Annual Report on Corporate Governance

February 2008

FIAT GROUP

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ANNUAL REPORT ON CORPORATE GOVERNANCE

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FOREWORD

The Fiat Group adopted and abides by the Corporate Governance Code of Italian Listed Companies issued in March 2006, supplemented and amended as necessary to align its corporate governance system to the regulatory requirements arising from the listing on the NYSE, withdrawn on August 23 2007, and the characteristics of the Group, as described below.

Given the extremely limited trading volumes of Fiat stock on the New York Stock Exchange, lower than 0.2% of worldwide average daily trading volume, on August 3, 2007 Fiat requested withdrawal of the listing of the American Depositary Shares from the United States market and the consequent termination of registration from the Securities Exchange Commission and the relevant reporting obligations. Delisting and deregistration became effective on August 23 and November 22, 2007, respectively. The delisting of Fiat stock from the United States market does not impact the operating strategy of Fiat in the United States or its commitment to maintain high corporate governance and financial disclosure standards. In order to assist those investors holding Fiat ADRs, Fiat has nonetheless maintained a Level 1 American Depositary Receipt facility.

In compliance with the obligations imposed by law and regulations, this Report provides a general description of the corporate governance system adopted by the Group and contains information on its ownership structure, adherence to the Corporate Governance Code, and compliance with consequent commitments. In particular, this Report, which refers extensively to the documentation available in the Corporate Governance section of the website www.fiatgroup.com, is divided into four sections: the first contains a description of the governance structure, the second gives information on our ownership structure, the third provides an analysis on the implementation of the provisions of the Code, and the fourth comprises summary tables and Corporate Governance documents of the Fiat Group as well as a comparison in which information on the modalities of implementation of the Code is organised and supplemented according to each principle and criterion of the Code.

SECTION I – GENERAL INFORMATION

The corporate governance structure is comprised by a system of management and control and the stockholders meeting. Pursuant to law, external auditors are responsible for independent audits.

Fiat adopted a system of management and control based on a Board of Directors and a Board of Statutory Auditors. In this structure, the Board of Directors, which is responsible for management and ensures, both as a collegial body and through specially designated consulting and advisory internal committees, that the necessary controls exist to monitor Company performance, is flanked by another body separate from the Board of Directors that is vested with independent jurisdiction and powers and appointed according to the requirements of professionalism, integrity, and independence as prescribed by law and Fiat's By-laws.

Board of Directors

The Board of Directors is vested with the broadest powers for the ordinary and extraordinary management of the Company through definition of a model for delegation of powers, the delegation and revocation of powers, and examination and approval of the strategic, industrial, and financial plans

prepared by the bodies with delegated powers, the corporate structure of the Group, transactions with a material impact on the operating performance, balance sheet, and financial position of the Group, transactions in which the bodies with delegated powers have a conflict of interest and of unusual and abnormal transactions with related parties. The Board of Directors is also responsible for evaluating the adequacy of the organizational, administrative, and accounting structure and the general performance of the Group on the basis of reports by the bodies with delegated powers, as well as for supervising effective compliance with the administrative and accounting procedures and the adequacy of the powers and means assigned to the manager in charge of preparing the Company's financial reporting. Article 15 of the By-laws lists additional matters for which authority has been vested in the Board of Directors pursuant to the By-laws.

The Board of Directors includes the bodies with delegated powers (executive directors), who are responsible for the management of the Company within the limits of the powers delegated to them by the Board of Directors, the Internal Control Committee, the Nominating and Corporate Governance Committee, the Compensation Committee and the Strategic Committee. The duties of these three Committees are to make proposals and provide advice to the Board of Directors. The Nominating and Corporate Governance Committee and the Compensation Committee were set up on July 24, 2007 after the splitting of the pre-existing Nominating and Compensation Committee.

The members of the Board of Directors were appointed for a three-year term that expires on the date of the Stockholders Meeting called to approve the 2008 Annual Report, and they may be re-elected. Pursuant to the By-laws (Article 11), no one over the age of 75 shall be appointed as a director. Directors are also subject to the clauses of disqualification and expiration prescribed by law. Pursuant to amendments to the Company's By-laws effected in 2007, the Board of Directors must be appointed through the vote list system so that minority stockholders can elect a director. The minimum equity interest required for submission of a list of candidates is 0.5% of ordinary shares, in accordance with the communication published by Consob applicable to the 2007 fiscal year. Each list must indicate at least one candidate that satisfies the independence requirements imposed by law. The appointment, revocation, expiration of the term of office, replacement and lapsing of directors is governed by the applicable laws.

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

Board of Statutory Auditors

The Board of Statutory Auditors is vested with the power of supervision of compliance with the law and the By-laws, respect of the principles of proper management, and in particular the adequacy of the internal control system and the organizational, administrative, and accounting structure of the Company and its actual performance; as well as the supervision of the procedures for concrete implementation of the rules of corporate governance which the company affirms to comply with; it also has the duty of giving a justified opinion to the Stockholders Meeting when the external auditors are designated.

The members of the Board of Statutory Auditors are appointed for a three-year term and may be re-elected. Each member of the Board of Statutory Auditors must satisfy the requirements of integrity and independence prescribed by law. In accordance with the By-laws (Article 17), all the statutory auditors must be entered in the Auditors' Register and possess at least three years' experience as chartered accountants. Pursuant to Article 17 of the By-laws, the election of one statutory auditors is reserved to minority stockholders representing a minimum equity interest that is currently equal to 0.5% of the ordinary shares, in accordance with communication published by Consob for the 2007 fiscal year. The statutory auditor chosen by the minority stockholders is the Chairman of the Board of Statutory Auditors.

Stockholders Meeting

The Stockholders Meeting represents the totality of stockholders and is vested with the power to resolve on an ordinary basis for the approval of the Annual Report, appointment and dismissal of the members of the Board of Directors, appointment of the members of the Board of Statutory Auditors and its Chairman, determination of the compensation for Directors and Statutory Auditors, engagement of the external auditors, and the liability of Directors and Statutory Auditors; it resolves on an extraordinary basis in regard to amendments to the By-laws and extraordinary transactions such as capital increases, mergers, and demergers.

Independent Audits

As prescribed by law, independent audits are performed by external auditors entered on the special list kept by Consob. The Stockholders Meeting held on May 3, 2006 engaged Deloitte & Touche S.p.A. as independent auditor for six fiscal years, pursuant to applicable law at the time. This mandate covers the period 2006-2011. As is commonly known, Article 3 of Legislative Decree 303 of December 29, 2006 amended Article 159(4) of the Consolidated Law on Financial Intermediation and imposed a term of nine fiscal years on the length of an independent auditor's mandate. Nevertheless, the transitional rules envisage that current mandates shall expire as previously agreed by contract.

Direction and Coordination Activities

Fiat S.p.A. is not subject to direction and coordination activities by companies or entities and defines in full autonomy its general and operational strategic lines. Pursuant to Article 2497 bis of the Italian Civil Code, its Italian subsidiaries, with the exception of particular cases, have identified Fiat S.p.A. as the entity that performs direction and coordination activities. This activity consists in indicating the general strategic and operating guidelines of the Group and takes concrete form in the definition and updating of the internal control system, the corporate governance model and of the corporate structure, the issuance of a Code of Conduct applied throughout the Group, and setting forth the general policies for the management of human and financial resources, purchasing of factors of production, and marketing and communication. Furthermore, coordination of the Group includes centralized management, through specialized in-house companies, of cash management, corporate and accounting, internal audit, and training services.

Direction and coordination activities at the Group level allow the 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 the management of their core business.

SECTION II – OWNERSHIP STRUCTURE

Capital Stock

The capital stock of the Company amounts to 6,377,262,975 euros and comprises 1,092,247,485 ordinary shares (85.64% of the capital stock), 103,292,310 preference shares (8.10% of the capital stock) and 79,912,800 savings shares (6.26% of the capital stock), all with par value of 5 euros each. On February 1, 2007 the capital stock increased from 6,377,257,130 euros to its current amount following exercise upon maturity of 4,676 warrants equivalent to 1,169 ordinary shares. Unexercised warrants have expired.
On November 3, 2006, the Board partially exercised the powers granted to it pursuant to Article 2443 of the Italian Civil Code for the capital increase to service the incentive plan. The capital increase, approved at the same Board meeting and subsequently approved by the Stockholders Meeting on April 5, 2007, is reserved to employees of the Company and/or its subsidiaries, within a limit of 1% of the capital stock, i.e. for a maximum of 50,000,000 (fifty million) euros through the issue of a maximum of 10,000,000 (ten million) ordinary shares with a par value of 5 (five) euros each, corresponding to 0.78% of the capital stock and 0.92% of the ordinary capital stock, at a price of 13.37 euros. Execution of this capital increase is dependant on the conditions of the plan being satisfied. There are no additional delegations of powers to increase the capital stock pursuant to Article 2443 of the Italian Civil Code.

Rights of the different classes of shares

The rights of the different classes of shares are described in the By-laws, and more specifically in Article 6, 20, 21 and 23. The key provisions are provided below.

Ordinary and preference shares are registered shares. Savings shares can be either bearer or registered shares, at the option of their holder or as required by law. All shares are issued in dematerialized form.

Each share conveys the right to a proportionate share of the earnings available for distribution and of the residual net assets upon liquidation, without harming the rights of preference and savings shares, which are reported in Articles 20 and 23 below.

Each ordinary share is entitled to vote without any restrictions whatsoever. Each preference share is entitled to vote only on issues that are within the purview of the Extraordinary Stockholders Meeting and on resolutions concerning Regulations for Stockholders Meetings. Savings shares are not entitled to vote.

When the capital stock is increased, the holders of each class of shares have the right to receive a proportionate number of newly issued shares of the same class, or of another class (or classes) if shares of the same class are not available or their number is insufficient.

The Company's capital stock may also be increased by issuing ordinary and/or preference and/or savings shares in exchange for the contribution of assets or the cancellation of accounts payable.

Resolutions authorizing the issuance of new preference or savings shares with the same characteristics as those already outstanding, in connection with capital increases and conversion of shares into shares of another class, do not require further approval by Special Stockholders Meetings.

If the savings shares are delisted, they shall be transformed into registered shares if originally bearer shares, and they shall have the right to a higher dividend increased by 0.175 euros, rather than 0.155 euros, with respect to the dividend received by the ordinary and preference shares.

If the ordinary shares are delisted, the higher dividend received by the savings shares with respect to the dividend received by ordinary and preference shares shall be increased by 0.2 euros per share.

The outlays needed to safeguard the common interests of the holders of preference and savings shares, which are financed with reserves established for that purpose by the respective Special Stockholders Meetings, shall be borne by the Company up to a maximum annual amount of 30,000 euros for each class of shares.

In order to provide the Common Representatives of the holders of preference and savings shares with adequate information about transactions that may affect share prices, the Company shall promptly inform the Common Representatives of any such issues.

The net income for the year resulting from the annual financial statements shall be allocated as follows:

- to the Legal Reserve, 5% of net income until this reserve reaches one fifth of the capital stock;
- to savings shares, a dividend of up to 0.31 euros per share;
- to the Legal Reserve (additional allocation), to the Extraordinary Reserve and/or to retained earnings, such allocations as shall be decided by the Stockholders Meeting;
- to preference shares, a dividend of up to 0.31 euros per share;
- to ordinary shares, a dividend of up to 0.155 euros per share;
- to savings shares and ordinary shares, in equal proportions, an additional dividend of up to 0.155 euros per share;
- to each ordinary, preference and savings shares, in equal proportions, the balance of the net income which the Stockholders Meeting resolves to distribute.

When the dividend paid to savings shares in any year amounts to less than 0.31 euros, the difference shall be added to the preferred dividend to which they are entitled in the following two years. In case of modification of the par value of shares, the abovementioned amounts will be on a pro-rata basis.

Dividends not collected within five years from the day they became payable shall be forfeited to the benefit of the Company.

In the event of liquidation, the Company's assets shall be distributed in the following order: to the savings shares up to their par value, to the preference shares up to their par value, to the ordinary shares up to their par value; the balance, if any, to shares of all three classes in equal proportions.

No shares granting special rights of control have been issued, there are no restrictions on voting or share transfer rights, and there are no employee stock ownership plans.

Ordinary, preference and savings shares are listed on the Mercato Telematico Azionario managed by Borsa Italiana (Italian Stock Exchange), and on the Paris and Frankfurt Stock Exchanges. Furthermore, certificates representing the ordinary, preference, and savings shares (ADS American Depositary Shares) are outstanding. Issued by the depository bank Deutsche Bank Trust Company Americas and traded on the New York Stock Exchange until August 22, 2007, they are now negotiable over the counter.

Own shares

On April 5, 2007 the Stockholders Meeting authorised the purchase and disposal also through the Group subsidiaries, of a maximum number of own shares of the three classes of stock which shall not exceed 10% of the capital stock and a maximum aggregate amount of 1.4 billion euros. In accordance with law, this authorisation is valid for eighteen months and accordingly expires on October 5, 2008. The Stockholders Meeting resolution does not oblige the Company to make purchases up to the maximum of 1.4 billion euros, and therefore the resolution may be executed for only a portion of that amount.

The Stockholders Meeting authorisation allows for the necessary servicing of stock option plans and provides the Company with a useful strategic investment opportunity. Purchases will be made in accordance with the terms and procedures set forth by law, and prices will be directly related to the reference price reported on the Stock Exchange on the day before the intended purchase, plus or minus 10%.

In compliance with Italian law receiving EU Directive on Market Abuse, on April 5 the Company announced its intention to start a programme to purchase own shares, whose term was subsequently extended to April 30, 2008, and undertook to daily communicate to the market and competent authorities the transactions it has executed, specifying the number of shares purchased, the average price, the total number of purchased shares as of the date of the communication and the total invested amount as of such date.

As of today the total number of ordinary shares purchased by the Company in execution of the program amounted to 31.54 million for a total invested amount of 603.4 million euros.

At its meeting of February 15 2008, the Board of Directors resolved to propose to the Stockholders Meeting the renewal of the authorisation for the purchase and disposal, also through subsidiaries, of a maximum amount of all three classes of stock which shall not exceed 10% of the capital stock and a maximum amount of 1.8 billion euros.

Stockholders Base

Pursuant to Article 93 of Legislative Decree no. 58 of February 24, 1998 (Consolidated Law on Financial Intermediation), control of the Company is exercised by Giovanni Agnelli & C. S.a.p.A. indirectly through the subsidiary IFI Istituto Finanziario Industriale S.p.A. which in turn controls IFIL Investments S.p.A., which possesses 30.45% of the ordinary Fiat shares and 30.09% of the preference Fiat shares (on the whole 30.42% of the voting rights). In addition, Fiat S.p.A. possesses 3.01% of its own shares.
There are over three hundred thousand Fiat stockholders. In February 2008 the following stockholders owned more than 2% of the capital represented by shares with voting rights: FMR LLC (4.61% equal to 5.05% of ordinary shares, between them 1.75% with the sole power to vote), Barclays Global Investors N.A. Group (2.9% equal to 3.18% of ordinary shares). In addition, approximately 22% of the ordinary capital stock is owned by Institutional Investors of the Euro area and approximately 7% by Institutional Investors outside the Euro area.

Based on the Company's knowledge, there are no agreements in force pursuant to Article 122 of the Consolidated Law on Financial Intermediation.

Change of control clauses

In the course of their normal operations, the operating companies of the Group are parties to joint venture or supply and cooperation contracts with other industrial and financial partners. As it is customary in international contracts, these contracts contain clauses that entitle each of the parties the

right to terminate or modify said agreements in the event of direct and/or indirect changes in the control of either of the parties involved.

One financing agreement guaranteed by Fiat S.p.A. and most of the bonds issued by the Group and guaranteed by Fiat S.p.A., for a total of approximately 4 billion euros, contain clauses that, as it is customary in financial transactions of this kind, mandate immediate repayment if more than 50% of the voting shares of Fiat S.p.A. are acquired by parties other than the current controlling stockholder and the Company's rating is simultaneously downgraded. Moreover in certain of the mentioned bonds, totalling about 3 billion euros, (until the bonds are rated as investment grade by one of the principal rating agencies) the immediate repayment clause becomes effective even if the majority of the directors of Fiat S.p.A. changes over the course of two years. However, this clause is not triggered with reference to the directors elected by minority stockholders and all directors whose appointment was resolved by the current majority stockholder on the occasion of the Stockholders Meeting or resulted from co-optation with the approval of the directors elected by the current controlling stockholder.

Termination indemnities for Directors

Disclosure on the indemnities envisaged in the case of termination without cause for Sergio Marchionne, Chief Executive Officer, and Luca Cordero di Montezemolo, in regard to his position as Chairman of Ferrari S.p.A., is provided in the Notes to the Statutory Financial Statements of Fiat S.p.A.

