</b>								
HMC MM Auto Ltd	New Delhi	India	30,000,000	INR	40.00	Magneti Marelli S.p.A.	40.000	
<b>Other Activities: Holding companies and Other companies</b>								
Iveco-Motor Sich, Inc.	Zaporozhye	Ukraine	26,568,000	UAH	38.62	Fiat Partecipazioni S.p.A.	38.618	
Otoyol Sanayi A.S. in liquidation	Samandira-Kartal/ Istanbul	Turkey	52,674,386	TRY	27.00	Fiat Partecipazioni S.p.A.	27.000	
RCS MediaGroup S.p.A.	Milan	Italy	475,134,602	EUR	16.41	Fiat S.p.A.	16.411	20.552

Name	Registered Office	Country	Share capital	Currency	% of Group consoli- dation	Interest held by	% interest held	% of voting rights
<b>Associated companies valued at cost</b>								
<b>Business Auto: Car Mass-Market brands</b>								
<b>EMEA</b>								
Consorzio per la Reindustrializzazione Area di Arese S.r.l. in liquidation	Arese	Italy	20,000	EUR	30.00	Fiat Group Automobiles S.p.A.	30.000	
Consorzio Prode	Naples	Italy	51,644	EUR	20.00	C.R.F. Società Consortile per Azioni	20.000	
Innovazione Automotive e Metalmeccanica Scrl	Santa Maria Imbaro	Italy	115,000	EUR	24.52	Fiat Group Automobiles S.p.A. C.R.F. Società Consortile per Azioni Sistemi Sospensioni S.p.A.	17.391 6.957 0.174	
New Holland Fiat (India) Private Limited	Mumbai	India	12,485,547,400	INR	3.59	Fiat Group Automobiles S.p.A.	3.593	51.035
Tecnologie per il Calcolo Numerico-Centro Superiore di Formazione S.c. a r.l.	Trento	Italy	100,000	EUR	25.00	C.R.F. Società Consortile per Azioni	25.000	
Turin Auto Private Ltd. in liquidation	Mumbai	India	43,300,200	INR	50.00	FGA Investimenti S.p.A.	50.000	
<b>Business Auto: Luxury and Performance Brands</b>								
<b>Ferrari</b>								
Senator Software GmbH	Munich	Germany	25,565	EUR	39.69	Ferrari Financial Services AG	49.000	
<b>Components and Production Systems</b>								
<b>Magneti Marelli</b>								
Auto Componentistica Mezzogiorno - A.C.M. Melfi Società Consortile a responsabilità limitata	Turin	Italy	40,000	EUR	24.25	Plastic Components and Modules Automotive S.p.A. Sistemi Sospensioni S.p.A.	16.500 7.750	
Bari Servizi Industriali S.c.r.l.	Modugno	Italy	24,000	EUR	25.00	Magneti Marelli S.p.A.	25.000	
Flexider S.p.A.	Turin	Italy	4,080,000	EUR	25.00	Magneti Marelli S.p.A.	25.000	
L.U.C.I. SRL	Amaro	Italy	11,600	EUR	26.03	Centro Ricerche Plast-Optica S.p.A.	34.483	
Mars Seal Private Limited	Mumbai	India	400,000	INR	24.00	Magneti Marelli France S.a.s.	24.000	
Matay Otomotiv Yan Sanay Ve Ticaret A.S.	Bursa	Turkey	3,800,000	TRY	28.00	Magneti Marelli S.p.A.	28.000	
<b>Other Activities: Holding companies and Other companies</b>								
ANFIA Automotive S.c.r.l.	Turin	Italy	20,000	EUR	20.00	C.R.F. Società Consortile per Azioni Fiat Group Automobiles S.p.A. Fiat Powertrain Technologies SpA Magneti Marelli S.p.A.	5.000 5.000 5.000 5.000	
Consorzio per lo Sviluppo delle Aziende Fornitrici in liquidation	Turin	Italy	241,961	EUR	21.34	Fiat Group Automobiles S.p.A. Fiat Partecipazioni S.p.A.	10.672 10.672	

## Associated companies valued at cost (continued)

Name	Registered Office	Country	Share capital	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
FMA-Consultoria e Negocios Ltda	São Paulo	Brazil	1	BRL	50.00	Fiat do Brasil S.A.	50.000	
Maxus MC2 S.p.A.	Turin	Italy	219,756	EUR	20.00	Fiat Partecipazioni S.p.A.	20.000	
Parco Industriale di Chivasso Società Consortile a responsabilità limitata	Chivasso	Italy	10,000	EUR	36.70	Fiat Partecipazioni S.p.A. Plastic Components and Modules Automotive S.p.A.	25.800 10.900	
Società Editrice Mercantile - S.E.M. S.R.L.	Genoa	Italy	3,000,000	EUR	40.00	Editrice La Stampa S.p.A.	40.000	
To-dis S.r.l.	Turin	Italy	510,000	EUR	45.00	Editrice La Stampa S.p.A.	45.000	
Zastava-Kamioni D.O.O.	Kragujevac	Serbia	1,673,505,893	RSD	33.68	Fiat Partecipazioni S.p.A.	33.677	
<b>Other companies</b>								
<b>Business Auto: Car Mass-Market brands</b>								
<b>EMEA</b>								
Centro di Eccellenza su Metodi e Sistemi per le Aziende Competitive	Fisciano	Italy	225,000	EUR	16.00	C.R.F. Società Consortile per Azioni	16.000	
Consorzio Calef (Consorzio per la ricerca e lo sviluppo delle applicazioni industriali laser e del fascio elettronico)	Rotondella	Italy	90,131	EUR	11.57	C.R.F. Società Consortile per Azioni Fiat Group Automobiles S.p.A.	5.787 5.787	
Consorzio Technapoli	Naples	Italy	1,626,855	EUR	11.11	C.R.F. Società Consortile per Azioni	11.110	
<b>Business Auto: Luxury and Performance Brands</b>								
<b>Ferrari</b>								
Nuova Didactica S.c. a r.l.	Modena	Italy	112,200	EUR	14.73	Ferrari S.p.A.	16.364	
<b>Components and Production Systems</b>								
<b>Magneti Marelli</b>								
Editori Riuniti S.p.A. in liquidation	Rome	Italy	441,652	EUR	13.11	Plastic Components and Modules Holding S.p.A.	13.110	
<b>Other Activities: Holding companies and Other companies</b>								
Consorzio Edicola Italiana	Milan	Italy	60,000	EUR	16.67	Editrice La Stampa S.p.A.	16.667	
Consorzio Lingotto	Turin	Italy	9,612	EUR	18.26	Fiat Partecipazioni S.p.A. Fiat S.p.A.	12.856 5.400	
Distretto Meccatronico Regionale Della Puglia S.c.a r.l. "MEDIS Scarl"	Bari	Italy	150,000	EUR	13.33	C.R.F. Società Consortile per Azioni	6.667	
Fin. Priv. S.r.l.	Milan	Italy	20,000	EUR	14.29	Fiat S.p.A.	14.285	

## Appendix II - Information required under Article 149-*duodecies* of the “Regolamento Emittenti” issued by Consob

The following table, prepared in accordance with Article 149-*duodecies* of the “Regolamento Emittenti” issued by Consob, reports fees related to 2013 for audit and other services provided by the independent auditors and members of their network.

(€ thousand)	Service Provider	Fiat Group Entity		2013 Fees
<b>Audit</b>	Reconta Ernst & Young S.p.A.	Parent Company – Fiat S.p.A.		117
	Reconta Ernst & Young S.p.A.	Subsidiaries		3,180
	Reconta Ernst & Young network	Subsidiaries		11,039
<b>Attestation</b>	Reconta Ernst & Young S.p.A.	Parent Company – Fiat S.p.A.	(1)	680
	Reconta Ernst & Young S.p.A.	Subsidiaries		28
	Reconta Ernst & Young network	Subsidiaries	(2)	1,028
<b>Other services</b>	Reconta Ernst & Young S.p.A.	Parent Company – Fiat S.p.A.	(3)	318
	Reconta Ernst & Young S.p.A.	Subsidiaries		187
	Reconta Ernst & Young network	Subsidiaries	(4)	920
<b>Total Reconta Ernst &amp; Young S.p.A. &amp; network</b>				<b>17,497</b>

(1) Includes voluntary review of system of Internal Control over Financial Reporting (ICFR).

(2) Issuance of Comfort Letters connected with bond issues and acquisition of remaining equity interest in Chrysler Group LLC from the VEBA Trust.

(3) Analysis of various accounting activities, analysis of system of Internal Control over Financial Reporting, review activities relating to available liquidity of Group as requested by Consob.

(4) Primarily relating to fulfillment of requirements imposed by local authorities and tax related activities.

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

1. The undersigned, Sergio Marchionne, in his capacity as the Chief Executive Officer of the Company, and Richard Palmer, as the executive officer responsible for the preparation of the Company's financial statements, pursuant to the provisions of Article 154-*bis*, clauses 3 and 4, of Legislative Decree no. 58 of 1998, hereby attest
  - the adequacy with respect to the Company structure,
  - and the effective application,of the administrative and accounting procedures applied in the preparation of the Company's consolidated financial statements at 31 December 2013.
2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the consolidated financial statements at 31 December 2013 was based on a process defined by Fiat in accordance with the *Internal Control – Integrated Framework* model issued by the *Committee of Sponsoring Organizations of the Treadway Commission*, an internationally-accepted reference framework.
3. The undersigned moreover attest that:
  - 3.1 the consolidated financial statements at 31 December 2013:
    - a) have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Council, dated 19 July 2002;
    - b) correspond to the amounts shown in the Company's accounts, books and records; and
    - c) provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries as of 31 December 2013 and for the year then ended
  - 3.2 the report on operations includes a reliable operating and financial review of the Company and of the Group as well as a description of the main risks and uncertainties to which they are exposed.

27 February 2014

/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**



4

# Fiat S.p.A. Statutory Financial Statements at 31 December 2013

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

(figures in €)	Note	2013	2012 <sup>(**)</sup>
Dividends and other income from investments	(1)	536,321,603	1,030,495,113
Impairment (losses)/reversals on investments	(2)	(540,400,000)	(962,878,584)
Gains/(losses) on disposals	(3)	971,532	-
Other operating income	(4)	82,823,765	77,373,928
Personnel costs	(5)	(38,682,648)	(36,006,594)
Other operating costs	(6)	(72,194,643)	(76,259,449)
Financial income/(expense)	(7)	(210,087,105)	(216,079,567)
<b>PROFIT/(LOSS) BEFORE TAXES</b>		<b>(241,247,496)</b>	<b>(183,355,153)</b>
Income taxes	(8)	14,549,878	31,053,057
<b>PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>		<b>(226,697,618)</b>	<b>(152,302,096)</b>
Profit/(loss) from discontinued operations		-	-
<b>PROFIT/(LOSS)</b>		<b>(226,697,618)</b>	<b>(152,302,096)</b>

<sup>(1)</sup> 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 to the relevant line item and Note 29.

<sup>(\*\*)</sup> Following application of the amendment to IAS 19 (retrospectively) from 1 January 2013, comparative figures for 2012 have been restated as required by IAS 1. That restatement resulted in a €47,902 reduction in reported loss for the year attributable to lower personnel costs. Further information is provided in "Accounting standards and amendments adopted from 1 January 2013".

## Statement of Comprehensive Income

(€ thousand)	2013	2012 <sup>(*)</sup>
<b>PROFIT/(LOSS) (A)</b>	<b>(226,698)</b>	<b>(152,302)</b>
Items that will not be reclassified to Income Statement:		
– Gains/(losses) on remeasurement of defined benefit plans	1,184	(666)
– Related tax	-	-
Total other comprehensive income/(loss) that will not be reclassified to Income Statement (B1)	1,184	(666)
Items that will be reclassified to Income Statement:		
– Gains/(losses) recognized directly in fair value reserve (investments in other companies)	4,406	26,330
– Related tax	-	-
Total other comprehensive income/(loss) that will be reclassified to Income Statement (B2)	4,406	26,330
<b>TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX (B1)+(B2)=(B)</b>	<b>5,590</b>	<b>25,664</b>
<b>TOTAL COMPREHENSIVE INCOME (A)+(B)</b>	<b>(221,108)</b>	<b>(126,638)</b>

<sup>(\*)</sup> Following application of the amendment to IAS 19 (retrospectively) from 1 January 2013, comparative figures for 2012 have been restated as required by IAS 1. That restatement resulted in a €618 thousand increase in other comprehensive loss for the year. Further information is provided in "Accounting standards and amendments adopted from 1 January 2013".

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

(figures in €)	Note	31 December 2013	31 December 2012 <sup>(**)</sup>	1 January 2012 <sup>(**)</sup>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	(9)	1,605,875	1,645,500	1,744,234
Property, plant and equipment	(10)	29,778,105	30,303,585	31,179,614
Investments	(11)	13,060,064,740	11,765,015,021	12,122,918,872
Other financial assets	(12)	14,028,255	12,109,470	12,966,052
Other non-current assets	(13)	63,218	65,199	90,472
Deferred tax assets	(8)	-	-	-
<b>Total non-current assets</b>		<b>13,105,540,193</b>	<b>11,809,138,775</b>	<b>12,168,899,244</b>
<b>Current assets</b>				
Inventory	(25)	-	-	-
Trade receivables	(14)	7,214,468	4,756,129	4,862,631
Current financial receivables	(15)	-	58,280,561	374,805,524
Other current receivables	(16)	188,834,650	302,707,063	277,353,014
Cash and cash equivalents	(17)	1,268,006	554,180	743,896
<b>Total current assets</b>		<b>197,317,124</b>	<b>366,297,933</b>	<b>657,765,065</b>
<b>TOTAL ASSETS</b>		<b>13,302,857,317</b>	<b>12,175,436,708</b>	<b>12,826,664,309</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	(18)	4,477,462,227	4,476,441,927	4,465,600,020
Share premium reserve		1,073,765,422	1,071,402,772	1,082,244,680
Legal reserve		528,577,084	528,577,084	523,618,803
Other reserves and retained profit		3,099,306,759	3,235,881,664	3,171,055,792
Own shares		(258,957,846)	(258,957,472)	(288,883,388)
Profit/(loss)		(226,697,618)	(152,302,096)	99,165,620
<b>Total equity</b>		<b>8,693,456,028</b>	<b>8,901,043,879</b>	<b>9,052,801,527</b>
<b>Non-current liabilities</b>				
Provisions for employee benefits and other non-current provisions	(19)	142,741,416	141,911,588	137,806,991
Non-current debt	(20)	413,953,314	1,412,035,429	2,162,892,003
Other non-current liabilities	(21)	16,077,521	17,164,505	18,213,851
Deferred tax liabilities	(8)	12,195,615	12,195,615	8,144,720
<b>Total non-current liabilities</b>		<b>584,967,866</b>	<b>1,583,307,137</b>	<b>2,327,057,565</b>
<b>Current liabilities</b>				
Provisions for employee benefits and other current provisions	(22)	10,677,378	15,251,043	19,379,886
Trade payables	(23)	18,977,216	17,301,002	19,397,927
Current debt	(24)	3,780,427,507	1,294,073,723	1,075,432,074
Other debt	(25)	214,351,322	364,459,924	332,595,330
<b>Total current liabilities</b>		<b>4,024,433,423</b>	<b>1,691,085,692</b>	<b>1,446,805,217</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>13,302,857,317</b>	<b>12,175,436,708</b>	<b>12,826,664,309</b>

<sup>(\*)</sup> 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.

<sup>(\*\*)</sup> Following application of the amendment to IAS 19 (retrospectively) from 1 January 2013, comparative figures for 2012 have been restated as required by IAS 1. That restatement resulted in a €442,583 reduction in equity at 1 January 2012 and a €1,060,187 reduction at 31 December 2012. Further information is provided in "Accounting standards and amendments adopted from 1 January 2013".

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

(€ thousand)	2013	2012 <sup>(**)</sup>
<b>A) CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>554</b>	<b>744</b>
<b>B) CASH FROM/(USED IN) OPERATING ACTIVITIES DURING THE YEAR:</b>		
Profit/(loss)	(226,698)	(152,302)
Amortization and depreciation	2,046	2,004
Non-cash cost of stock option plans and other non-cash items	6,005	8,689
Impairment losses/(reversals) on investments	540,400	962,878
Fair value adjustment to equity swaps on Fiat and Fiat Industrial shares	-	(31,640)
Losses/(gains) on disposals	(971)	-
Change in provisions for employee benefits and other provisions	548	1,499
Change in deferred taxes	-	4,051
Change in working capital	(35,736)	3,496
<b>TOTAL</b>	<b>285,594</b>	<b>798,675</b>
<b>C) CASH FROM/(USED IN) INVESTING ACTIVITIES:</b>		
Investments relating to:		
Recapitalization of subsidiaries	(1,738,000)	(444,000)
Acquisitions and capital subscriptions	(95,132)	(130,852)
Reductions in investments relating to:		
Proceeds from disposals	1,716	-
Other (investments)/disposals, net	(1,481)	(1,030)
<b>TOTAL</b>	<b>(1,832,897)</b>	<b>(575,882)</b>
<b>D) CASH FROM/(USED IN) FINANCING ACTIVITIES:</b>		
Change in current financial assets	58,281	336,478
Proceeds from non-current debt	-	400,000
Repayment of non-current debt	(1,000,000)	(1,150,000)
Change in current debt	2,486,354	230,329
Increase in share capital	3,383	-
Purchases of own shares	(1)	(34)
Sales of own shares	-	-
Dividends paid	-	(39,756)
<b>TOTAL</b>	<b>1,548,017</b>	<b>(222,983)</b>
<b>E) NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>714</b>	<b>(190)</b>
<b>F) CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>1,268</b>	<b>554</b>

<sup>(\*)</sup> 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.

<sup>(\*\*)</sup> Following application of the amendment to IAS 19 (retrospectively) from 1 January 2013, comparative figures for 2012 have been restated, resulting in a €48 thousand reduction in reported loss for the year with a corresponding reduction in "Change in provisions for employee benefits and other provisions". Further information is provided in "Accounting standards and amendments adopted from 1 January 2013".

## 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 <sup>(1)</sup>	Own shares <sup>(2)</sup>	Profit/(loss) for the year	Total equity
<b>Amount at 31 December 2011 (as reported)</b>	<b>4,465,600</b>	<b>1,082,245</b>	<b>523,619</b>	<b>911,117</b>	<b>288,883</b>	<b>1,873,082</b>	<b>(43,705)</b>	<b>52,291</b>	<b>89,829</b>	<b>(288,883)</b>	<b>99,166</b>	<b>9,053,244</b>
Effect of IAS 19 amendments						4,043	(4,485)					(442)
<b>Amount at 1 January 2012</b>	<b>4,465,600</b>	<b>1,082,245</b>	<b>523,619</b>	<b>911,117</b>	<b>288,883</b>	<b>1,877,125</b>	<b>(48,190)</b>	<b>52,291</b>	<b>89,829</b>	<b>(288,883)</b>	<b>99,166</b>	<b>9,052,802</b>
Vesting of rights under 2009 stock grant plan for CEO and allocation of 4,000,000 Fiat S.p.A. ordinary shares to beneficiary					(29,960)	13,209		(13,209)		29,960		-
Allocation of prior year profit:												
to the Legal reserve			4,958								(4,958)	-
distributions to shareholders											(39,756)	(39,756)
to retained profit						54,452					(54,452)	-
Carryforward of reserve for the purchase of own shares				29,960		(29,960)						-
Conversion of preference and savings shares and capital increase through transfer from share premium reserve	10,842	(10,842)										-
Purchase of own shares relating to payment of fractions of shares resulting from conversion of preference and savings shares				(34)	34					(34)		(34)
Valuation of stock option/stock grant plans						190		14,480				14,670
Total comprehensive income for the period							25,664				(152,302)	(126,638)
<b>Amount at 31 December 2012</b>	<b>4,476,442</b>	<b>1,071,403</b>	<b>528,577</b>	<b>941,043</b>	<b>258,957</b>	<b>1,915,016</b>	<b>(22,526)</b>	<b>53,562</b>	<b>89,829</b>	<b>(258,957)</b>	<b>(152,302)</b>	<b>8,901,044</b>

<sup>(1)</sup> Other reserves includes the reserve pursuant to Law 413/1991, the extraordinary reserve and the reserve for spin-off differences.

<sup>(2)</sup> 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).

## 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 <sup>(1)</sup>	Own shares <sup>(2)</sup>	Profit/(loss) for the year	Total equity
<b>Amount at 31 December 2012 (as reported)</b>	<b>4,476,442</b>	<b>1,071,403</b>	<b>528,577</b>	<b>941,043</b>	<b>258,957</b>	<b>1,910,973</b>	<b>(17,375)</b>	<b>53,562</b>	<b>89,829</b>	<b>(258,957)</b>	<b>(152,350)</b>	<b>8,902,104</b>
Effect of IAS 19 amendments						4,043	(5,151)				48	(1,060)
<b>Amount at 1 January 2013</b>	<b>4,476,442</b>	<b>1,071,403</b>	<b>528,577</b>	<b>941,043</b>	<b>258,957</b>	<b>1,915,016</b>	<b>(22,526)</b>	<b>53,562</b>	<b>89,829</b>	<b>(258,957)</b>	<b>(152,302)</b>	<b>8,901,044</b>
Allocation of prior year loss:												
to retained profit/(loss)						(152,302)					152,302	-
Effect of exercise of stock options under the November 2006 stock option plan	1,020	2,363										3,383
Purchase of own shares relating to payment of fractions of shares resulting from conversion of preference and savings shares				(1)	1					(1)		(1)
Valuation of stock option/stock grant plans						1,069		9,069				10,138
Total comprehensive income for the period							5,590				(226,698)	(221,108)
<b>Amount at 31 December 2013</b>	<b>4,477,462</b>	<b>1,073,766</b>	<b>528,577</b>	<b>941,042</b>	<b>258,958</b>	<b>1,763,783</b>	<b>(16,936)</b>	<b>62,631</b>	<b>89,829</b>	<b>(258,958)</b>	<b>(226,698)</b>	<b>8,693,456</b>

<sup>(1)</sup> Other reserves includes the reserve pursuant to Law 413/1991, the extraordinary reserve and the reserve for spin-off differences.

<sup>(2)</sup> At 31 December 2013, own shares consisted of 34,577,867 ordinary shares having a total par value of €123,789 thousand (at 31 December 2012, 34,577,766 ordinary shares having a total par value of €123,788 thousand).

# Income Statement

## pursuant to Consob Resolution 15519 of 27 July 2006

(€ thousand)	Note	2013	of which related parties (Note 29)	2012	of which related parties (Note 29)
Dividends and other income from investments	(1)	536,322	536,181	1,030,495	1,030,355
Impairment (losses)/reversals on investments	(2)	(540,400)	(540,400)	(962,879)	(962,879)
Gains/(losses) on disposals	(3)	971	971	-	-
Other operating income	(4)	82,824	79,862	77,374	74,745
Personnel costs	(5)	(38,683)	(10,459)	(36,006)	(9,543)
Other operating costs	(6)	(72,195)	(37,064)	(76,259)	(41,213)
Financial income/(expense)	(7)	(210,087)	(211,659)	(216,080)	(214,888)
<b>PROFIT/(LOSS) BEFORE TAXES</b>		<b>(241,248)</b>		<b>(183,355)</b>	
Income taxes	(8)	14,550		31,053	
<b>PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>		<b>(226,698)</b>		<b>(152,302)</b>	
Profit/(loss) from discontinued operations		-		-	
<b>PROFIT/(LOSS)</b>		<b>(226,698)</b>		<b>(152,302)</b>	

## Statement of Financial Position pursuant to Consob Resolution 15519 of 27 July 2006

(€ thousand)	Note	31 December 2013	of which related parties (Note 29)	31 December 2012	of which related parties (Note 29)
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets	(9)	1,606		1,646	
Property, plant and equipment	(10)	29,778		30,304	
Investments	(11)	13,060,065	13,043,219	11,765,015	11,752,187
Other financial assets	(12)	14,028	13,953	12,109	12,035
Other non-current assets	(13)	63		65	
Deferred tax assets	(8)	-		-	
<b>Total non-current assets</b>		<b>13,105,540</b>		<b>11,809,139</b>	
<b>Current assets</b>					
Inventory	(25)	-		-	
Trade receivables	(14)	7,214	1,099	4,756	1,985
Current financial receivables	(15)	-		58,281	58,281
Other current receivables	(16)	188,835	119,518	302,707	136,218
Cash and cash equivalents	(17)	1,268		554	
<b>Total current assets</b>		<b>197,317</b>		<b>366,298</b>	
<b>TOTAL ASSETS</b>		<b>13,302,857</b>		<b>12,175,437</b>	
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	(18)	4,477,462		4,476,442	
Share premium reserve		1,073,766		1,071,403	
Legal reserve		528,577		528,577	
Other reserves and retained profit		3,099,307		3,235,881	
Own shares		(258,958)		(258,957)	
Profit/(loss)		(226,698)		(152,302)	
<b>Total equity</b>		<b>8,693,456</b>		<b>8,901,044</b>	
<b>Non-current liabilities</b>					
Provisions for employee benefits and other non-current provisions	(19)	142,741	127,519	141,911	126,173
Non-current debt	(20)	413,953	413,953	1,412,035	1,412,035
Other non-current liabilities	(21)	16,078		17,165	
Deferred tax liabilities	(8)	12,196		12,196	
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>584,968</b>		<b>1,583,307</b>	
<b>Current liabilities</b>					
Provisions for employee benefits and other current provisions	(22)	10,677		15,251	
Trade payables	(23)	18,977	5,896	17,301	6,808
Current debt	(24)	3,780,428	3,755,742	1,294,074	1,266,774
Other debt	(25)	214,351	199,333	364,460	350,630
<b>Total current liabilities</b>		<b>4,024,433</b>		<b>1,691,086</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>13,302,857</b>		<b>12,175,437</b>	

# Statement of Cash Flows

## pursuant to Consob Resolution 15519 of 27 July 2006

(€ thousand)	2013	of which related parties	2012	of which related parties
<b>A) CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>554</b>		<b>744</b>	
<b>B) CASH FROM/(USED IN) OPERATING ACTIVITIES DURING THE YEAR:</b>				
Profit/(loss)	(226,698)		(152,302)	
Amortization and depreciation	2,046		2,004	
Non-cash cost of stock option plans and other non-cash items	6,005	6,005	8,689	8,689
Impairment losses/(reversals) on investments	540,400	540,400	962,878	962,878
Fair value adjustment to equity swaps on Fiat and Fiat Industrial shares	-		(31,640)	(31,640)
Losses/(gains) on disposals	(971)	(971)	-	
Change in provisions for employee benefits and other provisions	548	6,822	1,499	6,774
Change in deferred taxes	-		4,051	
Change in working capital	(35,736)	(134,623)	3,496	62,730
<b>TOTAL</b>	<b>285,594</b>		<b>798,675</b>	
<b>C) CASH FROM/(USED IN) INVESTING ACTIVITIES:</b>				
Investments relating to:				
Recapitalization of subsidiaries	(1,738,000)	(1,738,000)	(444,000)	(444,000)
Acquisitions and capital subscriptions	(95,132)	(95,132)	(130,852)	(130,852)
Reductions in investments relating to:				
Proceeds from disposals	1,716	1,716	-	
Other (investments)/disposals, net	(1,481)		(1,030)	
<b>TOTAL</b>	<b>(1,832,897)</b>		<b>(575,882)</b>	
<b>D) CASH FROM/(USED IN) FINANCING ACTIVITIES:</b>				
Change in current financial assets	58,281	58,281	336,478	336,478
Proceeds from non-current debt	-		400,000	400,000
Repayment of non-current debt	(1,000,000)	(1,000,000)	(1,150,000)	(1,150,000)
Change in current debt	2,486,354	2,488,968	230,329	227,715
Increase in share capital	3,383		-	
Purchases of own shares	(1)		(34)	
Sales of own shares	-		-	
Dividends paid	-		(39,756)	(10,800)
<b>TOTAL</b>	<b>1,548,017</b>		<b>(222,983)</b>	
<b>E) NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>714</b>		<b>(190)</b>	
<b>F) CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>1,268</b>		<b>554</b>	

# Notes to the Statutory Financial Statements

## Principal activities

Fiat S.p.A. (the “Company”), incorporated in the Republic of Italy, is the parent company of Fiat Group and it holds direct and indirect interests in the Group’s principal operating companies.

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 for Fiat Group, Fiat S.p.A. has also prepared consolidated financial statements for the year ended 31 December 2013.

## Significant accounting policies

### Basis of preparation

The 2013 Statutory Financial Statements are the separate financial statements for Fiat S.p.A. They 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 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.

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

#### *Defined contribution plans*

Contributions to defined contribution plans are recognized through profit or loss in the period in which the benefit is earned.

### *Defined benefit plans*

The Company's obligation is calculated separately for each plan by estimating the present value of future benefits that employees have earned in the current and prior periods applying the projected unit credit method.

The components of defined benefit cost are recognized as follows:

- remeasurement components of the obligation, including actuarial gains and losses, are recognized immediately in other comprehensive income (OCI)
- service costs are recognized in profit or loss
- net interest on the defined benefit liability is recognized under financial expense in profit or loss

Remeasurement components recognized in OCI cannot be reclassified to profit or loss in a subsequent period.

### *Other long-term employee benefits*

The Company's net obligations are determined by estimating the present value of future benefits that employees have earned in exchange for service in the current and prior periods. Remeasurement components on other long-term employee benefits are recognized in profit or loss in the period in which they occur.

### *Termination benefits*

Termination benefits are expensed at the earlier of: i) when the Company can no longer withdraw the offer of those benefits, and ii) when the Company recognizes costs for a restructuring that includes payment of the termination benefits.

### *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 CNH Industrial N.V. (formerly 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 the 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 statutory financial statements are prepared in accordance with IFRS, which require the use of judgments, estimates and assumptions that affect the carrying amount of assets and liabilities, the disclosure of contingent assets and liabilities and income and expense for the period.

The estimates and underlying assumptions are based on information available at the time the financial statements are prepared, historical experience and other relevant factors.

