

# Compensation Report



prepared in accordance with article 123-ter of the Legislative Decree no. 58 of February 24, 1998 and Annex 3A, Forms 7-bis and 7 ter, of the CONSOB Regulation no. 11971 of May 14, 1999

THE OFFICIAL ITALIAN VERSION OF THIS COMPENSATION REPORT WAS PUBLISHED  
IN ITALY ON MARCH 14, 2012. THIS TRANSLATION IS PROVIDED SOLELY  
FOR THE CONVENIENCE OF NON-ITALIAN READERS.

Fiat S.p.A. - Registered Office: Via Nizza, 250, Turin (Italy)  
Share Capital: € 4,465,600,020 – Turin Companies Register/Tax Code: 00469580013

## CONTENTS

<b>Definitions</b>	<b>2</b>
<b>Section I</b>	<b>3</b>
A. Drafting, approval and implementation of the Compensation Policy	3
B. Role of the Compensation Committee	4
C. Role of the independent expert (if any)	4
D. Objectives and principles of the Compensation Policy	5
E. Fixed and variable components of the compensation	5
F. Non-monetary benefits	7
G. Targets for the assignment of variable compensation	8
H. Targets for the assignment of share-based incentive schemes	8
I. Consistency with the long-term interests of the company and the risk management policy	8
J. Vesting periods and deferral payment systems (if any)	8
K. Time restrictions	8
L. Cessation of office or termination of employment	8
M. Insurance, social security or pension coverage	9
N. Other information	9
O. Reference to the compensation policy adopted by other companies	9
<b>Section II</b>	<b>10</b>
Table 1: Remuneration paid to the members of the Board of Directors, statutory auditors, general managers and executives with strategic responsibilities	11
Table 2: Stock options granted to the members of the Board of Directors, general managers and executives with strategic responsibilities	13
Table 3A: Incentive scheme based on financial instruments, other than stock options, in favor of the members of the Board of Directors, general managers and executives with strategic responsibilities	14
Table 3B: Cash incentives schemes in favour of the members of the Board of Directors, general managers and executives with strategic responsibilities	15
Table 4: Shares held by the members of the Boards of Directors and statutory auditors, general managers and other executives with strategic responsibilities	16

## 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, and (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
<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. R. Berger (as Chairman), Mr. L. Garavoglia and Mr. M. Zibetti
<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, 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 proposed and described in the Report to the Shareholders issued by the Company pursuant to Article 114bis 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 that the Company intends to adopt 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 submission to the shareholders’ meeting called to resolve also upon the 2011 financial statement.

### 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 2011 financial statements, was adopted by the Board of Directors on February 22, 2012.

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 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, that shall submit compensation updates and provide the Compensation Committee – on an yearly basis – with a report relating to the application of the Compensation Policy in the previous financial year and the proposed changes for the upcoming financial year.

The table below summarizes the main roles and responsibilities for setting and governing compensation for participants covered under the Company’s Compensation Policy:

Participants covered	Who proposes / recommends	Who advises	Who approves	Shareholders’ advisory voting rights (“Say on Pay”)
Non - Executive Directors	Compensation Committee	Chief Human Resources Officer	Shareholders	Not applicable
Executive Directors	Compensation Committee	Chief Human Resources Officer	Directors, absent the Executive Directors	Yes
Executives with Strategic Responsibilities	Chief Human Resources Officer	Compensation Committee  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. R. Berger (as Chairman), Mr. L. Garavoglia and Mr. M. Zibetti, 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 this Compensation Policy were prepared and approved by the Compensation Committee on February 22, 2012.

The Compensation Committee held one preliminary meeting to be advised by the Chief Human Resources Officer and the general counsel on the main items composing this Compensation Report, and in the subsequent meeting examined 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 modify the practices applied in 2011, with the exception of the LTI Plan.

## **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. 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, 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 budget. 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.

The current individual compensation plan of Executive Directors holding special offices does not contemplate the equity based component of the remuneration.