SECTION III – INFORMATION ON THE IMPLEMENTATION OF THE PROVISIONS OF THE CORPORATE GOVERNANCE CODE

Board of Directors

As prescribed in the By-laws, the number of members of the Board of Directors ranges from nine to fifteen. The Stockholders Meeting held on May 3, 2006 set the number of members of the Board of Directors at fifteen. They shall remain in office until the date of the Stockholders Meeting called to approve the 2008 financial statements.

Model for Delegation of Powers

As prescribed in Article 16 of the Company's By-laws, the representation of the company is vested, severally, in all executive directors, and as prescribed in Article 12, the Vice Chairman, if appointed, shall act as Chairman if the latter is absent or prevented from acting. As in the past, the Board of Directors adopted a model for delegation of broad operating powers to the Chairman and the Chief Executive Officer, authorizing them to severally perform all ordinary and extraordinary acts that are consistent with the Company's purpose and not reserved by law or otherwise delegated or reserved to the Board of Directors itself. In practice, the Chairman exercises coordination and strategic guidance within the activities of the Board of Directors, while the Chief Executive Officer is in charge of the operating management of the Group.

Significant Transactions and Transactions with Related Parties

The Board defined the "Guidelines for Significant Transactions and Transactions with Related Parties," by which it reserved the right to examine and approve in advance any transaction with a significant impact on the balance sheet, economic and financial figures, including the most significant transactions with related parties, and subject all transactions with related parties to special criteria of substantial and procedural fairness.

Therefore, decisions regarding significant transactions are excluded from the mandate granted to executive directors. The term "significant transactions" refers to those transactions that in and of themselves require the company to file a prospectus regarding such transaction, in accordance with specific rules established by market supervisory authorities.

When the Company needs to execute significant transactions, the executive directors shall provide the Board of Directors reasonably in advance with a summary analysis of the strategic consistency, economic feasibility, and expected return for the Company.

Decisions regarding the most significant transactions with related parties are also excluded from the mandate granted to executive directors, with all transactions being subject to special rules of substantial and procedural fairness and disclosure to the Board.

Similarly, the executive directors of subsidiaries shall submit the most significant transactions including those with related parties to their respective Boards of Directors for their prior examination and approval.

Meetings and Duties of the Board of Directors

The Company's By-laws (Article 13) prescribe that the Board of Directors must meet at least once quarterly and that on those occasions the executive directors report to the Board of Directors and the Board of Statutory Auditors on the general operating performance and business outlook of the company and the most significant transactions carried out by the company or its subsidiaries. Furthermore, Article 13 also envisages that the Board examine the strategic, industrial, and financial plans and assess the adequacy of the organizational, administrative, and accounting structure of the company and, on the basis of reports by the executive directors, its general operating performance. Every director must report to the Board of Directors and Board of Statutory Auditors all interests that he might have, directly or on behalf of others, in a specific transaction of the company.

In 2007 the Board met seven times to examine and vote on resolutions regarding operating performance of the various Sectors of activity, quarterly reports, the first-half report, the budget, motions regarding significant transactions and transactions with related parties submitted by the executive directors, improvement of the corporate governance system, and motions to be submitted to the Stockholders Meeting – including the authorisation for the purchase of own shares, approval of the incentive plan and amendments to the By-laws as a result of the Italian Law on Investors Protection – the activity of the Internal Control Committee, and proposals submitted by the Nominating and Compensation Committee, determining the compensation for executive directors, upon approval by the statutory auditors. The Board also appointed the managers in charge of preparing the Company's financial reporting and resolved with regard to the delisting from NYSE, as previously mentioned. The documents containing the information useful for discussion were sent to directors and statutory auditors in the days preceding the meetings, with the exception of urgent or particularly confidential matters.

The reader is referred to the Notes to the Consolidated and Statutory Financial Statements in the Annual Report for information on the most significant transactions with related parties carried out in fiscal 2007.

At December 31, 2007 the Board of Directors comprised three executive directors and twelve non-executive directors – that is, who do not hold delegated authority or perform executive functions in the Company or the Group – eight of whom qualified as independent.

Executive Directors

The executive directors are the Chairman, the Vice Chairman, who substitutes for the Chairman if the latter is absent or prevented from acting, and the Chief Executive Officer. They also hold management positions in subsidiaries: Luca Cordero di Montezemolo is Chairman of Ferrari S.p.A., John Elkann is Chairman of Itedi S.p.A., and Sergio Marchionne, in addition to being Chairman of the principal subsidiaries including CNH Global N.V. – a company listed on the NYSE, is also Chief Executive Officer of Fiat Group Automobiles S.p.A.

Independent Directors

An adequate number of independent directors is essential to protect the interests of stockholders, particularly minority stockholders, and third parties, assuring that potential conflicts between the interests of the Company and those of the controlling stockholder are assessed impartially. The contribution of independent directors is also fundamental to the composition and functioning of advisory internal committees dedicated to the preliminary examination and formulation of proposals regarding risks. These committees represent one of the most effective means for combating eventual conflicts of interest.

Criteria for the determination of directors as independent, adopted in 2005 and confirmed by the Stockholders Meeting of May 3, 2006, are based on the absence or insignificance, during the previous three years, of investment in or economic relationships with the Company, its executive directors and

managers with strategic responsibilities, its controlling companies or subsidiaries, or kinship ties to the executive directors of these companies.

They also prohibit determination of directors as independent if they were stockholders or directors of leading competitors, rating companies or external auditors engaged by the Company or Group companies in the last three years, or are executive directors at other companies where the Company directors are non-executive directors.

The requirements of independence of directors are assessed annually and at its meeting of July 24, 2007, the Board of Directors confirmed that directors Roland Berger, René Carron, Luca Garavoglia, Gian Maria Gros-Pietro, Vittorio Mincato, Pasquale Pistorio, Ratan Tata and Mario Zibetti satisfied these requirements for independence.

On the same occasion, the Board assessed the relationships existing with the Tata Group, of which Ratan Tata is Chairman, and with Crédit Agricole, of which René Carron is Chairman. Said relationships refer, in the first case, to a commercial agreement for the distribution of Fiat automobiles in India through certain dealerships of the Tata Group, and an agreement for the establishment of an industrial joint-venture in India for the manufacturing of vehicles, engines and transmissions, which is currently in the start-up phase, while in the second case they refer to the partnership and related funding in Fiat Group Automobiles Financial Services S.p.A., a company in which Crédit Agricole owns a 50% interest through one of its subsidiaries. The Board of Directors considered the aforementioned relationships to be not relevant with regard to the assessment of the directors' independence. As for Mr. Tata, this evaluation stems from the limited scope and size of the agreements, in relation to the turnover of the two groups, as well as the radically different regional markets where they operate. With reference to Mr. Carron, this assessment stems from the size of Crédit Agricole, a leader on the European market, and the limited impact of the partnership on the activities of such banking group.

Positions held at other companies

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

- **Andrea Agnelli**: Director of IFI S.p.A.;
- **Roland Berger**: Member of the Supervisory Board Wilhelm von Finck AG, WMP EuroCom AG, Helios Kliniken GmbH, Prime Office, Schuler AG and Senator Entertainment AG;
- **Tiberto Brandolini D'Adda**: Vice Chairman of IFIL Investments S.p.A., Chairman of Sequana Capital, General Partner of Giovanni Agnelli e C. S.a.p.A., Director of IFI S.p.A., Espirito Santo Financial Group, SGS S.A. and Vittoria Assicurazioni S.p.A;
- **René Carron**: Chairman of Crédit Agricole S.A., Caisse Regional des Crédit Agricole des Savoie, Confederation Nationale de la Mutualité de la Cooperation et du Crédit Agricoles, Director of Suez S.A. and Member of the Supervisory Board of Lagardere SCA;
- **Luca Cordero di Montezemolo**: Director of Poltrona Frau S.p.A., Tod's S.p.A., Pinault Printemps Redoute S.A. and Le Monde S.A., Member of the International Advisory Board di Citigroup Inc.;
- **John Elkann**: Vice Chairman and General Partner of Giovanni Agnelli e C. S.a.p.A., Chairman of IFI S.p.A., Vice Chairman of IFIL Investments S.p.A., Director of Exor Group S.A., RCS Mediagroup S.p.A. and Banca Leonardo Group S.p.A.;
- **Luca Garavoglia**: Chairman of Davide Campari Milano S.p.A., Director of Indesit Company S.p.A.;
- **Gian Maria Gros-Pietro**: Chairman of Autostrade per l'Italia S.p.A., Atlantia S.p.A. and Perseo S.p.A., Director of Edison S.p.A. and Seat Pagine Gialle S.p.A.;
- **Sergio Marchionne**: Chairman of SGS S.A., Director of UBS AG;
- **Virgilio Marrone**: Chief Executive Officer and General Manager of IFI S.p.A., Director of Exor Group S.A. and Member of the Management Board of Intesa Sanpaolo S.p.A.;
- **Vittorio Mincato**: Chairman of Poste Italiane S.p.A., Director of Parmalat S.p.A.;

- **Pasquale Pistorio**: Honorary Chairman of S.T. Microelectronics N.V., Director of Chartered Semiconductor Manufacturing Ltd;
- **Carlo Barel di Sant'Albano**: Chief Executive Officer and General Manager of IFIL Investments S.p.A., Director of Juventus FC S.p.A., Sequana Capital and Cushman & Wakefield, Member of the Supervisory Board of Intesa Sanpaolo S.p.A.;
- **Ratan Tata**: Chairman of Tata Sons Ltd, Tata Industries Ltd, Tata Steel Ltd, Tata Motors Ltd, Tata Chemicals Ltd, The Indian Hotels Company Ltd, The Tata Power Company Ltd, Tata Tea Ltd, Tata Autocomp Systems Ltd, Tata Consultancy Services Ltd, Tata Teleservices Ltd, Tata Teleservices (Maharashtra) Ltd, Tata Technologies (Pte) Ltd (Singapore), Tata International AG, Tata AG (Switzerland), Tata Limited (UK), Tata Incorporated (USA), Tata America International Corporation Ltd and Tata Motors European Technical Centre, Plc., Director of the Bombay Dyeing & Manufacturing Company Ltd, Hindustan Aeronautics Ltd, Antrix Corporation Ltd and Alcoa Inc. (USA);
- **Mario Zibetti**: Director of Ersel Sim S.p.A.

Composition of the Board of Directors

Following are the members of the Board of Directors at December 31, 2007 and their respective qualifications:

Luca Cordero di Montezemolo	Chairman	Executive	
John Elkann	Vice Chairman	Executive	
Sergio Marchionne	Chief Executive Officer	Executive	
Andrea Agnelli	Director	Non-executive	
Roland Berger	Director	Non-executive	Independent
Tiberto Brandolini D'Adda	Director	Non-executive	
René Carron	Director	Non-executive	Independent
Luca Garavoglia	Director	Non-executive	Independent
Gian Maria Gros-Pietro	Director	Non-executive	Independent
Virgilio Marrone	Director	Non-executive	
Vittorio Mincato	Director	Non-executive	Independent
Pasquale Pistorio	Director	Non-executive	Independent
Carlo Barel di Sant'Albano	Director	Non-executive	
Ratan Tata	Director	Non-executive	Independent
Mario Zibetti	Director	Non-executive	Independent

On July 24, 2007 René Carron was co-opted to the Board in replacement of resigning Director Hermann-Josef Lamberti.

Appointment of Directors

On the occasion of the Stockholders Meeting of May 3, 2006, the majority stockholder, in compliance with the recommendations of the Corporate Governance Code, deposited the nominations and curricula vitae of the candidates fifteen days before the date of the first call for the Stockholders Meeting.

The vote list system for the election of directors was added to the By-laws in 2007 in accordance with new obligations imposed by law and regulations. This amendment grants minority stockholders the right to appoint one director. These minority stockholders, individually or together with others, must own voting shares representing a percentage no lower than the percentage which is mandatory under the applicable laws. For the 2007 fiscal year, Consob set this threshold at 0.5% of the ordinary shares. The By-laws also envisage that two directors satisfy the independence requirements set forth in the Consolidated Law on Financial Intermediation.

Committees established by the Board of Directors

In 1999, the Board of Directors established the Internal Control Committee and the Nominating and Compensation Committee. Their roles and prerequisites are constantly updated according to the

evolution over time of best practices regarding corporate governance. In 2005 it established the Strategic Committee.

In view of continual revision of the corporate governance system and maximum compliance with the best practices as well as the provisions of the Corporate Governance Code, the Board of Directors resolved on July 24, 2007 to split the Nominating and Compensation Committee into the Nominating and Corporate Governance Committee and the Compensation Committee.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is currently comprised of the following three directors, two of whom being independent: John Elkann (Chairman), Luca Garavoglia and Gian Maria Gros-Pietro.

The basic rules governing the composition, duties, and functioning of the Committee are provided in the Charter of the Nominating and Corporate Governance Committee. On the basis of this Charter, the Committee is entrusted with the following advisory duties:

- select and propose to the Board of Directors, on the occasion of co-optations and renewal of mandates, nominees for the post of member of the Board of Directors, indicating their names and/or the necessary qualifications;
- submit opinions regarding the size and composition of the Board, and on the professional and managerial skills whose presence within the Board is considered appropriate;
- evaluate, on an annual basis, the activities performed by the Board of Directors and its Committees;
- examine proposals presented by the Chief Executive Officer regarding appointment and succession plans of members of the Group Executive Council and managers with strategic responsibility;
- periodically update the Board of Directors on new corporate governance regulations and present proposals to update the company's system accordingly.

The Committee may rely on the support of external counsel at the Company's expense.

In 2007 the pre-existing Nominating and Compensation Committee, made up of the same directors that are now part of the Nominating and Corporate Governance Committee, met once to discuss issues that are now under the purview of the Nominating and Corporate Governance Committee. On that occasion it submitted proposals with regard to its own reorganisation through the splitting of the Nominating and Compensation Committee into two separate committees and determination of the relevant roles and prerequisites. During the same meeting, the Committee resolved to submit to the Board the cooptation of René Carron. The Committee confirmed for 2007 the positive assessments expressed in previous years with regard to the effectiveness and efficiency of the work performed by the Board of Directors and Committees, the adequacy of the number of meetings, and the contributions made to decision-making process. Furthermore, the Committee plans to initiate a self-review session during which, availing itself of the contribution of each member of the Board of Directors and the Committees, it will re-examine the organization of the board and committees (in terms of their size, professional qualifications, and number of positions held by each individual) and their functioning, taking in careful consideration the various aspects of their operations.

Compensation Committee

As a result of the appointments of July 24, 2007, the Compensation Committee is comprised of the following three directors, all independent: Roland Berger (Chairman), Luca Garavoglia and Mario Zibetti.

The basic rules governing the composition, duties, and functioning of the Committee are provided in the Charter of the Compensation Committee. On the basis of this Charter, the Committee is entrusted with the following advisory duties:

- submit to the Board of Directors proposals with respect to individual compensation plans for the Chairman, the Chief Executive Officer and other Directors vested with particular offices;
- examine proposals presented by the Chief Executive Officer regarding compensation and performance evaluation of members of the Group Executive Council and managers with strategic responsibility;

- examine proposals presented by the Chief Executive Officer with respect to performance evaluation criteria and general fixed and variable compensation plans applicable at Group level as well as incentives and stock option plans.

The Committee may rely on the support of external advisor at the Company's expense. In 2007 the pre-existing Nominating and Compensation Committee met four times to discuss issues that are now under the purview of the Compensation Committee during which, among other things, it reviewed and submitted proposals with respect to compensation plans applicable to directors vested with particular offices and senior managers.

The compensation of directors consists of a fixed fee of 50,000 euros per year and an attendance fee of 3,000 euros for every board or committee meeting attended by directors, excluding those vested with executive powers. The Board of Directors, with the approval of the Board of Statutory Auditors, granted the Chairman, the Vice Chairman and the Chief Executive Officer a compensation for their office pursuant to Article 2389 of the Italian Civil Code. Furthermore, the Chief Executive Officer was granted a variable compensation that is linked to the achievement of specific economic objectives that are set annually, as well as two stock option plans whose exercise is partially subject to satisfaction of profitability targets, whose value and reference period are set in advance.

Detailed information on the compensation of directors and the stock options is provided in the Notes to the Financial Statements of Fiat S.p.A.

Internal Control Committee

In 1993 Fiat adopted a Code of Ethics, and in May 1999 an Internal Control System based on a model derived from the COSO Report. The Board of Directors then decided to disseminate an "Internal Control System Policy" and establish an Internal Control Committee.

In 2002 a more detailed Charter of the Internal Control Committee was prepared, which was subsequently approved by the Board of Directors and revised on September 15, 2005.

The Internal Control Committee is comprised entirely of independent directors. The mission of the Committee is to assist the Board of Directors in discharging its own duties by providing it with advice and proposals concerning the reliability of the accounting system and financial information, the Internal Control System, the examination of the proposals for the engagement of the external auditors and the supervision of internal audit activities.