The continuing difficult economic and financial environment in many Eurozone countries, in addition to a slowdown in growth and other difficulties in several major emerging markets mean that assumptions regarding future performance are subject to significant levels of uncertainty. As a consequence, it cannot be excluded that actual results may differ from those estimates and, therefore, require adjustments to book values in future periods, which may be significant and which at present can 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 to determine impairment losses and reversals. With regard to recognition of employee benefits, taxes or provisions, no particular reliance was placed on the use of estimates and no significant issues are expected in the future, particularly given the relatively minor book values involved.

The use of estimates had a significant impact on the determination of the carrying amount of Fiat Group Automobiles S.p.A. (FGA), which accounts for a substantial portion of "Investments in subsidiaries and associates". Measurement was based on FGA's estimated "value in use" at 31 December 2013, which took into consideration the investee's expected performance for 2014 together with the auto industry and economic outlook for 2015-2019, based on studies from leading research institutes (e.g., Global Insight), in addition to the announced strategic decision to leverage on the Group's historic brands (such as Alfa Romeo) and the success of the new 500 family. The assumptions and results are also consistent with information provided in "Subsequent Events and Outlook" (Report on Operations). The earnings projections are based on prudent assumptions that reflect the continued difficult and uncertain trading environment in many key markets. Those projections also take account of the expected impact of the ongoing strategic realignment of Fiat and Chrysler's manufacturing and commercial activities, including the benefits of the recent acquisition of full control of Chrysler. On the basis of the strategy announced on 30 October 2012 to redeploy industrial assets in EMEA for production of a renewed portfolio of products focused on the premium segment and brands with international potential, it was considered reasonable to use explicit cash flow projections up to 2019. With regard to Chrysler, given loan covenants that restrict dividend distributions, the assumed contribution for the period to 2019 is 50% of projected earnings, with the remainder being added to the terminal value.

The normalized cash flow used in the terminal value ("TV") calculation was based on a weighted average of the expected contribution from each geographic market, which takes the cyclicity and maturity of the auto business into account. The TV calculation also 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 cash flow projection period (2014-2019) to reflect the geographic distribution of earnings and the level of risk associated with achieving targets. The weighted average discount rates ranged from 10.9-16.9% for EMEA, 12.8-16.8% for LATAM, and 11.3-15.3% for Chrysler. For TV, a weighted average discount rate of 16% was used, which includes a 6% premium for EMEA and 4% for LATAM and Chrysler to reflect the execution risks associated with achieving targets.

The resulting estimate of FGA's value in use was €8.9 billion, representing a more than €0.5 billion premium to the carrying amount of the investment at 31 December 2013. Historic and prospective P/E multiples for a panel of comparable companies used as a control further supported the valuation result.

A sensitivity analysis was also conducted with changes to the base case financial assumptions and the market assumptions in EMEA, where the greatest level of uncertainty exists. A 50 basis point change in the discount rate would impact the value in use of the investee by approximately €400 million. If demand levels in the European auto market were assumed to drop by 5% in 2015, 7.5% in 2016 and 10% for the period 2017-2019 (in line with the assumptions used in the impairment test on net assets in EMEA) and all other base case assumptions remained unchanged, the value in use would be €7.7 billion.

### Accounting standards and amendments adopted from 1 January 2013

The following standards and amendments were adopted by the Company from 1 January 2013.

- Amendments to IAS 19 – *Employee Benefits*
- IFRS 13 – *Fair Value Measurement*
- Amendments to IAS 1 – *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income*
- Amendments to IFRS 7 – *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendment to IAS 1 – *Presentation of Financial Statements (Annual Improvements to IFRSs – 2009-2011 Cycle)*

The nature and effects of changes are explained below.

#### *Amendments to IAS 19 – Employee Benefits*

The Company adopted IAS 19 as revised for the first time in 2013. The amendments modify the requirements for recognition of defined benefit plans and termination benefits and eliminate the option of deferring actuarial gains and losses under the off balance sheet “corridor method”, requiring instead that they be recognized directly in Other comprehensive income. In addition, the amendments require immediate recognition of past service costs in profit or loss. The result of those amendments is the recognition of the entire plan deficit or surplus on balance sheet.

In application of the transitional provisions, comparative figures for prior periods have been restated on a retrospective basis. The effects of adoption of the amendments on previously reported amounts are as follows:

	1 January 2012			31 December 2012		
	As reported	Effect of IAS 19 amendments	Restated	As reported	Effect of IAS 19 amendments	Restated
<i>(€ thousand)</i>						
<b>Effect on Statement of Financial Position</b>						
Other reserves and retained profit	3,171,497	(442)	<b>3,171,055</b>	3,236,989	(1,108)	<b>3,235,881</b>
Profit/(loss)	99,166		<b>99,166</b>	(152,350)	48	<b>(152,302)</b>
<b>Total equity</b>	<b>9,053,244</b>	<b>(442)</b>	<b>9,052,802</b>	<b>8,902,104</b>	<b>(1,060)</b>	<b>8,901,044</b>
Provisions for employee benefits and other non-current provisions	137,364	442	<b>137,806</b>	140,851	1,060	<b>141,911</b>
<b>Total non-current liabilities</b>	<b>2,326,615</b>	<b>442</b>	<b>2,327,057</b>	<b>1,582,247</b>	<b>1,060</b>	<b>1,583,307</b>

(€ thousand)	2012		
	As reported	Effect of IAS 19 amendments	Restated
<b>Effect on Income Statement</b>			
Personnel costs	(36,054)	48	(36,006)
<b>PROFIT/(LOSS) BEFORE TAXES</b>	<b>(183,403)</b>	<b>48</b>	<b>(183,355)</b>
<b>PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>	<b>(152,350)</b>	<b>48</b>	<b>(152,302)</b>
<b>PROFIT/(LOSS)</b>	<b>(152,350)</b>	<b>48</b>	<b>(152,302)</b>

(€ thousand)	2012		
	As reported	Effect of IAS 19 amendments	Restated
<b>Effect on Statement of Comprehensive Income</b>			
<b>PROFIT/(LOSS)</b>	<b>(152,350)</b>	<b>48</b>	<b>(152,302)</b>
Items that will not be reclassified to Income Statement:			
– Gains/(losses) on remeasurement of defined benefit plans	-	(666)	(666)
Total other comprehensive income/(loss) that will not be reclassified to Income Statement (B1)	-	(666)	(666)
<b>TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX (B1)+(B2)=(B)</b>	<b>26,330</b>	<b>(666)</b>	<b>25,664</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS)</b>	<b>(126,020)</b>	<b>(618)</b>	<b>(126,638)</b>

(€ thousand)	2012		
	As reported	Effect of IAS 19 amendments	Restated
<b>Effect on Statement of Cash Flows</b>			
B) CASH FROM/(USED IN) OPERATING ACTIVITIES DURING THE YEAR:			
– Profit/(loss)	(152,350)	48	(152,302)
– Change in provisions for employee benefits and other provisions	1,547	(48)	1,499

#### *IFRS 13 – Fair Value Measurement*

The new standard clarifies rules for determination of fair value for reporting purposes and applies to all IFRSs that require or permit fair value measurements or disclosures about fair value measurements. IFRS 13 also requires additional disclosure for fair value measurements. In accordance with the transitional provisions, the Company adopted the new fair value measurement guidance prospectively from 1 January 2013 without providing the additional disclosures required by the standard for the comparative figures presented. Other than the additional disclosures on fair value measurement provided in Note 28, adoption of the new standard had no material effect on the 2013 financial statements.

#### *Amendments to IAS 1 – Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income*

The amendments introduce new terminology whose use is not mandatory and require that items within other comprehensive income (“OCI”) that may be subsequently reclassified to profit and loss are grouped together. Those amendments were adopted and the presentation of items within OCI has been modified. The presentation of comparative information was also modified accordingly.

#### *Amendments to IFRS 7 – Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*

The amendments require disclosures about the effect or potential effect of netting arrangements for financial assets and liabilities on an entity’s financial position. The Company adopted the amendments retrospectively from 1 January 2013 and adoption had no impacts on the disclosures or amounts recognized in the financial statements.

#### *Amendment to IAS 1 – Presentation of Financial Statements (Annual Improvements to IFRSs – 2009-2011 Cycle)*

On 17 May 2012, the IASB issued a number of amendments to IFRSs (“*Annual Improvements to IFRSs – 2009-2011 Cycle*”). The amendment to IAS 1 – *Presentation of Financial Statements* is applicable to the Company from 2013. The amendment clarifies how comparative information is to 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 that is additional to the information required by the standard. The amendments were applied for the restatement of amounts presented in the statement of financial position following application of the amendments to IAS 19 with the addition of a third statement of financial position at 1 January 2012.

#### **New standards and interpretations not yet effective**

In May 2011, the IASB issued three new standards: IFRS 10 – *Consolidated Financial Statements*, IFRS 11 – *Joint Arrangements*, and IFRS 12 – *Disclosure of Interests in Other Entities*. As a consequence, the IASB also amended IAS 27 – *Consolidated and Separate Financial Statements*, which was renamed IAS 27 – *Separate Financial Statements*. The new IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in the separate financial statements, including the additional disclosures required. The standard confirms that investments in subsidiaries, joint ventures and associates are accounted for at either cost or fair value in accordance with IFRS 9. The same accounting treatment is to be applied for each category of investment. If an entity elects to measure investments at fair value in its consolidated financial statements, it is required to use the same method of measurement in the separate financial statements. The new standard is applicable retrospectively for annual periods beginning on or after 1 January 2013. The European Union has completed the process for endorsement of the standard and postponed the effective date to 1 January 2014 although early adoption is permitted from 1 January 2013. The Company will apply the new standard from 1 January 2014 and application is not expected to have any material effect.

On 16 December 2011, the IASB issued amendments to IAS 32 – *Financial Instruments: Presentation* which clarify application of certain criteria for offsetting financial assets and liabilities. The amendments apply retrospectively for annual periods beginning on or after 1 January 2014. No material effect is expected from first time adoption of the standard.

On 29 May 2013, the IASB issued an amendment to IAS 36 – *Recoverable Amount Disclosures for Non-Financial Assets*, which addresses disclosures about the recoverable amount of impaired assets, if that amount is based on fair value less costs of disposal. The amendments are applicable retrospectively for annual periods beginning on or after 1 January 2014. Early adoption is permitted for periods where the entity has already applied IFRS 13. Application of the new standard is not expected to have any material effect.

On 27 June 2013, the IASB issued narrow-scope amendments to IAS 39 – *Financial Instruments: Recognition and Measurement* entitled “*Novation of Derivatives and Continuation of Hedge Accounting*”. The amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. Similar relief will be included in IFRS 9 – *Financial Instruments*. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014. No material effect is expected from first time adoption of the standard.

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

- On 12 November 2009, the IASB issued IFRS 9 – *Financial Instruments*. The standard was reissued in October 2010 and amended in November 2013. The standard addresses classification, measurement, recognition and derecognition and hedge accounting for financial assets and liabilities and replaces parts of IAS 39. The amendments issued in November 2013 removed the mandatory effective date of 1 January 2015. The IASB announced that an effective date will be decided upon when the entire IFRS 9 project is completed.
- On 20 May 2013, the IASB issued IFRIC 21 – *Levies*, an interpretation of IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*. The interpretation provides guidance on recognition of liabilities to pay levies that are not income taxes. IFRIC 21 is applicable for annual periods beginning on or after 1 January 2014. Early adoption is permitted.
- On 12 December 2013, the IASB issued the *Annual Improvements to IFRSs 2010–2012 Cycle* and *Annual Improvements to IFRSs 2011–2013 Cycle*.

## 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)	2013	2012
Dividends from Group companies and related parties:		
- Fiat Gestione Partecipazioni S.p.A. (now Fiat Partecipazioni S.p.A.)	500,000	1,000,000
- Fiat Finance S.p.A.	23,227	24,025
- Teksid S.p.A.	5,257	-
- Fiat Industrial S.p.A. (now CNH Industrial N.V.)	7,697	6,330
Total dividends from Group companies and related parties	536,181	1,030,355
Dividends from other companies	140	140
<b>Total Dividends and other income from investments</b>	<b>536,321</b>	<b>1,030,495</b>

As for the prior year, dividends from other companies consisted of dividends from Fin. Priv. S.r.l. (€103 thousand) and Assicurazioni Generali S.p.A. (€37 thousand).

### 2. Impairment (losses)/reversals on investments

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

(€ thousand)	2013	2012
Impairment losses:		
- Fiat Gestione Partecipazioni S.p.A. (now Fiat Partecipazioni S.p.A.)	(465,300)	(933,700)
- RCS MediaGroup S.p.A.	(74,000)	(35,266)
- Teksid Aluminum S.r.l.	(17,100)	(15,000)
<b>Total Impairment losses</b>	<b>(556,400)</b>	<b>(983,966)</b>
Reversal of impairment losses:		
- Fiat Partecipazioni S.p.A. (now FGA Real Estate Services S.p.A.)	16,000	-
- Fiat Powertrain Technologies S.p.A.	-	21,088
Total Value of reversals	16,000	21,088
<b>Total Impairment (losses)/reversals on investments</b>	<b>(540,400)</b>	<b>(962,878)</b>

An impairment charge of €465 million was recognized on the investment in Fiat Gestione Partecipazioni S.p.A. (now Fiat Partecipazioni S.p.A.) to realign the carrying amount of the investment to the book value of equity in the consolidated financial statements following a distribution of reserves to Fiat S.p.A. (see Note 1).

An impairment charge of €74 million on the investment in the listed associate RCS MediaGroup S.p.A. (€35 million impairment charge recognized in 2012) was primarily attributable to the significant losses reported in the fourth quarter of 2012 and first half of 2013 (attributable in large part to restructuring measures) and the financial difficulties experienced by the company prior to its recapitalization in July 2013. Both factors also had a significant influence on the company's share price performance. The adjustment, which reduced the carrying value of the investment to €117 million (€1.34 per ordinary share), was based on a prudent valuation that took into account the earnings estimates in the 2013-2015 Development Plan presented at the beginning of 2013, as well as share price performance from the capital increase through year end. At the beginning of December 2013, the company presented the first phase of implementation of the above Development Plan to the financial community, indicating that results up to that moment had been in line with the Plan and, with regard to cost actions and debt reduction, had actually outperformed targets. For the first two months of 2014, the company's share price was above December 2013 levels.

The €17 million writedown on the investment in Teksid Aluminum S.r.l. was primarily based on the reported loss for the year. The current carrying amount is considered representative of the investee's estimated recoverable value.

For Fiat Partecipazioni S.p.A. (now FGA Real Estate Services S.p.A.), the €16 million impairment reversal reflected alignment of the carrying amount of the investment to the value of net assets transferred to Fiat Group Automobiles S.p.A. as a contribution to capital (see Note 11).

### 3. Gains/(losses) on disposals

For 2013, gains on disposals of €971 thousand related to the sale to Fiat Partecipazioni S.p.A. of a 71% interest in Fiat Revisione Interna S.c.p.A. (gain of €925 thousand) and a 3% interest in Isvor Fiat S.c.p.A. (gain of €46 thousand). Neither company is operational. No equity investments were sold in 2012.

### 4. Other operating income

Other operating income consisted of the following:

(€ thousand)	2013	2012
Revenues from services rendered to Group companies and other related parties	75,667	70,529
Changes in construction contract work in progress	1,769	527
Other revenues and income from Group companies and other related parties	4,195	4,215
Other revenues and income from third parties	1,193	2,103
<b>Total Other operating income</b>	<b>82,824</b>	<b>77,374</b>

Revenues from services rendered to Group companies and other related parties relate 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.

## 5. Personnel costs

Personnel costs consisted of the following:

(€ thousand)	2013	2012
Wages and salaries	23,829	20,223
Defined contribution plans and social security contributions	9,543	8,166
Leaving entitlement and other defined benefit plans	827	655
Other personnel costs	4,484	6,962
<b>Total Personnel costs</b>	<b>38,683</b>	<b>36,006</b>

The average number of employees increased to 236 from 219 in 2012. Headcount increased by 13 following the acquisition from Fiat Services S.p.A., on 1 January 2013, of the unit that provides corporate 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 charged back 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 and insurance 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 2013, compensation to executives with strategic responsibilities was €10,459 thousand (€9,252 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 €3,055 thousand.

## 6. Other operating costs

Following is a breakdown of other operating costs:

(€ thousand)	2013	2012
Costs for services rendered by Group companies and other related parties	24,953	27,207
Costs for services rendered by third parties	24,047	26,965
Compensation component from stock option and stock grant plans	6,005	8,689
Leases and rentals	4,245	4,017
Purchase of goods	729	744
Depreciation of property, plant and equipment	1,894	1,856
Amortization of intangible assets	152	148
Misc. operating costs	10,170	6,633
<b>Total Other operating costs</b>	<b>72,195</b>	<b>76,259</b>

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

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

For 2013, compensation for the directors and statutory auditors of Fiat S.p.A. totaled €4,372 thousand and €239 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)	2013	2012
Financial income	7,616	11,845
Financial expense	(248,579)	(262,380)
Net gains/(losses) on derivative financial instruments	30,876	34,455
<b>Total Financial income/(expense)</b>	<b>(210,087)</b>	<b>(216,080)</b>

Financial income consisted of the following:

(€ thousand)	2013	2012
Financial income from Group companies and other related parties:		
- Interest income on current account with Fiat Finance S.p.A.	4	7,080
- Fee income for sureties and unsecured guarantees	4,571	4,302
- Other financial income	46	48
<b>Total Financial income from Group companies and other related parties</b>	<b>4,621</b>	<b>11,430</b>
Financial income from third parties:		
- Interest income on bank and other deposits	6	5
- Interest income on tax credits	2,990	383
<b>Total Financial income from third parties</b>	<b>2,996</b>	<b>388</b>
Currency translation gains/(losses)	(1)	27
<b>Total Financial income</b>	<b>7,616</b>	<b>11,845</b>

Financial expense consisted of the following:

(€ thousand)	2013	2012
Financial expense to Group companies and other related parties:		
- Interest expense on current account with Fiat Finance S.p.A.	175,641	1,990
- Interest expense on loans from Fiat Finance S.p.A.	61,399	251,310
- Commissions and other charges payable to Fiat Finance S.p.A.	4,036	5,598
- Commissions and other charges payable to Fidis S.p.A.	5,970	1,760
- Interest and financial expense payable to other Group companies and other related parties	110	115
<b>Total Financial expense to Group companies and other related parties</b>	<b>247,156</b>	<b>260,773</b>
Financial expense payable to third parties:		
- Interest expense and charges for the sale of receivables	542	567
- Interest costs on employee benefits	205	298
- Other third party interest and financial expense	676	742
<b>Total Financial expense payable to third parties</b>	<b>1,423</b>	<b>1,607</b>
<b>Total Financial expense</b>	<b>248,579</b>	<b>262,380</b>

Net gains on derivative financial instruments of €30,876 thousand essentially related to the closure, in December 2013, of the equity swap contracts entered into as hedges on stock options granted to the Chief Executive Officer in 2004 and 2006 (see Note 18). The swap contracts related to 16,920,000 Fiat and Fiat Industrial (and subsequently CNH Industrial) shares and had a notional value, based on the contractual exercise price, of €153,803 thousand. For 2012, net gains of €34,455 thousand represented the gain arising from fair value measurement of those equity swaps. Although entered into as hedges, the swaps do not qualify for hedge accounting under IFRS and, accordingly, were classified as held for trading.

## 8. Income taxes

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

(€ thousand)	2013	2012
Current taxes:		
- IRES	(17,434)	(19,948)
- IRAP	-	-
- Other current taxes	-	12
<b>Total current taxes</b>	<b>(17,434)</b>	<b>(19,936)</b>
Deferred taxes for the period:		
- IRES	-	4,051
- IRAP	-	-
<b>Total deferred taxes for the period</b>	<b>-</b>	<b>4,051</b>
Taxes relating to prior periods	2,884	(15,168)
<b>Total Income taxes</b>	<b>(14,550)</b>	<b>(31,053)</b>

Current IRES tax for 2013 relates to compensation receivable by Fiat S.p.A. (€17,434 thousand) for tax loss carryforwards contributed to the domestic tax consolidation scheme.

Taxes relating to prior periods (expense of €2,884 thousand) mainly consisted of an adjustment relating 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)	2013	2012
Theoretical income taxes	(66,343)	(50,436)
Tax effect of permanent differences	9,562	(3,577)
Taxes relating to prior periods	2,884	(15,168)
Other current taxes	-	12
Deferred taxes not recognized on tax loss for the year and other deferred taxes	39,347	38,116
Tax loss carryforwards utilized	-	-
<b>Current and deferred income taxes recognized in the income statement, excluding IRAP</b>	<b>(14,550)</b>	<b>(31,053)</b>
IRAP (current and deferred)	-	-
<b>Total Income taxes</b>	<b>(14,550)</b>	<b>(31,053)</b>

Theoretical income taxes are calculated by applying the IRES tax rate (27.5% for 2013 and 2012) to the result before taxes.

The permanent differences referred to above include, among other things, the tax effect of non-taxable income amounting to €144,514 thousand in 2013 (€275,035 thousand in 2012) and of non-deductible costs amounting to €154,076 thousand in 2013 (€271,458 thousand in 2012). In particular, for 2013 the tax effect of non-taxable income was principally attributable to dividends (€140,114 thousand vs. €269,217 thousand in 2012) and impairment reversals on investments (€4,400 thousand vs. €5,799 thousand in 2012). Non-deductible costs principally relate to impairment losses on investments whose tax effect was €153,010 thousand (€270,591 thousand in 2012).

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

(€ thousand)	31 December 2012	Recognized in income statement	Charged to equity	31 December 2013
Deferred tax assets arising from:				
- Taxed provisions and other minor differences	28,935	19,696	-	48,631
<b>Total deferred tax assets</b>	<b>28,935</b>	<b>19,696</b>	-	<b>48,631</b>
Deferred tax liabilities arising from:				
- Measurement of construction contracts by the percentage completion method	(48,319)	170	-	(48,149)
- Others	(927)	(1,920)	-	(2,847)
<b>Total deferred tax liabilities</b>	<b>(49,246)</b>	<b>(1,750)</b>	-	<b>(50,996)</b>
Theoretical tax benefit arising from tax loss carryforwards	216,560	51,629	-	268,189
Adjustments for assets whose recoverability is not probable	(208,445)	(69,575)	-	(278,020)
<b>Total deferred tax liabilities, net of deferred tax assets</b>	<b>(12,196)</b>	-	-	<b>(12,196)</b>

Determination of deferred tax assets is based on an analysis of the existence of the conditions for their future realization, using updated plans and related tax aspects. As a consequence, the total theoretical future tax benefit arising from deductible temporary differences (€48,631 thousand at 31 December 2013 and €28,935 thousand at 31 December 2012) and tax loss carryforwards (€268,189 thousand at 31 December 2013 and €216,560 thousand at 31 December 2012) was reduced by €278,020 thousand at 31 December 2013 (€208,445 thousand at 31 December 2012).

Total temporary differences (deductible and taxable) and tax losses at 31 December 2013 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 2013	Year of expiry					
		2014	2015	2016	2017	Beyond 2017	Non-expiring/ undeterminable
Temporary differences and tax losses relating to IRES:							
- Deductible temporary differences	176,837	176,837	-	-	-	-	-
- Taxable temporary differences	(155,820)	(82,167)	(73,653)	-	-	-	-
- Tax losses	975,233	-	-	-	-	-	975,233
- Temporary differences and tax losses for which deferred tax assets have not been recognized	(1,010,981)	(94,670)	-	-	-	-	(916,311)
<b>Temporary differences and tax losses subject to national taxation</b>	<b>(14,731)</b>	-	<b>(73,653)</b>	-	-	-	<b>58,922</b>
Temporary differences relating to IRAP:							
- Deductible temporary differences	-	-	-	-	-	-	-
- Taxable temporary differences	(146,225)	(82,823)	(63,402)	-	-	-	-
<b>Temporary differences and tax losses subject to local taxation</b>	<b>(146,225)</b>	<b>(82,823)</b>	<b>(63,402)</b>	-	-	-	-

## 9. Intangible assets

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

At 31 December 2013, intangible assets totaled €1,606 thousand, reflecting the following changes during the year:

(€ thousand)	31 December 2012	Increases	Amortization	(Decreases) and Other changes	31 December 2013
<b>Goodwill</b>					
- Gross carrying amount	1,330	100	-	-	1,430
- Accumulated amortization	-	-	-	-	-
- Net carrying amount	<b>1,330</b>	<b>100</b>	-	-	<b>1,430</b>
<b>Licenses and software</b>					
- Gross carrying amount	322	13	-	-	335
- Accumulated amortization	(198)	-	(112)	-	(310)
- Net carrying amount	<b>124</b>	<b>13</b>	<b>(112)</b>	-	<b>25</b>
<b>Other intangible assets</b>					
- Gross carrying amount	468	-	-	-	468
- Accumulated amortization	(277)	-	(40)	-	(317)
- Net carrying amount	<b>191</b>	-	<b>(40)</b>	-	<b>151</b>
<b>Total intangible assets</b>					
- Gross carrying amount	<b>2,120</b>	<b>113</b>	-	-	<b>2,233</b>
- Accumulated amortization	<b>(475)</b>	-	<b>(152)</b>	-	<b>(627)</b>
- Accumulated impairment losses	-	-	-	-	-
- Net carrying amount	<b>1,645</b>	<b>113</b>	<b>(152)</b>	-	<b>1,606</b>

Goodwill consists of the 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, as well as the corporate services business acquired at the beginning of 2013, which also provides services to Fiat S.p.A. and Group companies (see Note 5).

Licenses and software represents the cost of software, both internally-developed and purchased, which is amortized over its estimated useful life (3 years) from the time 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 2012, changes in intangible assets were as follows:

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

## 10. Property, plant and equipment

At 31 December 2013, property, plant and equipment totaled €29,778 thousand and was subject to the following changes during the year:

(€ thousand)	31 December 2012	Increases	Depreciation	(Decreases) and Other changes	31 December 2013
<b>Land and buildings</b>					
- Gross carrying amount	47,514	30	-	-	47,544
- Accumulated depreciation	(21,020)	-	(1,410)	-	(22,430)
- Net carrying amount	<b>26,494</b>	30	(1,410)	-	<b>25,114</b>
<b>Plant and machinery</b>					
- Gross carrying amount	12,019	386	-	-	12,405
- Accumulated depreciation	(10,326)	-	(216)	-	(10,542)
- Net carrying amount	<b>1,693</b>	386	(216)	-	<b>1,863</b>
<b>Other tangible assets</b>					
- Gross carrying amount	5,170	254	-	(247)	5,177
- Accumulated depreciation	(3,053)	-	(268)	228	(3,093)
- Net carrying amount	<b>2,117</b>	254	(268)	(19)	<b>2,084</b>
<b>Assets in progress and advances</b>					
	-	717	-	-	<b>717</b>
<b>Total property, plant and equipment</b>					
- Gross carrying amount	<b>64,703</b>	<b>1,387</b>	-	<b>(247)</b>	<b>65,843</b>
- Accumulated depreciation	<b>(34,399)</b>	-	<b>(1,894)</b>	<b>228</b>	<b>(36,065)</b>
- Net carrying amount	<b>30,304</b>	<b>1,387</b>	<b>(1,894)</b>	<b>(19)</b>	<b>29,778</b>

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

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

Other tangible assets comprised cars, office furniture and fixtures.

Assets in progress and advances related to costs incurred in 2013 for refurbishments to the company premises (structure and physical plant) at Via Nizza 250 (Turin), which were not complete at the balance sheet date.

At 31 December 2013, there were no contractual commitments of a material amount for purchases of property, plant and equipment or for assets in progress.