In addition in the past the Company granted to the CEO and certain Executives with Strategic Responsibilities stock options in accordance with the terms of certain share-based incentive plans approved between 2004 and 2010, which in certain cases allow shares to be purchased at a predetermined price (stock options) and in other cases provide for the granting of Fiat ordinary shares (stock grants). Details concerning such plans are available at the Company's website.

With regard to allowances in the event of resignation or termination as well as health and welfare benefits, including supplementary pension benefits, please refer to Paragraphs L and M below, respectively.

### **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 in the annual budget 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.

Subject to the Shareholders' approval of the LTI Plan, 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.

For more information on the LTI Plan, please refer to the *ad hoc* Resolution published pursuant to Article 114bis of the Financial Act.

As a general principle, the remuneration package of Executives with Strategic Responsibilities consists, *inter alia*, of the following elements: (i) a gross annual fixed component; (ii) an annual variable cash component that is based on the achievement of pre-set business objectives; (iii) a medium-long term equity based variable component (which includes stock options mentioned in Paragraph E.1 above and will include, subject to shareholders approval, the so-called LTI).

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, subject to the approval of the LTI Plan, long-term variable components.

The short-term variable component is subject to the achievement of financial targets established in the annual budget 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.

Subject to the approval of the LTI Plan, the long-term variable component consists of a share-based incentive plan that links an appropriate portion of the variable component to the achievement of pre-established performance targets, that are concretely measurable and correlated to value creation for shareholders over the medium to long term. Please refer to Paragraph E above and to the Report published pursuant Article 114bis of the Financial Act.

### **H. Targets for the assignment of share-based incentive schemes**

The LTI share-based Plan is envisaged for individuals at Group companies whose activities and leadership have a significant impact on the Group. This plan intends to incentivize individuals in key positions, including Executives with Strategic Responsibilities, toward the achievement of Company and Group performance targets through the alignment of medium to long-term incentives to value creation for shareholders.

The part of the LTI Plan linked to the performance of the Group is directly linked with the achievement of pre-established financial performance objectives for the performance period starting on January 1, 2012 and ending on December 31, 2014. For further information please refer to the Report published pursuant Article 114bis of the Financial Act.

The Board's proposal to the shareholder regarding the LTI Plan is publicly available on the Company's website: [www.fiatspa.com](http://www.fiatspa.com).

### **I. Consistency with the long-term interests of the Company and the Risk Management Policy**

The long-term interests of the Company and the risk management policy of the Group are integral part of the Group's Internal Control System. The Compensation Policy has been prepared in full consistency with the Internal Control System of the Group. Please also refer to Paragraph D above.

### **J. Vesting periods and deferral payment systems (if any)**

Please refer to Paragraph H above.

### **K. Time restrictions**

The LTI Plan does not provide for any lock-up mechanism after the shares are granted to the beneficiaries. Trading of such shares is subject to the applicable laws and regulations. The rights granted under the LTI Plan will be non-transferable (except, once vested, in the event of death of the beneficiary).

### **L. Cessation of office or termination of employment**

The Board of Directors may also grant Executive Directors with specific functions with an allowance in the event of resignation or termination. The allowance granted to the CEO and to the Chairman of Ferrari S.p.A. is payable over twenty years in an amount of which, after ten years, may not be greater than five times the fixed portion of their annual compensation.

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.

## Section II

### Part 1

The items composing the 2011 remuneration of the members of the Board of Directors, Board of Statutory Auditors and Executives with Strategic Responsibilities are as follows:

- (i) Fixed remuneration: as per the shareholders resolution passed in 2009, each director was granted a fixed remuneration. Each non-Executive Director was granted an attendance fee for each Board or Committee meeting he attended. Executive Directors received a fixed compensation pursuant to a Board of Directors resolution. In 2011 the Board re-established the CEO's fixed compensation, with a reduction intended to reflect the effects of the demerger in favour of Fiat Industrial S.p.A. Each member of the Board of Statutory Auditors was granted a fixed remuneration. Executives with Strategic Responsibilities' fixed remuneration is set forth in their respective employment agreements.