In particular, the Committee must:

- assist the Board of Directors in the definition of guidelines for the Internal Control System and with periodic audits of its appropriate and actual functioning in order to ensure identification and proper handling of the principal risks faced by the Company;
- assess the operating plan prepared by the Compliance Officer and receive his periodic reports;
- report to the Board of Directors on the adequacy of the Internal Control System at least once every six months, at the time the annual report and first-half report are approved;
- assess the organizational position and ensure the actual independence of the Compliance Officer in the performance of his duties in accordance with, among other things, Legislative Decree no. 231/2001 on the administrative liability of companies;
- assess the Whistleblowings Management Procedure and, with the support of the Compliance Officer, review the reports received with the aim of monitoring the adequacy of the Internal Control System;
- assess, in collaboration with the Chief Administrative Officer and the external auditors: (a) the adequacy of adopted accounting principles and (b) their uniformity in view of preparation of the consolidated financial statements;
- with the assistance of the Compliance Officer, the Chief Administrative Officer and the Head of Internal Audit, assess the proposals received from candidates for the position of external auditors and submit to the Board of Directors an opinion on the motion for engagement of the external auditors, which the Board of Directors will then submit to the Stockholders Meeting;
- assess the audit operating plan and the results set forth in the audit report and letter of suggestions;
- review, with the support of the Compliance Officer, proposals for the assignment of non-audit

services to the external auditors or other related parties that have ongoing relationships with them. These services must nevertheless be allowed under applicable norms and they shall be submitted for approval to the Board of Directors, after having heard the opinion of the Board of Statutory Auditors;

- assess the position, organizational structure and operating plan of Internal Audit.

The Head of Internal Audit is empowered to make available to the Committee, on its request, the professional resources of Fiat Revi and to retain, at the Company's expense and on instruction of the Committee, independent consultants identified by the Committee to provide services on matters relating to its duties.

The Committee shall meet on convocation by its Chairman whenever he deems it appropriate, but at least once every six months, or whenever the Chairman of the Board of Statutory Auditors or the Compliance Officer so request. The Statutory Auditors, the Compliance Officer, the managers in charge of preparing the Company's financial reporting and, upon invitation by the Chairman of the Committee, the Chief Executive Officer, the external auditors and Heads of Company functions of the Parent Company and of subsidiaries shall participate in Committee meetings.

The Committee is comprised by three independent directors: Mario Zibetti (Chairman), Vittorio Mincato and Gian Maria Gros-Pietro. The latter was appointed on July 24, 2007 to replace Director Hermann-Josef Lamberti.

The Committee met seven times in 2007. Aside from its regular audits of the adequacy of the Internal Control System and management of corporate risks, including specific assessment of the administrative and accounting procedures for the preparation of the consolidated and statutory financial statements and other financial reporting, its most salient activities included preparatory work carried out on corporate disclosures, satisfaction of the requirements imposed by US law, and examination of the requirements at the basis of the request for delisting and deregistration from the US market and updates to the Compliance Program pursuant to Legislative Decree no. 231/2001 and relevant Group Guidelines. The Committee met twice in the first two months of 2008.

Strategic Committee

In 2005, the Board of Directors also established the Strategic Committee, going beyond the requirements set forth in the Corporate Governance Code. The Board assigned this committee the responsibility of assisting it in developing the strategic policy of the Company and the Group. This Committee comprises the Chairman of the Board of Directors, the Vice Chairman, the Chief Executive Officer, and two independent directors, currently Roland Berger and Pasquale Pistorio.

Internal Control System

The Board established the "Guidelines for the Internal Control System", which came into effect on January 1, 2003. These guidelines are an update of the regulations set forth in 1999 which were amended to receive the changes made to the Corporate Governance Code.

Compliance Officer

The Compliance Officer is appointed by the Board of Directors and is not subject to the jurisdiction of operating managers but instead reports solely to the Chief Executive Officer, the Internal Control Committee, and the Board of Statutory Auditors.

Currently the Compliance Officer is the head of the Internal Audit function of Fiat S.p.A. which for the Group is performed by Fiat Revi, a highly skilled and efficient consortium company.

Code of Conduct

The Code of Conduct, which replaced in 2002 the Code of Ethics adopted in 1993, is a complement to the Internal Control System. It contains the business ethics principles to which the Company conforms and with which directors, statutory auditors, employees, consultants and partners are required to comply. The Code of Conduct has been adopted by all Group companies in Italy and abroad.

Furthermore, in compliance with local laws and regulations, the Code of Conduct was distributed to all employees. Group consultants and partners were also informed that the Code has been adopted by means of a disclosure sent to them or, upon signing of the contracts, by introducing specific clauses making reference to the principles set forth in the Code.

Compliance Program

As a result of changes in the law and case law, the Board of Directors updated the Compliance Program pursuant to Legislative Decree no. 231/2001 and the Guidelines for adoption of the Program by Italian companies of the Fiat Group on two occasions during 2007, on July 24 and December 12.

Pursuant to these amendments, new criminal offenses were included and the relevant sensitive processes were identified. In particular, such amendments included transnational offenses and, pursuant to Law no. 123 of August 3, 2007, criminal offenses occurred in connection with violations of health and safety laws. The relevant sensitive processes were identified in connection with each amendment to the Compliance Program.

The collegial Compliance Program Supervisory Body is comprised of the Compliance Officer, the Senior Counsel, and an external counsel. It has its own Internal Regulation, it performs its activities on the basis of a specific Supervisory Program and reports to the Board of Directors, also through the Internal Control Committee, and to the Board of Statutory Auditors.

Procedure for the Engagement of Auditing Firms

The procedure regulates the engagement of auditing firms and other related parties by Fiat S.p.A. and its subsidiaries, in order to safeguard the principle of independence of the firms engaged to audit the financial statements. The term "related parties" refers to those companies or professional firms that maintain an ongoing relationship (so-called network) with the auditing firms.

The procedure identifies audit services and related activities, audit-related services, and non-audit services. Engagement powers and limits, procedures for approval, and cost-reporting obligations are determined for each category of service.

Whistleblowings Management Procedure

In application of the Compliance Program, the Code of Conduct, and the provisions of the Sarbanes Oxley Act, to which the Company was subject insofar as it was listed on the NYSE, on whistleblowings, the Procedure for Whistleblowings Management was adopted in order to regulate the management of reports and claims filed by individuals inside and outside the Company regarding suspected or presumed violations of the code of conduct, financial and/or accounting fraud against the company, oppressive behaviour towards employees or third parties, and complaints regarding bookkeeping, internal audits, and independent audits.

The procedure defines the duties and responsibilities of the different company bodies and regulates the receipt of whistleblowings, their assessment and review, and determination and communication of any disciplinary measures adopted.

The procedure reaffirms the Group's commitment to safeguarding protection of the whistleblower in good faith against any form of reprisal.

Corporate Disclosures and Relations with Stockholders and Investors

Fiat pursues an active disclosure policy towards private stockholders, institutional investors and the financial market, as it is convinced that transparency and completeness in financial and corporate disclosures are essential values.

Documents and information regarding the Company continue to be disclosed in accordance with the provisions of the Disclosure Controls & Procedures adopted in the past in conformity with the US Securities Exchange Act of 1934 and the Sarbanes Oxley Act of 2002. These Disclosure Controls & Procedures govern the disclosure of periodic and extraordinary operating and financial information and price sensitive news, which are also posted in electronic format on the Group website.

Processing of Company Information

An internal procedure was adopted as early as 2000 for the processing of confidential information. This procedure was distributed in execution of a specific organizational order issued by the Chief Executive Officer.

Following reception of European market abuse regulations, the Fiat S.p.A. Board of Directors approved

two resolutions in 2006 and 2007 that led to the adoption of the Procedure for internal handling and external disclosure of confidential information. This Procedure contains the rules for establishing and managing the List of persons that have access to inside or potential inside information. It defines the types of "inside," "potential inside," and "confidential" information, indicates the different sections comprising the List, its operating rules, and the roles and duties of the persons delegated to manage this information, cites the laws and regulations that govern disclosure of price sensitive news, and the procedures that data processors must comply with when processing and disclosing this information. This procedure, whose purpose is to regulate the monitoring of information and its dissemination inside and outside the Group, as well as satisfaction of obligations deriving from the List, also cites the sanctions to be levied on employees in these cases pursuant to the Code of Conduct. It also states that directors and statutory auditors are bound to comply with these rules and precautions.

Internal Dealing

In compliance with the provisions of the Italian Stock Exchange Regulation, a regulation was also adopted for disclosure by relevant persons of "internal dealing" transactions. The Regulation imposed time and quantity limits that were lower than those in the Stock Market Regulation according to which relevant persons – as identified in the specific appendix – were required to report the transactions.

As set forth in the EU regulation on market abuse and in consequent amendments to the Consolidated Law on Financial Intermediation and Issuers' Regulations, the threshold beyond which relevant persons must report transactions is 5,000 euros per year.

In accordance with the Issuers' Regulations, Fiat adopted a procedure to identify officers subject to the internal dealing regulation and posts the List of Relevant Persons on its website. In fiscal 2007, fifteen transactions were reported to the market and competent authorities. The relevant filing models can be consulted at www.fiatgroup.com.

Investor Relations

As a consequence of the Company's principal concern to establish and maintain an ongoing dialogue with its stockholders and institutional investors, dedicated entities have been created to this end.

The Group organizes frequent meetings and conference calls with institutional investors and analysts and uses its website (www.fiatgroup.com) to disseminate publicly and in real time the material discussed on those occasions.

The website is also used to disseminate, in Italian and in English, institutional information, periodic and extraordinary operating and financial information, the calendar for corporate events, and corporate governance documents.

Meetings and conference calls were held in 2007 to disclose periodic financial information.

A toll-free number in Italy (800-804027) and two e-mail addresses (serviziotitoli@fiatgroup.com and investor.relations@fiatgroup.com) are available to anyone seeking additional information regarding transactions that affect stockholders.

Stockholders Meetings

Stockholders Meetings provide regular opportunities to meet and communicate with stockholders while complying with the regulations that govern the handling of price-sensitive information. Fiat has always encouraged the active involvement of its stockholders, who have responded with significant and broad-based interest.

Regulations for Stockholders Meetings

A regulation was adopted in 2000 to ensure that Stockholders Meetings run in an orderly and efficient fashion. This Regulation defines the rights and obligations of all parties attending a Stockholders Meeting and provides clear and unambiguous rules, without limiting or in any way hampering the right of individual stockholders to voice their opinions and demand explanations about items on the agenda.

Holders of savings shares have designated a common representative since 1999. In accordance with subsequent legislative amendments, holders of preference shares have also designated a common representative since 2004. Common representatives currently in office are: Professor Umberto Mosetti, for holders of savings shares, and Professor Oreste Cagnasso appointed by holders of preference shares in 2007. The respective mandates will expire in 2009 and 2010.

Common Representatives of the Different Classes of Shares

Board of Statutory Auditors

The Board of Statutory Auditors is comprised of three regular auditors and three alternates, all of whom, as required by Article 17 of the By-laws, must be entered in the Auditors' Register and have at least three years' experience as chartered accountants. Furthermore, they may hold other positions of director and regular auditor within the limits prescribed by law and regulations.

Composition of the Board of Statutory Auditors

The appointment of the current Board of Statutory Auditors, resolved by the Stockholders Meeting of May 3, 2006, took place through the vote list system. In particular, regular auditors Giuseppe Camosci and Cesare Ferrero, as well as alternate auditors Giorgio Giorgi and Piero Locatelli, were drawn from the list presented by the majority stockholder Ifil Investments S.p.A. while Carlo Pasteris, who was appointed Chairman of the Board of Statutory Auditors, and alternate auditor Roberto Lonzar were drawn from the minority list that obtained the highest number of votes at the Stockholders Meeting. Said minority list was jointly presented by the Generali Group and Mediobanca, which at the time were holders of 2.7% and 1.8% of the ordinary Fiat shares, respectively. Upon accepting his candidacy Professor Carlo Pasteris resigned from his position as common representative of holders of savings shares. Additional information provided to the Stockholders Meeting on candidates and lists presented are still available in the Investor Relations section of the website www.fiatgroup.com.

Their term expires on the date of the Stockholders Meeting that approves the 2008 financial statements. Below is a list of the most significant positions held by the members of the Board of Statutory Auditors. More exhaustive information in this regard is provided in the Report of the Board of Statutory Auditors on the Statutory Financial Statements of Fiat S.p.A. Carlo Pasteris holds the position of Chairman of the Board of Statutory Auditors of Toro Assicurazioni S.p.A., Augusta Assicurazioni S.p.A., Augusta Vita S.p.A., De Agostini S.p.A., B&D Holding S.a.p.a. and of director at Ferrero S.p.A.; Cesare Ferrero holds the position of Chairman of the Board of Statutory Auditors of IFIL Investments S.p.A. and of Giovanni Agnelli & C. S.a.p.A., Ferrero S.p.A., Fiat Group Automobiles S.p.A., Emilio Lavazza e C. S.a.p.a., Alberto Lavazza e C. S.a.p.a., Ersel Finanziaria S.p.A. and Ersel Sim S.p.A., of regular auditor at Ferrero e C. S.p.A. and at Banca Passadore S.p.A. and of director at Autostrada Torino Milano S.p.A. and at Davide Campari Milano S.p.A. Giuseppe Camosci holds the position of Chairman of the Board of Statutory Auditors of Samsung Electronics Italia S.p.A., of regular auditor at BNP Paribas Leasegroup Italia S.p.A. and Trussardi S.p.A.

List of Minority Stockholders

As prescribed in the Consolidated Law on Financial Intermediation and in accordance with Article 17 of the Company's By-laws, properly organised minority groups have the right to appoint one regular auditor, to whom the chairmanship is assigned, and one alternate auditor. In accordance with the By-laws, the minimum equity interest required for submission of a list of candidates is set at a percentage no lower than that required by applicable laws for the submission of lists of candidates for the appointment of the Board of Directors of the Company. In accordance with the communication published by Consob with regard to fiscal 2007, this percentage is currently equal to 0.5% of the ordinary shares. The lists presented, together with the documentation required by law and the Company's By-laws, must be deposited at the Company's offices at least fifteen days prior to the date set for the Meeting on first call, or, in specific cases, up to five days after that date.

SECTION IV – SUMMARY TABLES, COMPARISON WITH THE PRINCIPLES AND CRITERIA OF THE CODE AND ANNEXES

TABLE 1: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES AT DECEMBER 31, 2007

Office held	Members	Executive	Non-executive	Independent	Number of other positions held ***	*	Internal Control **	***	Nominating and Compensation **	***	Nominating and Corporate Governance (1) **	Compensation (2) **
Chairman	Luca Cordero di Montezemolo	x			100%	5						
Vice Chairman	John Elkann	x			100%	6			x	100%	x	
Chief Executive Officer	Sergio Marchionne	x			100%	2						
Director	Andrea Agnelli		x		100%	1						
Director	Roland Berger		x	x	71%	6						x
Director	Tiberto Brandolini D'Adda		x		100%	7						
Director	René Carron (3)		x	x	100%	5						
Director	Luca Garavoglia		x	x	100%	2			x	100%	x	x
Director	Gian Maria Gros-Pietro (4)		x	x	86%	5	x	100%	x	80%	x	
Director	Virgilio Marrone		x		71%	3						
Director	Vittorio Mincato		x	x	100%	2	x	86%				
Director	Pasquale Pistorio		x	x	100%	2						
Director	Carlo Sant'Albano		x		100%	5						
Director	Ratan Tata (5)		x	x	71%	6						
Director	Mario Zibetti		x	x	100%	1	x	100%				x

* This column shows the number of director or statutory auditor positions held by each director in other companies whose shares are listed on Italian or foreign regulated markets and in finance companies, banks, insurance companies and large corporations in general. Positions held by executive directors in subsidiaries of Fiat S.p.A are excluded. A detailed listing of these positions is provided in the Annual Report on Corporate Governance.
** An "X" placed in this column indicates that the corresponding director is a member of the Committee at the top of the column.
*** This column shows in percentage terms the attendance record of each director at Board of Directors and Committee meetings.
(1) Committee set up on July 24, 2007 as a result of the splitting of the Nominating and Compensation Committee. In 2007, the issues that fall under the purview of the Committee were discussed at one meeting of the pre-existing Nominating and Compensation Committee.
(2) Committee set up on July 24, 2007 as a result of the splitting of the Nominating and Compensation Committee. In 2007, the issues that fall under the purview of the Committee were discussed at four meetings of the pre-existing Nominating and Compensation Committee.
(3) Joined the Board of Directors on July 24, 2007 in replacement of Hermann-Josef Lamberti (attendance 60%).
(4) Joined the Internal Control Committee on July 24, 2007 in replacement of Hermann-Josef Lamberti (attendance 60%).
(5) Excluding offices held in subsidiaries of the Tata Group.