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 2012, changes in Property, plant and equipment were as follows:

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

## 11. Investments

At 31 December 2013, investments totaled €13,060,065 thousand and underwent the following changes during the year:

(€ thousand)	31 December 2012	Increases	Decreases	Reclassification and other changes	Impairment (losses)/reversals and Fair value adjustments	31 December 2013
Investments in subsidiaries	11,373,215	1,738,058	(318)	-	(466,400)	12,644,555
Investments in associates	96,519	94,392	-	-	(74,000)	116,911
Investments in other companies	295,281	682	(2,565)	-	5,201	298,599
<b>Total investments</b>	<b>11,765,015</b>	<b>1,833,132</b>	<b>(2,883)</b>	-	<b>(535,199)</b>	<b>13,060,065</b>

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

(€ thousand)	% interest	31 December 2012	Increases	Decreases	Reclassification and other changes	Impairment (losses)/ reversals	31 December 2013
<b>Fiat Group Automobiles S.p.A.</b>	100.00	<b>6,314,081</b>	1,650,000		424,890		<b>8,388,971</b>
- Gross carrying amount		9,279,993	1,650,000		424,890		11,354,883
- Accumulated impairment losses		(2,965,912)					(2,965,912)
<b>Ferrari S.p.A.</b>	90.00	<b>1,187,635</b>					<b>1,187,635</b>
- Gross carrying amount		1,187,635					1,187,635
- Accumulated impairment losses		-					-
<b>Maserati S.p.A.</b>	100.00	<b>353,798</b>					<b>353,798</b>
- Gross carrying amount		353,798					353,798
- Accumulated impairment losses		-					-
<b>Magneti Marelli S.p.A.</b>	99.99	<b>611,854</b>					<b>611,854</b>
- Gross carrying amount		611,854					611,854
- Accumulated impairment losses		-					-
<b>Teksid S.p.A.</b>	84.79	<b>76,084</b>					<b>76,084</b>
- Gross carrying amount		129,070					129,070
- Accumulated impairment losses		(52,986)					(52,986)
<b>Teksid Aluminum S.r.l.</b>	100.00	<b>31,192</b>	18,000			(17,100)	<b>32,092</b>
- Gross carrying amount		135,792	18,000				153,792
- Accumulated impairment losses		(104,600)				(17,100)	(121,700)
<b>Comau S.p.A.</b>	100.00	<b>97,850</b>					<b>97,850</b>
- Gross carrying amount		742,781					742,781
- Accumulated impairment losses		(644,931)					(644,931)
<b>Fiat Gestione Partecipazioni S.p.A. (now Fiat Partecipazioni S.p.A.)</b>	100.00	<b>1,867,983</b>			992	(465,300)	<b>1,403,675</b>
- Gross carrying amount		2,801,683			992		2,802,675
- Accumulated impairment losses		(933,700)				(465,300)	(1,399,000)
<b>Fiat Partecipazioni S.p.A. (now FGA Real Estate Services S.p.A.)</b>	100.00	<b>409,882</b>			(425,882)	16,000	<b>-</b>
- Gross carrying amount		425,882			(425,882)		-
- Accumulated impairment losses		(16,000)				16,000	-
<b>Fiat Finance S.p.A.</b>	100.00	<b>222,263</b>					<b>222,263</b>
- Gross carrying amount		222,263					222,263
- Accumulated impairment losses		-					-
<b>Fiat Finance and Trade Ltd S.A.</b>	40.00	<b>115,500</b>					<b>115,500</b>
- Gross carrying amount		115,500					115,500
- Accumulated impairment losses		-					-
<b>Editrice La Stampa S.p.A.</b>	100.00	<b>57,424</b>	70,000				<b>127,424</b>
- Gross carrying amount		57,424	70,000				127,424
- Accumulated impairment losses		-					-
<b>Other subsidiaries</b>		<b>27,669</b>	58	(318)			<b>27,409</b>
- Gross carrying amount		35,178	58	(318)			34,918
- Accumulated impairment losses		(7,509)					(7,509)
<b>Total investments in subsidiaries</b>		<b>11,373,215</b>	<b>1,738,058</b>	<b>(318)</b>	<b>-</b>	<b>(466,400)</b>	<b>12,644,555</b>
- Gross carrying amount		16,098,853	1,738,058	(318)			17,836,593
- Accumulated impairment losses		(4,725,638)				(466,400)	(5,192,038)

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

- capital contributions to certain subsidiaries to strengthen their capital structure in view of operating results, including €1,650 million to Fiat Group Automobiles S.p.A., €70 million to Editrice La Stampa S.p.A. and €18 million to Teksid Aluminum S.r.l.
- the following transactions, which formed part of the continuing rationalization of the real estate services activities and assets:
  - demerger of activities and assets from Fiat Partecipazioni S.p.A. and transfer to Fiat Gestione Partecipazioni S.p.A. (subsequently renamed Fiat Partecipazioni S.p.A.)
  - transfer of the shareholding in Fiat Partecipazioni S.p.A. post demerger (subsequently renamed FGA Real Estate Services S.p.A.) to Fiat Group Automobiles S.p.A. as a contribution to capital

Fiat Partecipazioni's real estate management and services activities, in addition to assets held on behalf of Fiat S.p.A. and the Group in general, were demerged, while the activities and assets relating to the automobiles business remained within Fiat Partecipazioni post demerger (now FGA Real Estate Services S.p.A.). As the transactions involved companies under the direct control of Fiat S.p.A., recognition was based on existing book values. Accordingly, the increase of approximately €1 million in the investment in Fiat Gestione Partecipazioni S.p.A. following the demerger and the increase of approximately €425 million in the investment in Fiat Group Automobiles S.p.A. following the contribution to capital, correspond to the respective pro rata portion of the book value of the investment in Fiat Partecipazioni S.p.A., based on the relative value of the assets and liabilities demerged in relation to the value of equity as reported in the Fiat Partecipazioni S.p.A. financial statements prepared for the purposes of the estimate of value of the capital contribution. As described in Note 2, on the basis of that value, a €16 million impairment reversal was recognized on the investment in Fiat Partecipazioni S.p.A.

Following the reorganization, Fiat Partecipazioni S.p.A. was renamed FGA Real Estate Services S.p.A. and Fiat Gestione Partecipazioni S.p.A. was renamed Fiat Partecipazioni S.p.A.

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

With regard to Fiat Group Automobiles S.p.A., the estimates and assumptions used in measuring the investment for the purposes of the financial statements (see "Use of Estimates") provided reasonable support for the carrying amount recognized at 31 December 2012, increased to reflect the capital contributions and book value of the investment in Fiat Partecipazioni S.p.A. (now FGA Real Estate Services S.p.A.) transferred in 2013, as described above. The current carrying amount (€8,389 million at 31 December 2013) reflects impairment losses of €2,966 million, recognized prior to 2005 and again in 2009, that could potentially be reversed in future periods.

With regard to the investment in Editrice La Stampa (carrying value of €127 million), whose 2013 results reflected difficult trading conditions in its industry sector and restructuring charges for the subsidiary Publikompass, an assessment of recoverable value was based on the company's medium-term business plan and the nature of specific assets, in particular the newspaper *La Stampa*, as well as its position in the publishing sector in Italy. Based on the assumptions and estimates made, the carrying amount of the investment at 31 December 2013 was deemed recoverable.

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 2012	Increases	Decreases	Impairment (losses)/ reversals	31 December 2013
<b>RCS MediaGroup S.p.A.</b>	16.41	<b>96,519</b>	94,392	-	(74,000)	<b>116,911</b>
- Gross carrying amount		131,785	94,392	-	-	226,177
- Accumulated impairment losses		(35,266)	-	-	(74,000)	(109,266)
<b>Total investments in associates</b>		<b>96,519</b>	<b>94,392</b>	-	<b>(74,000)</b>	<b>116,911</b>

The €94 million increase for the year reflects the subscription to RCS MediaGroup S.p.A.'s capital increase to support its 2013-2015 development plan. As already announced, in addition to subscribing to its pro rata share of the capital increase, Fiat S.p.A. also purchased additional rights (in part from other participants in the existing shareholder agreement). Following exercise of the rights held, Fiat S.p.A.'s interest in RCS went from 10.09%, as reported at 31 December 2012, to 16.41% (or 10.50% to 20.55% for ordinary shares only).

At year end, the carrying amount of the investment in RCS MediaGroup S.p.A. was written down by €74 million. Additional information on the impairment is provided in Note 2.

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

(€ thousand)	% interest	31 December 2012	Increases	Decreases	Fair value adjustments	31 December 2013
CNH Industrial N.V.	2.52 <sup>(1)</sup>	282,453	682	(2,565)	1,183	281,753
Fin. Priv. S.r.l.	14.28	10,249	-	-	3,387	13,636
Assicurazioni Generali S.p.A.	0.01	2,579	-	-	631	3,210
<b>Total investments in other companies</b>		<b>295,281</b>	<b>682</b>	<b>(2,565)</b>	<b>5,201</b>	<b>298,599</b>

<sup>(1)</sup> 3.72% of voting rights.

With regard to the investment in Fiat Industrial (now CNH Industrial), following the demerger on 1 January 2011, Fiat S.p.A. received 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 related interpretations, those shares have been recognized at fair value since initial recognition. On 29 September 2013, Fiat Industrial S.p.A. and CNH Global N.V. were both merged into CNH Industrial N.V. At closing, CNH Industrial issued new common shares to Fiat Industrial and CNH Global shareholders on the basis of the exchange ratios established in the merger agreement. For Fiat Industrial shareholders, the exchange ratio was one CNH Industrial common share for every Fiat Industrial share held.

At 31 December 2013, the Company held 34,007,650 CNH Industrial common shares, representing 2.52% of common shares outstanding, having a total value of €281.8 million (at 31 December 2012, 34,216,027 Fiat Industrial ordinary shares, or 2.80% of share capital, having a total value of €282.5 million). Of those shares, 18,160,000 (valued at €150.5 million) were allocated to servicing the stock option and stock grant plans and recognized at fair value through profit or loss, while the remaining 15,847,650 shares (valued at €131.3 million) were classified as available-for-sale and recognized at fair value directly in equity. Recognition at fair value, which corresponds to the market price of the shares held at the balance sheet date, resulted in a €1.2 million increase in the value of the investment during the year, of which €0.8 million was recognized through profit and loss and entirely offset by an equivalent increase in the related liability (see Note 19, provisions for stock option and stock grant plans) and €0.4 million directly in equity (see Note 18). At 31 December 2013, the holding in CNH Industrial also included the 33,955,402 special voting shares allotted at the time of the merger of Fiat Industrial into CNH Industrial described above. Those shares cannot

be directly or indirectly sold, assigned or transferred, restricted, pledged, or used as collateral or other form of guarantee. Including the special voting shares, the Company holds 3.72% of total voting rights in CNH Industrial.

Finally, other changes in the investment in CNH Industrial during 2013 included a €0.7 million increase following the purchase of 76,623 common shares following the exercise by some shareholders of withdrawal rights on Fiat Industrial shares in relation to the above merger. The €2.6 million decrease related to shares sold during 2013 following exercise of 285,000 options under the November 2006 stock option plan for managers.

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, fair value 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 €4.0 million increase in the investments in Fin. Priv. S.r.l. and Assicurazioni Generali S.p.A. for 2013, 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 2013 and 2012, no investments held by the Company had been pledged as security for financial or contingent liabilities.

During 2012, changes in investments were as follows:

(€ 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
<b>Total investments</b>	<b>12,122,919</b>	<b>574,852</b>	<b>(26,500)</b>	<b>-</b>	<b>(906,256)</b>	<b>11,765,015</b>

## 12. Other financial assets

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

(€ thousand)	31 December 2013	31 December 2012	Change
Fees receivable for guarantees given	13,953	12,035	1,918
Debt securities	75	74	1
<b>Total other financial assets</b>	<b>14,028</b>	<b>12,109</b>	<b>1,919</b>

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

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

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

(€ thousand)	31 December 2013	31 December 2012
<b>Other financial assets</b>		
due within one year	4,397	3,789
due after one year but within five years	9,465	8,254
due beyond five years	166	66
<b>Total</b>	<b>14,028</b>	<b>12,109</b>

### 13. Other non-current assets

At 31 December 2013, other non-current assets totaled €63 thousand, a net decrease of €2 thousand over 31 December 2012, and consisted of amounts receivable from tax authorities and employees beyond 12 months.

### 14. Trade receivables

At 31 December 2013, trade receivables totaled €7,214 thousand, a net increase of €2,458 thousand over 31 December 2012, and included the following:

(€ thousand)	31 December 2013	31 December 2012	Change
Third parties			
- Receivables	6,271	2,926	3,345
- Allowance for doubtful accounts	(156)	(156)	-
Total third parties	6,115	2,770	3,345
Trade receivables due from Group companies and other related parties	1,099	1,986	(887)
<b>Total trade receivables</b>	<b>7,214</b>	<b>4,756</b>	<b>2,458</b>

Receivables from third parties mainly relate to amounts due from Rete Ferroviaria Italiana S.p.A. for work completed on high-speed sections of rail line. Those receivables match the amounts payable to the CAV.E.T. and CAV.TO.MI. consortia for contract work completed (see Note 23).

Trade receivables due from Group companies and other related parties include 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 2013, the total was zero. At 31 December 2012, current financial receivables totaled €58,281 thousand and represented the positive fair value of two equity swaps on Fiat and Fiat Industrial shares entered into by Fiat Finance S.p.A., on behalf of Fiat S.p.A., to hedge against an increase in the share price above the exercise price of the stock options granted to the Chief Executive Officer in 2004. The fair value of those equity swaps was based on market quotations at the balance sheet date. As described in Note 7, those contracts were closed in December 2013.

### 16. Other current receivables

At 31 December 2013, other current receivables totaled €188,835 thousand, a net decrease of €113,872 thousand over 31 December 2012, and consisted of the following:

(€ thousand)	31 December 2013	31 December 2012	Change
Receivables from Group companies and other related parties for consolidated IRES tax	119,298	134,652	(15,354)
Other receivables from Group companies and other related parties	220	1,566	(1,346)
VAT receivables	21,699	108,315	(86,616)
IRES tax receivables	42,226	50,309	(8,083)
IRAP tax receivables	131	131	-
Other	5,261	7,734	(2,473)
<b>Total other current receivables</b>	<b>188,835</b>	<b>302,707</b>	<b>(113,872)</b>

Receivables from Group companies and other related parties for consolidated IRES tax relate to tax calculated on the taxable income contributed by Italian subsidiaries participating in the domestic tax consolidation program.

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

VAT receivables essentially relate 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 2013 and previous years. At 31 December 2013, refund claims which had been factored amounted to €27,082 thousand (€26,622 thousand at 31 December 2012) 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 2013, no interest was recognized in relation to VAT receivables subject to refund (as was also the case at 31 December 2012), while interest on IRES tax receivables (100% factored) amounted to €4,082 thousand (€3,622 thousand at 31 December 2012).

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 2013	31 December 2012	Change
Cash at banks and post offices	1,268	554	714
<b>Total cash and cash equivalents</b>	<b>1,268</b>	<b>554</b>	<b>714</b>

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

## 18. Equity

At 31 December 2013, equity totaled €8,693,456 thousand. The €207,588 thousand decrease from year-end 2012 reflected the reported loss of €226,698 thousand, which was partially compensated for by the positive effect of items recognized directly in equity (€5,590 thousand for remeasurement of defined benefit plans and fair value adjustments on investments in other companies) and the positive net difference of other changes.

### *Share capital*

Share capital totaled €4,477,462 thousand (fully paid) at 31 December 2013 (€4,476,442 thousand at 31 December 2012) and consisted of 1,250,687,733 ordinary shares (1,250,402,773 ordinary shares at 31 December 2012) with a par value of €3.58 per share.

Compared with year-end 2012, there was a €1,020 thousand increase resulting from the issuance of 285,000 new shares following the exercise of 285,000 options under the November 2006 stock option plan for managers.

Following is a summary reconciliation between shares outstanding at 31 December 2011 and at 31 December 2013:

(shares in thousands)	31 December 2011	Conversion of preference and savings shares into ordinary shares	Share based compensation	31 December 2012	Exercise of stock options	31 December 2013
<b>Ordinary shares issued</b>	<b>1,092,681</b>	<b>157,722</b>	-	<b>1,250,403</b>	<b>285</b>	<b>1,250,688</b>
Less: Own shares	(38,568)	(10)	4,000	(34,578)	-	(34,578)
Ordinary shares outstanding	1,054,113	157,712	-	1,215,825	285	1,216,110
Preference shares issued	103,292	(103,292)	-	-	-	-
Less: Own shares	-	-	-	-	-	-
Preference shares outstanding	103,292	(103,292)	-	-	-	-
Savings shares issued	79,913	(79,913)	-	-	-	-
Less: Own shares	-	-	-	-	-	-
Savings shares outstanding	79,913	(79,913)	-	-	-	-
<b>Total shares issued by Fiat S.p.A.</b>	<b>1,275,886</b>	<b>(25,483)</b>	-	<b>1,250,403</b>	<b>285</b>	<b>1,250,688</b>
<b>Less: Own shares</b>	<b>(38,568)</b>	<b>(10)</b>	<b>4,000</b>	<b>(34,578)</b>	-	<b>(34,578)</b>
<b>Total Fiat S.p.A. shares outstanding</b>	<b>1,237,318</b>	<b>(25,493)</b>	<b>4,000</b>	<b>1,215,825</b>	<b>285</b>	<b>1,216,110</b>

As described in Note 18 to the 2012 financial statements, following approval of a mandatory conversion by shareholders on 4 April 2012, all of the Company's outstanding preference shares (103,292,310) and savings shares (79,912,800) were converted into 157,722,163 ordinary shares. The conversion ratio was 0.850 ordinary shares per preference share and 0.875 ordinary shares per savings share. As a result, from 21 May 2012, only Fiat S.p.A. ordinary shares are traded on the Mercato Telematico Azionario in Milan.

Following the conversion, 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.

Pursuant to resolutions adopted by the Board of Directors on 3 November 2006, the demerger of activities to Fiat Industrial S.p.A. (now CNH Industrial N.V.), and resolutions adopted by shareholders at the Extraordinary General Meeting on 4 April 2012, share capital may be increased, through paid capital contributions, by a maximum of €33,229,112.50 through the issue of up to 9,281,875 new ordinary shares exclusively to managers employed by the Company and/or its subsidiaries in accordance with the relevant incentive plan.

### *Capital management*

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 share capital must be approved by shareholders, who can 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

In consideration of the Company's goal to maintain an appropriate level of liquidity following acquisition of the remaining minority interest in Chrysler Group LLC, the Board of Directors has recommended that no dividend be paid for 2013.

Fiat's stated objectives for capital management are to create value for shareholders, to guarantee continuity of the business and to support the development of the Group. Accordingly, the Company intends to maintain an adequate level of capital that, at the same, will enable it to achieve a satisfactory financial return for shareholders, as well as ensuring access to affordable sources of external financing (including achievement of an adequate credit rating).

Fiat constantly monitors its debt-equity mix, particularly in relation to the level of net debt and cash generated from the Group's operating activities. The Company's objective is to continuously improve the profitability of its operating activities. In addition, it has the ability to sell assets to reduce the level of debt or, alternatively, 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 a balanced capital structure and an improvement in credit rating.

The term capital is used to refer both to the contribution from shareholders (share capital and share premium less own shares held, for a total value of €5,292,270 thousand at 31 December 2013 and €5,288,888 thousand at 31 December 2012), 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 €3,418,122 thousand at 31 December 2013 and €3,634,682 thousand at 31 December 2012, excluding gains and losses recognized directly in equity).

### *Share premium reserve*

At 31 December 2013, the share premium reserve totaled €1,073,766 thousand. The €2,363 thousand increase over 31 December 2012, reflected the premium on the new 285,000 ordinary shares issued following exercise of 285,000 options under the November 2006 stock option plan for managers.

### *Legal reserve*

At 31 December 2013, the legal reserve totaled €528,577 thousand and was unchanged from 31 December 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 2013, the reserve available for the purchase of own shares totaled €941,042 thousand, a decrease of approximately €1 thousand over 31 December 2012 resulting from a transfer to the reserve for own shares.

On 9 April 2013, shareholders renewed the authorization for the purchase and disposal of own shares, including through subsidiaries, while at the same time revoking the authorization of 4 April 2012. The renewed authorization was for the purchase of a maximum number of shares, not to exceed the legally established percentage of share capital or, in any event, a total of €1.2 billion, including the €259 million in own shares already held. As announced, the buy-back program is currently on hold and buy-backs are not obligatory under the authorization. The shareholder 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.

On 27 February 2014, the Board of Directors voted to submit a proposal to shareholders to revoke the shareholder authorization for the purchase and disposal of own shares given on 9 April 2013, to the extent not already utilized, and renew the authorization, for a period of 18 months, 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, including existing reserves of €259 million for own shares already held. Should the renewal be approved, the Company would be under no obligation to buy back shares. The authorization is being requested to ensure the Company the flexibility to pursue any strategic opportunities that may arise for all purposes permitted by law.

#### *Reserve for own shares*

At 31 December 2013, the reserve for own shares totaled €258,958 thousand, an increase of approximately €1 thousand over 31 December 2012. The reserve is subject to certain restrictions imposed by Article 2357-ter of the Civil Code and the change for the period, reflecting changes in the book value of own shares held, was attributable to the transfer from the reserve available for the purchase of own shares in relation to the purchase of residual fractions of shares following the conversion of Fiat S.p.A. preference and savings shares into ordinary shares in 2012.

#### *Retained profit*

At 31 December 2013, retained profit totaled €1,763,783 thousand, a decrease of €151,233 thousand over 31 December 2012 resulting from:

- allocation of the reported loss of €152,302 thousand for the prior year (net of the effects of the amendment to IAS 19), following shareholder approval on 9 April 2013, and
- the transfer of €1,069 thousand from the stock option reserve, which represented the fair value of options exercised or expiring during the year in relation to the portion of the November 2006 stock option plan for managers serviced by Fiat S.p.A. shares

#### *Gains/(losses) recognized directly in equity*

At 31 December 2013, the reserve had a negative balance of €16,936 thousand, representing a positive difference of €5,590 thousand over 31 December 2012.

The reserve includes actuarial gains and losses from remeasurement of defined benefit plans that will not be reclassified to the income statement, as well as gains and losses arising from fair value adjustments on investments in other companies that were recognized directly in equity, as described previously (see Note 11).

The reserve consists of the following:

(€ thousand)	31 December 2013	31 December 2012	Change
Items that will not be reclassified to Income Statement:			
– Gains/(losses) on remeasurement of defined benefit plans	(3,967)	(5,151)	1,184
Items that will be reclassified to Income Statement:			
– Gains/(losses) recognized directly in fair value reserve (investments in other companies)	(12,969)	(17,375)	4,406
Total Other comprehensive income before tax adjustments	(16,936)	(22,526)	5,590
– Tax effects relating to components of other comprehensive income	-	-	-
<b>Total gains/(losses) recognized directly in equity</b>	<b>(16,936)</b>	<b>(22,526)</b>	<b>5,590</b>

#### Stock option reserve

At 31 December 2013, the stock option reserve totaled €62,631 thousand, a net increase of €9,069 thousand over 31 December 2012. The change primarily related to existing stock option and stock grant plans serviced by Fiat S.p.A. shares.

#### Other reserves

At 31 December 2013, other reserves totaled €89,829 thousand, unchanged versus 31 December 2012, and consisted of the following:

- Reserves pursuant to Law 413/1991: a total of €22,591 thousand corresponding to the compulsory revaluation of property (net of related taxes) allocated to a specific reserve, pursuant to Law 413 of 30 December 1991
- Extraordinary reserve: a total of €28,044 thousand corresponding to the amount approved by shareholders on 11 May 2004
- Reserve for spin-off difference: a total of €39,194 thousand representing the positive difference arising from the spin-off of activities by Fiat Partecipazioni S.p.A. on 29 December 2008

#### Own shares

At 31 December 2013, the book value of own shares held was €258,958 thousand, consisting of 34,577,867 ordinary shares with an aggregate par value of €123,789 thousand.

Changes during the year were as follows:

	Number of ordinary shares	Total carrying value (€ thousands)	Average unitary value (€)	% share capital
31 December 2012	34,577,766	258,957	7.489	2.77%
Purchases	101	1	-	-
<b>31 December 2013</b>	<b>34,577,867</b>	<b>258,958</b>	<b>7.489</b>	<b>2.76%</b>

During the year, a total of 101 own shares were purchased from shareholders, which represented the fractions of ordinary shares resulting from the mandatory conversion of preference and savings shares into Fiat S.p.A. ordinary shares in 2012. A description of shareholder authorizations for the purchase of own shares is provided above.

Changes during 2012 were as follows:

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

#### Share-based compensation

The following share-based compensation plans for the Chief Executive Officer of Fiat S.p.A. and Group managers were in place at 31 December 2013 and 2012.

#### Stock option plans linked to Fiat S.p.A. and CNH Industrial N.V. ordinary shares

On 26 July 2004, the Board of Directors granted the Chief Executive Officer options to purchase 10,670,000 Fiat S.p.A. ordinary shares, at a price of €6.583 per share, as a part of his variable compensation. Those options are fully-vested and exercisable at any time until 1 January 2016. Following the demerger of Fiat Industrial (now CNH Industrial), each option entitles him to receive one Fiat S.p.A. ordinary share and one CNH Industrial N.V. common share, with the original strike price remaining unchanged.

At 31 December 2013, 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 ratification by shareholders on 5 April 2007) an eight-year stock option plan, which granted the Chief Executive Officer of Fiat S.p.A. and certain Group managers the right to purchase a specified number of Fiat S.p.A. ordinary shares at a fixed price of €13.37 per share. The options granted to managers (10,000,000) and the Chief Executive Officer (5,000,000) vested in equal annual portions over a period of four years, subject to the achievement of certain pre-established profitability targets (Non-Market Conditions or "NMC"), and became exercisable from the date of approval of the 2010 financial statements. An additional 5,000,000 options were granted to the Chief Executive Officer, which also vested in equal annual portions over a period of four years and became exercisable from November 2010. All options under the plan are subject to specific conditions relating to length of employment 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 to realign the allocation of underlying shares to the share allotment ratio applicable to the demerger, resulting in beneficiaries having the right to receive one Fiat S.p.A. ordinary share and one Fiat Industrial S.p.A. (now CNH Industrial N.V.) ordinary share for each original option, with the option exercise price remaining unchanged.

The contractual terms of the plan are as follows:

Plan	Beneficiary	Expiry date	Strike price (€)	N° of options granted	Vesting date	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 <sup>(1)</sup>	25% x NMC
					1st Quarter 2009 <sup>(1)</sup>	25% x NMC
					1st Quarter 2010 <sup>(1)</sup>	25% x NMC
					1st Quarter 2011 <sup>(1)</sup>	25% x NMC
Stock Option November 2006	Managers	3 November 2014	13.37	10,000,000	1st Quarter 2008 <sup>(1)</sup>	25% x NMC
					1st Quarter 2009 <sup>(1)</sup>	25% x NMC
					1st Quarter 2010 <sup>(1)</sup>	25% x NMC
					1st Quarter 2011 <sup>(1)</sup>	25% x NMC

<sup>(1)</sup> 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 vested as the original profitability targets for the 3-year period 2008-2010 were not met.

The stock option plans outstanding at 31 December 2013 were as follows:

Exercise price (€)	Managers			Chief Executive Officer		
	Options outstanding at 31 December 2013	Options outstanding at 31 December 2012	Average remaining contractual life (years)	Options outstanding at 31 December 2013	Options outstanding at 31 December 2012	Average remaining contractual life (years)
6.583	-	-	-	10,670,000	10,670,000	2.0
13.370	1,240,000	1,576,875	0.8	6,250,000	6,250,000	0.8
<b>Total</b>	<b>1,240,000</b>	<b>1,576,875</b>		<b>16,920,000</b>	<b>16,920,000</b>	

Changes during the year were as follows:

	Managers		Chief Executive Officer	
	Number of options	Average exercise price (€)	Number of options	Average exercise price (€)
Outstanding at beginning of year	1,576,875	13.37	16,920,000	9.09
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	(285,000)	13.37	-	-
Expired	(51,875)	13.37	-	-
<b>Outstanding at 31 December 2013</b>	<b>1,240,000</b>	<b>13.37</b>	<b>16,920,000</b>	<b>9.09</b>
<b>Exercisable at 31 December 2013</b>	<b>1,240,000</b>	<b>13.37</b>	<b>16,920,000</b>	<b>9.09</b>
Exercisable at 31 December 2012	1,576,875	13.37	16,920,000	9.09

As the above plans were already fully vested at 31 December 2010, no costs were incurred in relation to those plans in 2013 or 2012.

### Grants of Fiat 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.

Under the plan, the Chief Executive Officer was attributed 7 million rights, representing an equivalent number of Fiat S.p.A. ordinary shares. The rights vest in equal portions over a three-year period (one-third each on 22 February 2013, 22 February 2014 and 22 February 2015) subject to the Chief Executive Officer remaining in office.

The Company intends to service the plan 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 based on the official price published by Borsa Italiana on the vesting date.

At 31 December 2013, 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 Fiat S.p.A. shares	22 February 2013	2,333,333
			22 February 2014	2,333,333
			22 February 2015	2,333,333

Changes in the Retention LTI were as follows:

	2013		2012	
	No. of Fiat S.p.A. shares	Average fair value at grant date (€)	No. of Fiat S.p.A. shares	Average fair value at grant date (€)
Outstanding shares unvested at beginning of year	7,000,000	4.205	-	-
Granted	-	-	7,000,000	4.205
Forfeited	-	-	-	-
Vested	2,333,333	4.205	-	-
<b>Outstanding shares unvested at end of year</b>	<b>4,666,667</b>	<b>4.205</b>	<b>7,000,000</b>	<b>4.205</b>

In 2013, a nominal cost of €6 million was recognized in relation to this plan.

#### Availability for use of main components of equity

(€ thousand)	31 December 2013	Possible use	Amount available
<b>Share capital</b>	4,477,462	-	-
<b>Reserves:</b>			
- Share premium reserve	1,073,766	A, B, C <sup>(1)</sup>	1,073,766
- Legal reserve	528,577	B	-
- Reserve available for the purchase of own shares	941,042	A, B, C	941,042
- Reserve for own shares	258,958	-	-
- Retained profit	1,763,783	A, B, C	1,763,783
- 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

<sup>(1)</sup> 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 2013, the required increase would have been €366,915 thousand.

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

At 31 December 2013, this item totaled €142,741 thousand, an increase of €830 thousand over 31 December 2012, and consisted of the following:

(€ thousand)	31 December 2012	Accruals	Utilizations	Other changes	31 December 2013
Defined benefit liability	14,576	1,929	(1,928)	3,255	<b>17,832</b>
Other long-term employee benefits	1,640	-	(407)	(192)	<b>1,041</b>
Provisions for stock option and stock grant plans	124,947	796	(2,138)	(389)	<b>123,216</b>
Other non-current provisions	748	-	(96)	-	<b>652</b>
<b>Total provisions for employee benefits and other non-current provisions</b>	<b>141,911</b>	<b>2,725</b>	<b>(4,569)</b>	<b>2,674</b>	<b>142,741</b>

The Company provides employees post-employment benefits in the form of both defined contribution and defined benefit plans. In relation to defined contribution plans, the Company pays contributions to various 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 actual services rendered by the employee and is recognized under personnel costs (see Note 5).

*Defined benefit plans*

Defined benefits plans primarily consist of post-employment benefits accruing to employees, former employees and the Chief Executive Officer under supplemental company or individual agreements. Those plans are unfunded.

Changes in those liabilities during the year were as follows:

(€ thousand)	Leaving entitlement (TFR)		Other		Total	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
<b>Balance at beginning of period</b>	<b>4,548</b>	<b>4,437</b>	<b>10,028</b>	<b>9,915</b>	<b>14,576</b>	<b>14,352</b>
Included in income statement						
- Current service cost	-	-	1,724	947	1,724	947
- Interest cost	67	112	138	186	205	298
Included in OCI						
- Actuarial losses/(gains) attributable to demographic assumptions	8	-	-	-	8	-
- Actuarial losses/(gains) attributable to financial assumptions	167	-	315	-	482	-
- Other	1,253	1,419	(355)	(753)	898	666
Benefits paid	(1,656)	(174)	(272)	(230)	(1,928)	(404)
Other changes	612	(1,246)	1,255	(37)	1,867	(1,283)
<b>Defined benefit liability at 31 December</b>	<b>4,999</b>	<b>4,548</b>	<b>12,833</b>	<b>10,028</b>	<b>17,832</b>	<b>14,576</b>

Current service costs for employees are recognized in the income statement under personnel costs (see Note 5) and for the Chief Executive Officer under other operating costs (see Note 6). The associated interest costs are recognized in the income statement under financial income/(expense) (see Note 7).

As defined benefit plan liabilities are measured on an actuarial basis, the recognized value of those liabilities is sensitive to the underlying assumptions. The principal assumptions used in calculation of *trattamento di fine rapporto* (leaving entitlement or “TFR” in Italy) are the discount rate, average rate of annual departures and maximum retirement age.