The practice followed in 2011 by the Group is consistent with the principles set forth in Paragraph E above.

- (ii) Expense Reimbursement: each director has the right to be refunded expenses incurred for the exercise of their office. The practice followed in 2011 by the Group is consistent with the principles set forth in Paragraph E above.
- (iii) Bonus and Other Incentives: Executive Directors and Executives with Strategic Responsibilities are eligible to receive variable compensation, either immediate or deferred, subject to the achievement of pre-established economic and financial performance targets. Payment of the short-term portion of the Executive Directors with specific functions variable compensation is subject to the level of achievement of specific performance targets established annually by the Board of Directors, based on the proposal of the Compensation Committee, such targets being concretely measurable and consistent with the targets provided for in the budget. 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 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 resolves on the variable compensation of Executive Directors. Regarding the CEO, in 2011 the Board, based on the prevailing Group's interest to ensure continuation of the CEO's professional relationship with the Group, did not award an annual variable cash component (although the relevant targets had been achieved and exceeded) but, in order to ensure retention, took in account the CEO's performances in 2011 in determining the Retention LTI granted to him.

Variable compensation of Executives with Strategic Responsibilities follows the same logic and criteria and is determined by the CEO at the relevant time in accordance with the general criteria set forth by the Compensation Committee.

The practice followed in 2011 by the Group is consistent with the principles set forth in Paragraph E.

- (iv) Non-monetary benefits: Executives with Strategic Responsibilities may utilize one company car each also for their personal purposes. The relevant benefit is calculated in accordance with the applicable tax regulation and form part of their gross remuneration.

The practice followed in 2011 by the Group is consistent with the principles set forth in Paragraph F above.

- (v) Post-mandate Indemnity: The Board of Directors may grant to the Executive Directors an allowance in the event of resignation or termination of the mandate. The allowance granted to the CEO and to the Chairman of Ferrari S.p.A. is payable over twenty years in an amount which, after ten years, may not be greater than five times the fixed portion of their annual compensation. In 2011 Fiat S.p.A. and Fiat Industrial S.p.A. agreed that Fiat S.p.A. will continue to grant this allowance to Mr. Marchionne based also on the fixed remuneration granted to him by Fiat Industrial S.p.A. and that Fiat Industrial S.p.A. will indemnify Fiat S.p.A. for any expense borne in such respect.<sup>1</sup>

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 provide 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.

The practice followed in 2011 by the Group is consistent with the principles set forth in Paragraph L above.

\*\*\*\*\*

Incentive Plans: please refer to the ad hoc Resolution published pursuant Article 114bis of the Financial Act.

<sup>1</sup> The related cost recognized by Fiat in 2011 was €809 thousand (net of the portion charged to Fiat Industrial S.p.A. for €300 thousands). €1,000 thousand were recognized by Ferrari in relation to its Chairman's allowance.

**Table 1: Remuneration paid to the Members of the Board of Directors, Statutory Auditors, General Managers and Executives with Strategic Responsibilities**

(Amounts in €/000)