Number of meetings held during the reference fiscal year

Board of Directors:	7
Internal Control Committee:	7
Nominating and Compensation Committee:	5

TABLE 2: BOARD OF STATUTORY AUDITORS

Office held	Members	Board meeting attendance record, in %	Number of other positions held *
Chairman	Carlo Pasteris **	100%	–
Regular Auditor	Giuseppe Camosci	100%	–
Regular Auditor	Cesare Ferrero	100%	3
Alternate Auditor	Giorgio Giorgi		
Alternate Auditor	Piero Locatelli		
Alternate Auditor	Roberto Lonzar **		

* This column shows the number of director or statutory auditor positions held by each auditor in other companies whose shares are listed on Italian regulated markets. A detailed listing of these positions is provided in the Annual Report on Corporate Governance. Exhaustive information with regard to all positions held is provided in the Report of the Board of Statutory Auditors on the Statutory Financial Statements of Fiat S.p.A.
** Drawn from the minority list jointly presented by the Generali Group and Mediobanca S.p.A. and which obtained the highest number of votes at the Stockholders Meeting of May 3, 2006.

Number of meetings held during the reference fiscal year: 11

TABLE 3: OTHER REQUIREMENTS OF THE CORPORATE GOVERNANCE CODE

	YES	NO	Summary explanations of the reasons for deviating from the Code guidelines
System for delegating powers and handling transactions with related parties			
Has the Board of Directors delegated powers and defined:			
a) the scope of the powers,	x		
b) the manner in which the powers may be exercised and	x		
c) regular reporting intervals?	x		
Has the Board of Directors reserved the right to approve transactions of significance in the balance sheet, economic and financial figures (including transactions with related parties)?	x		
Has the Board of Directors provided guidelines and criteria for identifying "significant" transactions?	x		
Are these guidelines and criteria described in the Report?	x		
Has the Board of Directors defined special procedures for reviewing and approving transactions with related parties?	x		
Are the procedures for approving transactions with related parties described in the Report?	x		
Procedures followed in the most recent appointments of directors and statutory auditors			
Were the names of candidates for the post of director filed at least 10 days in advance?	x		
When the names of candidates for the post of director were filed, did the filing contain adequate information?	x		
When the names of candidates for the post of director were filed, did the filing contain information about the qualifications of the candidates to serve as independent directors?	x		
Were the names of candidates for the post of statutory auditor filed at least 10 days in advance?	x		
When the names of candidates for the post of statutory auditor were filed, did the filing contain adequate information?	x		
Stockholders Meetings			
Has the company approved a Regulation for Stockholders Meetings?	x		
Is the Regulation appended to the Report (or does the Report indicate where the Regulation is available or downloadable)?	x		
Internal Control			
Has the Company appointed Compliance Officers?	x		
Are the Compliance Officers hierarchically independent of executives with operational responsibility?	x		
Department in charge of internal control (as per Article 9.3 of the Code)	Internal Audit		
Investor relations			
Has the company appointed an Investor Relations Officer?	x		
Name of the Department and contact information of the Investor Relations Officer:		Investor Relations: via Nizza 250, 10126 Turin, Italy Tel. +39 011 0063290 Fax +39 011 0063796 E-mail: investor.relations@fiatgroup.com	

COMPARISON WITH THE PRINCIPLES AND CRITERIA OF THE CODE

The Corporate Governance Code consists of principles and criteria. The column on the left reprises the individual principles and criteria, and the column on the right contains a summary description of their implementation at Fiat.

Recommendations of the Corporate Governance Code	*Implementation by Fiat S.p.A.*
ROLE OF THE BOARD OF DIRECTORS	
1.P.1 Listed companies are governed by a Board of Directors that meets at regular intervals, and that adopts an organisation and a modus operandi which enable it to perform its functions in an effective, efficient manner.	The By-laws (Article 13) prescribe that the Board of Directors must meet at least once quarterly and that on those occasions the executive directors report to the Board of Directors and the Board of Statutory Auditors on the activities performed in the exercise of their delegated powers, on the most significant transactions carried out by the company or its subsidiaries and on transactions that are in a potential conflict of interest. In 2007 the Board met seven times. The Board also entrusted the Nominating and Corporate Governance Committee (created as a result of the splitting up of the pre-existing Nominating and Compensation Committee) with the duty of evaluating on an annual basis the activities performed by the Board and the Committees.
1.P.2 The Directors act and pass resolutions with full knowledge of the facts and autonomously, pursue the priority of creating value for the shareholders. Consistent with this goal, they shall also take into account the directives and policies defined for the group of which the issuer is a member, as well as the benefits deriving from being a member of a group.	The Board of Directors pursues the objective of creating value for all of the Company's stockholders. Accordingly, the presence of twelve non-executive directors and a high number of independent directors assures that decisions are not unduly influenced. The composition of the board also assures the independent judgment of directors, particularly in cases of potential conflict of interest. The documents containing information useful for discussion and resolutions are sent to directors and statutory auditors in the days preceding the meetings, with the exception of urgent or particularly confidential matters. With specific reference to the governance of Group, Fiat S.p.A. is the entity that performs direction and coordination activities, and its Italian subsidiaries qualified it as such pursuant to Article 2497 bis of the Italian Civil Code. This activity consists in indicating the general strategic and operating guidelines of the Group and takes concrete form in the definition and updating of the internal control system as well as the corporate governance model and corporate structure, issuance of a Code of Conduct adopted at the Group level, and elaboration of the general policies for the management of human and

financial resources, purchasing of factors of production, and marketing and communication. Furthermore, coordination of the Group envisages centralized management, through dedicated companies, of cash management, corporate and administrative, internal audit, and training services. Direction and coordination activities at the Group level allow the 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 the management of their core business.

1.C.1 The Board of Directors shall:

a) examine and approve the company's strategic, operational and financial plans and the corporate structure of the group it heads, if any;

b) evaluate the adequacy of the organizational, administrative and accounting structure of the issuer and its subsidiaries having strategic relevance, as established by the managing directors, in particular with regard to the internal control system and the management of conflicts of interest;

c) delegate powers to the managing directors and to the executive committee and revoke them; it shall specify the limits on these delegated powers, the manner of exercising them and the frequency, as a rule no less than once every three months, with which the bodies in question must report to the board on the activities performed in the exercise of the powers delegated to them;

d) determine, after examining the proposal of the special committee and consulting the board of auditors, the remuneration of the managing directors and of those directors who are appointed to particular positions within the company and, if the shareholders' meeting has not already done so, determine the total amount to which the members of the board and of the executive committee are entitled;

e) evaluate the general performance of the company, paying particular attention to the information received from the executive committee (when established) and the managing directors, and periodically comparing the results achieved with those planned;

The role of the Board of Directors is described in detail in the Report on Corporate Governance. Following are excerpts from said Report as well as applicable provisions of the By-laws.

The Board of Directors is vested with the broadest powers for the ordinary and extraordinary management of the Company through definition of a model for delegation of powers, the delegation and revocation of powers, and examination and approval of the strategic, industrial, and financial plans prepared by the bodies with delegated powers, the corporate structure of the Group, transactions with a material impact on the operating performance, balance sheet, and financial position of the Group, transactions in which the bodies with delegated powers have a conflict of interest and of unusual and abnormal transactions with related parties. It also relies on the Strategic Committee to develop the strategic policy of the Company and the Group.

The By-laws (Article 13) prescribe that the Board of Directors must meet at least once quarterly and that on those occasions the executive directors report to the Board of Directors and the Board of Statutory Auditors on the activities performed in the exercise of their delegated powers, on the most significant transactions carried out by the company or its subsidiaries and on transactions that are in a potential conflict of interest. The Board of Directors is also responsible for evaluating the adequacy of the organizational, administrative, and accounting structure and evaluating the general performance of the Group on the basis of reports by the bodies with delegated powers.

As prescribed in Article 12 of the By-laws, the Board of Directors shall appoint a Chairman, a

f) examine and approve in advance transactions carried out by the issuer and its subsidiaries having a significant impact on the company's profitability, assets and liabilities or financial position, paying particular attention to transactions in which one or more Directors hold an interest on their own behalf or on behalf of third parties and, in more general terms, to transactions involving related parties; to this end, the board shall establish general criteria for identifying the transactions which might have a significant impact;

g) evaluate, at least once a year, the size, composition and performance of the Board of Directors and its committees, eventually characterising new professional figures whose presence on the board would be considered appropriate;

h) provide information, in the report on corporate governance, on the application of the present article 1 and, in particular, on the number of meetings of the board and of the executive committee, if any, held during the fiscal year, plus the related percentage of attendance of each director.

Vice Chairman, if deemed advisable, and one or more Chief Executive Officers. As prescribed in Article 16, the representation of the Company is invested in the Directors who serve as Chairman of the Board, Vice Chairman and Chief Executive Officer, separately, for the execution of the resolutions of the Board of Directors and in legal proceedings, as well as for the execution of the powers conferred on them by the Board. Finally Article 13 prescribes that the executive directors report, at least once quarterly, on the general operating performance and business outlook of the company and the most significant transactions carried out by the company or its subsidiaries. As prescribed in Article 12 of the By-laws, the compensation of the Directors vested with particular offices shall be determined by the Board of Directors, after having received the opinion of the Statutory Auditors. Furthermore, the Board entrusted the Compensation Committee with the duty of submitting proposals with respect to individual compensation plans for the Chairman, the Chief Executive Officer and the other directors vested with particular offices.

The Board defined the "Guidelines for Significant Transactions and Transactions with Related Parties," by which it reserved the right to examine and approve in advance any transaction with a significant impact on the balance sheet, economic and financial figures, including the most significant transactions with related parties, and subject all transactions with related parties to special criteria of substantial and procedural fairness.

Therefore, decisions regarding significant transactions are excluded from the mandate granted to executive directors. The term "significant transactions" refers to those transactions that in and of themselves require the company to inform the market thereof, in accordance with rules established by market supervisory authorities. Decisions regarding the most significant transactions with related parties are also excluded from the mandate granted to executive directors, with all transactions being subject to special rules of substantial and procedural fairness and disclosure to the Board. Similarly, the executive directors of subsidiaries shall submit the most significant transactions including those with related parties to their respective Boards of Directors for their prior examination and approval.

The Board entrusted the Nominating and Corporate Governance Committee with the duty

	of selecting and proposing, on the occasion of co-optations and renewals of mandates, candidates for the post of member of the Board of Directors, indicating their names and/or the necessary qualifications as well as evaluating on a annual basis the activities performed by the Board and the Committees. The Report on Corporate Governance is prepared on an annual basis and disclosed to the market. This report contains a disclosure on the effective application of the recommendations made in the Code. Article 12 also prescribes that the Board of Directors, after receiving the opinion of the Board of Statutory Auditors, shall appoint the managers in charge of preparing the Company's financial reporting. Pursuant to applicable laws and regulations, said managers are responsible, with regard to the consolidated and statutory financial statements and the interim first-half financial statements, for certifying that the administrative and accounting procedures that they implemented for the preparation of said reports are adequate with respect to the company structure and have been effectively applied.
1.C.2 The directors shall accept the directorship when they deem that they can devote the necessary time to the diligent performance of their duties, also taking into account the number of offices held as director or auditor in other companies listed on regulated markets (including foreign markets) in financial companies, banks, insurance companies or companies of a considerably large size. The board shall record, on the basis of the information received from the directors, on a yearly basis, the offices of director or auditor held by the directors in the above-mentioned companies and include them in the report on corporate governance.	The current members of the Board of Directors were appointed also on the basis of recommendations made by the-then Nominating and Compensation Committee (now Nominating and Corporate Governance Committee) and upon prior verification of the corporate positions held by each one of them. The Report on Corporate Governance contains detailed information regarding the posts held by each director and statutory auditor in other listed companies or in companies of a significant interest.
1.C.3 The board shall issue guidelines regarding the maximum number of offices as director or auditor for the types of companies referred to in the above paragraph that may be considered compatible with an effective performance of a director's duties. To this end, the board identifies the general criteria, differentiating them according to the commitment entailed by each role (executive or non-executive or independent director), as well as the nature and size of the companies in which the offices are performed, plus whether or not the companies are members of the issuer's group; it may also take into account	The Board of Directors delegated the Nominating and Corporate Governance Committee (formerly Nominating and Compensation Committee) to evaluate on an annual basis the activities performed by the Board and Committees. The Committee issued a positive assessment of the activities performed by the Board and the committees in 2007 with regard to the number of meetings, effectiveness and efficiency of their work and contributions to the decision-making process, highlighting the important contribution made by the independent directors. In regard to the maximum number of offices held, the Board

the participation of the directors in committees established within the ranks of the board.	of Directors, having entrusted the Committee with the abovementioned specific duty and having to refer to a limited number of positions, has not deemed it necessary to define general rules that are differentiated according to the different roles and numerous situations that are theoretically possible.
1.C.4 If the shareholders' meeting, when dealing with organisational needs, authorises, on a general, preventive basis, derogations from the rule prohibiting competition, as per Article 2390 of the Italian Civil Code, then the Board of Directors shall evaluate each such issue, reporting, at the next shareholders' meeting, the critical ones if any. To this end, each director shall inform the board, upon accepting his/her appointment, of any activities exercised in competition with the issuer and of any effective modifications that ensue.	In a resolution approved on March 24, 2006, the Board of Directors proposed a number of criteria for determining the independence of directors to the Stockholders Meeting, which approved them. These criteria also envisage that directors who have been directors of the Group's primary competitors during the last three years cannot be considered independent, except in special cases.

COMPOSITION OF THE BOARD OF DIRECTORS

2.P.1 The Board of Directors shall be made up of executive and non-executive directors.	The Board of Directors is made up of three executive directors and twelve non-executive directors.
2.P.2 Non-executive directors shall bring their specific expertise to board discussions and contribute to the taking of balanced decisions paying particular care to the areas where conflicts of interest may exist.	The existence of an absolute majority of non-executive directors, the high number of independent directors, and the professional qualifications and experience of all members of the Board of Directors assures compliance with the principle in question.
2.P.3 The number, competence, authority and time availability of non-executive directors shall be such as to ensure that their judgement may have a significant impact on the taking of board's decisions.	See the comments on points 1.C.3 and 2.P.2. Furthermore, all the directors have significant past and present experience at other companies of the size and complexity of Fiat. In this regard, see the comments made at point 3.C.3.
2.P.4 It is appropriate to avoid the concentration of corporate offices in one single individual. **2.P.5** Where the Board of Directors has delegated management powers to the chairman, it shall disclose adequate information in the report on corporate governance on the reasons for such organisational choice.	The model for delegation of powers, which is described in detail in the Report, is based on the fact that the Chairman and Chief Executive Officer have the same powers, and that the Vice Chairman may exercise these powers if the Chairman is absent or prevented from acting. In practice, the Chairman exercises coordination and strategic guidance, while the Chief Executive Officer is in charge of the operating management of the Group. This division of responsibilities complies with the Code comment, which states

	that in principle, the Chairman should not be responsible for operating management of the company. Accordingly, Fiat has not deemed it necessary to appoint a lead independent director.
2.C.1 The following are executive directors: – the managing directors of the issuer or a subsidiary having strategic relevance, including the relevant chairmen when these are granted individual management powers and when they play a specific role in the definition of the business strategies; – the directors vested with management duties within the issuer or in one of its subsidiaries having strategic relevance, or in a controlling company when the office concerns also the issuer; – the directors who are members of the executive committee of the issuer, when no managing director is appointed or when the participation in the executive committee, taking into account the frequency of the meetings and the scope of the relevant resolutions, entails, as a matter of fact, the systematic involvement of its members in the day-to-day management of the issuer; The granting of powers only in cases of urgency to directors, who are not provided with management powers is not enough, per se, to cause them to be identified as executive directors, unless such powers are actually exercised with considerable frequency.	Consistently with the definition given in the comment on the Code, the following persons are qualified as executive directors: the Chairman, who is also Chairman of Ferrari S.p.A, the Vice Chairman, who is also Chairman of Itedi S.p.A., and the Chief Executive Officer, who is not only Chairman of the principal subsidiaries, including CNH Global N.V. - a company listed on the NYSE, but is also Chief Executive Officer of Fiat Group Automobiles S.p.A.
2.C.2 The directors shall know the duties and responsibilities relating to their office. The chairman of the Board of Directors shall use his best efforts for causing the directors to participate in initiatives aimed at increasing their knowledge of reality and business dynamics, also having regard to the relevant regulatory framework, so that they may carry out their role effectively.	The number of Board of Directors meetings (7 in 2007), and in various cases participation to the Committees meetings, guarantees that the Board is continuously updated on company operations and market conditions. The Board also receives constant updates on the principal changes in laws and regulations.
2.C.3 In the event that the chairman of the Board of Directors is the chief executive officer of the company, as well as in the event that the office of chairman is covered by the person controlling the issuer, the board shall designate a lead independent director, who represents a reference and coordination point for the requests and	Given the current model for delegation of powers adopted by Fiat S.p.A., designation of a lead independent director is not necessary (see the comment on principle 2.P.4).

contributions of non-executive directors and, in particular, those who are independent pursuant to Article 3 below.