The discount rate used in measurement of the TFR liability is based on the current yield for investment grade fixed income securities of equivalent maturity and amount as the expected future payments. For 2013, the average discount rate, which reflected the estimated timing and amount of future plan payments, was 2.49%. The average duration of the TFR liability at year end was 4.39 years. The average annual rate of departures, based on the Group’s prior experience, was estimated at 8.30%. The maximum retirement age was based on current legislation.

Maintaining all other assumptions unchanged, a 100 basis point increase or decrease in the discount rate would result in a €197 thousand decrease or a €233 thousand increase, respectively, in the estimated value of the TFR liability.

The Company’s estimate of timing of future TFR payments is as follows: €1,213 thousand in 2014, €585 thousand in 2015, €420 thousand in 2016, €496 thousand in 2017, €364 thousand in 2018 and €1,545 thousand for 2019 through 2024.

#### *Other long-term employee benefits*

At 31 December 2013, this item totaled €1,041 thousand (€1,640 thousand at 31 December 2012). That amount represents benefits payable to employees who have completed a determined length of service based on a supplemental company agreement. Actuarial gains and losses on the associated liability are recognized in the income statement in the period in which they arise.

#### *Provisions for stock option and stock grant plans*

At 31 December 2013, this item totaled €123,216 thousand and represented the liability arising from the obligation, following the demerger of activities to Fiat Industrial S.p.A. in January 2011, to deliver Fiat Industrial S.p.A. (now CNH Industrial N.V.) common shares to service a portion of the Company’s 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 2012	Fair value adjustment	Utilizations	Other changes	31 December 2013
<b>Provisions for stock option and stock grant plans</b>	<b>124,947</b>	<b>796</b>	<b>(2,138)</b>	<b>(389)</b>	<b>123,216</b>

In accordance with IFRS 2 and IAS 39, these liabilities were recognized at fair value upon initial recognition. In relation to the 2004 and 2006 stock option plans for the CEO and the 2006 stock option plan for managers, the calculation of fair value assumes a strike price equivalent to the par value of Fiat Industrial shares at the balance sheet date. Subsequent to initial recognition, changes in fair value are recognized through the income statement. In 2013, changes in fair value resulted in recognition, through the income statement, of a €796 thousand increase in the liability with a corresponding increase in the value of the investment in CNH Industrial (see Note 11). Finally, utilizations during the year (€2,138 thousand) related to CNH Industrial shares sold following the exercise of 285,000 options under the November 2006 stock option plan for managers.

*Other non-current provisions*

At 31 December 2013, other non-current provisions totaled €652 thousand (€748 thousand at 31 December 2012) and mainly related 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 2012, changes in provisions for employee benefits and other non-current provisions were as follows:

(€ thousand)	1 January 2012	Accruals	Utilizations	Other changes	31 December 2012
Defined benefit liability	14,352	1,245	(404)	(617)	14,576
Other long-term employee benefits	922	603	(220)	335	1,640
Provisions for stock option and stock grant plans	121,604	30,292	(26,500)	(449)	124,947
Other non-current provisions	929	-	(181)	-	748
<b>Total provisions for employee benefits and other non-current provisions</b>	<b>137,807</b>	<b>32,140</b>	<b>(27,305)</b>	<b>(731)</b>	<b>141,911</b>

**20. Non-current debt**

At 31 December 2013, non-current debt totaled €413,953 thousand, a decrease of €998,082 thousand over 31 December 2012, and included the following:

(€ thousand)	31 December 2013	31 December 2012	Change
Debt payable to Group companies	400,000	1,400,000	(1,000,000)
Financial guarantees	13,953	12,035	1,918
<b>Total non-current debt</b>	<b>413,953</b>	<b>1,412,035</b>	<b>(998,082)</b>

Debt payable to Group companies related to euro-denominated loans received from Fiat Finance S.p.A. with original maturity over 12 months. Amounts due within 12 months are also included under non-current debt. Changes during 2013 included repayment of a €1 billion loan received on 24 May 2006 and due 25 February 2013. At 31 December 2013, there was a €400 million loan outstanding (issued on 30 March 2012 and repayable 31 March 2014) which bears interest of 6.52% per annum. The carrying amount of the loan was considered representative of its fair value at the balance sheet date.

Financial guarantees represent 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 is as follows:

(€ thousand)	31 December 2013	31 December 2012
<b>Financial guarantees</b>		
due within one year	4,396	3,789
due after one year but within five years	9,453	8,242
due beyond five years	104	4
<b>Total</b>	<b>13,953</b>	<b>12,035</b>

## 21. Other non-current liabilities

At 31 December 2013, other non-current liabilities totaled €16,078 thousand, representing a net decrease of €1,087 thousand over 31 December 2012.

The item consisted of the following:

(€ thousand)	31 December 2013	31 December 2012	Change
<b>Non-current post-employment benefits to be paid:</b>			
to a former Chief Executive Officer	3,405	3,743	(338)
to former employees	12,673	13,422	(749)
<b>Total other non-current liabilities</b>	<b>16,078</b>	<b>17,165</b>	<b>(1,087)</b>

Non-current post-employment benefits represent the present value of future benefits (see Note 19) payable to a former CEO and management personnel that have left the Company.

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

(€ thousand)	31 December 2013	31 December 2012
<b>Other non-current liabilities</b>		
due within one year	1,126	1,087
due after one year but within five years	4,916	4,748
due beyond five years	10,036	11,330
<b>Total</b>	<b>16,078</b>	<b>17,165</b>

## 22. Provisions for employee benefits and other current provisions

At 31 December 2013, this item totaled €10,677 thousand, a net decrease of €4,574 thousand over 31 December 2012 consisting of the following:

(€ thousand)	31 December 2012	Accruals	Utilizations and Other changes	31 December 2013
Provisions for employee bonuses and similar provisions	15,251	8,081	(12,655)	10,677
<b>Total provisions for employee benefits and other current provisions</b>	<b>15,251</b>	<b>8,081</b>	<b>(12,655)</b>	<b>10,677</b>

This item essentially reflects the best estimate for variable components of compensation.

Changes in provisions for employee benefits and other current provisions during 2012 were as follows:

(€ thousand)	31 December 2011	Accruals	Utilizations and Other changes	31 December 2012
<b>Total provisions for employee benefits and other current provisions</b>	<b>19,380</b>	<b>7,430</b>	<b>(11,559)</b>	<b>15,251</b>

**23. Trade payables**

At 31 December 2013, trade payables totaled €18,977 thousand, a net increase of €1,676 thousand over 31 December 2012, and consisted of the following:

(€ thousand)	31 December 2013	31 December 2012	Change
Trade payables to third parties	13,081	10,493	2,588
Trade payables to Group companies and other related parties for goods and services	5,896	6,808	(912)
<b>Total trade payables</b>	<b>18,977</b>	<b>17,301</b>	<b>1,676</b>

Trade payables to third parties primarily relate to amounts payable for services and amounts due to CAV.E.T. and CAV.TO.MI. for contract work completed (see Note 14).

All 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 2013, current debt totaled €3,780,428 thousand, representing a net increase of €2,486,354 thousand over 31 December 2012, and related to:

(€ thousand)	31 December 2013	31 December 2012	Change
Intercompany debt:			
- Current account with Fiat Finance S.p.A.	739,183	331,403	407,780
- Loans from Fiat Finance S.p.A.	3,000,000	900,000	2,100,000
- Liabilities arising from derivative financial instruments	-	8,282	(8,282)
- Accrued interest expense	16,559	27,089	(10,530)
Total intercompany debt	3,755,742	1,266,774	2,488,968
Debt payable to third parties:			
- Advances on factored receivables	24,686	27,300	(2,614)
Total debt payable to third parties	24,686	27,300	(2,614)
<b>Total current debt</b>	<b>3,780,428</b>	<b>1,294,074</b>	<b>2,486,354</b>

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

Loans from Fiat Finance S.p.A. consists of euro-denominated financing due within 12 months.

At 31 December 2012, liabilities arising from derivative financial instruments represented the fair value of the two equity swaps on Fiat and Fiat Industrial shares entered into with leading financial institutions by Fiat Finance S.p.A., on behalf of Fiat S.p.A., to hedge the liability associated with stock options granted to the CEO in 2006. The fair value of those equity swaps was based on the market prices at the balance sheet date. As described in Note 7, those contracts were closed in December 2013.

Advances on factored receivables relate to advances on IRES receivable totaling €24,686 thousand (see Note 16).

Current debt is denominated in euros and the carrying amount is deemed to be in line with fair value.

### Transfer of receivables

At 31 December 2013, the carrying amount of transferred receivables and related liabilities was as follows:

(€ thousand)	Current taxes receivable	Total at 31 December 2013	Total at 31 December 2012
Carrying amount of receivables	27,082	27,082	28,311
Carrying amount of the related liabilities	24,686	24,686	27,300

At 31 December 2013, the Company also had VAT receivables of €61,000 thousand that had been sold on a non-recourse basis and were therefore derecognized (€47,000 thousand at 31 December 2012).

### 25. Other debt

At 31 December 2013, other debt amounted to €214,351 thousand, a net decrease of €150,109 thousand over 31 December 2012, broken down as follows:

(€ thousand)	31 December 2013	31 December 2012	Change
Advances	864	700	164
Other debt:			
- Debt payable to Group companies and other related parties			
- Consolidated VAT	92,098	211,221	(119,123)
- Consolidated IRES	106,996	137,891	(30,895)
- Other debt payable to Group companies and other related parties	-	6	(6)
- <i>Total debt payable to Group companies and other related parties</i>	<i>199,094</i>	<i>349,118</i>	<i>(150,024)</i>
- Social security payables	2,130	2,128	2
- Current amounts payable to employees, directors and statutory auditors	4,524	7,439	(2,915)
- Dividends payable	318	373	(55)
- Other	684	667	17
Total other debt	206,750	359,725	(152,975)
Taxes payable:			
- VAT payable	2,668	1,588	1,080
- Taxes withheld on payments to employees and independent contractors	1,756	1,972	(216)
- Other	428	428	-
Total taxes payable	4,852	3,988	864
Accrued expenses and deferred income	1,885	47	1,838
<b>Total other debt</b>	<b>214,351</b>	<b>364,460</b>	<b>(150,109)</b>

### Advances

This item represents the difference between the value of work completed for Treno Alta Velocità – T.A.V. S.p.A. (merged into Rete Ferroviaria Italiana S.p.A. from 31 December 2010) and progress payments and contractual advances received, as follows:

(€ thousand)	31 December 2013	31 December 2012	Change
Contract work in progress	246,627	244,858	1,769
Less: Net advances for work completed	247,360	245,426	1,934
Gross amount due to the customer	733	568	165
Net contractual advances	131	132	(1)
<b>Total advances</b>	<b>864</b>	<b>700</b>	<b>164</b>

The item relates to contracts between Fiat S.p.A. and Treno Alta Velocità – T.A.V. S.p.A. (acting on behalf of F.S. S.p.A.) for engineering and construction work on two lines forming part of the high-speed rail project in northern Italy (Bologna-Florence and Turin-Milan, consisting of the Turin-Novara and Novara-Milan sub-lines). At 31 December 2013, the contractual amounts due (including additional work, monetary adjustments and other contractual amounts) totaled €5,236 million for the Bologna-Florence line and €2,463 million for the Milan-Novara sub-line. The contract amount for the Turin-Novara sub-line (completed and accounting closed at the end of 2009) was €4,669 million.

Fiat S.p.A., as general contractor, engaged CAV.E.T. and CAV.TO.MI. for the engineering and construction activities, retaining responsibility for work coordination, organization and management activities. Contract work in progress therefore reflects the fees earned by Fiat S.p.A. as a percentage (approximately 3.5%) of the total contractual amount for activities carried out directly. Progress payments are 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 to CAV.E.T. and CAV.TO.MI., net of its contractual percentage.

These amounts may be analyzed by line as follows:

(€ thousand)	31 December 2013	31 December 2012	Change
<b>Contract work in progress</b>	<b>246,627</b>	<b>244,858</b>	<b>1,769</b>
- Florence-Bologna line	161,906	162,212	(306)
- Novara-Milan line	84,721	82,646	2,075
<b>Less: Net advances for work completed</b>	<b>247,360</b>	<b>245,426</b>	<b>1,934</b>
- Florence-Bologna line	162,629	162,580	49
- Novara-Milan line	84,731	82,846	1,885
<b>Gross amount due to the customer</b>	<b>733</b>	<b>568</b>	<b>165</b>
- Florence-Bologna line	723	368	355
- Novara-Milan line	10	200	(190)

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 €101,034 thousand at 31 December 2013 (€98,750 thousand at 31 December 2012). 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:

	Advances received from customers		Advances paid to suppliers		Net advances for work completed	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
(€ thousand)						
Florence-Bologna line	5,236,310	5,232,434	5,073,681	5,069,854	162,629	162,580
Novara-Milan line	2,456,036	2,277,543	2,371,305	2,194,697	84,731	82,846
<b>Progress payments for work completed</b>	<b>7,692,346</b>	<b>7,509,977</b>	<b>7,444,986</b>	<b>7,264,551</b>	<b>247,360</b>	<b>245,426</b>

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

	Contractual advances received from customers		Contractual advances paid to suppliers		Net contractual advances	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
(€ thousand)						
Florence-Bologna line	-	52	-	51	-	1
Novara-Milan line	5,168	5,168	5,037	5,037	131	131
<b>Contractual advances</b>	<b>5,168</b>	<b>5,220</b>	<b>5,037</b>	<b>5,088</b>	<b>131</b>	<b>132</b>

At 31 December 2013, bank guarantees and sureties totaling €414 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, €399 million of the total represents the direct liability of the consortia towards the issuing banks and insurance companies, with no joint responsibility for Fiat S.p.A.

Specifically, €52 million in guarantees provided by Fiat S.p.A. to T.A.V. S.p.A. relate to the Bologna-Florence line, €361 million to the Novara-Milan sub-line and €1 million to the Turin-Novara sub-line (remaining guarantee for work to be carried out during the Final Test phase).

Indemnities assumed directly by the CAV.E.T. consortium totaled €50 million. For the CAV.TO.MI. consortium, indemnities totaled €348 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 2013 (as also at 31 December 2012), 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 2013, debt payable to Group companies and other related parties for consolidated VAT, totaling €92,098 thousand (€211,221 thousand at 31 December 2012), related to VAT credits of Italian subsidiaries transferred to Fiat S.p.A. as part of the VAT consolidation.

At 31 December 2013, debt payable to Group companies and other related parties in connection with the IRES tax consolidation amounting to €106,996 thousand (€137,891 thousand at 31 December 2012) represents the remuneration due for tax losses contributed by the Italian subsidiaries to the domestic tax consolidation for 2013, IRES tax credits of Italian subsidiaries transferred to Fiat S.p.A. as part of the tax consolidation procedure for 2013 and residual amounts payable in relation to the domestic tax consolidation for 2012.

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 2013	31 December 2012	Change
Guarantees issued			
Sureties			
- on behalf of Group companies	199,835	208,229	(8,394)
- on behalf of third parties	847	850	(3)
Total sureties	200,682	209,079	(8,397)
Other guarantees			
- on behalf of Group companies	14,820,878	12,677,284	2,143,594
- on behalf of third parties	-	-	-
Total other guarantees	14,820,878	12,677,284	2,143,594
<b>Total guarantees issued</b>	<b>15,021,560</b>	<b>12,886,363</b>	<b>2,135,197</b>

At 31 December 2013, guarantees issued totaled €15,022 million, an increase of €2,135 million over 31 December 2012, and related principally to new bonds issued by the subsidiary Fiat Finance and Trade Ltd. S.A. (representing a €1,916 million difference between guarantees on the new bonds issued and on the bonds repaid during the year).

Guarantees outstanding at 31 December 2013 were as follows:

### **Sureties**

At 31 December 2013, sureties totaled €201 million, a decrease of €8 million over 31 December 2012.

This amount mostly relates to sureties provided on behalf of Group companies on Billets de Trésorerie issued (Fiat Finance and Trade Ltd. S.A. €15 million) and lease payments on property (€185 million). Sureties granted to third parties (approximately €1 million) relate to the remaining interest-bearing certificates issued by Sava and not yet redeemed.

### **Other guarantees**

At 31 December 2013, other guarantees totaled €14,821 million, an increase of €2,144 million over 31 December 2012.

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

- €1,357 million for loans (Fiat Finance S.p.A. €650 million, Fiat Automoveis S.A. - FIASA €275 million, Fiat Automobiles Serbia D.o.o. €271 million, Fiat Group Automobiles S.p.A. €75 million, Fiat Finance and Trade Ltd S.A. €40 million, Maserati S.p.A. €25 million, TCA – Tecnologia em Componentes Automotivos S.A. €21 million)
- €12,046 million for bonds issued (Fiat Finance and Trade Ltd. S.A. €11,015 million and Fiat Finance North America Inc. €1,031 million)
- €518 million for credit lines (Fiat Finance S.p.A. €370 million, Fiat Finance North America Inc. €73 million, Fiat Finance et Services S.A. €50 million and Fiat Finance and Trade Ltd. S.A. €25 million)
- €900 million for VAT receivables related to the VAT consolidation, pursuant to the Ministerial Decree of 13 December 1979 (as subsequently amended)

In addition:

- In 2013, Fiat S.p.A. issued guarantees in connection with the agreement signed with a syndicate of Italian and international banks led by Citibank International for a €2 billion, 3-year revolving credit facility (subsequently increased to €2.1 billion) for Fiat Finance S.p.A. and other Group companies, which replaced the €1.95 billion 3-year revolving facility obtained in 2011. At 31 December 2013, the facility was unutilized. At year-end 2012, the previous facility was also unutilized
- 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 2013, the residual financial commitment was €1.39 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 2013, potential obligations relating to these indemnities were approximately €178 million (approximately €368 million at 31 December 2012), 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 2013, 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. 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 almost exclusively on behalf of Group companies.

At 31 December 2013, 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 2013, 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:

- current debt consists mainly of overdrafts on current accounts held with Fiat Finance S.p.A. and loans from Fiat Finance S.p.A., as well as liabilities related to advances on the sale of receivables to banks (see Note 24)
- non-current debt primarily consists of variable rate loans from Fiat Finance S.p.A. (see Note 20)

The cost of these positions is affected by changes in short-term interest rates. For short-term or variable rate transactions, a hypothetical, immediate and adverse change of 10% in short-term interest rates would have an impact of approximately €1 million (no material effect at 31 December 2012).

### *Other risks relating to derivative financial instruments*

At 31 December 2013, Fiat S.p.A. no longer held any financial derivatives.

## 28. Fair value measurement

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 fair value hierarchy, at 31 December 2013, of assets and liabilities measured at fair value on a recurring basis:

(€ 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)	284,963	13,636	-	298,599
<b>Total assets</b>		<b>284,963</b>	<b>13,636</b>	-	<b>298,599</b>
<b>Total liabilities</b>		-	-	-	-

In 2013, there were no transfers between levels in the fair value hierarchy.

In relation to the fair value measurement of the investment in Fin. Priv. S.r.l. of €13,636 thousand, and classified as Level 2 in the hierarchy, see Note 11.

## 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 2013 and 2012 financial statements, which may also be found in the supplementary financial statements and in the explanatory Notes, is summarized in the following tables:

Counterparty (€ thousand)	Other operating Income		Personnel costs		Other operating costs		Financial income/(expense)	
	2013	2012	2013	2012	2013	2012	2013	2012
Abarth & C. S.p.A.	223	316	-	-	-	-	-	1
Chrysler Group LLC	372	379	-	-	290	299	-	-
Comau S.p.A.	2,690	2,606	-	-	22	-	(4)	(5)
C.R.F. S.c.p.A.	-	-	-	-	219	157	-	4
Deposito Avogadro S.p.A.	158	171	-	-	-	-	(5)	(5)
Editrice La Stampa S.p.A.	284	50	-	-	50	30	(5)	(5)
Ferrari S.p.A.	6,541	6,467	-	-	9	4	4	9
Fiat (China) Business Co. Ltd.	-	-	-	-	1,058	845	-	-
Fiat do Brasil S.A.	-	-	-	-	1,068	1,049	-	-
Fiat Group Automobiles S.p.A.	48,382	45,005	-	-	516	372	434	320
Fiat Group Automobiles Belgium S.A.	-	-	-	-	117	118	-	-
Fiat Automoveis S.A. – FIASA	-	-	-	-	-	-	187	203
Fiat Finance S.p.A.	689	676	-	-	-	117	(209,768)	(216,802)
Fiat Finance and Trade Ltd. S.A.	7	-	-	-	1	-	3,006	2,702
Fiat Finance North America Inc.	-	-	-	-	-	-	321	338
Fiat France	-	-	-	-	21	18	-	-
Fiat North America LLC	218	-	-	-	-	-	-	-
Fiat Services S.p.A.	885	1,204	-	-	2,085	2,197	(5)	(5)
Fiat Services Polska Sp. z o.o.	-	-	-	-	373	495	-	-
Fiat Finance et Services S.A.	-	-	-	-	274	527	31	-
Fiat Group Marketing & Corporate Comm. S.p.A.	492	691	-	-	4,554	4,491	(5)	(5)
Fiat Group Purchasing S.r.l.	145	194	-	-	12	4	-	(5)
Fiat Partecipazioni S.p.A.	647	740	-	-	3,593	3,631	(4)	-
Fiat Servizi per l'Industria S.c.p.A.	133	67	-	-	1,412	1,426	(5)	(5)
Fiat I.T.E.M. S.p.A.	379	368	-	-	3,002	2,546	(5)	(5)
FGA Capital S.p.A.	139	37	-	-	109	52	4	3
Fidis S.p.A.	374	304	-	-	-	-	(5,975)	(1,765)
Leasys S.p.A.	-	-	-	-	1,676	1,558	-	-
Maserati S.p.A.	2,813	1,102	-	-	-	-	41	20
Magneti Marelli S.p.A.	8,583	8,198	-	-	-	-	-	-
Orione S.c.p.A.	3	3	-	-	3,202	3,167	(5)	(5)
Risk Management S.p.A.	-	5	-	-	21	29	(5)	(5)
Sirio S.c.p.A.	171	173	-	-	1,747	1,714	(5)	(5)
Sisport Fiat S.p.A.	23	35	-	-	45	39	-	-
Teksid S.p.A.	1,431	1,541	-	-	-	-	(5)	(5)
Other Group companies	61	7	-	-	242	307	134	154
<b>Total Group companies</b>	<b>75,843</b>	<b>70,339</b>	<b>-</b>	<b>-</b>	<b>25,718</b>	<b>25,192</b>	<b>(211,639)</b>	<b>(214,873)</b>
Other related parties	4,019	4,406	10,459	9,543	11,346	16,021	(20)	(15)
<b>Total Group companies and other related parties</b>	<b>79,862</b>	<b>74,745</b>	<b>10,459</b>	<b>9,543</b>	<b>37,064</b>	<b>41,213</b>	<b>(211,659)</b>	<b>(214,888)</b>
Total	82,824	77,374	38,683	36,054	72,195	76,259	(210,087)	(216,080)
<b>% of total line item</b>	<b>96%</b>	<b>97%</b>	<b>27%</b>	<b>26%</b>	<b>51%</b>	<b>54%</b>	<b>101%</b>	<b>99%</b>

In addition to the intercompany and related-party transactions having an impact on the income statement, as reported in the previous table, there was also a €971 thousand gain on the sale of the investments in Fiat Revisione Interna S.c.p.A. and Isvor Fiat S.c.p.A. to Fiat Partecipazioni S.p.A., a wholly-owned subsidiary (see Note 3).

### 31 December 2013

Counterparty	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
(€ thousand)										
Chrysler Group LLC	-	372	-	-	-	-	-	290	-	-
Fiat Group Automobiles S.p.A.	-	33	-	-	-	-	-	341	-	-
Fiat Finance S.p.A.	-	23	-	-	-	400,000	-	-	3,755,742	-
Fiat Group Marketing & C.C. S.p.A.	-	-	-	-	-	-	-	792	-	-
Fiat Servizi per l'Industria S.c.p.A.	-	-	-	-	-	-	-	622	-	-
Fiat Service S.p.A.	-	4	-	-	-	-	-	200	-	-
Fiat I.T.E.M. S.p.A.	-	-	-	-	-	-	-	202	-	-
Fiat Partecipazioni S.p.A.	-	-	-	-	-	-	-	1,154	-	-
Fiat (China) Business Co. Ltd	-	-	-	-	-	-	-	1,058	-	-
Fiat North America LLC	-	218	-	-	-	-	-	-	-	-
Leasys S.p.A.	-	-	-	-	-	-	-	997	-	-
Magneti Marelli S.p.A.	-	21	-	-	-	-	-	-	-	-
Sirio S.c.p.A.	-	-	-	-	-	-	-	35	-	-
Other Group companies	-	108	-	220	-	-	-	204	-	-
IRES tax consolidation	-	-	-	119,298	-	-	-	-	-	106,996
VAT consolidation	-	-	-	-	-	-	-	-	-	92,098
Financial guarantees	13,953	-	-	-	-	13,953	-	-	-	-
<b>Total Group companies</b>	<b>13,953</b>	<b>779</b>	<b>-</b>	<b>119,518</b>	<b>-</b>	<b>413,953</b>	<b>-</b>	<b>5,895</b>	<b>3,755,742</b>	<b>199,094</b>
Other related parties	-	320	-	-	127,519	-	-	1	-	239
<b>Total Group companies and other related parties</b>	<b>13,953</b>	<b>1,099</b>	<b>-</b>	<b>119,518</b>	<b>127,519</b>	<b>413,953</b>	<b>-</b>	<b>5,896</b>	<b>3,755,742</b>	<b>199,333</b>
Total	14,028	7,214	-	188,835	142,741	413,953	16,078	18,977	3,780,428	214,351
<b>% of total line item</b>	<b>99%</b>	<b>15%</b>	<b>-</b>	<b>63%</b>	<b>89%</b>	<b>100%</b>	<b>0%</b>	<b>31%</b>	<b>99%</b>	<b>93%</b>

## 31 December 2012

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

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 (Fiat Group Automobiles S.p.A., Magneti Marelli S.p.A., Ferrari S.p.A., Maserati S.p.A., Comau S.p.A., Teksid 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 (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-term and long-term loans and management of derivative financial instruments (Fiat Finance S.p.A.)
- purchases of administrative and tax 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. and 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 2013, 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 €1,650 million for Fiat Group Automobiles S.p.A., €70 million for Editrice La Stampa S.p.A. and €18 million for Teksid Aluminum S.r.l. to strengthen their capital structure in consideration of their financial results (see Note 11)

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

- personnel, internal audit, financial advisory and other services (to CNH Industrial Group companies)
- lease of office space (to CNH Industrial Group companies, Exor S.p.A., Fondazione Giovanni Agnelli and Giovanni Agnelli & C. S.a.p.az.) and cost charge-backs
- payment for services provided by management personnel from CNH Industrial Group companies, together with related 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

Finally, there were also the following related party transactions described in more detail above:

- dividends received from Fiat Industrial S.p.A. (see Note 1)
- subscription to the capital increase of RCS MediaGroup S.p.A. (see Note 11)

### 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 2013 is as follows:

(€ thousand)	31 December 2013	31 December 2012	Change
Cash and cash equivalents	1,268	554	714
Current financial receivables:	-	58,281	(58,281)
- from Group companies	-	58,281	(58,281)
- from third parties	-	-	-
Non-current debt:	(413,953)	(1,412,035)	998,082
- due to Group companies	(413,953)	(1,412,035)	998,082
- due to third parties	-	-	-
Current debt:	(3,780,428)	(1,294,074)	(2,486,354)
- due to Group companies	(3,755,742)	(1,266,774)	(2,488,968)
- due to third parties	(24,686)	(27,300)	2,614
<b>Net financial position</b>	<b>(4,193,113)</b>	<b>(2,647,274)</b>	<b>(1,545,839)</b>
- due to Group companies	(4,169,695)	(2,620,528)	(1,549,167)
- due to third parties	(23,418)	(26,746)	3,328

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

During 2013, 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 January 1st, 2014, Fiat S.p.A. announced an agreement with the VEBA Trust, under which its wholly-owned subsidiary, Fiat North America LLC ("FNA"), would acquire all of the VEBA Trust's equity membership interests in Chrysler Group LLC ("Chrysler Group"), representing 41.5% of Chrysler Group. The transaction closed on 21 January 2014. In consideration for the sale of its membership interests in Chrysler Group, the VEBA Trust received an aggregate consideration of USD 3,650 million consisting of a special distribution paid from available cash on hand by Chrysler Group to its members, in an aggregate amount of USD 1,900 million (FNA directed its portion of the special distribution to the VEBA Trust as part of the purchase consideration) and a payment from FNA for the remainder of USD 1,750 million in cash purchase consideration to the VEBA Trust. Fiat funded the USD 1,750 million in cash from available cash on hand.

Contemporaneously with the transactions described above, Chrysler and the UAW entered into a memorandum of understanding under the collective bargaining agreement with the UAW in which the UAW made commitments to continue to support Chrysler industrial operations and the further implementation of the Fiat-Chrysler Alliance, including to use its best efforts to cooperate in the continued roll-out of World Class Manufacturing, or WCM, programs, actively participate in benchmarking efforts associated with implementation of WCM programs across all Fiat-Chrysler manufacturing sites to ensure objective performance assessments and provide for proper application of WCM principles, and to actively assist in the achievement of the Group long-term business plan. In consideration of these commitments, Chrysler agreed to make payments to the VEBA Trust totaling USD 700 million to be paid in four equal annual installments. The initial payment of USD 175 million was made on 21 January 2014 and additional payments will be payable on each of the next three anniversaries of the initial payment.

- On January 10th, Standard & Poor's Ratings Services:
  - ▣ raised its ratings on Chrysler Group LLC, including the corporate credit rating, to 'BB-' from 'B+'. The outlook is stable.
  - ▣ confirmed its rating on Fiat S.p.A.'s long-term debt at 'BB-'. The short-term rating was confirmed at 'B'. The outlook remains stable.
- On January 29th, the Board of Directors of Fiat S.p.A. approved a corporate reorganization and the formation of Fiat Chrysler Automobiles ("FCA") as a fully-integrated global automaker. Following Fiat's acquisition of the minority equity interest in Chrysler Group LLC, previously held by the VEBA Trust, the Fiat Board of Directors reviewed options for the most appropriate governance and corporate structure. In order to establish a true peer to the major global automotive groups, in both scale and capital market appeal, the Board decided to establish Fiat Chrysler Automobiles N.V., organized in the Netherlands, as the parent company of the Group.