Name and Surname	Office held	Period the office was held	Expiry of the office	Fixed remuneration			Remuneration for the participation to internal committees	Non-monetary benefits	Other remuneration	Total remuneration	Fair value of the equity remuneration	Post-mandate indemnity
				Fixed remuneration	Attendance allowances	Remuneration for special offices						
<b>DIRECTORS</b>												
John Elkann	Chairman	1/1/2011 – 12/31/2011	2012	50.0	-	1,250.0	-	-	44.7	-	1,344.7	-
Sergio Marchionne	CEO	1/1/2011 – 12/31/2011	2012	-	-	-	-	-	-	-	-	-
(I) Remuneration paid by the listed company												
				50.0	-	1,500.0 <sup>(1)</sup>	-	-	183.0	-	1,733.0	12,014.3 <sup>(2)</sup>
(II) Remuneration paid by subsidiaries and/or affiliates												
				717.2 <sup>(3)</sup>	-	-	-	-	-	-	717.2	-
(III) Total												
				767.2	-	1,500.0	-	-	183.0	-	2,450.2	12,014.3
Andrea Agnelli	Director	1/1/2011 – 12/31/2011	2012	50.0	18.0	-	-	-	-	-	68.0	-
Carlo Barei di Sant'Albano	Director	1/1/2011 – 12/31/2011	2012	50.0 <sup>(4)</sup>	18.0	-	-	-	-	-	68.0	-
Roland Berger	Director	1/1/2011 – 12/31/2011	2012	50.0	12.0	-	9.0	-	-	-	71.0	-
Tiberto Brandolini D'Adda	Director	1/1/2011 – 12/31/2011	2012	50.0	18.0	-	-	-	-	-	68.0	-
René Carron	Director	1/1/2011 – 12/31/2011	2012	50.0	15.0	-	-	-	-	-	65.0	-
Luca Cordero di Montezemolo	Director	1/1/2011 – 12/31/2011	2012	-	-	-	-	-	-	-	-	-
(I) Remuneration paid by the listed company												
				50.0	18.0	-	-	-	-	-	68.0	-
(II) Remuneration paid by subsidiaries and/or affiliates												
				-	-	2,742.0 <sup>(5)</sup>	-	-	2,742.0 <sup>(6)</sup>	-	5,484.0	-
(III) Total												
				50.0	18.0	2,742.0	-	-	2,742.0	-	5,552.0	-
Luca Garavoglia	Director	1/1/2011 – 12/31/2011	2012	50.0	18.0	-	12.0	-	-	-	80.0	-
Gian Maria Gros-Pietro	Director	1/1/2011 – 12/31/2011	2012	50.0	18.0	-	27.0	-	-	-	95.0	-
Virgilio Marrone	Director	1/1/2011 – 12/31/2011	2012	50.0	18.0	-	-	-	-	-	68.0	-
Vittorio Mincato	Director	1/1/2011 – 12/31/2011	2012	50.0	18.0	-	27.0	-	-	-	95.0	-
Pasquale Pistorio	Director	1/1/2011 – 12/31/2011	2012	50.0	18.0	-	-	-	-	-	68.0	-
Ratan Tata	Director	1/1/2011 – 12/31/2011	2012	50.0	9.0	-	-	-	-	-	59.0	-
Mario Zibetti	Director	1/1/2011 – 12/31/2011	2012	50.0	18.0	-	36.0	-	-	-	104.0	-

(continued)

**Table 1: Remuneration paid to the Members of the Board of Directors, Statutory Auditors, General Managers and Executives with Strategic Responsibilities (continued)**

(Amounts in €'000)

Name and Surname	Office held	Period the office was held	Expiry of the office (*)	Fixed remuneration				Remuneration for the participation to internal committees	Bonus and other incentives	Non-monetary benefits	Other remuneration	Total remuneration	Fair value of the equity	Post-mandate indemnity
				Fixed remuneration	Attendance allowances	Remuneration for special offices	Remuneration as relevant employee							
<b>STATUTORY AUDITORS</b>														
Riccardo Perotta	Chairman	1/1/2011 – 12/31/2011	2012	100.0	-	-	-	-	-	-	100.0	-	-	
Giuseppe Camosci	Regular Auditor	1/1/2011 – 12/31/2011	2012	-	-	-	-	-	-	-	-	-	-	
(I) Remuneration paid by the listed company														
				65.0	-	-	-	-	-	-	65.0	-	-	
(II) Remuneration paid by subsidiaries and/or affiliates														
				30.0 <sup>6)</sup>	-	-	-	-	-	-	30.0	-	-	
<i>(III) Total</i>														
				95.0	-	-	-	-	-	-	95.0	-	-	
Piero Locatelli	Regular Auditor	1/1/2011 – 12/31/2011	2012	65.0	-	-	-	-	-	-	65.0	-	-	
<b>EXECUTIVES WITH STRATEGIC RESPONSIBILITIES<sup>7)</sup></b>														
(I) Remuneration paid by the listed company														
				-	-	-	-	2,969.2 <sup>8)</sup>	20.3	-	4,462.2	-	2,994.0	
(II) Remuneration paid by subsidiaries and/or affiliates														
				-	-	-	-	5,032.7 <sup>8)</sup>	93.9	78.2	13,043.5	768.1 <sup>2)</sup>	-	
<i>(III) Total</i>														
				-	-	-	-	8,001.9	114.2	78.2	17,505.7	768.1	2,994.0	