INDEPENDENT DIRECTORS

3.P.1 An adequate number of non-executive directors shall be independent, in the sense that they do not maintain, nor have recently maintained, directly or indirectly, any business relationships with the issuer or persons linked to the issuer, of such a significance as to influence their autonomous judgement.

In a resolution dated March 24, 2006, the Board of Directors proposed to the Stockholders Meeting, which approved the motion, that a board with a particularly high number of independent directors be appointed.

3.P.2 The directors' independence shall be periodically assessed by the Board of Directors. The results of the assessments of the board shall be communicated to the market.

The requirements for independence are determined annually. Whenever a circumstance arises that could potentially cause a director to lose his qualification as independent, the directors must report this situation in writing. The results of the assessments are communicated to the market.

3.C.1 The Board of Directors shall evaluate the independence of its non-executive members having regard more to the contents than to the form and keeping in mind that a director usually does not appear independent in the following events, to be considered merely as an example and not limited to:

a) if he/she controls, directly or indirectly, the issuer also through subsidiaries, trustees or through a third party, or is able to exercise over the issuer dominant influence, or participates in a shareholders' agreement through which one or more persons may exercise a control or considerable influence over the issuer;

b) if he/she is, or has been in the preceding three fiscal years, a relevant representative of the issuer, of a subsidiary having strategic relevance or of a company under common control with the issuer, or of a company or entity controlling the issuer or able to exercise over the same a considerable influence, also jointly with others through a shareholders' agreement;

c) if he/she has, or had in the preceding fiscal year, directly or indirectly (e.g. through subsidiaries or companies of which he/she is a significant representative, or in the capacity as

In a resolution dated March 24, 2006, the Board of Directors proposed to the Stockholders Meeting, which approved the motion on May 3, 2006, that the requirements for independence adopted in 2005 be confirmed. These requirements, whose possession by independent directors was ascertained by the Board on July 24, 2007, comply, as illustrated hereunder, with the recommendations of the Code and are consistent with the stricter criteria of the NYSE Listing Manual, which the Company decided to use as a reference on a voluntary basis. In particular, directors are considered independent if they:

a) do not have and in the last three years have not had economic, investment, or other relationships either directly, indirectly, or on behalf of third parties with the following:
   - the Company, its subsidiaries and associated companies, or the companies subject to joint control with it;
   - the entity that, either singly or together with others, controls the Company, participates in shareholder agreements for control thereof, or exercises significant influence over it;
   - the executive directors and senior managers with strategic responsibilities at the aforementioned entities;

partner of a professional firm or of a consulting company) a significant commercial, financial or professional relationship:

– with the issuer, one of its subsidiaries, or any of its significant representatives;

– with a subject who, jointly with others through a shareholders' agreement, controls the issuer, or – in case of a company or an entity – with the relevant significant representatives; or is, or has been in the preceding three fiscal years, an employee of the abovementioned subjects;

d) if he/she receives, or has received in the preceding three fiscal years, from the issuer or a subsidiary or holding company of the issuer, a significant additional remuneration compared to the "fixed" remuneration of non-executive director of the issuer, including the participation in incentive plans linked to the company's performance, including stock option plans;

e) if he/she was a director of the issuer for more than nine years in the last twelve years;

f) if he/she is vested with the executive director office in another company in which an executive director of the issuer holds the office of director;

g) if he/she is shareholder or quotaholder or director of a legal entity belonging to the same network as the company appointed for the accounting audit of the issuer;

h) if he/she is a close relative of a person who is in any of the positions listed in the above paragraphs.

b) are not and during the last three years have not been executive directors or senior managers with strategic responsibilities at the entities envisaged at point a);

c) have not been directors of the Company for more than nine years, even if not consecutive;

d) are not executive directors at other companies in which one or more executive directors of the Company are non-executive directors;

e) during the last three years have not been partners or directors of a primary competitor of the Company;

f) during the last three years have not been partners or directors of a rating agency that currently is or during the last three years has been in charge of assigning a rating to the Company, a subsidiary of the Company or a company that, even if jointly with others, controls the Company;

g) are not and during the last three years have not been partners, directors or members of the auditing team of an external auditor – or entities belonging to its network – engaged in the last three years to audit the Company, its subsidiaries, the companies subject to joint control with it, or the companies that, even if jointly with others, control or have a significant influence over it;

h) are not close relatives of or live with individuals who are in the situations envisaged hereinabove.

Note that:

– criterion a), regarding what the Code addresses in criteria a), c), and d), also extends to the associated companies of the issuer;

- criterion c), regarding what the Code addresses at criterion e), is rendered "absolute" and is not conditioned on reference time periods;

- criterion g) also refers to the members of the auditing team;

- criterion h) also refers to the persons who live with the directors.

Finally, consistently with international best practice, directors who have been directors of the Company's primary competitors or worked for rating agencies during the last three years cannot be considered independent.

The directors' independence is assessed by the Board of Directors. Once it ascertains that any of the

	relationships indicated at point a) exists, it may nevertheless express a positive assessment if the nature or amount of this relationship is insignificant.
3.C.2 For the purpose of the above, the legal representative, the president of the entity, the chairman of the Board of Directors, the executive directors and executives with strategic responsibilities of the relevant company or entity, must be considered as "significant representatives".	This interpretative criterion is consistent with the one adopted by Fiat (see the previous comment at 3.C.1.)
3.C.3 The number and competences of independent directors shall be adequate in relation to the size of the board and the activity performed by the issuer; moreover, they must be such as to enable the constitution of committees within the board, according to the indications set out in the Code. If the issuer is subject to management and coordination activity by third parties or is controlled by a subject operating, directly or through other subsidiaries, in the same sector of activity or in contiguous sectors, the composition of the Board of Directors of the issuer shall be suitable to ensure adequate conditions of autonomous management and, therefore, to pursue in a priority way the objective of the creation of value for the shareholders of the issuer.	Since 2005, the company has expanded its Board of Directors to fifteen members. The purpose of this change was, among others, to enable more effective participation by individual directors on the committees established within the Board of Directors and to embrace a wider diversity of knowledge, experience, and opinions at the general and specialized levels and with an international scope, and generally regarding macroeconomic contexts and the globalization of markets, particularly the industrial and financial sectors. Fiat S.p.A. is not subject to direction and coordination by another company.
3.C.4 The Board of Directors shall evaluate, after the appointment of a director who qualifies himself/herself as independent, and subsequently at least once a year, on the basis of the information provided by the same director or, however, available to the issuer, those relations which could be or appear to be such as to jeopardize the autonomy of judgement of such director. The Board of Directors shall notify the result of its evaluations, on the occasion of the appointment, through a press release. The Board of Directors shall evaluate, after the appointment of a director who qualifies himself/herself as independent, and subsequently at least once a year, on the basis of the information provided by the same director or, however, available to the issuer, those relations which could be or appear to be such as to jeopardize the autonomy of judgement of such director. The Board of Directors shall notify the result of its evaluations, on the occasion of the appointment, through a press release.	On the basis of the information provided by the person involved or what is available to the issuer, the Board of Directors annually reviews satisfaction of the requirements for independence. The results of these assessments are reported to the market upon appointment of the directors by the Stockholders Meeting and on occasion of co-optations and are mentioned in the Report.

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3.C.5 The Board of Auditors shall ascertain, in the framework of the duties attributed to it by the law, the correct application of the assessment criteria and procedures adopted by the board for evaluating the independence of its members. The result of such controls is notified to the market in the report on corporate governance or in the report of the Board of Auditors to the shareholders' meeting.	Satisfaction of the independence requirements is reviewed by the Board of Directors with the participation of the Board of Statutory Auditors, which can thus verify the procedures used. The Board of Statutory Auditors reports the outcome of these audits in its report to the Stockholders Meeting.
3.C.6 The independent directors shall meet at least once a year without the presence of the other directors.	The independent directors, which constitute the majority of the Board, have not yet found it necessary to meet in the absence of the other directors. In any case, they always have direct access to management.
PROCESSING OF COMPANY INFORMATION	
4.P.1 Directors and members of the Board of Auditors shall keep confidential the documents and information acquired in the performance of their duties and shall comply with the procedure adopted by the issuer for the internal handling and disclosure to third parties of such documents and information.	An internal procedure was adopted as early as 2000 for the processing of confidential information. This procedure was distributed in execution of a specific organizational announcement issued by the Chief Executive Officer. Following reception of European market abuse regulations, the Fiat S.p.A. Board of Directors approved two resolutions in 2006 and 2007 that led to the adoption of the Procedure for internal handling and external disclosure of confidential information. This Procedure contains the rules for establishing and managing the List of persons that have access to inside or potential inside information. It defines the types of "inside," "potential inside," and "confidential" information, indicates the different sections comprising the List, its operating rules, and the roles and duties of the persons delegated to manage this information, cites the laws and regulations that govern disclosure of price sensitive news, and the procedures that data processors must comply with when processing and disclosing this information. This procedure, whose purpose is to regulate the monitoring of information and its dissemination inside and outside the Group, as well as satisfaction of obligations deriving from the List, also cites the sanctions to be levied on employees in these cases pursuant to the Code of Conduct. It also states that directors and statutory auditors are bound to comply with these rules and precautions.
4.C.1 The managing directors shall ensure the correct handling of corporate information; to this end they shall propose to the Board of Directors the	See comment to principle 4.P.1.

adoption of a procedure for the internal handling and disclosure to third parties of documents and information concerning the issuer, having special regard to price sensitive information.

ESTABLISHMENT AND FUNCTIONING OF THE INTERNAL COMMITTEES OF THE BOARD OF DIRECTORS

5.P.1 The Board of Directors shall establish among its members one or more committees with proposing and consultative functions according to what set out in the articles below.

The Fiat Board of Directors has since long established the Nominating and Compensation Committee - which in 2007 was split up into the Nominating and Corporate Governance Committee and the Compensation Committee - and the Internal Control Committee. With its resolution of June 23, 2005 it then established the Strategic Committee.

5.C.1 The establishment and functioning of committes within the Board of Directors shall meet the following criteria:

a) committees shall be made up of at least three members. However, in those issuers whose Board of Directors is made up of no more than five members, committees may be made up of two directors only, provided, however, that they are both independent;

b) the duties of individual committees are provided by the resolution by which they are established and may be supplemented or amended by a subsequent resolution of the Board of Directors;

c) the functions that the Code attributes to different committees may be distributed in a different manner or demanded from a number of committees lower than the envisaged one, provided that for their composition the rules are complied with those indicated from time to time by the Code and is ensured the achievement of the underlying objectives;

d) minutes shall be drafted of the meetings of each committee;

e) in the performance of their duties, the committees have the right to access the necessary company's information and functions, according to the procedures established by the Board of Directors, as well as to avail themselves of external advisers.
The issuer shall make available to the committees adequate financial resources for the performance of their duties, within the limits of the budget approved by the board;

In regard to the criteria set forth at point 5.C.1:

a) all the committees set up by Fiat have three or more members;

b) the charters that define duties and regulate the work of each committee were approved by the Board of Directors and are periodically updated by it;

c) the advisory duties entrusted to the Internal Control Committee, the Nominating and Corporate Governance Committee and the Compensation Committee are in line with the provisions of the Code and best practices;

d) the charter of each committee envisages that minutes of each meeting be taken by the secretary;

e) the charter of each committee envisages that the committee may avail itself of external consultants at the Company's expense and members of the Board and the Committees are ensured access to the Company's functions and information;

f) the charter of each committee envisages that other persons may be periodically invited to its meetings when their presence can help improve their work;

g) detailed information on the activities of the committees is provided in the Annual Report on Corporate Governance.

f) persons who are not members of the committee may participate in the meetings of each committee upon invitation of the same, with reference to individual items on the agenda;

g) the issuer shall provide adequate information, in the report on corporate governance, on the establishment and composition of committees, the contents of the mandate entrusted to them and the activity actually performed during the fiscal year, specifying the number of meetings held and the relevant percentage of participation of each member.

APPOINTMENT OF DIRECTORS

6.P.1 The appointment of Directors shall occur according to a transparent procedure. The procedure shall ensure, inter alia, timely adequate information on the personal and professional qualifications of the candidates.

Directors were appointed by the Stockholders Meeting in full compliance with the law and regulations and the recommendations of the Code. This includes prior deposit of candidatures, including detailed information on each of the persons proposed by the stockholders. In 2006 the list of candidates for the position of director was deposited at the registered office of Fiat S.p.A. and communicated to the market by the stockholder IFIL Investments S.p.A. 15 days prior to the date set for the Stockholders Meeting. The press release by IFIL Investments S.p.A. was also published on the website www.fiatgroup.com.

In 2007, in compliance with the new provisions of law, the vote list system for the appointment of directors was added to the By-laws. This amendment grants minority stockholders the right to appoint one director. These minority stockholders, individually or together with others, must own voting shares representing a percentage no lower than the percentage which is mandatory for the Company under the applicable laws. For the 2007 fiscal year, Consob set this threshold at 0.5% of the ordinary shares. The By-laws also prescribe that two directors satisfy the independence requirements envisaged in the Consolidated Law on Financial Intermediation.

6.P.2 The Board of Directors shall evaluate whether to establish among its members a nomination committee made up, for the majority, of independent directors.

In July 2007, the Fiat Board of Directors decided to split the pre-existing Nominating and Compensation Committee into the Nominating and Corporate Governance Committee and the Compensation Committee. The former was

	entrusted with the duty of making proposals and providing advice with regard to appointments. Just like its predecessor, this Committee comprises a majority of independent directors.
6.C.1 The lists of candidates to the office of director, accompanied by exhaustive information on the personal traits and professional qualifications of the candidates with an indication where appropriate of their eligibility to qualify as independent directors as defined in Article 3, shall be deposited at the company's registered office at least fifteen (15) days before the date fixed for the shareholders' meeting. The lists, complete of the information on the characteristics of the candidates, shall be timely published through the Internet site of the issuer.	See comment to principle 6.P.1.
6.C.2 Where established, the committee to propose candidates for appointment to the position of director, may be vested with one or more of the following functions: a) to propose to the Board of Directors candidates to the position of director in the events provided by Article 2386, first paragraph, of the Italian Civil Code, as it is necessary to replace an independent director; b) to designate candidates to the position of independent director to be submitted to the shareholders' meeting of the issuer, taking into account any recommendation in this regard received from shareholders; c) to express opinions to the Board of Directors regarding the size and composition of the same as well as, possibly, with regard to the professional skills whose presence within the board is considered appropriate.	The Nominating and Corporate Governance Committee performs all the functions indicated by the principle. In addition, the Committee annually assesses the activity of the Board of Directors and its committees and periodically updates the Board on changes in corporate governance rules, while also making proposals for modifications to them.
COMPENSATION OF DIRECTORS	
7.P.1 The remuneration of directors shall be established in a sufficient amount to attract, maintain and motivate directors endowed with the professional skills necessary for managing the issuer successfully.	The compensation of directors is in line with that of other Italian and international companies comparable to Fiat.
7.P.2 The remuneration of executive directors shall be articulated in such a way as to align their interests with pursuing the priority objective of	Consistently with the comments provided to principle 2.P.4, the compensation of the Chief Executive Officer is composed of a fixed portion and

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creating value for the shareholders in a medium-long term timeframe.	a variable portion which is subject to the achievement of predetermined targets. The Fiat Board assigned the Chairman and the Vice Chairman a fixed compensation.
7.P.3 The Board of Directors shall establish among its members a remuneration committee, made up of non- executive directors, the majority of which are independent.	In July 2007, the Fiat Board of Directors decided to split the pre-existing Nominating and Compensation Committee into the Nominating and Corporate Governance Committee and the Compensation Committee. The latter, which is made up exclusively of non-executive independent directors, was entrusted with the duty of making proposals and providing advice with regard to compensation.
7.C.1 A significant part of the remuneration of executive directors and executives with strategic responsibilities is linked to the economic results achieved by the issuer and/or the achievement of specific goals indicated in advance by the Board of Directors or, in the event of the above-mentioned executives, by the managing directors.	See the comments to principles 7.P.1 and 7.P.2 in regard to the executive directors. The executives with strategic responsibilities receive fixed compensation and variable compensation. Payment and the amount of the variable compensation depend exclusively on the financial results achieved by the Group and/or satisfaction of specific targets.
7.C.2 The remuneration of non-executive directors shall be proportional to the engagement requested from each of them, taking into account their possible participation in one or more committees. Their remuneration shall not be – other than for an insignificant portion – linked to the economic results achieved by the issuer. Non-executive directors shall not be beneficiaries of stock option or equity based remuneration plans, unless it is so decided by the shareholders' meeting, which shall also give the relevant reasons.	The compensation of non-executive directors complies with the recommendations set forth in the Code. It envisages a fixed compensation and an attendance token for each meeting of the Board of Directors or committee at which the director participates.
7.C.3 The remuneration committee shall: – formulate proposals to the board for the remuneration of the managing directors and other directors who cover particular offices, monitoring the application of the decisions adopted by the board; – periodically evaluate the criteria adopted for the remuneration of executives with strategic responsibilities, control their application on the basis of the information provided by the managing directors and submit to the Board of Directors general recommendations on the subject matter thereof.	The Board entrusted the Compensation Committee with the duty of submitting to the Board proposals with respect to individual compensation plans for the Chairman, the Chief Executive Officer and other Directors vested with particular offices. The Committee is also entrusted with the duty of examining proposals presented by the Chief Executive Officer regarding compensation and performance evaluation of members of the Group Executive Council and managers with strategic responsibility, performance evaluation criteria and general fixed and variable compensation

	plans applicable at Group level as well as incentives and stock option plans. Finally, it has the duty of assessing particular and specific matters relating to executive compensation when requested by the Board of Directors.
7.C.4 No director shall participate in meetings of the remuneration committee in which proposals are submitted to the Board of Directors relating to his/her remuneration.	The rule was constantly observed.