Under the proposal approved by the Fiat Board, Fiat shareholders will receive one FCA common share for each Fiat share held and the FCA common shares will be listed on the New York Stock Exchange (NYSE) with an additional listing on the *Mercato Telematico Azionario* (MTA) in Milan. It is intended that FCA will be resident for tax purposes in the United Kingdom, but this is not expected to affect the taxes payable by Group companies in the jurisdictions where their activities are carried out.

- On February 11th, Moody's Investors Service lowered Fiat S.p.A.'s Corporate Family Rating from 'Ba3' to 'B1' and consequently, in accordance with their methodology, ratings on the notes issued by Fiat Finance & Trade Ltd. S.A. and Fiat Finance North America Inc. were also lowered from 'B1' to 'B2'.

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

### Subsidiaries

Company and registered office	Share Capital <sup>(1)</sup> (€)	Result for the latest financial year <sup>(1)</sup> (€)	Equity <sup>(1)</sup> (€)	% owned by Fiat S.p.A.	Number of shares	Book value (€)
<b>Fiat Group Automobiles S.p.A. – Turin</b>						
At 31.12.12	770,000,000	(1,352,333,589)	922,349,161	100.00	770,000,000	6,314,081,024
contribution of investment in Fiat Partecipazioni S.p.A. (now FGA Real Estate Services S.p.A.)					30,000,000	424,890,031
capital contribution						1,650,000,000
<b>At 31.12.13</b>	<b>800,000,000</b>	<b>(1,707,121,518)</b>	<b>1,293,227,642</b>	<b>100.00</b>	<b>800,000,000</b>	<b>8,388,971,055</b>
<b>Ferrari S.p.A. – Modena</b>						
At 31.12.12	20,260,000	227,030,630	891,966,680	90.00	7,293,600	1,187,634,587
<b>At 31.12.13</b>	<b>20,260,000</b>	<b>211,659,993</b>	<b>1,103,626,673</b>	<b>90.00</b>	<b>7,293,600</b>	<b>1,187,634,587</b>
<b>Maserati S.p.A. – Modena</b>						
At 31.12.12	40,000,000	(55,558,032)	226,494,668	100.00	40,000,000	353,798,379
<b>At 31.12.13</b>	<b>40,000,000</b>	<b>29,666,360</b>	<b>256,161,028</b>	<b>100.00</b>	<b>40,000,000</b>	<b>353,798,379</b>
<b>Magneti Marelli S.p.A. – Corbetta</b>						
At 31.12.12	254,325,965	(8,701,516)	369,993,650	99.99	254,301,607	611,854,217
<b>Ordinary shares</b>						
At 31.12.12				100.00	250,500,601	602,696,271
<b>At 31.12.13</b>				<b>100.00</b>	<b>250,500,601</b>	<b>602,696,271</b>
<b>Preference shares</b>						
At 31.12.12				99.36	3,801,006	9,157,946
<b>At 31.12.13</b>				<b>99.36</b>	<b>3,801,006</b>	<b>9,157,946</b>
<b>At 31.12.13</b>	<b>254,325,965</b>	<b>10,178,998</b>	<b>380,172,648</b>	<b>99.99</b>	<b>254,301,607</b>	<b>611,854,217</b>
<b>Teksid S.p.A. – Turin</b>						
At 31.12.12	71,403,261	13,141,810	175,279,575	84.79	60,543,388	76,083,758
<b>At 31.12.13</b>	<b>71,403,261</b>	<b>(58,154,934)</b>	<b>110,924,640</b>	<b>84.79</b>	<b>60,543,388</b>	<b>76,083,758</b>
<b>Teksid Aluminum S.r.l. – Carmagnola</b>						
At 31.12.12	5,000,000	(14,941,773)	10,693,089	100.00		31,192,021
capital contribution						18,000,000
impairment						(17,100,000)
<b>At 31.12.13</b>	<b>5,000,000</b>	<b>(14,978,006)</b>	<b>13,715,083</b>	<b>100.00</b>		<b>32,092,021</b>
<b>Comau S.p.A. – Grugliasco</b>						
At 31.12.12	48,013,959	9,418,342	82,133,391	100.00	48,013,959	97,850,496
<b>At 31.12.13</b>	<b>48,013,959</b>	<b>7,798,093</b>	<b>89,931,484</b>	<b>100.00</b>	<b>48,013,959</b>	<b>97,850,496</b>
<b>Fiat Partecipazioni S.p.A. – Turin</b> (formerly Fiat Gestione Partecipazioni S.p.A.)						
At 31.12.12	614,071,587	53,011,259	1,416,453,658	100.00	614,071,587	1,867,982,264
demerger of activities from Fiat Partecipazioni S.p.A. and transfer to Fiat Gestione Partecipazioni S.p.A.						992,306
impairment						(465,300,000)
<b>At 31.12.13</b>	<b>614,071,587</b>	<b>17,666,618</b>	<b>935,653,254</b>	<b>100.00</b>	<b>614,071,587</b>	<b>1,403,674,570</b>

<sup>(1)</sup> 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 <sup>(1)</sup> (€)	Result for the latest financial year <sup>(1)</sup> (€)	Equity <sup>(1)</sup> (€)	% owned by Fiat S.p.A.	Number of shares	Book value (€)
<b>Fiat Finance S.p.A. – Turin</b>						
At 31.12.12	224,440,000	24,449,968	269,034,782	100.00	224,440,000	222,262,897
<b>At 31.12.13</b>	<b>224,440,000</b>	<b>10,514,076</b>	<b>256,053,197</b>	<b>100.00</b>	<b>224,440,000</b>	<b>222,262,897</b>
<b>Fiat Finance and Trade Ltd S.A. – Luxembourg</b>						
At 31.12.12	251,494,000	1,216,507	288,693,442	40.00	5,366	115,500,000
<b>At 31.12.13</b>	<b>251,494,000</b>	<b>1,145,705</b>	<b>289,839,146</b>	<b>40.00</b>	<b>5,366</b>	<b>115,500,000</b>
				<b>+60.00</b>	ind.	
<b>Editrice La Stampa S.p.A. – Turin</b>						
At 31.12.12	5,700,000	(26,956,408)	15,503,171	100.00	5,700,000	57,424,105
capital contribution						70,000,000
<b>At 31.12.13</b>	<b>5,700,000</b>	<b>(66,330,808)</b>	<b>19,172,363</b>	<b>100.00</b>	<b>5,700,000</b>	<b>127,424,105</b>
<b>Fiat U.S.A. Inc. – New York (USA)</b>						
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			
<b>At 31.12.13</b>	<b>12,203,611</b>	<b>(99,128)</b>	<b>24,604,161</b>	<b>100.00</b>	<b>1,000</b>	<b>27,257,726</b>
USD	<b>16,830,000</b>	<b>(136,707)</b>	<b>33,931,598</b>			
<b>New Business Netherlands N.V. – Amsterdam (The Netherlands)</b>						
capital subscription						50,000
<b>At 31.12.13</b>	<b>50,000</b>	<b>(17,468)</b>	<b>32,532</b>	<b>100.00</b>	<b>5,000,000</b>	<b>50,000</b>
<b>New Business 29 S.c.r.l. – Turin</b>						
purchase						7,839
<b>At 31.12.13</b>	<b>50,000</b>	<b>(14,120)</b>	<b>32,507</b>	<b>20.00</b>		<b>7,839</b>
				<b>+80.00</b>	ind.	
<b>Fiat Servizi per l'Industria S.c.p.A. – Turin</b>						
At 31.12.12	1,652,669	279,799	4,391,062	5.00	82,633	70,720
<b>At 31.12.13</b>	<b>1,652,669</b>	<b>128,089</b>	<b>4,519,151</b>	<b>5.00</b>	<b>82,633</b>	<b>70,720</b>
				<b>+86.00</b>	ind.	
<b>Orione S.c.p.A. - Società Industriale per la Sicurezza e la Vigilanza Consortile per Azioni – Turin</b>						
At 31.12.12	120,000	196,956	1,009,405	18.00	21,603	21,108
<b>At 31.12.13</b>	<b>120,000</b>	<b>167,276</b>	<b>1,176,681</b>	<b>18.00</b>	<b>21,603</b>	<b>21,108</b>
				<b>+79.58</b>	ind.	
<b>SIRIO - Sicurezza Industriale Società consortile per Azioni – Turin</b>						
At 31.12.12	120,000	1,760,933	6,150,714	0.75	901	764
<b>At 31.12.13</b>	<b>120,000</b>	<b>198,835</b>	<b>6,349,549</b>	<b>0.75</b>	<b>901</b>	<b>764</b>
				<b>+85.92</b>	ind.	
<b>Total subsidiaries</b>						<b>12,644,554,242</b>

<sup>(1)</sup> Figures taken from the separate financial statements of the subsidiaries.  
% owned by Fiat S.p.A.  
Any indirect interest in the ordinary share capital of subsidiaries is also indicated.

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

#### Associate companies

Company and registered office	Share Capital <sup>(1)</sup> (€)	Result for the latest financial year <sup>(1)</sup> (€)	Equity <sup>(1)</sup> (€)	% owned by Fiat S.p.A.	Number of shares	Book value (€)
<b>RCS MediaGroup S.p.A. – Milan</b>						
At 31.12.12	762,019,050	(112,771,537)	1,051,425,837	10.09	76,907,627	96,519,440
subscription to capital increase (including additional rights purchased)						94,391,801
impairment						(74,000,000)
<b>At 31.12.13</b>	<b>762,019,050</b>	<b>(494,735,467)</b>	<b>215,511,645</b>	<b>16.41</b>	<b>87,327,360</b>	<b>116,911,241</b>
<b>Total associate companies</b>						<b>116,911,241</b>

<sup>(1)</sup> Based on figures reported in separate financial statements at 31 December 2011 and 2012.

**Other companies**

Company and registered office	% owned by Fiat S.p.A.	Number of shares	Book value (€)
<b>CNH Industrial N.V.</b> – Amsterdam (The Netherlands) (formerly Fiat Industrial S.p.A. – Turin)			
At 31.12.12	2.80	34,216,027	282,453,303
sale of Fiat Industrial S.p.A. (now CNH Industrial N.V.) ordinary shares following exercise of stock options under the November 2006 plan for managers		(285,000)	(2,565,000)
purchase		76,623	681,715
fair value adjustment			1,183,362
<b>At 31.12.13 (*)</b>	<b>2.52</b>	<b>34,007,650</b>	<b>281,753,380</b>
<b>Assicurazioni Generali S.p.A.</b> – Trieste			
At 31.12.12	0.01	187,710	2,579,135
fair value adjustment			630,706
<b>At 31.12.13</b>	<b>0.01</b>	<b>187,710</b>	<b>3,209,841</b>
<b>Fin. Priv. S.r.l.</b> – Milan			
At 31.12.12	14.29		10,248,880
fair value adjustment			3,386,876
<b>At 31.12.13</b>	<b>14.29</b>		<b>13,635,756</b>
<b>Consorzio Lingotto</b> – Turin			
At 31.12.12	5.40		279
<b>At 31.12.13</b>	<b>5.40</b>		<b>279</b>
<b>Total other companies</b>			<b>298,599,256</b>

(\*) Common shares held. Percentage of voting rights held is 3.72%.

27 February 2014

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 2013 for audit and other services provided by the independent auditors and entities in their network.

(€ thousand)	Service Provider	2013 Fees
<b>Audit</b>	Reconta Ernst & Young S.p.A.	117
<b>Attestation</b>	Reconta Ernst & Young S.p.A. <sup>(1)</sup>	680
<b>Other services</b>	Reconta Ernst & Young S.p.A. <sup>(2)</sup>	318
<b>Total</b>		<b>1,115</b>

<sup>(1)</sup> Attestation related to review of system of Internal Control over Financial Reporting (ICFR).

<sup>(2)</sup> Analysis of accounting treatment for investment transactions, analysis of system of Internal Control over Financial Reporting, review activities relating to available liquidity of Group as requested by Consob.

## 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 to
  - 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 2013.
2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the statutory financial statements at 31 December 2013 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 2013:
    - 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 2013 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.

27 February 2014

/s/ Sergio Marchionne

Sergio Marchionne

**CHIEF EXECUTIVE OFFICER**

/s/ Richard Palmer

Richard Palmer

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



5

# Auditors' Reports and Motions for AGM

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# Consolidated Financial Statements at December 31, 2013

## Independent Auditors' Report

pursuant to Articles 14 and 16 of Legislative Decree n. 39 dated January 27, 2010

### To the Shareholders of Fiat S.p.A.

1. We have audited the consolidated financial statements of Fiat S.p.A. and its subsidiaries (the "Fiat Group") as of and for the year ended December 31, 2013, comprising the income statement, the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of Fiat S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. Our audit was performed in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

With respect to the comparative data related to the consolidated financial statements of the prior year and the statement of financial position at January 1, 2012, derived from the consolidated financial statements at December 31, 2011, all restated as a result of the retrospective application of the amendment to IAS 19, as described in the related explanatory notes, reference should be made, respectively, to our report issued on February 25, 2013 and to the report of other auditors issued on February 27, 2012. We have examined the methods used to restate the comparative financial data and the information presented in the explanatory notes in this respect for the purposes of issuing this opinion.

3. In our opinion, the consolidated financial statements of the Fiat Group at December 31, 2013 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the Fiat Group for the year then ended.

4. The management of Fiat S.p.A. is responsible for the preparation of the Report on Operations and the Annual Report on Corporate Governance, published in the section “Corporate Governance” of Fiat S.p.A.’s website, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency with the financial statements of the Report on Operations and of the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the Annual Report on Corporate Governance, as required by the law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on Operations and the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) in the Annual Report on Corporate Governance, are consistent with the consolidated financial statements of the Fiat Group as of December 31, 2013.

Turin, March 4, 2014

## RECONTA ERNST & YOUNG S.P.A.

Signed by  
Felice Persico  
(Partner)

*This report has been translated into the English language solely for the convenience of international readers*

# Statutory Financial Statements at December 31, 2013 Independent Auditors' Report

pursuant to Articles 14 and 16 of Legislative Decree n. 39 dated January 27, 2010

## To the Shareholders of Fiat S.p.A.

1. We have audited the financial statements of Fiat S.p.A. as of and for the year ended December 31, 2013, comprising the income statement, the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of Fiat S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. Our audit was performed in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

With respect to the comparative data related to the financial statements of the prior year and the statement of financial position at January 1, 2012, derived from the financial statements at December 31, 2011, all restated as a result of the retrospective application of the amendment to IAS 19, as described in the related explanatory notes, reference should be made, respectively, to our report issued on February 25, 2013 and to the report of other auditors issued on February 27, 2012. We have examined the methods used to restate the comparative financial data and the information presented in the explanatory notes in this respect for the purposes of issuing this opinion.

3. In our opinion, the financial statements of Fiat S.p.A. at December 31, 2013 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of Fiat S.p.A. for the year then ended.

4. The management of Fiat S.p.A. is responsible for the preparation of the Report on Operations and the Annual Report on Corporate Governance, published in the section “Corporate Governance” of Fiat S.p.A.’s website, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency with the financial statements of the Report on Operations and of the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the Annual Report on Corporate Governance, as required by the law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on Operations and the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) in the Annual Report on Corporate Governance, are consistent with the financial statements of Fiat S.p.A. as of December 31, 2013.

Turin, March 4, 2014

## RECONTA ERNST & YOUNG S.P.A.

Signed by  
Felice Persico  
(Partner)

*This report has been translated into the English language solely for the convenience of international readers*

# Report of the Board of Statutory Auditors on the Consolidated Financial Statements

Shareholders,

The Fiat S.p.A. 2013 consolidated financial statements presented to you report a net profit of €1,951 million, of which €1,047 million is attributable to non-controlling interests. The financial statements were provided to us by the statutory deadline, together with the report on operations, and have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and Italian regulations issued pursuant to Article 9 of Legislative Decree 38/2005.

The audit conducted by Reconta Ernst & Young S.p.A., the independent auditors, led to their opinion that:

*“the consolidated financial statements of the Fiat Group at December 31, 2013 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the Fiat Group for the year then ended.”*

The audit report also stated that:

*“In our opinion, the Report on Operations and the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998 paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the Annual Report on Corporate Governance, are consistent with the consolidated financial statements of the Fiat Group as of December 31, 2013.”*

In application of Article 41 (3) of Legislative Decree 127/1991, the Board of Statutory Auditors did not review that information or the consolidated financial statements, except as specified below.

Determination of the scope of consolidation, and the methods and procedures applied for consolidation of investees conform to the requirements of IFRS. The structure of the consolidated financial statements can therefore be considered technically correct and consistent overall with those standards.

The report on operations adequately represents the operating and financial performance of the Group for 2013, as well as events occurring subsequent to year end relevant to the consolidated group. Based on the examination conducted, we found the report to be consistent with the consolidated financial statements.

Turin, 4 March 2014

## The Statutory Auditors

<b>Ignazio Carbone</b>	/s/ Ignazio Carbone
<b>Lionello Jona Celesia</b>	/s/ Lionello Jona Celesia
<b>Piero Locatelli</b>	/s/ Piero Locatelli

## Report of the Board of Statutory Auditors to Shareholders

Shareholders,

Article 153 of Legislative Decree 58/1998 requires that the Board of Statutory Auditors report to shareholders on its activities at the General Meeting called for approval of the statutory financial statements, indicating any omissions or improper transactions that have come to its attention, and grants it the authority to submit proposals to shareholders relating to the financial statements, their approval and other matters for which it has responsibility.

This Report fulfills those requirements and the provisions of Article 2429 (2) of the Civil Code and is based on the activities carried out during the year in fulfillment of our responsibilities under Article 149 of Legislative Decree 58/1998.

We attended meetings of the Board of Directors at which we were informed on activities and transactions approved by the Board and carried out by the Company and/or its subsidiaries that had a significant impact on the financial statements.

On the basis of the information received, we ascertained that those transactions complied with the applicable provisions of law and the By-laws, were not in conflict with any resolutions adopted by shareholders and were consistent with management best practice.

The organizational structure appears to us to be adequate in relation to the size of the Company and we had extensive access to information, including meetings with heads of various central functions and representatives of the Independent Auditors, enabling us to confirm the application of management best practice.

A group-wide internal control system, which is subject to constant revision, is in place both for Fiat S.p.A. and subsidiaries.

We evaluated and monitored the adequacy of the internal control system and the administrative and accounting system, as well as the reliability of the latter in providing a fair presentation of operations, through: i) examination of the Compliance Officer's reports on the Internal Control System; ii) an examination of the reports from Internal Audit, in addition to information on its monitoring of the implementation of corrective measures resulting from the audit activities; iii) information from the heads of the respective functions; iv) an examination of corporate documents and results of the audit work carried out by the Independent Auditors; v) interaction with management and the statutory and independent auditors of the principal and most significant subsidiaries, pursuant to Article 151 (1) & (2) of Legislative Decree 58/1998; vi) participation in the activities of the Internal Control and Risk Committee, a Board Committee composed of three independent directors. Participation in those activities also enabled the Statutory Auditors to coordinate with the Committee in relation to their role as committee for Internal Control and Audit, pursuant to Article 19 of Legislative Decree 39/2010, entailing, in particular, oversight of:

- the financial reporting process
- the effectiveness of the systems of internal control, internal audit and risk management
- the independent audits of the annual statutory and consolidated financial statements

- aspects relative to the independence of the audit firm, with particular reference to non-audit services provided to the audited entity. Accordingly, we note that on 28 February 2014, we received a communication from Reconta Ernst & Young S.p.A. – with whom there was a regular exchange of information – stating that, in addition to the audit of the statutory and consolidated financial statements, limited audits of the half-year financial report, and agreed upon procedures for audit of the quarterly reports, Fiat had also engaged the firm to provide the following services:
  - ▣ audit of the system of internal control over Fiat Group's financial reporting ("ICFR") for the 2013 financial year – fees totaling €680,000
  - ▣ procedures relating to analysis of the system of internal control over financial reporting as it relates to the new GRC system – fees totaling €175,000
  - ▣ verification procedures relative to Available Liquidity reported at 30 September 2012 – fees totaling €100,000
  - ▣ analysis of accounting solutions under consideration by the Company in relation to intended investment transactions – fees totaling €43,000

No other work was performed or fee charged to Fiat S.p.A. by Reconta Ernst & Young S.p.A. or other entities in the Ernst & Young network.

On 4 March 2014, Reconta Ernst & Young S.p.A. presented a report pursuant to Article 19 (3) of Legislative Decree 39/2010 in which it communicated that no material issues had emerged during the audit process and no significant failings had been identified in the system of internal control over financial reporting.

On the basis of activities carried out, the Statutory Auditors found Fiat's internal control system to be adequate overall and noted, in their role as committee for Internal Control and Audit, that no issues had arisen requiring notification to shareholders.

The guidelines provided by Fiat S.p.A. to its subsidiaries pursuant to Article 114 (2) of Legislative Decree 58/1998 also appear to be adequate.

With reference to Article 36 of the Market Regulations issued by Consob, which relates to material subsidiaries incorporated in and subject to the laws of a non-EU member state, we report that at 31 December 2013 the companies to which that provision applies are included among those companies considered relevant for the purposes of Fiat's system of internal control over financial reporting, in relation to which no failings were reported.

The Board of Directors provided us with its report on operations for the first half of the year by the statutory deadline and published it in accordance with the Consob requirements. It also complied with the legal requirement for quarterly reports. With regard to Consob communications, for those matters under our responsibility, we confirm that:

- the information provided by Directors in the report on operations is comprehensive and complete
- as required by Legislative Decree 58/1998, we have been informed on a constant basis on matters under our responsibility
- no third party, related party or intercompany transactions which were atypical and/or unusual, as defined in the Consob Communication of 28 July 2006, emerged in the course of our periodic checks and audits
- with regard to intercompany transactions, in the Notes to the Financial Statements the Board of Directors reports that there were numerous transactions involving the sale of goods and services between the Company and other Group companies and related parties, and confirms that they took place at standard market terms for the nature of goods and services concerned. We confirm that from 1 January 2011 the Company implemented the "Procedures for Transactions with Related Parties", pursuant to Consob Regulation 17221 of 12 March 2010 (as amended) and the Consob Communication of 24 September 2010, whose guidelines were adopted by the Board of Directors on 21 October 2010
- no issues requiring mention arose from meetings conducted with management and the statutory and independent auditors of the principal subsidiaries

- we have reviewed and obtained information on the organizational and procedural measures implemented pursuant to and for the effects of Legislative Decree 231/2001, as amended, and on the liability of legal persons for the offenses addressed therein. No significant issues requiring mention arose from the reports of the Compliance Program Supervisory Body on activities carried out during 2013 or meetings conducted between that body and the Board of Statutory Auditors
- no significant issues arose during meetings held with the Independent Auditors pursuant to Article 150 of Legislative Decree 58/1998
- the report of the Independent Auditors Reconta Ernst & Young S.p.A, issued on 4 March 2014, contains no qualifications or emphasis paragraphs
- in compliance with Article 149 (1)(c-bis) of Legislative Decree 58/1998, we acknowledge the affirmation of the Directors in the Annual Report on Corporate Governance, as confirmed by the Board resolution of 22 February 2012, that:

“Fiat Group adheres to the Corporate Governance Code for Italian Listed Companies issued in December 2011, with modifications that take into account the specific characteristics of the Group.” The above is discussed in detail in the Annual Report on Corporate Governance (February 2014) prepared by the Board of Directors, which is available for your review.

During the year, the Board of Statutory Auditors actively followed the activities carried out by Reconta Ernst & Young S.p.A. in relation to monitoring the Group’s liquidity.

The Board of Statutory Auditors focused on the most significant aspects of the Fiat-Chrysler agreements, including reviewing the Master Transaction Agreement with the support of Fiat’s legal department. In particular, the Board of Statutory Auditors was briefed on the procedures, terms and conditions for exercise of the various call options contained within those agreements.

During the year, the Board of Statutory Auditors received several complaints from shareholder Marco Bava, which he asserts are within the scope of “Article 2408 of the Civil Code”.

In particular:

- during the Annual General Meeting on 9 April 2013, generic reference was made to an alleged mis-presentation of Net Financial Position in Fiat Group’s 2012 consolidated financial statements. Irrespective of whether such complaint was within its remit, the Board of Statutory Auditors examined the facts and found no censurable acts, pursuant to Article 2408 of the Civil Code, or legal or regulatory violations.
- the exclusion (removal) of Mr. Bava from events organized by subsidiary companies which were by invitation only (29 October 2012: inauguration of new offices and museum for the newspaper *La Stampa*).

In relation to that complaint, the Statutory Auditors responded in their report to shareholders at the General Meeting called for approval of the 2012 financial statements that, irrespective of whether that complaint was within its remit, they found no existence of censurable acts (Article 2408 of the Civil Code) or legal or regulatory violations.

In conclusion, we note that during the year, the Company verified the effective independence of the independent directors, and we confirm that the principles and procedures for verification were fairly applied in accordance with Article 3.c.5 of the Corporate Governance Code. We also confirmed our own continued independence as required under Article 8.c.1 of the Corporate Governance Code.

Based on the audits we performed in the areas under our responsibility, pursuant to Article 149 of Legislative Decree 58/1998, and in consideration of the information received from the Independent Auditors, we have verified that the statutory financial statements for the year ended 31 December 2013, which report a loss of €226,697,618, have been prepared and are presented in accordance with the applicable provisions of law.

In particular, we verified that none of the exemptions permitted under Article 2423 (4) of the Civil Code were exercised.

As part of the oversight activities described above, the Board of Statutory Auditors met a total of 18 times during 2013. In addition, the Board of Statutory Auditors was present at the 6 meetings of the Board of Directors and the 8 meetings of the Internal Control and Risk Committee, at which it also participated in its role as Internal Control and Audit Committee pursuant to Article 19 of Legislative Decree 39/2010.

On the basis of the control and oversight activities carried out during the year, we find nothing that would prevent approval of the statutory financial statements for the year ended 31 December 2013 or the motions put forward by the Board of Directors.

Turin, 4 March 2014

#### **The Statutory Auditors**

**Ignazio Carbone** /s/ Ignazio Carbone

**Lionello Jona Celesia** /s/ Lionello Jona Celesia

**Piero Locatelli** /s/ Piero Locatelli

## Motion for Approval of the Statutory Financial Statements and Allocation of 2013 Net Result

Shareholders,

We hereby submit for your approval the Statutory Financial Statements for the year ended 31 December 2013, which report a net loss of €226,697,618. We propose that the loss be allocated to the Retained Profit reserve, bringing the value of the reserve to €1,537,084,936.

27 February 2014

*On behalf of the Board of Directors*

/s/ John Elkann

John Elkann

**CHAIRMAN**

## 2) Compensation and Own Shares

### a) Compensation Policy pursuant to Article 123-ter of Legislative Decree 58/98

Shareholders,

Pursuant to Article 123-ter of Legislative Decree 58/98, you are hereby asked to give your non-binding vote on the compensation policy adopted by the Company for members of the Board of Directors and executives with strategic responsibilities, in addition to the procedures for adoption and implementation.

Following are the Definitions and Section I of the Compensation Report – prepared in accordance with Annex 3A, Forms 7-bis and 7-ter, Consob Regulation 11971 of 14 May 1999 – that was published in accordance with legal requirements and is available on the corporate website [www.fiatspa.com](http://www.fiatspa.com).

#### “Definitions

<b>Annual Total Direct Compensation</b>	means the sum of: (i) the gross annual fixed component of the compensation, (ii) the annual variable component that is based on the achievement of given target objectives, (iii) the annualized value of the medium-long term element of the variable component that is based on the achievement of medium-long term target-based objectives and/or long term commitment to the Company, including the granting of shares occurred during the year upon satisfaction of the vesting conditions of an equity incentive plan
<b>Board of Directors</b>	means the board of directors of the Company
<b>Board of Statutory Auditors</b>	means the board of statutory auditors of the Company
<b>CEO</b>	means the Chief Executive Officer of the Company, namely Mr. Sergio Marchionne
<b>Chief Human Resources Officer</b>	means the Chief Human Resources Officer of the Group
<b>Company</b>	means Fiat S.p.A.
<b>Compensation Committee</b>	means the Compensation Committee, entirely composed of independent directors, namely, as of the date of this Compensation Report: Mr. René Carron (as Chairman), Mr. Gian Maria Gros-Pietro and Ms. Patience Wheatcroft
<b>Compensation Policy</b>	means the compensation policy described in Section 1 of this Compensation Report
<b>Compensation Report</b>	means this compensation report prepared in accordance with article 123-ter of the Financial Act and Annex 3A, Forms 7-bis and 7-ter, of the Issuers' Regulation
<b>Corporate Governance Code</b>	means the Corporate Governance Code for Italian Listed Companies issued by Borsa Italiana, to which the Company adheres
<b>EU Recommendations</b>	means the EU Recommendation 2004/913 and EU Recommendation 2009/385
<b>Executive Directors</b>	means the directors granted by the Board of Directors with a special office and duties and namely Mr. John Elkann and Mr. Sergio Marchionne
<b>Executives with Strategic Responsibilities</b>	means the members of the Group Executive Council and other key corporate executives reporting to the CEO
<b>Financial Act</b>	means the Legislative Decree no. 58 of February 24, 1998
<b>Group</b>	means the Company together with its subsidiaries

<b>Group Executive Council</b>	means the decision-making body which supports the CEO of the Company. The Group Executive Council is responsible for reviewing the operating performance of the businesses, setting performance targets, making key strategic and investment decisions for the Group and sharing best practice, including the development and deployment of managerial resources
<b>Issuers' Regulation</b>	means the CONSOB Regulation no. 11971 of May 14, 1999
<b>LTI</b>	means the LTI Plan based on equity instruments approved by the shareholders' meeting of the Company on April 4, 2012 and described in the Report to the shareholders issued by the Company pursuant to Article 114-bis of the Financial Act
<b>Performance and Leadership Bonus Plan</b>	means the Group's annual short term incentive plan that is linked to both the achievement of key financial metrics of operating performance of the Group and individual performance and leadership contribution
<b>Related Parties Regulation</b>	means the CONSOB Regulation no. 17221 of March 10, 2010

## Section I

Section 1 of this Compensation Report is aimed to outline and describe: (i) the policy of the Company with respect to the compensation of members of the Board of Directors, members of the Board of Statutory Auditors and Executives with Strategic Responsibilities and (ii) the procedures followed in relation to the adoption and implementation of said policy (the "**Compensation Policy**").