(\*) Year in which term of office expires at General Meeting held to approve the financial statements.

1) Amount redetermined following the demerger in favour of Fiat Industrial S.p.A.

2) See Table 3A.

3) This amount does not include the compensation for the office held at Fiat Group Automobiles (€500 thousand) which he does not receive but is paid to Fiat S.p.A.

4) Compensation paid to Exor S.p.A.

5) Compensation for the office held at Ferrari S.p.A.

6) Compensation for the office of Chairman of the Board of Statutory Auditors of Magneti Marelli S.p.A.

7) Includes 24 executives employed as at 31 December 2011.

8) See Table 3B.

**Table 2: Stock options granted to the Members of the Board of Directors, General Managers and Executives with Strategic Responsibilities**

Name and Surname	Office	Scheme	Options held at the beginning of the current financial year			Options granted during the current financial year			Options exercised during the current financial year			Options expired during the current financial year		Options held at the end of the current financial year		Options relating to the current financial year		
			Number of options	Exercise price (€)	Possible exercise period (from-to)	Number of options	Exercise price	Possible exercise period (from-to)	Number of options	Exercise price	Number of options	Exercise price	Market price of the shares underlying the granting of the options	Number of options	Exercise price	Market price of the shares underlying the exercise of the options	Number of options	Exercise price
Sergio Marchionne																		
CEO																		
		Plan 26 July 2004 <sup>(1)</sup>	10,670,000	6.583	01/2011-01/2016	-	-	-	-	-	-	-	-	-	-	-	-	-
(I)	Remuneration paid by Fiat S.p.A.	Plan 3 November 2006 <sup>(1)</sup>	6,250,000	13.37	11/2010-11/2014	-	-	-	-	-	-	-	-	-	-	-	-	-
(II)	Remuneration paid by subsidiaries and/or affiliates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(III)	Total		16,920,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,920,000
<b>EXECUTIVES WITH STRATEGIC RESPONSIBILITIES</b>																		
(I)	Remuneration paid by Fiat S.p.A.	Plan 3 November 2006 <sup>(1)</sup>	636,250	13.37	02/2011-11/2014	-	-	-	-	-	-	-	-	-	-	-	-	-
(II)	Remuneration paid by subsidiaries and/or affiliates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(III)	Total		636,250	-	-	-	-	-	-	-	-	-	-	-	-	-	-	636,250

1) The plan allows the beneficiary to receive one ordinary Fiat S.p.A. share and one ordinary Fiat Industrial S.p.A. share for each option held

**Table 3A: Incentive scheme based on financial instruments, other than stock options, in favor of the Members of the Board of Directors, General Managers and Executive with Strategic Responsibilities**