INTERNAL CONTROL SYSTEM

8.P.1 The internal control system is the set of rules, procedures and organizational structures aimed at making possible a sound and correct management of the company consistent with the established goals, through adequate identification, measurement, management and monitoring of the main risks.	Since May 1999 Fiat adopted an Internal Control System based on a model derived from the COSO Report. The Board of Directors then decided to disseminate an "Internal Control System Policy" and establish an Internal Control Committee. In 2002 a more detailed Charter of the Internal Control Committee was prepared, which was subsequently updated in September 2005. Fiat also established the "Guidelines for the Internal Control System", which came into effect on January 1, 2003. Fiat, as a company listed on the NYSE until August 23 2007, was also subject to the provisions of the Sarbanes-Oxley Act applicable to foreign issuers. This included the obligation of certifying its SOX compliance, with regard to the Form 20-F for fiscal 2006.
8.P.2 An effective internal control system contributes to safeguard the company's assets, the efficiency and effectiveness of business transactions, the reliability of financial information, the compliance with laws and regulations.	See previous comment.
8.P.3 The Board of Directors shall evaluate the adequacy of the internal control system with respect to the characteristics of the company.	With the constant advice and support of the Internal Control Committee, the Board of Directors assesses the adequacy of the Internal Control System and of the administrative and accounting procedures for the preparation of the consolidated and statutory financial statements and other financial reporting drawn up by the managers in charge of preparing the Company's financial reporting. The Board also supervises their effective implementation.

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8.P.4 The Board of Directors shall ensure that its evaluations and decisions relating to the internal control system, the approval of the balance sheets and the half yearly reports and the relationships between the issuer and the external auditor are supported by an adequate preliminary activity. To such purpose the Board of Directors shall establish an internal control committee, made up of non-executive directors, the majority of which are independent. If the issuer is controlled by another listed company, the internal control committee shall be made up exclusively of independent directors. At least one member of the committee must have an adequate experience in accounting and finance, to be evaluated by the Board of Directors at the time of his/her appointment.	The Internal Control Committee is comprised of three independent directors. The mission of the Committee is to assist the Board of Directors in performing its own duties by providing it with advice and proposals concerning the reliability of the accounting system and financial information, the Internal Control System, relations with the external auditors and supervision of internal audit activities. A detailed description of the duties assigned to the Committee is contained in the relevant Charter enclosed to the Report. The Board of Statutory Auditors, representatives of the external auditors, the Compliance Officer, the managers in charge of preparing the Company's financial reporting and other executives of the Company, usually from the administrative, control, finance and legal functions, shall participate in Committee meetings.
8.C.1 The Board of Directors, with the assistance of the internal control committee, shall: a) define the guide-lines of the internal control system, so that the main risks concerning the issuer and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, determining, moreover, the criteria for determining whether such risks are compatible with a sound correct management of the company; b) identify an executive director (usually, one of the managing directors) for supervising the functionality of the internal control system; c) evaluate, at least on an annual basis, the adequacy, effectiveness and actual functioning of the internal control system; d) describe, in the report on corporate governance, the essential elements of the internal control system, expressing its evaluation on the overall adequacy of the same Moreover, the Board of Directors shall, upon proposal of the executive director in charge of supervising the functionality of the internal control system and after consulting with the internal control committee, appoint and revoke one or more persons in charge of internal control and define their remuneration in line with the company's Policies.	In 2002, the Fiat Board of Directors defined the Guidelines for the Internal Control System, which were subsequently updated in 2003, and, in accordance with the recommendations of the Code, it closely monitors all issues regarding the Internal Control System through careful assessment of the work and reports of the Internal Control Committee. The Chairman of the Internal Control Committee gives a report on the committee's activity at every Board of Directors meeting. The Chief Executive Officer is responsible for the Internal Control System. Upon proposal by the Chief Executive Officer, the Board of Directors appoints and dismisses the Compliance Officer, whose compensation is determined in accordance with company policies. The Compliance Officer reports to the Chief Executive Officer, the Internal Control Committee and the Board of Statutory Auditors.

Corporate Governance Code	Fiat S.p.A.
8.C.2 The Board of Directors shall exercise its functions relating to the internal control system taking into due consideration the reference models and the best practices existing on the national and international fields. Particular attention shall be devoted to the organization and management models adopted pursuant to legislative decree no. 231 of 8th June 2001.	As far as adherence to best practices is concerned, see the comment to principle 8.P.1, with particular reference to the fact that Fiat was also subject to the Sarbanes-Oxley Act due to its listing on the NYSE until August 23, 2007. The Board of Directors devotes special attention to the Company's Compliance Program which, as indicated in the Report, is constantly updated.
8.C.3 In addition to assisting the Board of Directors in the performance of their duties set out in criterion 8.C.1, the internal control committee shall: a) evaluate together with the executive responsible for the preparation of the company's accounting documents and the auditors, the correct utilization of the accounting principles and, in the event of groups, their consistency for the purpose of the preparation of the consolidated balance sheet; b) upon request of the executive director, express opinions on specific aspects relating to the identification of the principal risks for the company as well as on the design, implementation and management of the internal control system; c) review the work plan prepared by the officers in charge of internal control as well as the periodic reports prepared by them; d) evaluate the proposals submitted by the auditing firm for obtaining the relevant appointment, as well as the work plan prepared for the audit and the results described in the report and the letter of suggestions, if any; e) supervise the validity of the accounting audit process; f) perform any additional duties that are assigned to it by the Board of Directors; g) report to the board, at least on a half yearly basis, on the occasion of the approval of the balance sheet and the half yearly report, on the activity carried out, as well as on the adequacy of the internal control system.	On the basis of its Charter, the duties of the Internal Control Committee are, among other things, to: – assist the Board of Directors in the definition of guidelines for the Internal Control System; - assist the Board of Directors with periodic audits of the appropriate and actual functioning of the Internal Control System in order to ensure identification and proper handling of the principal risks faced by the Company; - assess the operating plan prepared by the Compliance Officer and receive his periodic reports; - report to the Board of Directors on the adequacy of the Internal Control System at least once every six months, at the time the annual report and first-half report are approved; - assess the organizational position and ensure the actual independence of the Compliance Officer in the performance of his duties in accordance with, among other things, Legislative Decree no. 231/2001 on the administrative liability of companies; - assess (a) the adequacy of adopted accounting principles; (b) their uniformity in view of preparation of the consolidated financial statements and their correct use; - assess the proposals received from candidates for the position of external auditors and submit to the Board of Directors the motion for engagement of the external auditors, which the Board of Directors will then submit to the Stockholders Meeting; - upon recommendation by the Chief Administrative Officer, grant prior approval to the external auditors or other entities belonging to the auditor's network to perform non-auditing services; - examine any problems raised by the external auditors;

	- assess the position and organizational structure of Internal Audit. The managers in charge of preparing the Company's financial reporting participate in Committee meetings.
8.C.4 The chairman of the Board of Auditors or another auditor designated by the chairman of the board shall participate in the works for the internal control.	The Board of Statutory Auditors and representatives of the external auditors participate in Committee meetings.
8.C.5 The executive director responsible for supervising the functionality of the internal control system, shall: a) identify the main business risks, taking into account the characteristics of the activities carried out by the issuer and its subsidiaries, and submit them periodically o the review of the Board of Directors; b) implement the guidelines defined by the Board of Directors, through the design, implementation and management of the internal control system, constantly monitoring its overall adequacy, effectiveness and efficiency; moreover, it shall adjust such system to the dynamics of the operating conditions and the legislative and regulatory framework; c) propose to the Board of Directors the appointment, revocation and remuneration of one or more persons in charge of internal control.	See the previous comments to points 1.C.1 and 2.P.4 and the subsequent comment to 8.C.6.
8.C.6 Each person in charge of internal control shall: a) ensure that the internal control system is always adequate, fully operating and effective; b) not be responsible for any operational divisions and shall not report hierarchically to any manager of operational divisions, including the administration and finance divisions; c) have direct access to all useful information for the performance of his/her duties; d) have the availability of adequate means for the performance of the functions assigned to him/her;	The Compliance Officer is appointed by the Board of Directors and is not subject to the jurisdiction of operating managers but instead reports solely to the Chief Executive Officer, the Internal Control Committee, and the Board of Statutory Auditors. The Compliance Officer is responsible for: a) assisting the executive directors in the design, management and monitoring of the Internal Control System; b) review the results of the audit activities performed by the Internal Audit function to verify any weaknesses of the Internal Control System and requesting, whenever necessary, that specific checks be carried out to identify any shortcomings and the need for

Corporate Governance Code	Fiat S.p.A.
e) report about his/her activity to the internal control committee and the board of auditors; moreover, they could be required to report also to the executive director responsible for the supervision of the functionality of the internal control system.	improvement of internal control processes; c) verifying, with the aid of the internal audit function, that the rules and procedures constituting the terms of reference of the control processes be applied and that the various entities operate in compliance with set objectives; d) annually prepare a work plan and submit it to the Internal Control Committee; e) drawing up, once every six months, a report on the activities that he carried out and submit it to the executive directors, the Internal Control Committee and the Statutory Auditors. At present, the Compliance Officer is the Head of the Internal Audit function and relies on the professional assistance of Fiat Revi, a consortium company with adequate organizational and operating resources that performs the internal audit function within the Group. The Head of the Internal Audit function is the Chief Executive Officer of Fiat Revi.
8.C.7 The issuer shall establish an internal audit function. The person responsible for internal control shall usually coincide with the person responsible for the internal audit function.	See the last paragraph of the previous comment.
8.C.8 The internal audit functions may be entrusted, as a whole or by business segments, to persons external to the issuer, provided, however, that they are endowed with adequate professionalism and independence; these persons may also be responsible for the internal control. The adoption of such organizational choices, with a satisfactory explanation of the relevant reasons, shall be disclosed to the shareholders and the market in the report on corporate governance.	See comment to the last paragraph of point 8.C.6.
DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES	
9.P.1 The Board of Directors shall adopt measures aimed at ensuring that the transactions in which a director is bearer of an interest, on his/her behalf or on behalf of third parties, and transactions carried out with related parties, are performed in a transparent manner and meet criteria of substantial and procedural fairness.	As previously mentioned, the "Guidelines for Significant Transactions and Transactions with Related Parties" that are included in the Report define special criteria of substantial and procedural fairness applicable to all transactions with related parties. Then, the Board of Directors is principally responsible for monitoring the transactions in which a director has an interest. The presence of

	a high number of independent directors represents an additional protection.
9.C.1 The Board of Directors shall, after consulting with the internal control committee, establish approval and implementation procedures for the transactions carried out by the issuer, or its subsidiaries, with related parties. It shall define, in particular, the specific transactions (or shall determine the criteria for identifying those transactions), which must be approved after consulting with the internal control committee and/or with the assistance of independent experts.	See previous comment.
9.C.2 The Board of Directors shall adopt operating solutions suitable to facilitate the identification and an adequate handling of those situations in which a director is bearer of an interest on his/her behalf or on behalf of third parties.	See comment to principle 9.P.1.

MEMBERS OF THE BOARD OF STATUTORY AUDITORS

10.P.1 The appointment of auditors shall occur according to a transparent procedure. It shall ensure, inter alia, timely adequate information on the personal and professional characteristics of the candidates.	As prescribed in the Consolidated Law on Financial Intermediation and in accordance with Article 17 of the Company's By-laws, properly organised minority groups have the right to appoint one regular auditor, to whom the chairmanship is assigned, and one alternate auditor. In accordance with the By-laws, the minimum equity interest required for submission of a list of candidates is set at a percentage no lower than that required by applicable laws for the submission of lists of candidates for the appointment of the company's Board of Directors of the Company. In accordance with the communication published by Consob with regard to fiscal 2007, this percentage is currently equal to 0.5% of the ordinary shares. The lists presented, together with the documentation required by law and the Company's By-laws, must be deposited at the Company's offices at least fifteen days prior to the date set for the Meeting on first call, or, in specific cases, up to five days after that date.
10.P.2 The auditors shall act with autonomy and independence also vis-à-vis the shareholders, which elected them.	Fiat believes that the independence of its Board of Statutory Auditors is guaranteed by the requirements of independence and professionalism prescribed by law and the By-laws and the unquestioned professional

	authoritativeness that has always distinguished its members.
10.P.3 The issuer shall adopt suitable measures to ensure an effective performance of the duties typical of the board of auditors.	Fiat provides the members of the Board of Statutory Auditors with the highest level of cooperation. This includes meetings with management, participation at Internal Control Committee meetings, and direct contact with the Compliance Officer in matters involving the Whistleblowings Management Procedure. The Board of Statutory Auditors may also request that independent consultants be appointed in regard to particularly complex matters.
10.C.1 The lists of candidates to the position of auditor, accompanied by detailed information on the personal traits and professional qualifications of the candidates, shall be deposited at the company's registered office at least fifteen (15) days before the date fixed for the shareholders' meeting. The lists complete of the information on the characteristics of the candidates shall be timely published through the internet site of the issuer.	The Stockholders Meeting held on May 3, 2006 appointed the Statutory Auditors in full compliance with the law and recommendations set forth in the Code. This involved preliminary deposit of the lists of candidates with detailed information on each of the candidates proposed by the stockholders. The lists of candidates and candidacies were promptly published on the Company's website.
10.C.2 The auditors shall be chosen among people who may be qualified as independent also on the basis of the criteria provided by this Code with reference to the directors. The Board of Auditors shall check the compliance with said criteria after the appointment and subsequently on an annual basis, including the result of such verification in the report on corporate governance.	The members of the Board of Statutory Auditors satisfy the requirements of integrity, professionalisms, and independence prescribed by law and envisaged in the By-laws and possess the criteria set forth by the Code to be qualified as independent directors. The Board of Statutory Auditors annually reviews satisfaction of these requirements and the results of these assessments are provided in the Statutory Financial Statements.
10.C.3 The auditors shall accept the appointment when they believe that they can devote the necessary time to the diligent performance of their duties.	The procedure for submitting the names of candidates envisages simultaneous acceptance by the candidates themselves. This assures that only professionals who have assured that they dispose of the time necessary to discharge their duties are elected.
10.C.4 An auditor who has an interest, either directly or on behalf of third parties, in a certain transaction of the issuer, shall timely and exhaustively inform the other auditors and the chairman of the board about the nature, the terms, origin and extent of his/her interest.	The rule was constantly observed.