The Compensation Policy conforms to the recommendations of the Corporate Governance Code. In particular, the Compensation Policy incorporates the recommendations contained in Article 6 of the Corporate Governance Code relating to compensation for members of the Board of Directors and Executives with Strategic Responsibilities.

The Compensation Policy also fulfils the requirements of the Procedures for Transactions with Related Parties adopted by the Group on November 17, 2010.

In accordance with the Corporate Governance Code, article 123-ter of the Financial Act and EU Recommendations, this Compensation Policy, which illustrates the policies and practices followed by the Company, was prepared for and approved for the first time by the Board of Directors in February 2012 and then approved by the shareholders' meeting of the Company. Similarly, the Compensation Policy was approved again by the Board of Directors in February 2013, and then approved by the shareholders' meeting on April 9, 2013. On February 27, 2014 the Board of Directors, with the concurring advice of the Compensation Committee, approved this Policy, which will be submitted for approval to the shareholders' meeting called to resolve also on the 2013 financial statements.

### A. Drafting, approval and implementation of the Compensation Policy

This Compensation Policy, to be submitted to the approval of the shareholders' meeting called to approve the 2013 financial statements, was adopted by the Board of Directors on February 27, 2014.

In addition to the Board of Directors, also the following corporate bodies and persons were involved in the drafting and approval of this Compensation Policy: the Compensation Committee, that on February 22, 2012 prepared and approved the guidelines and principles of this Compensation Policy to be submitted to the Board of Directors. The Compensation Committee reviewed again the Compensation Policy in February 2013 and in the meeting held on 27 February, 2014, during which the Compensation Committee was advised by the Chief Human Resources Officer on how the Compensation Policy had been implemented by the Company in its dealings with the Executive Directors and the Executives with Strategic Responsibilities.

The corporate bodies and persons responsible for the correct implementation of the Compensation Policy are the Compensation Committee, that shall monitor the application of the Compensation Policy with regard to Executive Directors and Executives with Strategic Responsibilities, having being advised by the Chief Human Resources Officer. On a yearly basis the Chief Human Resources Officer that reports to the Compensation Committee and advises such Committee on the implementation of the Compensation Policy in the previous financial year and the proposed changes for the upcoming financial year.

The table below summarizes the main roles and responsibilities for setting and governing compensation for participants covered under the Company's Compensation Policy:

<b>Participants covered</b>	<b>Who proposes / recommends</b>	<b>Who advises</b>	<b>Who approves</b>	<b>Shareholders' advisory voting rights ("Say on Pay")</b>
Non - Executive Directors	Compensation Committee	Chief Human Resources Officer	Shareholders	Not applicable
Executive Directors	Compensation Committee	Chief Human Resources Officer Compensation Committee	Directors, absent the Executive Directors	Yes
Executives with Strategic Responsibilities	Chief Human Resources Officer	Internal and external Executive Compensation experts	CEO	Yes

## **B. Role of the Compensation Committee**

### *B.1 Composition of the Compensation Committee*

In 1999, the Board of Directors established the Nominating and Compensation Committee. The roles and requirements of such committee are constantly updated to reflect current best practice in corporate governance. On 24 July 2007, as part of the continuous review of the system of corporate governance and to better align itself with best international practice as well as the recommendations of the Corporate Governance Code, the Board passed a resolution to split the Nominating and Compensation Committee into the Compensation Committee and the Nominating and Corporate Governance Committee. In implementation of the most recent recommendations of the Corporate Governance Code, on 22 February 2012 the Board of Directors approved a revised charter of the Compensation Committee, which better details its activities.

The Chief Human Resources Officer attends the Compensation Committee's meetings; the chairman may invite other individuals to attend the meetings whenever their presence may help the Compensation Committee to perform its functions. The Compensation Committee may rely on the support of external advisors at the Company's expense.

As of the date of this Compensation Policy, the members of the Compensation Committee are: Mr. René Carron (as Chairman), Mr. Gian Maria Gros-Pietro and Ms. Patience Wheatcroft, all Non-Executive Directors and independent pursuant to article 148 of the Financial Act and article 3 of the Corporate Governance Code. All the members of the Compensation Committee have an adequate knowledge and experience in compensation and financial matters.

The Charter of the Compensation Committee is available on the Company's website: [www.fiatspa.com](http://www.fiatspa.com).

### *B.2 Role of the Compensation Committee*

On the basis of this Charter, as amended on February 22, 2012, the Compensation Committee is entrusted with the following duties:

- (a) presenting proposals to the Board in relation to compensation policies for directors and executives with strategic responsibilities;
- (b) presenting proposals to the Board in relation to individual compensation plans for the Chairman, Chief Executive Officer and other directors with specific responsibilities, as well as in relation to the establishment of performance targets for their variable compensation and, on an annual basis, verifying the level of achievement
- (c) examining proposals from the Chief Executive Officer concerning compensation and performance evaluations for executives with strategic responsibilities
- (d) periodically evaluating the adequacy, overall coherence and concrete application of compensation policies for directors and, on the basis of information provided by the Chief Executive Officer, for executives with strategic responsibilities
- (e) carrying out the functions of the committee for transactions with related parties, where related to compensation
- (f) examining specific issues relating to compensation when requested by the Board and providing recommendations.

With the adoption of the Procedures for Transactions with Related Parties – pursuant to the Related Parties Regulation – the Compensation Committee was assigned, exclusively with regard to matters related to compensation, responsibility for transactions with related parties. Accordingly, the Compensation Committee is required to give an opinion on the substantial and procedural fairness of compensation-related transactions with related parties that are of particular significance, as defined in those procedures.

### *B.3 Activities carried out by the Compensation Committee in relation to the Compensation Policy*

As anticipated under Paragraph (A) above, the guidelines and principles of the Compensation Policy were prepared and approved for the first time by the Compensation Committee on February 22, 2012.

In the first months of 2012, the Compensation Committee met twice to perform the preliminary activities necessary to submit to the Board of Directors the proposal of an equity incentive plan (LTI).

During 2012, the Committee was advised by the Company's management on a benchmark analysis, carried out on a European basis and taking into particular consideration the forty most traded companies on the Milan Stock Exchange (which compose the so called FTSE-MIB Index), on the compensation of non- executive directors. On the basis also of this benchmark analysis, and with the aim to align the compensation of non-Executive Directors holding special offices on the average of the sample examined, the Board of Directors, based on the Compensation Committee proposal, approved to grant, pursuant to Article 2389 of the Italian Civil Code, a fixed compensation to the Directors who are also members of the Committees established by the Board (see also paragraph D3). The committee reviewed again the Compensation Policy in February 2013.

In accordance with the Procedures for Transactions with Related Parties, the Committee held a session on February 27, 2014 to examine the proposal of variable compensation of the CEO for 2013, proposing also the confirmation of fixed remuneration as determined in 2011.

On February 27 2014 the Compensation Committee reviewed and recommended for approval to the Board of Directors this Compensation Report.

### **C. Role of the independent expert (if any)**

No independent expert was involved in the drafting of this Compensation Policy.

## **D. Objectives and Principles of the Compensation Policy**

### *D.1 Objectives*

The objective of the Compensation Policy is to ensure that the Group is adequately competitive, in each of the business sectors and geographic areas in which it operates, to be able to attract, develop and retain highly qualified executives with strong leadership through periodically established targets that are based on objective as well as generally applicable criteria.

In addition, the Compensation Policy seeks to incentivize individuals in key positions toward the achievement of Company and Group performance targets, maintaining the interests of management continuously aligned to those of shareholders.

### *D.2 Principles*

The principles and criteria applied in setting compensation for executive members of the Board of Directors, and Executives with Strategic Responsibilities are intended to ensure the Group has the ability to attract, retain and motivate individuals who have the professional skills and experience to achieve the best results in their respective areas of responsibility and take account of the impact of their role on the achievement of the Group's financial and strategic objectives. With that intent, the Compensation Policy is defined to align the interests of the Company's management with those of the Company's shareholders through the creation of a strong link between rewards and Company and/or individual performance.

In general, the fixed compensation component adequately compensates individuals for services performed even if the variable components, where established, are not received as a result of the performance targets set by the Board of Directors not being met. This is considered fundamental in discouraging behaviour that is oriented exclusively to short-term results and inconsistent with the target level of risk established by the Group.

Executive Directors and Executives with Strategic Responsibilities may also be eligible to receive variable compensation, either immediate or deferred, subject to the achievement of pre-established economic and financial performance targets.

In particular, variable compensation that is paid immediately is intended to incentivize individuals toward the achievement of the targets established in the annual budget and to reward the level of achievement or over-achievement of those targets.

Where used, deferred components of variable compensation, which are share-based, are designed to incentivize achievement of the targets referred to above, through an annual vesting mechanism, as well as enhancing medium to long-term retention and alignment with shareholder interests, objectives typical of such instruments.

### *D.3 Changes to the previous Compensation Policy*

The compensation policy described in this Report does not materially differ from that approved in 2012.

## **E. Fixed and variable Components of the Compensation**

### *E.1 Members of the Board of Directors*

With reference to the policies relating to fixed and variable components of the compensation, the Company distinguishes between Executive and non-Executive Directors.

With regard to non-Executive Directors with no specific additional responsibilities (including independent directors), the compensation consists of a fixed fee set by shareholders. Non-Executive Directors holding particular offices receive also additional compensation, as indicated below.

Since the shareholders meeting held on April 4, 2012, the fixed compensation of non-Executive Directors not holding particular offices has been determined in euro 50,000.

As mentioned above, in 2012 the Board of Directors, pursuant to Article 2389 third paragraph of the Italian Civil Code, resolved to grant to the non-Executive Directors who are also members of the Committees established by the Board the following annual fixed compensation:

- Chair of the Internal Control and Risk Committee: euro 30,000
- Members of Internal Control and Risk Committee: euro 20,000
- Chair of the other Committees: euro 20,000
- Members of the other Committees: euro 15,000.

With reference to the said resolution of the Board of Directors, the Compensation Committee conducted the preliminary advisory activities mentioned in paragraph B3 above.

In addition, non-Executive Directors are also refunded for expenses incurred in for the exercise of their office.

In accordance with EU Recommendations and article 6 of the Corporate Governance Code, non-Executive Directors are not eligible for any form of compensation tied to the achievement of financial targets or participation in any share-based compensation scheme of the Company.

As per Group policy, which reflected the common practice of the Italian market, the non-Executive Directors are not granted with any variable compensation.

With reference to Executive Directors, in addition to the compensation set by shareholders, they are granted individual compensation plans. In particular, at the time of their appointment or thereafter, the Compensation Committee proposes to the Board of Directors the remuneration package for Executive Directors or for directors holding special offices. On the basis of the above, the Board of Directors establishes – pursuant to article 2389, third paragraph, of the Italian Civil Code upon proposal of the Compensation Committee and following consultation with the Board of Statutory Auditors – fixed compensation for the Chairman and the CEO, and, in the case of Directors holding special offices in subsidiaries, approves the proposal to be submitted to the board of directors of the relevant subsidiary.

The model of delegation adopted by the Board, contemplates broad operating powers to the Chairman and the Chief Executive Officer by which they are authorized, separately and individually, to perform all ordinary and extraordinary acts that are consistent with the Company's purpose and not reserved by law for, or otherwise delegated or assumed by, the Board of Directors itself. In practice, the Chairman has the role of coordination and strategic direction for the activities of the Board of Directors, while the Chief Executive Officer is responsible for the operational management of the Group.

Consistent with the above, the individual compensation plan applicable to the Chairman does not contemplate a variable compensation, while the CEO is also granted with variable compensation, which can be both monetary and equity based.

As a general principle, the remuneration package of the CEO consists, *inter alia*, of the following elements: (i) a gross annual fixed component; (ii) an annual variable cash component that is based on the achievement of pre-set business objectives; (iii) a medium-long term, variable equity component.

With regard to Directors holding special offices (such as Mr. Montezemolo, Chairman of Ferrari S.p.A.) the individual compensation plan contemplates (i) a gross annual fixed component; (ii) an annual variable cash component that is based on the achievement of pre-set business objectives.

In addition, upon proposal of the Compensation Committee, the Board of Directors retains authority to grant bonuses for specific transactions that are deemed exceptional in terms of strategic importance and effects on the results of the Company and/or the Group as well as to consider special circumstances in resolving on the variable component of the remuneration. The Compensation Committee and the Board of Directors evaluate and approve in advance, respectively, any further remuneration elements awarded to Directors for any other special offices granted thereto within the Boards of Directors of the Company's subsidiaries.

Payment of short-term variable compensation is subject to the level of achievement of specific Group performance targets established annually by the Board of Directors, based on the proposal of the Compensation Committee, that are concretely measurable and consistent with the targets provided for in the Business Plan. The variable component is subject to a maximum established with reference to gross annual fixed compensation. The Compensation Committee verifies – on a yearly basis – the Group's performance achievement of the performance objectives established for the previous year and makes its consequent recommendation to the Board of Directors. On such basis, the Board of Directors, after consultation with the Board of the Statutory Auditors, resolves on the variable compensation of Executive Directors.

With regard to the weight of fixed and variable components of the compensation package, it should be noted that, on the basis of an international benchmarking, the individual compensation plan of the CEO is set on the basis of the following indicative criteria:

- (a) the fixed component generally represents no more than 25-35% of the targeted Annual Total Direct Compensation;
- (b) the annual incentive is determined as a percentage of the fixed salary (inclusive of remuneration received for other offices in other Group companies) depending on the level of achievement or over achievement of pre-set targets and represents generally not less than 100% of the fixed component in case of achievement of the targets. In any case, the maximum incentive cannot be 2.5 times greater than the gross annual fixed component;
- (c) the medium/long term, variable, target-based annualized component generally represents at least 60% to 70% of the total variable component (targeted annual performance bonus and annualized value of LTI awards) of the targeted Annual Total Direct Compensation. Special retention awards of equity may make the annualized component even greater.

In addition in the past the Company granted to the CEO and certain Executives with Strategic Responsibilities stock options in accordance with the terms of certain share-based incentive plans approved between 2004 and 2012, which in certain cases allow shares to be purchased at a predetermined price (stock options) and in other cases provide for the granting of Fiat ordinary shares (stock grants). Details concerning such plans are available at the Company's website.

With regard to allowances in the event of resignation or termination as well as health and welfare benefits, including supplementary pension benefits, please refer to Paragraphs L and M below, respectively.

For information on the LTI Plan approved in 2012, please refer to the Report on such LTI Plan available on the Company's website, [www.fiatspa.com](http://www.fiatspa.com).

## *E.2 Statutory Auditors*

Members of the Board of Statutory Auditors receive a fixed compensation, as established by shareholders. They are also entitled to reimbursement for any expenses occurred in relation to exercise of their office.

### E.3 Executives with Strategic Responsibilities

The same principles and criteria described above are applied to compensation for Executives with Strategic Responsibilities for the purpose of attracting, incentivizing and retaining highly-qualified personnel through compensation packages that are competitive with the market and recognize key attributes such as merit, demonstrated leadership and the impact of an individual's role on the achievement of Group financial targets.

The standard compensation structure for Executives with Strategic Responsibilities provides a fixed component as well as short and long-term variable components. As stated above, the fixed compensation component adequately compensates individuals for services performed even if the variable components are not received as a result of performance targets not being met.

The short-term variable component is subject to the achievement of financial targets established yearly and the amount determined in relation to the level of achievement or over-achievement of those targets, up to a maximum established in relation to the fixed component.

Following to the shareholders' approval of the LTI Plan on April 4, 2012, the long-term variable component consists of share-based incentive plans that link an appropriate portion of the variable component to the achievement of pre-established performance targets, that are concretely measurable and correlated to value creation for shareholders over the medium to long term. Payment of this compensation is deferred through the cliff vesting mechanism following the achievement of the established targets and satisfaction of the conditions for continued service. Another component is the Retention LTI, which is linked to the beneficiary's continuing professional relationship with the Group. The selection of the beneficiaries is attributed to the CEO. For more information on the LTI Plan, please refer to the *ad hoc* Resolution published pursuant to Article 114-bis of the Financial Act.

Given the changing organization and business environment since the approval of the LTI Plan, in 2013 the Company elected not to utilize the authorization contemplated by the LTI Plan regarding senior managers including Executives with Strategic Responsibilities and no LTI Plan awards were granted. The Group intends to propose an integrated Fiat-Chrysler long term incentive program applicable also to employees of Chrysler Group LLC and its subsidiaries, which would replace the LTI Plan (the LTI Plan is not applicable to the employees of Chrysler Group and its subsidiaries). At the appropriate time, the Company will submit such new plan for requisite approvals.

As a general principle, the remuneration package of Executives with Strategic Responsibilities consists, *inter alia*, of the following elements: (i) a gross annual fixed component; (ii) an annual variable cash component that is based on the achievement of pre-set business objectives; (iii) a medium-long term equity based variable component (which includes stock options mentioned in Paragraph E.1 above and the share-based incentives contemplated by the LTI Plan approved by the shareholders on April 4, 2012).

With regard to allowances in the event of resignation or termination as well as health and welfare benefits, including supplementary pension benefits, please refer to Paragraphs L and M below, respectively.

In addition, the CEO may grant discretionary bonuses to these managers for specific transactions that are deemed exceptional in terms of strategic importance and effects on the results of the Company and/or the Group.

When setting the compensation of Executives with Strategic Responsibilities, the CEO, on the basis of international benchmarking, considers the following indicative criteria:

- (a) the fixed component generally represents no more than 50% of the targeted Annual Total Direct Compensation;
- (b) the annual targeted incentive for Executives with Strategic Responsibilities represents not less than 40% of their fixed gross annual salary;
- (c) the medium/long term, variable, target-based annualized component (Long Term Incentive Plans) generally represents at least 50% of the total variable component of the target-based Annual Total Direct Compensation.

#### **F. Non-monetary benefits**

Executive Directors with specific functions may be granted health and welfare benefits, private use of transport means and discounts on the purchase of Group's products. For security reasons, Executive Directors must travel with means of transport owned, leased or procured by the Group. For the same reasons, the Group may also bear part of the costs related to personnel dedicated to the personal security of the Executive Directors. Executives with Strategic Responsibilities may be assigned with health and welfare benefits and company cars. Other benefits may be granted in particular circumstances.

#### **G. Targets for the assignment of variable Compensation**

The standard compensation structure for Executive Directors and Executives with Strategic Responsibilities provides a fixed component as well as short and long-term variable components.

The short-term variable component is subject to the achievement of financial targets established yearly and the amount determined in relation to the level of achievement or over-achievement of those targets, up to a maximum established in relation to the fixed component.

With regard to the annual Performance and Leadership Bonus Plan, the relative metrics are set on the basis of annual budget. The short-term variable component of Executive Directors' compensation is determined on consolidated Group results, whereas, for Executives with Strategic Responsibilities, metrics are established on consolidated Group results and/or on each Executive's area of direct responsibility.

The Compensation Committee and Board of Directors will review any unusual items that occurred in the performance year to determine the appropriate overall measurement of achievement.

In any event the choice of metrics provides a natural balance in order to prevent short term oriented decisions not consistent with the level of risk deemed acceptable by the Group.

The intention with a the LTI Plan is to provide a long-term variable component consisting of a share-based incentive plan that links an appropriate portion of the variable component to the achievement of pre-established performance targets, that are concretely measurable and correlated to value creation for shareholders over the medium to long term. Please refer to Paragraph E above and to the Report published pursuant Article 114-bis of the Financial Act and available on the Company's website: [www.fiatspa.com](http://www.fiatspa.com).

#### **H. Targets for the assignment of share-based incentive schemes**

The LTI share-based Plan is envisaged for individuals at Group companies whose activities and leadership have a significant impact on the Group. This plan intends to incentivize individuals in key positions, including Executives with Strategic Responsibilities, toward the achievement of Company and Group performance targets through the alignment of medium to long-term incentives to value creation for shareholders.

For further information please refer to Paragraph E above, to the Report published pursuant Article 114-bis of the Financial Act and to the relevant Board's proposal to the shareholders, available on the Company's website: [www.fiatspa.com](http://www.fiatspa.com).

#### **I. Consistency with the long-term interests of the Company and the Risk Management Policy**

The long-term interests of the Company and the risk management policy of the Group are integral part of the Group's Internal Control System. The Compensation Policy has been prepared in full consistency with the Internal Control System of the Group. Please also refer to Paragraph D above.

#### **J. Vesting periods and deferral payment systems (if any)**

Please refer to Paragraph H above.

**K. Time restrictions**

The LTI Plan does not provide for any lock-up mechanism after the shares are granted to the beneficiaries. Trading of such shares is subject to the applicable laws and regulations. The rights granted under the LTI Plan will be non-transferable (except, once vested, in the event of death of the beneficiary).

**L. Cessation of office or termination of employment**

The Board of Directors may also grant Executive Directors with specific functions with an allowance in the event of resignation or termination (regarding allowances granted in the previous years, please refer to Section II, Part I, (v) of this Report).

For Executives with Strategic Responsibilities post termination treatment consists in the relevant termination indemnity accruals set aside per collective bargaining agreements. Furthermore, in the case of dismissal under mutual agreement, the Group collective bargaining agreement in Italy provides pre-defined and nondiscretionary severance benefits for Executives covered by that agreement. Executives with Strategic Responsibilities whose professional relation with the Group is not governed by such collective bargaining agreement are covered by Group defined nondiscretionary severance programs.

Furthermore, the Company may enter into non-competition agreements with its members of the Board of Directors and Executives with Strategic Responsibilities and for specific and relevant professional roles of senior managers and executives, providing for payment of a fee in relation to the term and scope of the obligation resulting from the agreement itself. The obligation is referred to the industry in which the employer operates in at the time of the agreement and to its geographical scope. The scope of the obligation varies according to the individual's role at the time of execution of the agreement.

**M. Insurance, social security or pension coverage**

The Board of Directors may also grant Executive Directors, with specific functions, with insurance policies covering accidental death, permanent disability and life insurance as well as with supplementary pension benefits.

**N. Other information**

Please refer to Paragraph E.1 above.

**O. Reference to the compensation policy adopted by other Companies**

The determination of compensation levels is based on continuous monitoring of levels for the market in general and for the sector, including benchmarking against groups of a comparable size, complexity and standing.”

27 February 2014

*On behalf of the Board of Directors*

/s/ John Elkann

John Elkann

**CHAIRMAN**

## b) Authorization for the Purchase and Disposal of Own Shares

Shareholders,

On 9 April 2013, you renewed authorization for the purchase of shares – not to exceed the legally established percentage of share capital or an aggregate amount of €1.2 billion, inclusive of existing reserves for own shares held of €259 million. No shares were repurchased under that authorization with the exception of the 9,424 ordinary shares acquired from shareholders, which represented fractions of ordinary shares resulting from the mandatory conversion, based on the approved conversion ratios, of all preference and savings shares into ordinary shares in 2012. With the exception of those acquisitions, the most recent purchase of own shares was in June 2008, following which the Company's share buyback program was suspended.

Over the years, the Group has established stock grant and stock option plans based on the Company's own shares to incentivize the executive directors and managers having a significant influence on business results toward the achievement of Company and Group performance targets. For that purpose, on 2012 you approved a 3-year incentive plan based on the Company's shares and authorized the use of up to a maximum of 31,000,000 ordinary shares (of which 24 million of shares available for allocation to senior managers), in addition to the 16,920,000 shares necessary to service the incentive plans already existing at the time. Given the changing organization and business environment since the approval of the LTI Plan, in 2013 the Company elected not to utilize the authorization contemplated by the LTI Plan regarding senior managers including Executives with Strategic Responsibilities and no LTI Plan awards were granted. The Group intends to propose an integrated Fiat-Chrysler long term incentive program applicable also to employees of Chrysler Group LLC and its subsidiaries, which would replace the LTI Plan (the LTI Plan is not applicable to the employees of Chrysler Group and its subsidiaries). At 27 February 2014, the Company held 34,577,882 own shares, which are available to service those plans, corresponding to 2.76% of share capital, and the "Reserve for own shares" totaled €259 million. No other Group company holds Fiat S.p.A. shares.

To ensure coverage of the above share-based incentive plans established by the Company, in addition, more generally, to providing the Company a strategic investment opportunity for other purposes permitted by law, we propose that you renew the authorization for the Company to purchase and dispose of its own shares, in both cases either directly or through subsidiaries, to ensure a continuation of the necessary operating flexibility over an adequate time horizon and in consideration of the fact that the current authorization expires on 9 October 2014. Such authorization will be subject to the limits and procedures set out in the applicable provisions of the Civil Code, the provisions of Article 132 of Legislative Decree 58/1998 and Article 144-*bis* of the Consob Issuer Regulations, and other legal and regulatory provisions that apply.

Accordingly, we further propose that you revoke the previous resolution, for the part not already utilized at the date of the General Meeting, and authorize the purchase of own shares for a period of eighteen months and for an amount not to exceed the legally established percentage of share capital (at the current par value of €3.58 per share), inclusive of Fiat S.p.A. shares already owned by the Company and/or its subsidiaries.

The purchase price per share may not be more than a maximum of 10% higher or a minimum of 10% lower than the reference price reported by Borsa Italiana on the day prior to the purchase.

The Company intends to maintain reserves available for the purchase of a maximum aggregate amount of €1.2 billion, including existing reserves for own shares (totaling €259 million at 27 February 2014).

Purchases may be made on one or more occasions on regulated markets, in accordance with the terms and procedures established by Borsa Italiana and consistent with equality of treatment for all shareholders. Should the opportunity arise, purchases may also be made through a public tender offer, offer for exchange, or other permitted procedure.

We are also requesting authorization to dispose of own shares, directly or through subsidiaries, on one or more occasions, even if the total of approved purchases has not been made, without time limits or restraints and using procedures that best suit the interests of the Company, as permitted by law (including the transfer of rights related to the shares, such as, for example, stock lending). Own shares may be used to service existing incentive plans – as well as any additional plans that may be established by the Board in the future and subsequently submitted for the approval of Shareholders (based on the prices established at the time of granting) – in addition to all other purposes permitted by law.

27 February 2014

*On behalf of the Board of Directors*

/s/ John Elkann

John Elkann

**CHAIRMAN**

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 **13,517**  
liters of water

 **1,246**  
kWh of energy

 **1,056**  
kg of wood

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FIAT INVESTMENTS N.V.

Opening balance sheet as at

April 1<sup>st</sup>, 2014

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## **Board of Directors**

MARCHIONNE Sergio

PALMER Richard Keith

NEILSON Derek James

**FIAT INVESTMENTS N.V.**

**Opening balance sheet as at APRIL 1<sup>st</sup>, 2014**

	<u>Notes</u>	<u>04/01/2014</u> <u>EUR</u>
<b><u>ASSETS</u></b>		
◊ <b><u>CURRENT ASSETS</u></b>		
Cash and cash equivalents		200.000,00
		<u>200.000,00</u>
<b><u>LIABILITIES</u></b>		<u>04/01/2014</u> <u>EUR</u>
◊ <b><u>SHAREHOLDERS' EQUITY:</u></b>		
Issued capital	1	200.000,00
		<u>200.000,00</u>

## Notes on the opening balance sheet as at April 1<sup>st</sup>, 2014

### **General**

Fiat Investments N.V., established on April 1<sup>st</sup>, 2014, with main activities holding and financing companies. The company is a private limited liability company under Dutch law, with 100% of its shares held by Fiat S.p.A., Turin, Italy. The Company's corporate seat is in Amsterdam, the Netherlands, with visiting address at 240 Bath Road, Fiat House, SL1 4DX, Slough, United Kingdom.

### **Going Concern**

The opening balance sheet has been prepared on the basis of the going concern assumption.

### **Accounting policies**

#### General

The opening balance sheet has been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code. The requirements of article 396 section 3 Book 2 of the Netherlands Civil Code have been fulfilled.

Valuation of assets and liabilities and determination of the result takes place under the cost method. Unless disclosed otherwise for the relevant principle applicable to the specific balance sheet item, assets and liabilities are valued using the cost method.

#### Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank accounts and deposits held at call with maturities of less than 12 months. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Cash and cash equivalents are stated at face value.

## Notes to the opening balance sheet

### 1. Share Capital

The authorised capital amounts to one million euro (€ 1.000.000) divided into one hundred million (100.000.000) shares with a nominal value of one eurocent (€ 0.01) each. The issued and paid-in share capital of the company amounts to two hundred thousand euro (€ 200.000).

Amsterdam, April 14, 2014

Board of Directors

MARCHIONNE Sergio

PALMER Richard Keith

NEILSON Derek James

## **Other information**

### Independent auditor's report

Reference is made to the next pages for the independent auditor's report

## **Annex 2**

**Expert report prepared by Reconta Ernst & Young S.p.A. for the benefit of Fiat  
and the expert report prepared by KPMG Accountants N.V. for the benefit of FCA  
on the Exchange Ratio**



COMMON CROSS-BORDER MERGER PLAN BY INCORPORATION  
of FIAT S.p.A. into  
FIAT INVESTMENTS N.V.

AUDITORS' REPORT  
relating to the exchange ratio of shares (\*)  
(Translation from the original Italian text)

*(\*) With respect to the CONSOB Communication N. 73063 of October 5, 2000, this report, whose translation is attached, does not express an opinion on the fairness of the transaction, the value of the security, or the adequacy of consideration to shareholders and therefore the issuance of the report would not impair the independence of Reconta Ernst & Young S.p.A. under the U.S. independence requirements.*

AUDITORS' REPORT  
relating to the Exchange Ratio of shares  
(Translation from the original Italian text)

To the Shareholders of  
Fiat S.p.A.

1. Objective, subject and scope of the engagement

In connection with the planned merger by incorporation of Fiat S.p.A. (hereinafter "Fiat" or the "Company to be Merged") into Fiat Investments N.V., which, upon completion of the cross-border merger, will be renamed "Fiat Chrysler Automobiles N.V." (hereinafter "FCA" or the "Surviving Company"), we have been appointed by Fiat to prepare this report (the "Report") on the exchange ratio of the shares of the Surviving Company with those of the Company to be Merged (hereinafter the "Fiat Exchange Ratio" or the "Exchange Ratio").