Name and Surname	Office	Scheme	Unvested financial instruments granted in past financial years		Financial instruments granted during the current financial year				Number and kind of financial instruments	Fair value on the granting date	Vesting period	Granting date	Market price on the granting date	Number and kind of financial instruments forfeited during the current financial year	Number and kind of financial instruments	Value on the maturity date (€/000)	Fair value <sup>1)</sup> (€/000)
			Number and kind of financial instruments	Vesting period	Number and kind of financial instruments	Granting date	Market price on the granting date	Number and kind of financial instruments									
Sergio Marchionne	CEO																
		Stock Grant	2,000,000 Fiat S.p.A. shares	02/23/2009													
		23 February 2009	2,000,000 Fiat Industrial S.p.A. shares	01/01/2012													
(i) Remuneration paid by Fiat S.p.A.		Stock Grant	2,000,000 Fiat S.p.A. shares	02/16/2010												12,014.3	
		16 February 2010	2,000,000 Fiat Industrial S.p.A. shares	01/01/2012													
<b>EXECUTIVES WITH STRATEGIC RESPONSIBILITIES</b>																	
(i) Remuneration paid by Fiat S.p.A.																	
		Chrysler Deferred Phantom Shares (DPS) Plan			85,627			\$ 6.47	immediate	Sept-Dec 2011							469.4
(ii) Remuneration paid by subsidiaries and/or affiliates		Chrysler Cash restricted share units (RSU) <sup>2)</sup>															298.7
<b>(iii) Total</b>					<b>85,627</b>												<b>768.1</b>

1) Non-cash expense recognised in the income statements in 2011.

2) The Restricted Share Units were granted prior to taking the role of Executives with Strategic Responsibilities on September 1, 2011.

**Table 3B: Cash incentives schemes in favor of the members of the Board of Directors, General Managers and Executives with Strategic Responsibilities**

(Amounts in €/000)

Name and Surname	Office	Bonus in the current financial year <sup>1)</sup>			Accrued bonuses		Other bonuses
		Paid/Payable	Deferred	Deferral period	No longer payable	Paid/Payable <sup>2)</sup>	
Luca Cordero di Montezemolo	Director		2,742.0	-	-	-	-
(II) Remuneration paid by Ferrari S.p.A.							
<b>EXECUTIVES WITH STRATEGIC RESPONSIBILITIES</b>							
(I) Remuneration paid by the listed company			-	-	-	2,969.2	-
(II) Remuneration paid by subsidiaries and/or affiliates			32.5	-	-	5,000.2	-
<b>(III) Total</b>			<b>32.5</b>	<b>-</b>	<b>-</b>	<b>7,969.4</b>	<b>-</b>

1) No bonus is due to the CEO for 2011; 2011 bonuses for executives with strategic responsibilities not yet determined.

2) Includes bonuses related to 2010 performance which were approved after the publication of 2010 results and therefore not previously disclosed.



**Table 4: Shares held by Members of the Boards of Directors and Statutory Auditors, General Managers and Other Executives with Strategic Responsibilities**

Name and Surname	Office held	Shares held	No. of shares held at 12.31.2010	No. of shares bought in 2011	No. of shares sold in 2011	No. of shares held by incoming/outgoing managers	Change in No. of shares held by incoming/outgoing managers	No. of shares held at 12.31.2011
Sergio Marchionne <sup>1)</sup>	Chief Executive Officer Fiat S.p.A.	Fiat S.p.A. ordinary	240,000	-	-	-	-	240,000
Luca Cordero di Montezemolo	Director	Fiat S.p.A. ordinary	127,172	-	-	-	-	127,172
Gian Maria Gros-Pietro	Director	Fiat S.p.A. ordinary	3,300	-	-	-	-	3,300
<b>EXECUTIVES WITH STRATEGIC RESPONSIBILITIES</b>								
		Fiat S.p.A. ordinary	93,289	16,603	-	(9,918)		99,974
		Fiat S.p.A. savings	-	1,000	-	-		1,000

1) Pursuant to the Stock Grant Plan reported in Table 3A, in January 2012 Fiat S.p.A. delivered to Sergio Marchionne 4,000,000 Fiat S.p.A. ordinary shares (in addition to 4,000,000 Fiat Industrial S.p.A. ordinary shares), which vested on January 1, 2012. In February 2012 Mr. Marchionne sold n. 980,000 Fiat S.p.A. ordinary shares (in addition to 980,000 Fiat Industrial S.p.A. ordinary shares) in order to pay part of the tax liabilities associated with the allotment of these shares.