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10.C.5 The board of auditors shall monitor the independence of the auditing firm, verifying both the compliance with the provisions of law and regulation governing the subject matter thereof, and the nature and extent of services other than the accounting control provided to the issuer and its subsidiaries by the same auditing firm and the entities belonging to the network of the same.	In compliance with the provisions of the Group Procedure for the Engagement of Auditing Firms, the Board of Statutory Auditors performs this task, coordinating its work with the Internal Control Committee.
10.C.6 In the framework of their activities, the auditors may demand from the internal audit function to make assessments on specific operating areas or transactions of the company.	See comment to principle 10.P.3.
10.C.7 The board of auditors and the internal control committee shall timely exchange material information for the performance of their respective duties.	See comment to principle 8.P.4.
RELATIONS WITH THE STOCKHOLDERS	
11.P.1 The Board of Directors shall take initiatives aimed at promoting the broadest participation possible of the shareholders in the shareholders' meetings and making easier the exercise of the shareholders' rights.	Establishing and maintaining an ongoing dialogue with its stockholders and institutional investors is a principal concern for the Company and dedicated entities have therefore been created to this end. Stockholders may access conference calls with analysts through the website (www.fiatgroup.com) which is used to disseminate publicly and in real time the material discussed on those occasions. The website is also used to disseminate institutional information, periodic and extraordinary operating and financial information, the calendar for corporate events, and corporate governance documents. A toll-free number in Italy (800-804027) and two e-mail addresses (serviziotitoli@fiatgroup.com and investor.relations@fiatgroup.com) are available to anyone seeking additional information regarding transactions that affect stockholders.
11.P.2 The Board of Directors shall endeavour to develop a continuing dialogue with the shareholders based on the understanding of their reciprocal roles.	See previous comment.
11.C.1 The Board of Directors shall use its best efforts for ensuring that access to the information concerning the issuer that is material for its	See comment to principle 11.P.1.

shareholders is timely and easy to access, so as to allow the shareholders an informed exercise of their rights. To such purpose, the issuer shall establish a specific section on its internet site that may be easily identified and accessed, in which the above-mentioned information is available, with particular reference to the procedures provided for the participation and the exercise of the voting right in the shareholders' meetings, as well as the documentation relating to items on the agenda of the shareholders' meetings, including the lists of candidates for the positions of director and auditor with an indication of the relevant personal traits and professional qualifications.	
11.C.2 The Board of Directors shall ensure that a person is identified as responsible for handling the relationships with the shareholders and shall evaluate from time to time whether it would be advisable to establish a business structure responsible for such function.	Relations with stockholders are maintained by the specific structures of the Company (Investor Relations and Company secretary).
11.C.3 The Board of Directors shall use its best efforts for reducing the restrictions and fulfilments, which make it difficult and burdensome for the shareholders to participate in the shareholders' meeting and exercise their voting right.	Holders of voting rights may attend or be represented at meetings according to Article 2370 of the Italian Civil Code. In particular, the shares have to be deposited at least two non-holidays before the date set for the meeting. Furthermore, the Board of Directors submitted a motion to the Stockholders Meeting, which approved it, for the adoption of a regulation to ensure that Stockholders Meetings run in an orderly and efficient fashion. This Regulation defines the rights and obligations of all parties attending a Stockholders Meeting and provides clear and unambiguous rules, without limiting or in any way hampering the right of individual stockholders to voice their opinions and demand explanations about items on the agenda.
11.C.4 All the directors usually participate in the shareholders' meetings. The shareholders' meetings are also an opportunity for disclosing to the shareholders information concerning the issuer, in compliance with the rules governing price-sensitive information. In particular, the Board of Directors shall report to the shareholders' meeting with regard to the performed and planned activity and shall use its best efforts for ensuring that the shareholders	Fiat Stockholders Meetings represent an important and traditional occasion for communicating with stockholders. It typically attracts the intense participation of a large number of stockholders.

receive adequate information about the necessary elements for them to take in an informed manner the decisions that are the competence of the shareholders' meeting.	
11.C.5 The Board of Directors shall propose to the approval of the shareholders' meeting rules laying down the procedures to be followed in order to permit an orderly and effective conduct of the ordinary and extraordinary shareholders' meetings of the issuer, without prejudice, however, to the right of each shareholder to express his or her opinion on the matters under discussion.	See the comment to criterion 11.C.3.
11.C.6 In the event of a significant change in the market capitalization of the company, the composition and/or the number of the shareholders, the Board of Directors shall assess whether proposals should be submitted to the shareholders' meeting to amend the by laws as regards the minimum percentage required for exercising actions and rights provided for as a protection of minority interests.	In accordance with the By-laws, the minimum equity interest required for submission of a list of candidates for the appointment of a statutory auditor or a director is set at a percentage no lower than that required by applicable laws on the basis of Fiat's capitalisation, and namely 0.5% of the ordinary shares for the 2007 fiscal year. In addition, the Board of Directors constantly monitors evolutions in corporate governance rules and practice, availing itself of the assistance of the Nominating and Corporate Governance Committee, in view of modifying its internal rules and submitting appropriate amendments to the By-laws for assessment by the Stockholders Meeting.

1 – Fiat Group Code of Conduct

CONTENTS

FOREWORD

Fiat is an international group which, because of its size, activities and geographical spread, plays a significant role in the economic development and welfare of the communities where it operates.

The Group's mission is to grow and create value by supplying innovative products and services for maximum customer satisfaction with due respect to the legitimate interests of all categories of stakeholders[1], fair employment practices, safety in the workplace, and in full compliance with the applicable laws and regulative directives of the countries, in which a Group company operates.

On the basis of the above principles, the Fiat Group is committed to conduct its business in a fair and impartial manner. All business relationships will be established and maintained with integrity and loyalty and without any conflict of interest between business and personal affairs.

To achieve this, the Group requires its employees to comply with the highest standards of business conduct in the performance of their duties as set out in this Code of Conduct ("Code") and the Policies referred to in this Code.

The Code is a guide and a support for every employee and should enable him/her to pursue the Group's mission in the most effective manner possible.

The Code constitutes a fundamental element of the Internal Control System that the Fiat Group is committed to establish and develop.

In view of the above, the Group:

- ensures timely dissemination of the Code throughout the Group and to all recipients of the Code;
- ensures all updates and amendments to the Code are provided on a timely basis to all recipients of the Code;
- provides appropriate training, information and consulting support to all in relation to any questions regarding the interpretation of the Code;
- ensures that any employee who reports violations of the Code shall not be subject to any form of retaliation;
- imposes fair sanctions proportionate to the violation of the Code and guarantees to enforce such sanctions equally amongst all categories of employees subject to the provisions of law, of contract and of internal regulations in force within the jurisdiction in which it operates;
- regularly checks compliance with the Code.

The Group welcomes constructive contributions from employees and partners as to the Code's content.

The Group shall use its best endeavours to ensure that these commitments are shared by all consultants, suppliers and any other party who has at any time a relationship with the Group. The Group will not engage in or continue any relationship with those who expressly refuse to abide by the principles of the Code.

1 In the Code, "stakeholder" is taken to mean an individual, a community or an organisation who influences the operations of one or more Group companies and suffers the repercussions. Stakeholders may be internal (for example, employees) or external (for example, customers, suppliers, shareholders, local communities).

1. GUIDE TO THE USE OF THE CODE

What is the Code?

The Code is a document approved by the Board of Directors of Fiat S.p.A. that sets out the Group's business conduct principles together with employee commitments and responsibilities.

The Code issued by the Group, constitutes the Group's program for assuring effective prevention and detection of violations of law and regulatory directives applicable to its activities.

However, where laws and regulations in a particular jurisdiction are more lenient than those contained in the Code, the Code shall prevail.

Who is the Code addressed to?

The Code applies to Fiat S.p.A. Board members and to all employees of companies belonging to the Group[2] and to all other individuals or companies who act on behalf of the Fiat Group.

The Group shall use its best endeavours to ensure that the companies in which it holds a minority interest adopt Codes of Conduct whose principles are inspired by or, in any case, do not contrast in any way with those of this Code.

The Group shall use its best endeavours to ensure that the Code is regarded as a best practice standard of business conduct on the part of those third parties with whom it entertains business relationships of a lasting nature such as advisors, counsels, agents and dealers.

Where is the Code applied?

The Code is applied in Italy and in all the other countries in which the Group operates.

Where is the Code available from?

The Code can be consulted by all employees in an accessible place, using the most appropriate procedures and in conformity with local standards and customs. It is available and may be freely downloaded from the Group's websites (www.fiatgroup.com – external network, http://b2e.galileoportal.net – internal network).

It may also be requested from the Personnel Office, the Legal Department or from the Compliance Officer.

Can the Code be modified?

The Code is subject to review by the Fiat S.p.A. Board of Directors.

Reviews take account of the contributions received from employees and from third parties, as well as any developments in legislation or in best international practice, as well as experience acquired in applying the Code itself.

Any modifications introduced into the Code as a result of this review activity are published and made available in accordance with the procedures outlined above.

2 In the Code, "Group" refers to Fiat S.p.A. and its subsidiary companies for the purposes of art. 2359 of the Italian Civil Code and other subsidiary companies for the purposes of art. 26 of Decree Law no. 127 dated 9/4/1991. The text of these prescriptions is given in Appendix A.

2. BUSINESS CONDUCT POLICIES

The Group structures and develops its business, and requires all its employees and other recipients to behave on the basis of its business conduct values. All its employees and other recipients of the Code will pursue the Group's business in compliance with the following policies:

Conflicts of Interest

All business decisions and choices taken on behalf of the Group must be made in the best interests of the Group.

Therefore employees and other recipients of the Code must avoid every possible conflict of interest, with particular regard to personal or family considerations, (for example, the existence of a vested interest with a supplier, client or competitor; inappropriate advantages deriving from the role within the Group; ownership of or trade in securities; etc.) which might affect the independence of judgement when deciding what is in the Group's best interests and what is the most appropriate way to pursue it.

Any situation that constitutes or gives rise to a conflict must be reported immediately to the direct supervisor. Every employee shall also inform his or her immediate supervisor in writing if he or she works for any non-Group company on a stable basis or if he or she has a relationship of a financial, business, professional, family or social nature that might influence the impartiality of his or her dealing with a third party.

Insider Trading and Prohibition to use Confidential Information

All employees are strictly required to comply with insider trading legislation under any jurisdiction.

In particular, no employee or any other recipient of the Code shall ever make use of information not in the public domain and obtained because of his/her position in the Fiat Group or because of the fact that he/she enjoys a business relationship with the Group, in order to trade, directly or indirectly, shares in a company of the Group or other companies or in any case to obtain a personal advantage, or to favour third parties.

Treatment of confidential and price sensitive information will always be dealt with strictly in accordance with the specific procedures and regulations to such end issued by the Group. In order to determine when confidential information should be made public, the Group will follow the procedures provided by applicable laws.

Confidentiality Obligation

The expertise developed by the Fiat Group is a fundamental resource which every employee and recipient is called upon to protect. In fact, in the event of the improper dissemination of such expertise, the Group could suffer damage to both its capital and to its image.

Therefore employees and other recipients of the Code are bound not to reveal to third parties any information regarding the technical, technological and commercial know-how of the Group, nor any other information regarding the Group that is not in the public domain, except cases in which such revelation is required by law or by other regulatory directives, or where it is expressly provided by specific contractual agreements whereby the parties have committed themselves to using such information exclusively for the purposes for which it was transmitted and to maintaining its confidentiality.

Confidentiality obligations, as per the Code, continue after termination of the working relationship.

Bribery and Illicit Payments

The Fiat Group, its employees and the other recipients of the Code are committed to the highest standards of integrity, honesty and fairness in all internal and external relationships.

No employee shall directly or indirectly accept, solicit, offer or pay a bribe or other perquisites (including gifts or gratuities, with the exception of commercial items universally accepted in an international context) even if unlawful pressure has been exerted.

The Group shall never tolerate any kind of bribery to public officials, or to any other party connected with public officials, in any form or manner, in any jurisdiction including those jurisdictions where such activity may in practice be permitted or may not be judicially indictable.

In the light of the above it is therefore forbidden for employees and other recipients to offer commercial handouts, gifts or other perquisites that may be in breach of the law or regulations, or that are in contrast with the Code, or that may, if rendered public, constitute a prejudice to the Group, even if only in terms of the Group's image.

It is also forbidden for employees and other recipients (and members of their families) to accept handouts, gifts or other benefits that may impair the independence of their judgement. To such extent, every employee or recipient shall avoid situations where interests of a private nature may come into conflict with the interests of the Group.

Money Laundering Prevention

The Fiat Group and its employees shall never be engaged or involved in any activity which may imply the laundering (i.e. the acceptance or processing) of proceeds of criminal activities in any form or manner whatsoever.

Before establishing any relationship, the Group and its employees shall check available information (including financial information) on its business partners and suppliers to ensure that they are reputable and involved in a legitimate business.

The Group shall always comply with anti-laundering legislation in any competent jurisdiction.

Competition

The Fiat Group recognises the paramount importance of a competitive market and is committed to comply with any anti-trust legislation in force in the countries where it operates.

The Group and its employees will avoid business practices (establishment of cartels, market divisions, limitations to production or sales, tying arrangements, etc.) which may represent an antitrust violation.

Within the framework of fair competition, the Group shall not knowingly infringe any third party's intellectual property rights.

Embargo and Export Control Laws

The Fiat Group is committed to ensuring that its business activities never violate international embargo and export control laws established within or applied by the countries where it operates.

In cases where embargo legislation diverges, the opinion of the Legal Department should be sought and the issue then submitted to the decision of the Chief Executive Officer of the Group company concerned.

Privacy

In the conduct of its business operations, the Fiat Group collects a significant amount of personal data and proprietary information and is committed to processing said data and information in compliance with all existing privacy laws in force in any jurisdiction where it operates, including best practice privacy protection requirements.

To this end, the Group shall ensure the highest level of security in the selection and use of its information technology systems designed to process personal data and proprietary information.

3. EMPLOYEES

The Group recognises that motivated and highly professional people are an essential factor for maintaining competitiveness and for the creation of shareholder value and customer satisfaction.

The following principles, in compliance with the relevant ILO Conventions, confirm the importance of respect for the individual, ensure equality of treatment and exclude any form of discrimination.

Commitments

The Code is considered to be an integral and important part of each Group employee's contract of employment.

Consequently the Group expects all employees to strictly comply with the provisions of the Code. Any violation will be treated seriously and sanctions will be imposed accordingly.

Employees shall therefore:

- learn the details of the Code provisions and policies dealing with their own job position and, if necessary, attend training courses;
- act and behave in a manner consistent with the Code, refraining from any conduct that might damage the Group or jeopardise the Group's honesty, impartiality or reputation;
- report all violations of the Code using the procedures set out in Appendix B;
- cooperate with all internal procedures, introduced by the relevant Group company or Sector with the purpose of complying with the Code or of identifying violations of the same;
- consult with the Legal Departments, as detailed in Appendix B, for explanations regarding interpretation of the Code;
- cooperate fully in any investigation regarding Code violations, maintaining the utmost reticence regarding the existence of said investigations and participating actively, where requested, in audit activities on the operation of the Code.

Employees in Positions of Responsibility

Any individual who acts as middle manager and executive shall act by way of example and provide leadership and guidance in accordance with the business and ethical principles of the Code, and shall act in such a way as to demonstrate to employees that respecting the Code is an essential aspect of their work and to make sure that employees are aware that business results are never more important than compliance.

All middle managers and executives shall report every incident of non-compliance with the Code and shall be responsible for ensuring the protection of those who have reported Code violations in good faith and for adopting and applying, after consulting the competent Compliance Officers, sanctions commensurate with the violation committed and sufficient to represent a deterrent against any further violations.

Financial Officer

All employees who hold the position of Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, Controller, Treasurer and General Counsel or who hold, even de facto, similar positions in one or more companies in the Group, are required to respect the Code as well as to rigorously comply with the specifications set out in Appendix C.

Any exception, even if partial or limited in time and nature, to the specifications set out in Appendix C must be authorised by the Board of Directors of Fiat S.p.A. and only for serious and justified reasons.

Equal Opportunities

The Group is committed to providing equal opportunities to all its employees, both on the job and in their career advancement.

The Head of each office shall ensure that in every aspect of employment, such as recruitment, training, compensation, promotion, transfer and termination, employees are treated according to their abilities to meet job requirements and all decisions are free from any form of discrimination, in particular, discrimination based on race, sex, age, nationality, religion and personal beliefs.

Harassment

Harassment of any kind, such as racial or sexual harassment or harassment related to other personal characteristics which has the purpose or the effect of violating the dignity of the person who is the victim of such harassment, is totally unacceptable to the Group whether it takes place inside or outside the workplace.

Working Environment

All employees shall take such steps as are necessary to maintain a good working environment in which the dignity of all is respected.

In particular, all Fiat Group employees:

- shall not work whilst under the influence of alcohol or drugs;
- shall be sensitive to the needs of those who will physically suffer from the effects of "passive smoke" in their place of work, including in those countries where smoking in the workplace is permitted.
- shall avoid behaviour that might create an intimidating or offensive climate with respect to colleagues or subordinates for the purpose of marginalising or discrediting them in the workplace.

Company Assets

Employees shall use those company assets and resources to which they have access or which are in their care in an efficient manner and further use such assets in a way that is appropriate to protecting their value.

Any use of such assets and resources that might be contrary to the interests of the Fiat Group or that may be dictated by professional reasons lying outside the working relationship with the Group is forbidden.

Hiring

No employee of the Fiat Group shall accept or demand promises or transfers of money or goods or benefits, inducements or services of any kind whatsoever that may be designed to promote the hiring of any person as an employee or further his or her transfer or promotion.

4.EXTERNAL RELATIONSHIPS

The Fiat Group and its employees are committed to conduct and enhance their relationships with all classes of stakeholders acting in good faith, with loyalty, fairness, transparency and with due respect for the Group's core ethical values.

Customers

The Fiat Group aspires to fully meet the expectations of the end customer. The Group considers it essential that its customers always be treated fairly and honestly and therefore demands of its employees and other recipients of the Code that each and every relationship and contact with customers be characterised by honesty, professional integrity and transparency.