For this purpose, we have been provided by Fiat with the common plan for the merger of Fiat into FCA (hereinafter the "Common Merger Plan") approved by the board of directors of Fiat (the "Board of Directors") and by the board of directors of FCA on June 15, 2014, accompanied by the Directors' Report, which identifies, explains and justifies, pursuant to article 2501 *quinquies* of the Italian Civil Code, the Exchange Ratio, as well as the balance sheet as of December 31, 2013 of Fiat and the balance sheet as of April 1, 2014 of FCA, approved by the respective Board of Directors on February 27, 2014 and on April 14, 2014 respectively, that represent the balance sheets required by article 2501 *quater* of the Italian Civil Code.

The Common Merger Plan will be subject to approval at the Extraordinary Meeting of the Shareholders of Fiat to be called pursuant to applicable law and regulation. Similarly, the Common Merger Plan will be subject to approval at the extraordinary meeting of the sole shareholder of FCA to be also called pursuant to applicable law and regulation.

KPMG Accountants N.V. will prepare a similar report on the Exchange Ratio in favor of FCA, as requested by Title 2:328, paragraph 1 and 2 of the Dutch Civil Code (the "Dutch Code").

To provide the Shareholders with adequate information regarding the Exchange Ratio, this Report illustrates the methods adopted by the Directors in determining the Exchange Ratio and the difficulties encountered by them. In addition, this Report also indicates whether, under the circumstances, such methods are reasonable and not arbitrary, whether the Directors have considered the respective importance of such methods and whether the methods have been correctly applied.

In our examination of the valuation methods adopted by the Directors of Fiat, we have not carried out a valuation of the companies participating to the merger. This was done solely by the Directors of Fiat and FCA.

The board of directors of Fiat and FCA have not appointed any advisor for the purpose of their own valuations and considerations.

The procedures described in this Report have been performed by us solely for the purposes of expressing an opinion on the valuation criteria adopted by the Directors of the two companies to determine the Exchange Ratio and accordingly:

- they are not valid for different purposes;
- they do not constitute for any reason a valuation on the opportunity of the merger transaction, neither on the reasons for the merger expressed in the Directors' Reports.

## 2. Summary of the transaction

On January 29, 2014 Fiat approved a reorganization plan and the formation of FCA, a fully integrated global automaker.

On June 15, 2014 the Board of Directors approved the Common Merger Plan which relates and provides for the cross-border merger of Fiat with and into FCA (the "Merger"). The main objective of the Merger is to simplify the Fiat group's capital structure by creating a single class of stock listed on the New York Stock Exchange ("NYSE") and subsequently on the Mercato Telematico Azionario. As a consequence of the Merger, FCA will become the holding company of the group.

The completion of the Merger is subject to the satisfaction or, to the extent permitted by applicable law, the waiver (in writing) by both Merging Companies of the following conditions precedent detailed in the Directors' Report (the "Conditions Precedent"):

- FCA common shares shall have been admitted to listing on the NYSE, subject to official notice of issuance;
- no governmental entity of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any order or act which is in effect and prohibits consummation of the Merger in accordance with the terms set forth herein and no order shall have been enacted, entered, promulgated or enforced by any governmental entity of competent jurisdiction which prohibits or makes illegal the consummation of the Merger;
- the amount of cash, if any, to be paid (a) to Fiat shareholders exercising cash exit rights in connection with the Merger in accordance with article 2437 of the Italian Civil Code and/or (b) to any creditors of Fiat pursuant to any creditor opposition rights proceeding against Fiat under Italian law, shall not exceed in the aggregate Euro 500 million;
- the approval of the Merger by the Fiat Extraordinary Meeting of Shareholders.

In addition to the Conditions Precedent mentioned above, the Merger shall not be established other than after the occurrence of certain events detailed in the Directors' Report.

Base on the proposed Common Merger Plan, the Fiat Shareholders will receive one newly allotted share in FCA (having a nominal value of Euro 0.01 each) for each ordinary share held in Fiat (having a nominal value of Euro 3.58 each) , thus fixing the Exchange Ratio. No cash consideration will be paid by FCA.

No consideration, either in cash or otherwise, will be paid by FCA to the Shareholders of Fiat in connection with the Merger, except for the Exchange Ratio.

### 3. Documentation utilized

In performing our work, we obtained directly from Fiat and FCA the documentation and information we considered useful in the circumstances.

We analyzed the documents received and, in particular:

- a) the Common Merger Plan and the Directors' Reports of the two companies that will be presented to the respective Extraordinary Meetings, that propose, with reference to the balance sheet at December 31, 2013, the following Exchange Ratio:
  - n. 1 FCA newly issued common share, par value Euro 0.01 per share, for each Fiat ordinary share, par value Euro 3.58 per share.

No adjusting cash settlement is provided for.

The Exchange Ratio has been determined by the Boards of Directors without availing of any advisor. The Report of the Board of Directors sets out in detail the valuation criterion adopted, the reasons for its choice and the related comments;

- b) the statutory and consolidated financial statements as of December 31, 2013 and for the year then ended of Fiat, prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS"), accompanied by the respective reports of the Board of Directors, the board of statutory auditors and the independent auditors;
- c) the balance sheet as of April 1, 2014 of FCA, prepared in accordance with accounting principles generally accepted in the Netherlands ("Dutch Accounting Standards");
- d) information from the accounting and management systems, as deemed necessary to reach the scope of the engagement, as indicated in the preceding paragraph 1.;
- e) the By-laws of Fiat, the By-laws current and the one to be effective after the Merger of FCA, attached to the Common Merger Plan;
- f) the minutes of the meetings of the board of directors, the board of statutory auditors and other committees, where required, of both companies, and the related supporting documentation;
- g) press releases and information on the Mergers made available to the public by Fiat.

Finally, we obtained representation that, based on the best knowledge and belief of Fiat Directors, no significant changes occurred in the data and information used in our analysis.

#### 4. Valuation methods adopted by the Board of Directors for the determination of the Exchange Ratio

In mergers between companies, the objective of the evaluation consists of determining the equity value and the exchange ratio, that is the proportion between the number of shares of the company to be merged and the number of shares that the surviving company allocates to the shareholders of the company to be merged. Accordingly, the main purpose of the valuation of the companies involved in a merger is to obtain the comparable corresponding values for the purposes of the determination of the exchange ratio, rather than to determine stand alone absolute economic value. Therefore, the companies involved in the transaction need to be valued based on homogeneous criteria to obtain comparable results.

The Merger will be carried out on the basis of the balance sheets as of December 31, 2013 for Fiat and as of April 1, 2014, date of incorporation, for FCA (as far as Fiat is concerned, the balance sheets are the relevant December 31, 2013 statutory financial statements). The value of the assets and liabilities to be transferred to FCA as of the effective date of the Merger will be determined on the basis of the relevant net book value as of the effective date of the Merger. These assets and liabilities of Fiat are referred to December 31, 2013, the date of the balance sheet prepared by the Board of Directors (which correspond to the December 31, 2013 statutory financial statements of Fiat).

Since in the context of the Merger the value of FCA immediately after the Merger equals the value of Fiat immediately prior to the Merger, the Board of Directors considered these companies as being of equal value.

#### 5. Valuation difficulties encountered by the Directors

To obtain the aforementioned results, also pursuant to article 2501 *quinquies* of the Italian Civil Code, the Directors have not encountered any particular difficulties arising from the application of the valuation methodology adopted to determine the Exchange Ratios.

#### 6. Results of the valuation performed by the Directors

FCA has been incorporated as a wholly-owned direct subsidiary of Fiat. FCA's issued share capital is EUR 350,000.00. As a result of the Merger, FCA will succeed to all assets and assume all liabilities of Fiat and the value of FCA will equal the value of Fiat immediately prior to the Merger (considering the application of book value for this Merger). The shareholders of Fiat, as the sole parent company of the surviving company, FCA, will receive one common share in the capital of FCA for each Fiat ordinary share held by them. As the value of each common share in the capital of FCA immediately after the Merger equals the value of each Fiat ordinary share immediately prior to the Merger, the one to one exchange ratio has been applied.

In the context of a merger, the objective of the board of directors' valuation is to estimate the "relative" equity values in order to determine the exchange ratio; such relative values should not be taken as reference in contexts different from the merger itself.

The relative value of Fiat has been determined under the going-concern assumption and ignoring any potential economic and financial impacts of the Merger.

On the basis of the valuations described above, the Board of Directors has approved the following Exchange Ratio, which determines the number of new shares to service the Merger:

- n. 1 FCA newly issued common share, par value Euro 0.01 per share, for each Fiat ordinary share, par value Euro 3.58 per share.

No adjusting cash settlement is provided for.

These conclusions have been compared to the conclusions of the board of directors of FCA.

## 7. Work done

### 7.1. *Work done on the "documentation utilized" as mentioned at paragraph 3.*

Considering that the valuation method applied by the Directors takes as a reference basis the financial statements of Fiat at December 31, 2013, in accordance with article 2501 *ter* of the Italian Civil Code, it should be noted that the financial statements and the consolidated financial statements of Fiat at December 31, 2013, were audited by us.

In addition, we met with Fiat management to obtain information on the subsequent events with respect to the financial statements mentioned above that could have a significant effect on the amounts being examined by us.

We discussed with KPMG Accountants N.V. regarding the work performed by them on the same documentation pertaining to FCA.

The above activities have been performed to the extent necessary for the purpose of our engagement, indicated in paragraph 1. above.

### 7.2. *Work done on the methods used to determine the Exchange Ratio*

We performed the following procedures:

- analysis of the Common Merger Plan and of the Directors' Reports of Fiat to verify the completeness and consistency of the processes followed by the Directors to determine the Exchange Ratio, as well as the consistent application of valuation methods;
- verification of the consistency of data utilized, with respect to the reference sources and with the "Documentation used", described in paragraph 3. above;
- verification of the mathematical accuracy of the calculation of the Exchange Ratio, derived from the application of the valuation methods used by the Directors.

We also gathered, through discussion with Fiat management, and obtained representation that, based on the best knowledge and belief of Fiat management, no significant changes occurred in the data and information used in our analysis, and that there have been no events that would require a modification of the valuation expressed by the Directors in the determination of the Exchange Ratio.

Finally, we discussed with KPMG Accountants N.V. regarding the valuation and the methodologies used by the companies to determine the Exchange Ratio.

The abovementioned procedures were performed to the extent considered necessary for the purpose of our engagement, as per paragraph 1. above.

#### 8. Comments on the reasonableness of the methods used and the validity of the estimates

With reference to this engagement, we wish to draw attention to the fact that the principal purpose of the process used by the Directors was to identify an estimate of relative values of the companies involved in the merger, by applying consistent criteria, in order to obtain comparable values. In fact, the main objective of valuations for mergers is to identify comparable values in order to determine the exchange ratio, rather than to determine absolute values of the companies involved.

Accordingly, valuations for merger transactions have a meaning solely in respect of their relative profile and cannot be regarded as estimates of the absolute values of the companies with respect to transactions different from the merger.

We performed a critical analysis of the methodologies used by the Directors to determine the relative value of the companies and, as a consequence, of the Exchange Ratio, verifying the technical adequacy in the specific circumstances, considering the whole Transaction.

With regards to the valuation method adopted, we note that:

- it is widely used in the Italian and in the international professional practice, it is based on accepted valuation doctrine and on parameters determined through a generally accepted methodology process;
- the method has been developed on a stand alone basis, in conformity with the valuation framework required by the merger;
- the methodology adopted by the Directors ensures that the valuation methods are consistent and thus that the values are comparable.

In particular, the valuation method appears reasonable in the circumstances, in light of the characteristics of the companies involved in the Merger, and since the value of FCA immediately after the Merger equals the value of Fiat immediately prior to the Merger.

#### 9. Specific limitations encountered by the auditors in carrying out the engagement

As previously indicated, in the execution of our work we utilized data, documents and information provided to us by the companies participating to the Merger, assuming the truthfulness, correctness and completeness, without performing controls on them. Similarly, we have not performed, since they were out of the scope of our engagement, controls and/or valuations on the validity and/or effectiveness of the transactions completed by Fiat, FCA and/or by their subsidiaries, neither on the related acts or on the effects of the Merger on them.

As previously indicated, the effectiveness of the Merger is subject to the satisfaction of the Conditions Precedent included in the Directors' Report. Accordingly, should such Conditions



Precedent not been satisfied, the comments included in this Report could result no longer applicable and effective.

## 10. Conclusion

Based on the documentation we have examined and on the procedures described above, and considering the nature and extent of our work as described in this report, we believe that the valuation methods adopted by the Directors of Fiat, are, under the circumstances, reasonable and not arbitrary, and they have been correctly applied by them in their determination of the Exchange Ratio of shares indicated in the Common Merger Plan, as follows:

- n. 1 FCA newly issued common share, par value Euro 0.01 per share, for each Fiat ordinary share, par value Euro 3.58 per share.

No adjusting cash settlement is provided for.

Turin, June 18, 2014

Reconta Ernst & Young S.p.A.  
Signed by: Felice Persico, partner

*This report has been translated into the English language solely for the convenience of international readers.*



## Independent auditor's report

To: the Board of Directors of Fiat Investments N.V.

We have read the common cross border-merger terms ("Merger Proposal") for the intended cross-border merger dated 15 June 2014 ("the Intended Merger") between the following companies:

- 1 **Fiat S.p.A.**, a public joint stock company (Società per azioni) organised under the laws of the Republic of Italy, having its registered official seat at Via Nizza 250, 10126, Turin, Italy, registered with the Companies' Register of Turin (Registro delle Imprese) under number: 00469580013 ("the disappearing company"); and
- 2 **Fiat Investments N.V.**, a company with limited liability (*naamloze vennootschap*) incorporated under the laws of the Netherlands, having its official seat in Amsterdam, the Netherlands, and its principal executive offices at 240 Bath Road, SL1 4DX, Slough, United Kingdom, registered with the trade register of the Chamber of Commerce (*Kamer van Koophandel*) under number: 60372958, which company will be renamed "Fiat Chrysler Automobiles N.V." ("the acquiring company").

### Managements' responsibility

The Boards of Directors of the companies are responsible for the preparation of the Merger Proposal.

### Auditor's responsibility

Our responsibility is to issue an auditor's report on the reasonableness of the proposed share exchange ratio as included in the Merger Proposal and on the shareholders' equity of the disappearing company as referred to in Section 2:328 (1) in conjunction with Section 2:333g of the Netherlands Civil Code.

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether:

- the proposed ratio for the exchanging of ordinary shares in Fiat S.p.A. for the number of common shares in the name of the acquiring company as included in the Merger Proposal, as referred to in section 2:326 of the Netherlands Civil Code, is reasonable;
- the shareholders' equity of Fiat S.p.A. as at 31 December 2013 on the basis of valuation methods generally accepted in the Netherlands, at least corresponds to the nominal paid-up amount on the aggregate number of common shares in Fiat Investments N.V. to be acquired by the shareholders of Fiat S.p.A. under the Intended Merger.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## **Opinion**

In our opinion:

- 1 Having considered the Merger Proposal and the documents attached there to, the proposed share exchange ratio as referred to in Section 2:326 (1) of the Netherlands Civil Code and as included in the Merger Proposal, is reasonable; and
- 2 The shareholders' equity of the disappearing company, as at 31 December 2013 being the date of its annual financial statements on the basis of valuation methods generally accepted in the Netherlands, at least corresponds to the nominal paid-up amount on the aggregate number of common shares in Fiat Investments N.V. to be acquired by the shareholders of Fiat S.p.A. under the Intended Merger.

## **Restriction on use**

This auditor's report is solely issued in connection with the aforementioned Merger Proposal and therefore cannot be used for other purposes.

Amstelveen, 15 June 2014

KPMG Accountants N.V.

L.M.A. van Opzeeland RA



## **Auditor's statement pursuant to Section 2:328, subsection 2 of the Netherlands Civil Code**

### **Introduction**

We have examined the accompanying information provided in accordance with Section 2:327 of the Netherlands Civil Code, as included in the common cross-border merger terms ("Merger Proposal") dated 15 June 2014 of the board of directors of Fiat Investments N.V. in respect of the Merger Proposal for the intended cross-border merger between Fiat S.p.A. ("the disappearing company") and Fiat Investments N.V. ("the acquiring company"). The board of directors of Fiat Investments N.V. is responsible for this Merger Proposal, which is initialled by us for identification purposes. Our responsibility is to issue an auditor's statement as referred to in Section 2:328, subsection 2 of the Netherlands Civil Code.

### **Scope**

We conducted our examination in accordance with Dutch law. This law requires that we plan and perform the examination to obtain reasonable assurance whether the information provided by the board of directors of Fiat Investments N.V. meets the requirements of Section 2:327 of the Netherlands Civil Code.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### **Conclusion**

We conclude that the information included in the Merger Proposal meets the requirements of Section 2:327 of the Netherlands Civil Code.

Amstelveen, 15 June 2014

KPMG Accountants N.V.

L.M.A. van Opzeeland RA

**Annex 3**

**Independent auditor's report on the half-year condensed financial statements for  
the six months ended June 30, 2014**

## **Auditors' review report on the half-year condensed financial statements (Translation from the original Italian text)**

To the Shareholders of  
FIAT S.p.A.

1. We have reviewed the half-year condensed financial statements, comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the statement of changes in consolidated equity and the related notes of FIAT S.p.A. and its subsidiaries (the "FIAT Group") as of June 30, 2014. Directors of FIAT S.p.A. are responsible for the preparation of the half-year condensed financial statements in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue this review report based on our review.
2. We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July 31, 1997. Our review consisted mainly of obtaining information on the accounts included in the half-year condensed financial statements and the consistency of the accounting principles applied, through discussions with management, and of applying analytical procedures to the financial data presented in these financial statements. Our review did not include the application of audit procedures such as tests of compliance and substantive procedures on assets and liabilities and was substantially less in scope than an audit conducted in accordance with generally accepted auditing standards. Accordingly, we do not express an audit opinion on the half-year condensed financial statements, as we expressed on the annual consolidated financial statements.

With respect to the comparative data related to the consolidated financial statements of the prior year and the half-year condensed financial statements of the corresponding period of the prior year, all restated as a result of the retrospective application of IFRS 11 - Joint arrangements, as described in the related notes, reference should be made to our reports issued on March 4, 2014 and on August 1, 2013. We have examined the methods used to restate the comparative financial data and the information presented in the notes in this respect for the purposes of issuing this review report.

3. Based on our review, nothing has come to our attention that causes us to believe that the half-year condensed financial statements of the FIAT Group as of June 30, 2014 are not prepared, in all material respects, in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Turin, August 4, 2014

Reconta Ernst & Young S.p.A.  
Signed by: Felice Persico, partner

*This report has been translated into the English language solely for the convenience of international readers*

## **Annex 4**

**Independent auditor's report on the 2013, 2012 and 2011 consolidated financial statements pursuant to articles 14 and 16 of legislative decree n. 39 of January 27, 2010**

# Consolidated Financial Statements at December 31, 2012

## Independent Auditors' Report pursuant to Articles 14 and 16 of Legislative Decree n. 39 dated January 27, 2010

### To the Shareholders of Fiat S.p.A.

1. We have audited the consolidated financial statements of Fiat S.p.A. and its subsidiaries, (the "Fiat Group") as of and for the year ended December 31, 2012, comprising the income statement, the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of Fiat S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. Our audit was performed in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.  
  
For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes, reference should be made to the report issued by other auditors dated February 27, 2012.
3. In our opinion, the consolidated financial statements of the Fiat Group at December 31, 2012 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the Fiat Group for the year then ended.

4. The management of Fiat S.p.A. is responsible for the preparation of the Report on Operations and the Annual Report on Corporate Governance, published in the section "Corporate Governance" of Fiat S.p.A.'s website, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency with the financial statements of the Report on Operations and of the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the Annual Report on Corporate Governance, as required by the law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on Operations and the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) in the Annual Report on Corporate Governance, are consistent with the consolidated financial statements of the Fiat Group as of December 31, 2012.

Turin, February 25, 2013

**RECONTA ERNST & YOUNG S.P.A.**

Signed by  
Felice Persico  
Partner

*This report has been translated into the English language solely for the convenience of international readers*

## Consolidated Financial Statements at December 31, 2013 Independent Auditors' Report

pursuant to Articles 14 and 16 of Legislative Decree n. 39 dated January 27, 2010

### To the Shareholders of Fiat S.p.A.

1. We have audited the consolidated financial statements of Fiat S.p.A. and its subsidiaries (the "Fiat Group") as of and for the year ended December 31, 2013, comprising the income statement, the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of Fiat S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. Our audit was performed in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

With respect to the comparative data related to the consolidated financial statements of the prior year and the statement of financial position at January 1, 2012, derived from the consolidated financial statements at December 31, 2011, all restated as a result of the retrospective application of the amendment to IAS 19, as described in the related explanatory notes, reference should be made, respectively, to our report issued on February 25, 2013 and to the report of other auditors issued on February 27, 2012. We have examined the methods used to restate the comparative financial data and the information presented in the explanatory notes in this respect for the purposes of issuing this opinion.

3. In our opinion, the consolidated financial statements of the Fiat Group at December 31, 2013 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the Fiat Group for the year then ended.

4. The management of Fiat S.p.A. is responsible for the preparation of the Report on Operations and the Annual Report on Corporate Governance, published in the section "Corporate Governance" of Fiat S.p.A.'s website, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency with the financial statements of the Report on Operations and of the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the Annual Report on Corporate Governance, as required by the law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on Operations and the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) in the Annual Report on Corporate Governance, are consistent with the consolidated financial statements of the Fiat Group as of December 31, 2013.

Turin, March 4, 2014

**RECONTA ERNST & YOUNG S.P.A.**

Signed by

Felice Persico

(Partner)

*This report has been translated into the English language solely for the convenience of international readers*

# Auditor's Report on the Consolidated Financial Statements pursuant to Articles 14 and 16 of Legislative Decree n. 39 of 27 January 2010

## To the Shareholders of FIAT S.p.A.

1. We have audited the consolidated financial statements of Fiat S.p.A. and its subsidiaries (the "Fiat Group") as of and for the year ended 31 December 2011, which comprise the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related notes to financial statements. These consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005 are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.  
  
For the opinion on the prior year's consolidated financial statements, whose data are presented for comparative purposes, reference should be made to our auditor's report issued on 21 February 2011.
3. In our opinion, the consolidated financial statements of the Fiat Group as of and for the year ended 31 December 2011 comply with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005; accordingly, they give a true and fair view of the financial position, the results of operations and the cash flows of the Fiat Group as of and for the year then ended.

4. The Directors of Fiat S.p.A. are responsible for the preparation of the report on operations and the annual report on Corporate Governance in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/98, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the annual report on Corporate Governance, with the consolidated financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the report on operations and the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/98, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) included in the annual report on Corporate Governance are consistent with the consolidated financial statements of the Fiat Group as of and for the year ended 31 December 2011.

## DELOITTE & TOUCHE S.p.A.

Signed by  
Colin Johnston  
**Partner**

Turin, Italy 27 February 2012.

*This report has been translated into the English language solely for the convenience of international readers.*

**Annex 5**

**Independent auditor's report on projections**

## **Fiat S.p.A.**

### **Projections**

#### **Independent Auditors' Report on the examination of Projections**

In accordance with article 13.2 of Annex I to the  
European Commission Regulation n° 809/2004  
(Translation from the original Italian text)

## Independent Auditors' Report on the examination of Projections

In accordance with article 13.2 of Annex I to the European Commission Regulation n° 809/2004

(Translation from the original Italian text)

The European Commission's regulation on Prospectuses n° 809/2004, adopted by Consob in Italy with Consob Regulation n° 11971/99, as amended, for the preparation of the information memorandum (the "Information Document") in connection with significant mergers, acquisitions or disposals by Italian listed companies requires that, when forecasts or estimates are presented, the Informational Document contain "a report prepared by the independent auditors stating that in their opinion the forecast or estimate has been properly compiled on the basis stated and that the basis of accounting used for the profit forecast or estimate is consistent with the accounting policies of the Italian listed company". Consob in Italy requires that the independent auditors' report be prepared in accordance with International Standard on Assurance Engagements (ISAE) 3400 "The Examination of Prospective Financial Information" issued by the *International Auditing and Assurance Standards Board* ("IAASB") of IFAC - International Federation of Accountants.

Accordingly, an independent auditors' report on the examination of the projections was issued by the independent auditors of Fiat S.p.A., in connection with the preparation by Fiat S.p.A. of the Information Document, pursuant to the above mentioned European Commission's regulation on Prospectuses n° 809/2004, for the cross-border merger of Fiat S.p.A. with and into Fiat Investments N.V. (to be renamed "Fiat Chrysler Automobiles N.V.").

The following is the English language translation of the original Italian independent auditors' report on the examination of the projections of Fiat S.p.A. under the above mentioned Italian Regulation, in accordance with article 13.2 of Annex I to the European Commission Regulation n° 809/2004.

To the Board of Directors of  
Fiat S.p.A.

1. We examined the projections for the period 2014-2018 of Fiat S.p.A. ("Fiat") and its subsidiaries (together with Fiat, the "Fiat Group") included in the Business Plan of the Fiat Group presented to the financial community on May 6, 2014, whose targets related to Revenues, EBIT, Net Income, Capital Expenditure and Net Industrial Debt (the "Projections") together with the assumptions and the elements on which the Projections are based, which are summarized in Chapter 6 "Prospects of FCA and the Group", paragraph 6.1 "Outlook for the Group" of the information document (the "Information Document") related to the cross-border merger of Fiat S.p.A. with and into Fiat Investments N.V. (to be renamed "Fiat Chrysler Automobiles N.V."). The Projections and the related assumptions and elements set forth in the Information Document, as well as the Business Plan, are the responsibility of Fiat's Directors.
2. The Projections have been prepared using a set of assumptions about future events and actions that will have to be undertaken by Directors that include, *inter alia*, general and hypothetical assumptions about future events and Directors' actions that may not necessarily occur, and events and actions on which Directors may not or may only partially have an influence, regarding the trend of the main financial and economic indicators or other factors that influence their evolution (the "Hypothetical Assumptions"). Such Hypothetical Assumptions, described in paragraph 6.1 "Outlook for the Group" of the Information Document, relate primarily to the conditions specific to each industry segment in which the Fiat Group operates, as well as the marco-economic variables underlying the Projections.

3. Our examination has been performed in accordance with procedures provided for these engagements by the *International Standard on Assurance Engagements ("ISAE") 3400 "The Examination of Prospective Financial Information"* issued by the *International Auditing and Assurance Standards Board ("IAASB")*.
4. Based on our examination of the evidence supporting the assumptions and the elements used to prepare the Projections included in paragraph 6.1 "Outlook for the Group" of the Information Document, nothing has come to our attention which causes us to believe, to date, that these assumptions and elements do not provide a reasonable basis for the preparation of the Projections, assuming the occurrence of the Hypothetical Assumptions about future events and Directors' actions mentioned in paragraph 2. above. Further, in our opinion the Projections are properly prepared on the basis of the above mentioned assumptions and are presented in accordance with accounting principles consistent with those applied by Fiat in the consolidated financial statements at December 31, 2013, prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, except for the new accounting standards adopted from January 1, 2014.
5. However, it should be noted that due to the uncertainties of the occurrence of future events, with respect to the realization of the event and its quantification and time of occurrence, variations between actual results and those forecasted in the Projections may be material, even if the events anticipated under the Hypothetical Assumptions mentioned in paragraph 2. above occur.
6. This report has been prepared for the sole purposes of the requirements of Article 13.2 of Annex I to the European Commission Regulation n° 809/2004, with regards to the Information Document, and cannot be used, in whole or part, for any other purposes.
7. We have no responsibility to update this report for events and circumstances occurring after the current date.

Turin, September 5, 2014

Reconta Ernst & Young S.p.A.  
Signed by: Felice Persico, partner

*This report has been translated into the English language solely for the convenience of international readers*

## **Annex 6**

**Press releases issued by rating agencies in respect of Fiat mentioned in this  
Information Document**



*Insight beyond the rating.*

Date of Release: September 15, 2014

## **DBRS Downgrades Fiat S.p.A. to BB (low) from BB, Trend Stable**

**Bloomberg: DBRS Downgrades Fiat to BB (low), Stable Trend**

**Industry Group: Corporates**

**Sub-Industry: Autos & Auto Suppliers**

DBRS has today downgraded the long-term ratings of Fiat S.p.A. (Fiat or the Company) to BB (low) from BB. Concurrently, pursuant to DBRS's methodology "Recovery Ratings for Non-Investment Grade Corporate Issuers," the instrument rating of Fiat's Senior Unsecured Debt is also herein downgraded to BB (low), in line with the assessed recovery rating of RR4. The BB (low) Senior Unsecured debt rating of Fiat Finance Canada Ltd. recognizes the unconditional guarantee of the Company. The ratings downgrade incorporates the ongoing deterioration of Fiat's financial profile amid lacklustre financial performance, exacerbated by outlays associated with the Company's purchase of the remaining 41.5% ownership interest in Chrysler Group LLC (Chrysler) from the UAW Voluntary Employee Beneficiary Association Trust (VEBA Trust). As a result, Fiat's credit metrics have migrated to levels below those commensurate with the former ratings. Moreover, while the Company's 100% acquisition of Chrysler is generally viewed positively by DBRS, DBRS notes that planned financial outlays associated with Fiat's five-year business plan (that extends through year-end 2018) are expected to effectively preclude any meaningful improvement in the financial profile until 2016; any underperformance vis-à-vis the business plan could potentially delay such improvement even further and possibly lead to an additional increase in the Company's industrial indebtedness, although DBRS anticipates that any subsequent cash burn would prove moderate. The trend on the ratings is Stable, as DBRS's view of Fiat's business profile (analyzed on a combined basis) is somewhat more favourable while also noting that the Company's liquidity position at this point (despite the weak financial metrics) remains sound.

In January 2014, Fiat reached an agreement with the VEBA Trust to purchase the remaining 41.5% ownership interest in Chrysler. Total consideration for the acquisition amounted to \$3.65 billion, consisting of: \$1.75 billion in cash paid by Fiat plus \$1.9 billion paid by Chrysler (by way of a special dividend). In addition to the above, Chrysler is also to contribute an additional \$700 million to the VEBA Trust in four annual instalments of \$175 million; (the first of which being already paid). (In line with these contributions, the UAW has in turn agreed to continue its support of Chrysler's

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*Insight beyond the rating.*

industrial operations, as well as the further implementation of the Fiat-Chrysler alliance across Chrysler's various manufacturing sites.)

As to the merger of Fiat into its 100%-controlled Dutch company, Fiat Investments N.V., which, after the merger will be renamed Fiat-Chrysler Automobiles N.V., shareholders' approvals were obtained in early August; moreover, it was recently announced by Fiat that payments to be made to dissenting shareholders will total less than the EUR 500 million limit previously set by the Company as a cap to the total amount payable to shareholders exercising cash exit rights and to creditors exercising opposition rights in respect of the merger. The listing of Fiat-Chrysler Automobiles N.V. on the NYSE is currently expected for October 2014.

The above notwithstanding, DBRS notes that Fiat and Chrysler continue to manage financial matters on an independent (though coordinated) basis as per the documentation of the companies' existing financings, although Fiat nonetheless has access to a limited amount of Chrysler's cash by way of dividends (in addition to inter-company loans that could be entered into on an arm's length basis).

In any event, the acquisition of the residual stake of Chrysler has further adversely impacted the financial profile of the Company, both on a combined level as well as on a stand-alone (i.e., excluding-Chrysler) basis. As of June 30, 2014, the balance sheet leverage (i.e. gross debt-to-total capitalization) of the industrial operations of the combined Company and stand-alone Fiat amounted to 74% and 65% respectively, both of which represent aggressive levels (relative to even the newly assigned ratings). Moreover, income- and cash flow based coverage measures are also rather lacklustre, primarily reflecting challenging conditions across some of (stand-alone) Fiat's key-end markets, notably Europe and also more recently Latin America (primarily Brazil); the financial results of the latter being further undermined by substantial investments associated with the ongoing construction of the forthcoming Pernambuco assembly plant.

Moreover, Fiat's five-year business plan, which covers the timeframe from 2014 through year-end 2018, outlines what DBRS deems as somewhat aggressive growth plans, (e.g., aggregate annual unit sales increasing from roughly 4.4 million units in 2013 to approximately seven million units (including joint ventures) in 2018), with Jeep targeted to more than double its annual sales in this timeframe and Alfa Romeo projected to attain global annual sales of approximately 350 thousand units (from current annual volumes of roughly 100 thousand units). Additionally, planned investments of the Company through this time period are substantial as aggregate capital expenditures are projected by DBRS to range from 45 billion to 50 billion, with the majority of such investments being allotted in the earlier years (i.e., 2014 to 2016) of the business plan.

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As a function of the above and amid ongoing headwinds across certain markets, Fiat's earnings / cash generation over the next three years (i.e., through year-end 2016) are not anticipated by the Company to be at sufficient levels to enable a meaningful reduction in industrial indebtedness, with the likely sustained weak financial profile leading to the ratings downgrade. DBRS notes that the ratings at this point are effectively constrained by the weak financial profile of the Company, as DBRS has a more positive view of Fiat's business profile, which is analyzed on a combined basis. The business profile could be subject to material additional improvement in the event that Fiat were to essentially meet the targets outlined in its current five-year plan, although as noted previously some of the stated objectives are considered by DBRS to be somewhat aggressive.

The Stable trend of the ratings incorporates DBRS's assumption that Fiat's earnings performance over the near-term is likely to remain essentially flat vis-à-vis recent levels. While the Company may continue to generate negative free cash flow, such cash burn would likely prove moderate. Furthermore, DBRS notes that Fiat's liquidity position on a stand-alone basis remains quite sound, with total liquidity of the industrial operations as of June 30, 2014, amounting to 10.8 billion, (consisting of 8.7 billion in cash balances and 2.1 billion in available (undrawn) committed credit lines). DBRS also notes that Chrysler's liquidity position is reasonably solid and would currently represent additional liquidity, with such being considerably bolstered upon the removal of Chrysler's ring-fencing.

#### Notes:

All figures are in euros unless otherwise specified.

Rating on Fiat Finance Canada Ltd. is based on the parent and guarantor, Fiat S.p.A.

Fiat S.p.A. of Italy, the parent company for the Fiat Group, unconditionally guarantees Fiat Finance Canada Ltd. debt.

The related regulatory disclosures pursuant to the National Instrument 25-101 *Designated Rating Organizations* are hereby incorporated by reference and can be found by clicking on the link to the right under Related Research or by contacting us at [info@dbrs.com](mailto:info@dbrs.com).

#### The applicable methodologies are Rating Companies in the Automotive Manufacturing Industry, DBRS Criteria: Financial Ratios and Accounting Treatments — Non Financial Companies, DBRS

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Criteria: Guarantees and Other Forms of Explicit Support and Rating Captive Finance Companies, which can be found on our website under Methodologies.

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DBRS will publish a full report shortly that will provide additional analytical detail on this rating action. If you are interested in receiving this report, contact us at [info@dbrs.com](mailto:info@dbrs.com).

<b><u>Issuing Entity</u></b>	<b><u>Debt</u></b>	<b><u>Rating</u></b>	<b><u>Rating Action</u></b>	<b><u>Trend</u></b>	<b><u>Recovery Rating</u></b>
Fiat S.p.A.	Issuer Rating	BB (low)	Downgraded	Stable	--
Fiat S.p.A.	Senior Unsecured Debt	BB (low)	Downgraded	Stable	RR4
Fiat Finance Canada Ltd.	Senior Unsecured Debt	BB (low)	Downgraded	Stable	RR4

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## **FITCH REVISES FIAT'S OUTLOOK TO STABLE; AFFIRMS 'BB-'**

Fitch Ratings-Barcelona/Paris/London-11 September 2014: Fitch Ratings has revised Fiat Spa's (Fiat) Outlook to Stable from Negative. Its Long-term Issuer Default Rating (IDR) and senior unsecured rating have been affirmed at 'BB-' and its Short-term IDR at 'B'. The agency has also affirmed Fiat Finance & Trade Ltd, S.A.'s (FFT) senior unsecured rating at 'BB-'.

The rating action is based on our opinion that Fiat's ratings should increasingly reflect the group's consolidated credit profile, including Chrysler, in the 'BB' rating category rather than Fiat's standalone credit metrics only, which is more indicative of a 'B' rating category. In addition, we believe that the group's business profile has strengthened, due to the increased integration of Chrysler into Fiat. We expect integration to deepen further and to provide more synergies in the medium-term. In Fitch's view the consolidated business profile is consistent with a rating in the 'BB' category.

We believe that Fiat will refinance Chrysler's debt in 2016, when financial conditions will be less punitive, and hence eliminate the current restrictions on the movement of cash within the group. This view is reinforced by Fiat's successive stake increases in Chrysler to 100% and its need to use Chrysler's cash to finance the group's global medium- to long-term strategy. Chrysler can also provide intercompany loans to Fiat and Fiat still has the option to refinance Chrysler's debt earlier, although this would imply the payment of high call premiums.

### **KEY RATING DRIVERS**

#### **Chrysler Ring-Fencing**

Existing covenants in Chrysler's financing documentation limits Fiat's access to Chrysler's cash and financial benefits that Chrysler bring to the Italian auto manufacturer. This prevents Fitch rating Fiat on a fully consolidated basis. Fiat can only receive dividends up to USD500m plus 50% of cumulative net income since 1 January 2012, net of USD1.9bn paid in January 2014. Chrysler can, however, grant intercompany loans to Fiat on an arm's length basis.

Full access to Chrysler's cash can be achieved with the refinancing of Chrysler's credit agreements and bonds maturing in 2019 and 2021 with unrestricted conditions. This refinancing is unlikely to take place before 2015 and 2016, respectively, as the bonds' make-whole clause would make a buy-back expensive for Chrysler.

#### **Ambitious Business Plan**

Fiat's five-year business plan presented in May 2014 targets a 52% sales increase by 2018, notably by expanding its geographical commercial footprint, reshuffling its product portfolio and via a refocused effort on its premium brands. Fiat expects to produce the models for its premium brands in its underutilised factories in Italy, to avoid plant closure and to cut losses. Fiat expects to increase EBIT margin to between 6.6%-7.4% in 2018, from 4.1% in 2013 and less than the 4% expected by Fitch in 2014.

This plan makes strategic sense but will be costly as it entails an acceleration of capex and R&D and carries substantial execution risk. Some of the group's brands are still perceived quite poorly and it can take time to increase sales sufficiently to maintain existing capacity in Europe. However, increasing sales at Maserati and Jeep are positive signals.

#### **Pressure on Earnings**

We expect further losses in Europe in 2014 and 2015 and a sharply declining contribution from the usually very profitable Latin American market. This should be mitigated by Chrysler's solid performance and by that of other divisions too, including its luxury brands. However, from a cash-flow perspective, improving funds from operations (FFO) will be absorbed by rising investment to make up for the cuts made in past years. We project free cash flow (FCF) to remain negative through at least 2016.

#### Healthy Liquidity

Fiat ex-Chrysler reported EUR7.3bn in cash and equivalents at end-1H14, excluding Fitch's EUR1.4bn adjustments for minimum operational cash and EUR2.1bn of undrawn credit lines. This largely covers EUR5bn of debt maturing in 2014 and negative FCF. Chrysler also reported EUR8.3bn in cash and marketable securities adjusted for operational needs and EUR1bn of undrawn credit lines, comfortably covering EUR0.1bn of debt maturing in 2014.

#### RATING SENSITIVITIES

Positive: Future developments that could lead to positive rating actions include:

- Positive FCF and higher margins at Fiat auto mass market, on a sustained basis
- Full access to Chrysler's cash, without weakening the group's capital structure in parallel

Negative: Future developments that could lead to negative rating actions include:

- Falling revenue and operating margins, including group EBIT margin below 2%, mounting liquidity issues, including refinancing risks, consolidated FFO-net adjusted leverage above 2.5x (2013: 1.8x, 2014E: 2.4x) and no sign of FCF turning positive by end-2016
- Evidence of significant financial support to Chrysler to the detriment of existing Fiat bondholders

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Additional information is available on [www.fitchratings.com](http://www.fitchratings.com). For regulatory purposes in various jurisdictions, the supervisory analyst named above is deemed to be the primary analyst for this issuer; the principal analyst is deemed to be the secondary.

Applicable criteria, 'Corporate Rating Methodology', dated 28 May 2014, are available at [www.fitchratings.com](http://www.fitchratings.com).

Applicable Criteria and Related Research:

Corporate Rating Methodology - Including Short-Term Ratings and Parent and Subsidiary Linkage

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=749393](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=749393)

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## Moody's downgrades Fiat's CFR to B1; stable outlook

11 Feb 2014

Approximately EUR11.9 billion of debt affected

Frankfurt am Main, February 11, 2014 -- Moody's Investors Service has today downgraded the corporate family rating (CFR) and the probability of default rating (PDR) of Fiat S.p.A. to B1 from Ba3 and to B1-PD from Ba3-PD, respectively. Concurrently, Moody's has downgraded to B2 from B1 the debt issued by Fiat's rated subsidiaries, Fiat Finance and Trade Ltd. S.A. and Fiat Finance North America Inc., as well as Fiat Finance Canada Ltd.'s (P)B2 rating. Additionally, all (P)NP ratings have been confirmed. The outlook on all ratings has been changed to stable from negative.

This rating action concludes the review for downgrade initiated on 7 January 2014.

"We have downgraded Fiat's ratings following its weaker-than-expected performance in fiscal year 2013 and our view that the company faces significant challenges in terms of achieving its outlook guidance for the current fiscal year," says Falk Frey, a Moody's Senior Vice President and lead analyst for Fiat. "We are also concerned that Fiat may not be able to offset any further profitability deterioration in its Latin American operation through anticipated improvements in other regions and in its Luxury and Performance division," Mr. Frey added. The action also considers the EUR1.27 billion cash outflow in connection with the company's 100% ownership of Chrysler Group LLC (B1 stable).

### RATINGS RATIONALE

#### -- DOWNGRADE OF CFR AND PDR TO B1 AND B1-PD, RESPECTIVELY--

Today's ratings action reflects Fiat's weaker-than-expected financial performance in 2013 fiscal year. The company reported net revenues of EUR86.8 billion and a trading profit of EUR3.4 billion for fiscal year 2013, which fell slightly short of its guidance range of EUR3.5-3.8 billion and compares unfavourably with revenues and trading profit in fiscal year 2012 of EUR84.0 billion and EUR3.5 billion, respectively. Excluding Chrysler, Fiat generated revenues of EUR35.6 billion in fiscal year 2013, which is on a par with its fiscal 2012 results, and a trading profit of EUR246 million, which represents a significant drop compared with EUR338 million in the previous fiscal year.

While the Fiat Group's consolidated cash flow from operating activities net of capital expenditure (capex) was slightly positive (EUR79 million) in fiscal year 2013, the reported cash flow from operating activities net of capex for Fiat (excluding Chrysler) was a negative EUR1.6 billion compared with a negative EUR2.8 billion in fiscal year 2012 partly driven by a positive working capital inflow of EUR1.1 billion in fiscal year 2013 compared with an outflow of EUR0.6 billion in fiscal year 2012. Fiat's (ex Chrysler) net industrial debt increased to nearly EUR6.9 billion at 31 December 2013 from EUR5.0 billion in the previous fiscal year.

Fiat's guidance for fiscal year-end 2014 is for consolidated net industrial debt in the range of EUR9.8-10.3 billion. This includes an amount of EUR2.7 billion in relation to the Q1 2014 acquisition of the remaining Chrysler stake as well as a EUR0.3 billion IFRS 11 adjustment. Consequently, the Fiat Group expects negative operational cash flow of between EUR0.1-0.6 billion for fiscal 2014. Moody's understands that, on a standalone basis, Chrysler is anticipating positive free cash flow (FCF) from operating activities for fiscal year 2014 in the USD0.5-1.0 billion range. This will result in anticipated cash consumption for Fiat (excluding Chrysler) of up to EUR1.0 billion. Moody's believes that it will be challenging for Fiat to meet its targets for fiscal year 2014, given the profitability deterioration in Latin America, the weakening local currencies and rising competitive pressure in the Brazilian car market.

Given that Fiat bondholders will be unable to fully access Chrysler's on balance sheet cash and the cash flow it generates, Moody's intends to maintain separate CFRs for Chrysler and Fiat for the time being. However, it is likely that these would merge over time to the extent that the financing arrangements of the two entities converge.

Fiat's B1 rating negatively reflects (1) constraints on the company's access to the cash and cash flows of Chrysler and Moody's expectation that this situation is unlikely to change in the short term (e.g., within the existing covenant limits in the bond and loan documentation of Chrysler, dividend payouts are limited to 50% of the net income basket, while intercompany lending to Fiat is feasible with the only limitation that it has to be done on an arm's length basis); (2) the weak standalone credit metrics of Fiat as evidenced by an estimated Moody's-adjusted debt/EBITDA of around 10.3x and reported negative free cash flow of EUR1.5 billion for fiscal year 2013 with limited improvement likely in fiscal year 2014; (3) Fiat's (excluding Chrysler) high reliance on the European passenger car market, particularly in its Italian home market, which represents approximately half of Fiat's European car registrations; (4) rising price pressures and rebates in Europe; (5) rapidly eroding profitability in Latin America (mainly Brazil) driven by increasing competition, additional capacities, high

price pressure and the weakness of the Latin American exchange rates against the euro; (6) the group's significant overcapacities in Italy with no immediate plan for further capacity adjustment, with Fiat planning to utilize EMEA production base to develop its global brands (Alfa Romeo, Maserati, Jeep and the Fiat 500 "family"); and (7) the risk that the delay in model renewals and the absence of any major new volume model launch in 2014 might further derail Fiat's competitive position in Europe.

On the positive side, Fiat's rating also takes into account (1) the inclusion of Chrysler, which has helped to improve Fiat's previously very limited geographic diversification and potential cost savings from increasing operational integration between Fiat and Chrysler (e.g., common architecture, modules and technologies as well as purchasing and world class manufacturing); (2) a strong and growing profit contribution from Fiat's Luxury and Performance division (namely, Maserati and Ferrari), which is driven by a widening product offering; (3) its leading market position in Brazil (with an approximate market share of 21.5% in 2013), which has been the group's major source of profits and cash flows in recent years; and (4) a dominant domestic Italian market presence, with a market share of approximately 29%. However, sovereign austerity programmes and the debt crisis' adverse impact on the Italian economy could continue to negatively affect car demand in the group's key market.

#### RATIONALE FOR STABLE OUTLOOK

The stable outlook reflects Moody's expectations that (1) Fiat (excluding Chrysler) would be able to limit negative operating FCF to below EUR1.5 billion in fiscal year 2014; (2) Fiat's losses in Europe, the Middle East and Africa from its mass market brands can be further reduced in the current year towards breakeven levels anticipated to be achieved in mid-decade; (3) Maserati's model expansion programme will further increase profits from the Luxury and Performance division; (4) consolidated negative FCF will be limited to around EUR1.0 billion. Furthermore, the stable outlook anticipates that profitability deterioration in Fiat's Latin American operations can be offset by improving performance from other regions and in its Luxury and Performance division. A weakening performance at Chrysler could also put pressure on Fiat's ratings.

#### LIQUIDITY

As of 31 December 2013, Fiat's liquidity profile on a standalone basis was deemed adequate, after the approximately EUR1.27 billion cash outflow for the acquisition of the remaining membership interests in Chrysler in the first quarter of 2014. As of 31 December 2013, the Fiat Group (excluding Chrysler) reported EUR9.8 billion in cash and marketable securities in the industrial business, as well as an undrawn EUR2.1 billion revolving credit facility maturing in July 2016, which contains conditionality language in the form of financial covenants with significant headroom. These funding sources should cover Fiat's anticipated cash requirements over the next 12-18 months, which comprise capex, debt maturities, cash for day-to-day needs and minority dividends.

#### STRUCTURAL CONSIDERATIONS

The senior unsecured notes issued by Fiat's treasuries -- Fiat Finance & Trade, Fiat Finance North America and Fiat Finance Canada, with the latter not currently having any notes outstanding -- are structurally subordinated to a significant portion of liabilities located at Fiat's operating subsidiaries (mainly trade payables), with a preferred claim on the cash flows at these entities. Consequently, the ratings of Fiat's outstanding bonds are currently one notch below the group's CFR, according to Moody's Loss Given Default Methodology.

#### WHAT COULD CHANGE THE RATINGS DOWN/UP

Moody's could downgrade Fiat's ratings if the company failed to limit its standalone negative net industrial free cash flow to EUR1.5 billion in fiscal year 2014, with no indication of a material improvement in fiscal year 2015. The rating could also come under downward pressure if (1) Fiat was to lose significant market share in Europe; and/or (2) the company's earnings and cash flow contribution from its Brazilian operations, a major source of cash flow, were to decline to an extent that it cannot be offset by anticipated improvements in its other regions and its Luxury and Performance division. Negative pressure could also develop if the Chrysler product renewal programme was to stall as evidenced by the group's inability to generate a trading profit of around EUR3.0 billion on a consolidated basis.

Upward pressure on Fiat's rating could come if Fiat standalone would be able to achieve positive FCF exceeding EUR1.0 billion that will be used to reduce debt and, on a consolidated basis, could generate significantly more than EUR4.0 billion in trading profit in fiscal year 2014, with visibility of further improvements in 2015 and beyond.

#### PRINCIPAL METHODOLOGIES

The principal methodology used in these ratings was the Global Automobile Manufacturer Industry published in June 2011. Other methodologies used include Loss Given Default for Speculative-Grade Non-Financial Companies in the U.S., Canada and EMEA published in June 2009. Please see the Credit Policy page on [www.moody.com](http://www.moody.com) for a copy of these methodologies.

Headquartered in Torino, Italy, Fiat S.p.A. is one of Italy's leading industrial groups and one of Europe's largest automotive

manufacturers by unit sales. Fiat S.p.A. who owns 100% of Chrysler (B1 stable), generated consolidated group net revenues of EUR86.8 billion and reported a trading profit of EUR3.4 billion in the fiscal year 2013.

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Research Update:

## **Ratings On Fiat Affirmed At 'BB-/B' On Announced Takeover Of Chrysler; Outlook Stable**

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## Research Update:

# Ratings On Fiat Affirmed At 'BB-/B' On Announced Takeover Of Chrysler; Outlook Stable

## Overview

- Fiat SpA has announced an agreement with the VEBA Trust to acquire the 41.5% of Chrysler it does not already own by Jan. 20, 2014, for a total consideration of \$4.3 billion.
- The initial purchase price of \$3.65 billion will be funded by a \$1.9 billion special distribution from Chrysler and \$1.75 billion in cash from Fiat, and followed by an additional \$0.7 billion contribution to be made by Chrysler over the next three years.
- We are affirming our 'BB-/B' ratings on Fiat.
- The stable outlook reflects our expectation that Fiat will accelerate the Chrysler integration process in 2014 and take measures to facilitate cash flow movements between its fully owned subsidiaries.

## Rating Action

On Jan. 10, 2014, Standard & Poor's Ratings Services affirmed its 'BB-/B' long- and short-term corporate credit ratings on Italy-incorporated automobile manufacturer Fiat SpA (Fiat). The outlook is stable.

At the same time, we affirmed our 'BB-' issuer ratings on the group's debt instruments. The recovery rating on these instruments is '4', indicating our expectation of average (30%-50%) recovery in the event of default.

## Rationale

The affirmation follows Fiat's announcement that it has reached an agreement with the VEBA Trust to acquire the remaining 41.5% equity stake in Chrysler it does not already own. The acquisition is to be completed by Jan. 20, 2014, for a total consideration of \$4.3 billion, and will result in Fiat taking full control of Chrysler. The initial purchase price of \$3.65 billion will be funded by a \$1.9 billion special distribution from Chrysler and \$1.75 billion in cash from Fiat, and followed by an additional \$0.7 billion contribution to be made by Chrysler over the next three years in four installments. The agreement between Fiat and the VEBA Trust also allows for the dismissal of the legal proceedings regarding the interpretation of the call option agreement between Fiat and the VEBA Trust.

We understand Fiat does not plan to raise equity to fund any part of the acquisition. Including the \$1.9 billion distribution from Chrysler, the transaction will likely lead to growth in Fiat's reported net debt. On a

*Research Update: Ratings On Fiat Affirmed At 'BB-/B' On Announced Takeover Of Chrysler; Outlook Stable*

Standard & Poor's-adjusted basis, this will likely be offset by a similar-size year-on-year decrease in net liabilities related to pensions and other post-employment benefits, in our view. Overall, we expect Fiat will be able to maintain credit ratios in our "aggressive" financial risk profile category following the transaction.

The ratings on Fiat reflect our view of the company's "fair" business risk profile and "aggressive" financial risk profile, as our criteria define these terms.

Given that Chrysler is already 58.5%-owned and fully consolidated by Fiat, we believe 100% control will not immediately strengthen Fiat's business risk profile, which we already assess as "fair". Still, the acquisition should provide a new impetus to the group's integration initiatives. We believe full control will give the group greater flexibility to deploy its commercial and industrial strategy on a global basis and could over time generate some cost savings. Full integration will also likely support Fiat's positioning in light trucks and minivan markets and enable cross-selling agreements that should underpin revenue growth over the next few years. Chrysler's main exposures to the increasing North American auto market and the Asian market will also dilute the group's substantial exposure to the depressed European auto market for mass-market vehicles.

In our base-case scenario for 2014, Fiat's performance in Latin America and Chrysler's in North America should support operating earnings, even if Fiat continues to suffer from industry overcapacity and underutilization of its production sites in Europe.

Our base-case operating scenario assumes that the Western European auto market will fall by about 3% in 2013 and be broadly flat in 2014, with an amplified adverse effect on Fiat's Europe, Middle East, and Africa unit sales, given the group's specific country mix. We forecast mid-single-digit percentage growth in the North American Free Trade Area (NAFTA) and in Latin America in 2014-2015. Overall, our base-case assumes the group EBIT margin will improve to about 5% by year-end 2014, from above 4% in 2013, reflecting high-single-digit EBIT margins at Chrysler and in Fiat's Brazilian operations, trading losses in Europe, and some efficiency gains in 2014 due to an improved use of its production base in Europe.

Our base-case cash flow and capital structure scenario anticipates that Fiat's credit metrics in 2014 will be commensurate with the lower-end of our "aggressive" financial risk category, such as adjusted debt to EBITDA of about 5x and adjusted funds from operations (FFO) to debt of 10%-12%. Our base-case scenario forecasts capital expenditures increasing to €8 billion in 2014, no dividends, no adverse working capital swings, and the acquisition of the additional 41.5% stake in Chrysler as per the terms of the agreement with VEBA Trust.

## **Liquidity**

We assess Fiat's liquidity as "adequate", according to our criteria. We base our view on our projection that the group's ratio of potential sources of liquidity to uses will exceed 1.2x in the coming 12 months. Our liquidity analysis focuses on Fiat and excludes Chrysler because Chrysler's 2011 credit agreements severely restrict the upstreaming of cash to Fiat. Furthermore, until now Chrysler and Fiat have managed financial matters separately, including treasury services.

Principal liquidity sources include:

- Cash and cash equivalents of €6.5 billion for Fiat on a stand-alone basis as of Sept. 30, 2013, net of the €2.1 billion we view as necessary for ongoing operations and excluding €8.5 billion in cash held by Chrysler.
- Unused committed credit lines, notably a €2.1 billion syndicated bank facility maturing in July 2016. Fiat also has a global medium-term note program, which includes negative pledges among its standard conditions.

Principal liquidity uses include:

- Debt maturities in the 12 months ending Sept. 30, 2014, totaling €5.6 billion.

## **Outlook**

The stable outlook reflects our expectation that Fiat will accelerate the Chrysler integration process, supporting an improvement in operating performance in 2014, and take measures to facilitate cash flow movements with Chrysler.

In our base case, we expect the consolidated group to maintain FFO to net adjusted debt at 10%-12% and net adjusted debt to EBITDA at about 5.0x in 2014. We view both of these levels as the minimum levels commensurate with the current rating.

### **Upside scenario**

We could raise the rating if Fiat achieved stronger credit metrics on a sustainable basis--such as adjusted FFO to debt comfortably within the 12%-20% range and debt to EBITDA below 5.0x--reduced its absolute amount of adjusted debt, and showed continuing moderation in terms of external growth and shareholder distributions. Very significant corporate actions to strengthen the group's balance sheet or increase Fiat's effective access to Chrysler's cash could result in a positive rating action.

### **Downside scenario**

We could take a negative rating action if Fiat's performance in Europe deteriorated more severely than we currently expect or its Brazilian operations weakened markedly, in turn causing the group's liquidity position to worsen. We would consider a negative rating action if credit ratios

deteriorated, including adjusted debt to EBITDA exceeding 6x and adjusted FFO to debt materially below 10%. An inability to reduce negative discretionary cash flow on a group basis or to consistently maintain adequate liquidity under our criteria could also put downward pressure on the rating.

## Ratings Score Snapshot

Corporate Credit Rating: BB-/Stable/B

Business risk: Fair

- Country risk: Low
- Industry risk: Moderately High
- Competitive position: Fair

Financial risk: Aggressive

- Cash flow/Leverage: Aggressive

Anchor: bb-

Modifiers

- Diversification/portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Financial policy: Neutral (no impact)
- Management and governance: Satisfactory (no impact)
- Comparable rating analysis: Neutral (no impact)

## Recovery

### Key analytical factors

- The issue ratings on the senior unsecured notes issued by Fiat Finance and Trade LTD. societe anonyme and Fiat Finance North America Inc. and the revolving credit facility (RCF) borrowed by Fiat SpA, Fiat Finance SpA, Fiat Finance and Trade Ltd S.A., and Fiat Finance North America are 'BB-', in line with the corporate credit rating on Fiat. The recovery rating on the notes and RCF is '4', indicating our expectation of average (30%-50%) recovery in the case of issuer default. The recovery ratings are supported by Fiat's significant asset value and their primarily unsecured (but guaranteed by Fiat) capital structure.
- The recovery rating is constrained by the group's high leverage, the senior debt ranking structurally above the notes and the RCF, and our view of the relatively less creditor-friendly jurisdiction in Italy.
- Our hypothetical default scenario is based on our assumption of deterioration in Fiat's operating performance, due to weak demand under a challenging economy, leading to a default in 2016 when some of the unsecured notes mature.
- We value Fiat as a going concern due to its strong brand name and significant customer demand for its products. We have valued Fiat using a discrete asset valuation by giving haircuts to values of assets on the

balance sheet.

- We have not factored in any value from Fiat's stake in Chrysler in our analysis. We believe that there would be uncertain value for Fiat's 100% equity stake in Chrysler in Fiat's hypothetical default year of 2016 since Fiat's and Chrysler's auto divisions could follow a similar path to default. This treatment is also supported by Chrysler's very significant liabilities, including debt, pensions, and medical liabilities. The two companies operate separately and do not provide loans, guarantees, or security to each other. Furthermore, we have not taken into account any value for the equity of Fiat's captive finance operations) in our valuation, in accordance with our captive finance methodology.

#### Simulated default and valuation assumptions

- Year of default: 2016
- Enterprise value (EV) at default: €8,400 mil.

#### Simplified waterfall\*

- Net EV (after admin costs, finance leases and 50% of pension liabilities): €7,295 mil.
- Structurally senior debt: €2,500 mil. \*
- Recovery expectation: N/A
- Senior unsecured debt claims: €15,520 mil. \*
- Recovery expectation: 30%-50%

\*All debt amounts include six months' prepetition interest.

## Related Criteria And Research

- Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Jan. 02, 2014
- Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- Corporate Methodology, Nov. 19, 2013
- Key Credit Factors For The Auto And Commercial Vehicle Manufacturing Industry, Nov. 19, 2013
- Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- 2008 Corporate Criteria: Rating Each Issue, April 15, 2008

## Ratings List

Ratings Affirmed

Fiat SpA

Corporate Credit Rating	BB-/Stable/B
Senior Unsecured	BB-
Recovery Rating	4

Fiat Finance North America Inc.

Senior Unsecured*	BB-
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*Research Update: Ratings On Fiat Affirmed At 'BB-/B' On Announced Takeover Of Chrysler; Outlook Stable*

Recovery Rating 4

Fiat Finance and Trade LTD. societe anonyme

Senior Unsecured\* BB-

Recovery Rating 4

\*Guaranteed by Fiat SpA.

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