All employees shall follow the internal procedures of their respective company which are directed at achieving this objective by developing and maintaining profitable and lasting relationships with customers; offering safety, service, quality and value supported by continuous innovation.

Any relationship between the Group companies and their customers shall not discriminate unfairly between customers in dealing with them nor shall they unfairly use bargaining position to a customer's disadvantage.

Suppliers

The supplier system plays a fundamental role in improving the Fiat Group's overall structural competitiveness.

The Group selects suppliers that offer the best capabilities in terms of quality, innovation, costs and service, guaranteeing the highest level of customer satisfaction at all times.

Considering that it is of primary importance for the Group that its partners share Code values, employees are required to select suppliers in accordance with appropriate, objective methods, taking into account the values outlined by the Code in addition to the quality, innovation, costs and services offered. Employees are also invited to establish and maintain stable, transparent and cooperative relations with suppliers.

Public Institutions

Relations with public institutions shall be managed only by duly designated departments and appointed individuals; such relations must be transparent and inspired by Group values.

Any gift or gratuity made to representatives of any public institution (where permitted by ruling legislation) shall be modest and proportionate and must not be capable of suggesting that the Group is obtaining unfair advantage.

The Group will fully co-operate with regulatory and governmental bodies within the context of their legitimate activity. Should one or more Group companies be subjected to legitimate inspections on the part of the public authorities, the Group will provide its full cooperation.

Whenever a public institution is a customer or supplier of any Group company, the latter shall act in strict compliance with laws and regulations which govern the acquisition from, or the sale to, that public institution, of goods and/or services.

Any lobbying activity shall be conducted only where permitted and in strict compliance with the applicable laws and, in any case, in full observance of the Code and of any procedures to such extent specifically provided by the Group.

Trade Unions and Political Parties

Any relationship of the Fiat Group with Trade Unions, Political Parties and representatives or candidates thereof shall be inspired by the highest level of transparency and fairness.

Contributions will be allowed only if required or expressly permitted by law and, in the latter case, authorised by the duly empowered corporate bodies of each company of the Group.

Any contribution made or activity performed by employees of the Group shall be intended only as a personal voluntary contribution.

Communities

The Fiat Group and its employees are strongly committed to behave in a socially responsible manner, by respecting the uncompromisable values of a clean environment and healthy and safe workplace, such as to observe and respect the cultures and traditions of each country in which it operates.

In compliance with the relevant ILO Conventions, the Group does not employ child labour, namely it does not employ people younger than the age laid down for starting work by the legislation of the place in which the work is carried out and, in any case, younger than fifteen, unless an exception is expressly provided by international conventions and, possibly, by local legislation. The Group is also committed not to establishing working relationships with suppliers that employ child labour, as defined above.

Communication and Corporate Information

The Group recognises the vital role that clear and effective communication plays in sustaining internal and external relationships. Communication and external relations influence the development of the Group both directly and indirectly.

It is therefore necessary for these activities to be organised with clear, uniform criteria, which take into consideration both the requirements of the various business lines and the economic and social role of the Group as a whole.

The information communicated to the outside world must be timely and co-ordinated at Group level in order to take full advantage of the Group's size and potential.

Group employees who are required to provide information to the public regarding Group companies or Sectors, business lines or geographical areas, in the form of speeches, participation at conferences, publications or any other form of presentation, must comply with any specific procedures issued by the Group and receive the prior authorisation, if so required, of the duly designated department or appointed person responsible for external communications.

Communications to financial and capital markets and supervisory authorities thereof shall be supplied in an accurate, complete, fair, clear, comprehensible and timely manner and always in compliance with the laws applicable in any relevant jurisdiction.

These communications shall be made only by those employees with the specific responsibility for communications to financial and capital markets and to the supervisory authorities.

Media Relations

The communication of information to the media plays an important part in building the image of the Fiat Group and therefore all information concerning the Group must be supplied in a truthful and uniform manner and only by those employees with the responsibility for media communications.

No other employee must provide any information not in the public domain concerning the Group to media representatives, or liase in any way with them to disclose company confidential information and shall instead refer all media enquiries to the appropriate person or department.

5. HEALTH, SAFETY & ENVIRONMENT

The Fiat Group accepts no compromise in the field of health protection and as regards the safety of its employees in the workplace.

No Group employee shall put other employees in a position of unnecessary risk that may cause damage to their health or their physical well-being.

The Group is committed to and recognises that good health, safety and environment is critical to the success of the Group.

Everyone who works for the Group is responsible for good health, safety and environment.

The Group operates an effective environment management system which complies with all relevant national and international legislative requirements. It adopts the following fundamental principles:

- never pollute;
- optimise the use of resources at all times; and
- develop products that are ever more environmentally compatible.

The Group desires to maintain public confidence in the integrity of its operations by openly reporting on and consulting with others to improve understanding of both internal and external health, safety and environmental issues associated with its operations.

Every year the Group provides specific information on the implementation of its environmental policies through the publication of the "Environmental Report".

6. ACCOUNTING & INTERNAL CONTROL

The Group is committed to maximising long-term shareholder value.

To deliver on this commitment, the Group will maintain high standards of financial planning and control, and accounting systems consistent with and adequate to the accounting principles applicable to Group companies.

The Group will do this by applying the maximum level of transparency consistent with best business practice:

- ensuring that all transactions are duly authorised, verifiable, legitimate and coherent;
- ensuring that all transactions are properly recorded and accounted for in accordance with accepted best practice and appropriately documented;
- guaranteeing the maximum fairness and transparency in the handling of transactions with related parties in conformity with the "Guidelines for Significant Transactions and Transactions with related parties" adopted by the Board of Directors of Fiat S.p.A.;
- producing comprehensive, accurate, reliable, clear and comprehensible financial reports on a timely basis;
- operating in strict compliance with the "Guidelines for the Internal Control System" adopted by the Fiat S.p.A. Board of Directors;
- educating its people as to the existence, purpose and importance of internal controls;
- understanding and managing risks to all Group company assets with professional diligence;
- establishing rigorous business processes to ensure that management decisions (including those relating to investments and disposals) are based on sound economic analysis (including a prudent risks assessment), and provide a guarantee that company assets are optimally employed;

- ensuring that decisions on finance, tax and accounting issues are made by the right level of management;
- preparing the documentation to be sent to the market supervisory authorities or to be disclosed to the public in timely fashion and making sure that such documentation is comprehensive, accurate, reliable, clear and comprehensible.

The Group recognises that internal controls are of prime importance for the management and success of the Group. For this purpose the Board of Directors of Fiat S.p.A. has adopted the "Guidelines for the Internal Control System".

The Group is committed to putting in place processes to ensure that appropriate employees obtain the required training and experience for building and maintaining an efficient internal control system that is consistent with the above-mentioned Guidelines.

The Group considers transparency in the accounting for each single transaction to be of vital importance for its success.

The Group therefore demands accurate, timely and detailed reporting from its employees with regard to financial transactions. True and accurate records of all financial transactions should be kept by employees together with proper supporting evidence.

The irregular keeping of the books of account is a violation of the Code and is considered illegal in almost all jurisdictions. It is therefore forbidden for any employee to behave in such a way or to be responsible for omissions that might lead to:

- the recording of false transactions;
- the misrecording of operations or the recording of operations that are not adequately documented;
- the failure to record commitments, including guarantees, that might generate responsibilities or obligations for Group companies.

Within the context of a verification programme or at the request of the top management of Group companies or of the Compliance Officers, the Internal Audit shall review the quality and effectiveness of the Internal Control System and shall report to the Compliance Officer and to the other delegated officers.

Employees of the Group will be requested to assist with the monitoring of the quality and effectiveness of the Internal Control System. The Internal Audit function, the Statutory Auditors, the external auditors and the Compliance Officers shall have full access to all data, documents and information necessary to perform their activities.

In so far as they are responsible, employees who are asked to cooperate on the preparation and presentation of documents destined for the supervisory authorities or for the public will ensure that such documents are complete, accurate, reliable, clear and comprehensible.

7. IMPLEMENTATION & ASSURANCE

The Fiat Group is committed to achieving the highest standards of best practice in relation to its moral, social and business responsibilities towards the people concerned.

The Code sets out the expectations that the Group has of its people and the responsibility they must take for transforming these policies into reality.

The management of the various business-lines, Sectors and departments of the Group are responsible for ensuring that these expectations are understood and put into practice by their employees. The management must ensure that the commitments set out in the Code are implemented across business lines, Sectors and departments.

The Group encourages employees to solicit their Legal Department in any situation regarding the Code in which they may be in doubt as to the most appropriate behaviour. A quick reply shall be given to all requests for explanation without the employee risking any form of retaliation, including indirect forms.

An appropriate sanctions policy for Code violations shall be adopted by the direct supervisors, after hearing, if necessary, the opinion of the competent Compliance Officers of the Internal Control System, consistent with existing laws and relevant national and company-wide labour contracts, and shall be proportionate to the particular violation of the Code.

Any form of retaliation against anyone who has in good faith reported possible violations of the Code or who has requested explanations regarding Code application procedures, will be considered a violation of the Code. The behaviour of anyone accusing other employees of a Code violation in the knowledge that such violation does not exist is also considered a Code violation.

Code violations may lead to the termination of the fiduciary relationship between the Group and the employee with the contractual and statutory consequences set forth in the applicable labour legislation.

Any exceptions to what is prescribed by the Code, including partial exceptions and exceptions limited in time and nature, may only be authorised exclusively for serious and justified reasons and only by the Board of Directors of the Group company in which the interested employee works, after hearing the opinion of the competent Compliance Officers.

The Internal Audit function performs periodic audit activities on the operation of the Code and results are presented to the Compliance Officer, the Chief Executive Officer of Fiat S.p.A. and the Board of Directors of Fiat S.p.A. Modifications to the Code or additions to it may be based on this Audit.

APPENDICES

Appendix A – Definition of Subsidiary Company

Art. 2359 of the Italian Civil Code:

"The following are considered subsidiary companies:

1) companies in which another company possesses a majority of the voting rights that can be exercised at the stockholders' meeting;

2) companies in which another company possesses enough votes to exercise a dominant influence on the ordinary stockholders' meeting;

3) companies that are under the dominant influence of another company by virtue of special contractual restrictions with it.

For the purposes of enforcing numbers 1) and 2) of paragraph 1, the voting rights of subsidiary companies, fiduciary companies, and "straw men" are also counted; the voting rights of third parties are not counted...".

Art. 26 of Legislative Decree no. 127 of April 9, 1991:

"... in any event, the following are considered subsidiary companies:

a) companies in which another has the right, by virtue of a contract or a clause in the articles of association, to exercise a dominant influence when the applicable law permits such contracts or clauses;

b) companies in which another, on the basis of agreements with other stockholders, has sole control of a majority of the voting rights.

Enforcement of the preceding paragraph also takes into account the rights of subsidiary companies, fiduciary companies, and "straw men"; the voting rights of third parties are not considered".

Appendix B – Interpretation and Reporting of Violations

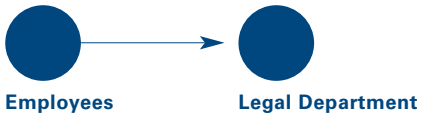
For queries relating to specific provisions or requiring clarification of the Code, employees are encouraged to contact the Legal Department responsible for the relevant Group company.

If an employee wishes to report a violation (or suspected violation) of the Code, he/she should contact his/her direct supervisor. If the grievance remains unresolved, or the employee feels uncomfortable reporting the grievance to the direct supervisor, he/she should report it to the competent Compliance Officer.

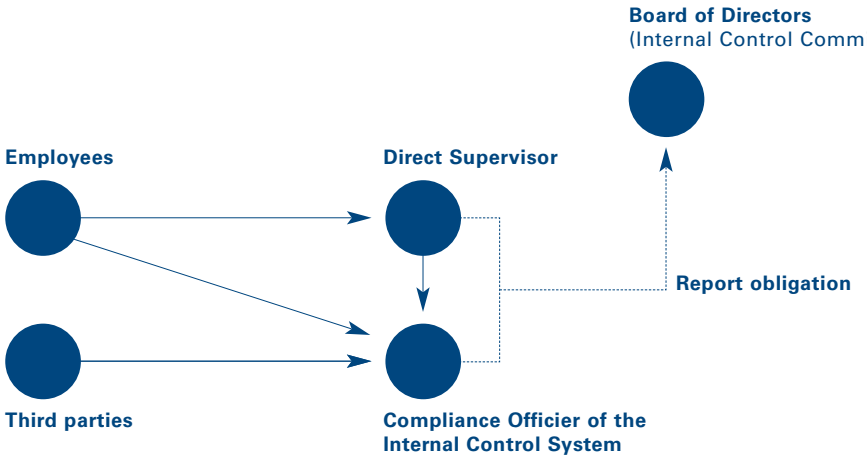
If a third party wishes to report a violation (or suspected violation) of the Code, he/she should contact the competent Compliance Officer or the specific channels that will be identified by the Group Companies for that purpose.

Interpreting or Reporting Structure:

A) Interpretation



B) Reporting



Appendix C – Code of Conduct Requirements for Financial Officers

The undersigned _____ , in his capacity as _____ of the company _____ , affirms that in the course of discharging the aforesaid duties in addition to respecting the Fiat Group Code of Conduct, he will abide by the following rules, which represent an integral and essential part of his obligations by virtue of his position at the Company:

- comport himself with honesty and integrity, avoiding all conflicts of interest, including potential ones, deriving from his personal or professional relationships;
- promptly provide his own superior and - if so required by virtue of his position at the Company - the independent auditor, the Board of Directors, the Board of Statutory Auditors, and the stockholders with complete, accurate, objective, and immediately comprehensible data and information;
- promptly report to the appropriate person or, as the case may be, the competent Compliance Officer or the Audit Committee of Fiat S.p.A. violations of the Fiat Group Code of Conduct of which he has actual knowledge or credible evidence;
- act so as to ensure full, fair, accurate, and understandable disclosure in reports and documents that are to be filed with (or are instrumental to the filing of documents to be filed with) public authorities and in any other public communication;
- act in full compliance with the norms and regulations that apply to the Company;
- act with maximum professional objectivity, avoiding situations where his/her independent judgment might be unduly influenced by external circumstances;
- treat information not in the public domain and obtained by virtue of his/her position in the Company with the maximum confidentiality, avoiding any use of said information to his/her personal benefit or the benefit of others;
- promote the highest standards of integrity and professionalism amongst his own subordinates;
- use Company assets and resources in the most correct and professional manner.

2 – Excerpt from the Compliance Program of FIAT S.p.A.

pursuant to Legislative Decree no. 231/2001

CONTENTS

DEFINITIONS

- "**CCNL**": (Contratto Collettivo Nazionale di Lavoro): National Collective Labor Agreement currently in effect and applied by Fiat;
- "**Code of Conduct**": the Code of Conduct adopted by Fiat;
- "**Company**": Fiat;
- "**Compliance Program Supervisory Body**": the internal control authority that supervises functioning of and compliance with the Program and modifications thereof. Legislative Decree no. 231/2001 defines this Body as "Organismo di Vigilanza";
- "**Confindustria Guidelines**": guidelines for the development of organizational, management, and control programs pursuant to Legislative Decree no. 231/2001, as approved by Confindustria on March 7, 2002, as amended;
- "**Consultants**": those persons who act in the name and/or on behalf of Fiat pursuant to a mandate or other collaborative relationship, including employer-coordinated freelance workers;
- "**Corporate Officers**": the members of the Fiat Board of Directors and Board of Statutory Auditors;
- "**Criminal Offenses**": the criminal offenses set out in the provisions of Legislative Decree no. 231/2001 (as may be amended from time to time);
- "**Employees**": all Fiat employees (including executives);
- "**Fiat**": Fiat S.p.A.;
- "**Fiat Revi**": Fiat Revi S.c.r.l.;
- "**Group**": Fiat S.p.A. and the companies it directly or indirectly controls, pursuant to Art. 2359, paragraphs 1 and 2, Italian Civil Code;
- "**Group Guidelines**": guidelines approved by Fiat and containing the general principles and rules to be followed by Group Companies for the preparation of Programs pursuant to Legislative Decree no. 231/2001;
- "**Instrumental Activities**": activities whereby bribery / extortion can be committed;
- "**Legislative Decree no. 231/2001**": Legislative Decree no. 231 of June 8, 2001, as amended;
- "**Partners**": the contractual counterparties of Fiat, such as for example suppliers, agents, partners, who are either physical persons or legal entities with whom the company enters into any form of contractually regulated collaboration (acquisitions and disposals of goods or services, temporary joint enterprises – "ATI - Associazione Temporanea d'Impresa", joint ventures, consortia, etc.) in order to cooperate with the company in the context of Sensitive Processes;
- "**Programs**" or "**Program**": the compliance programs or program (i.e. relating to the organizational, management, and control program) envisaged by Legislative Decree no. 231/2001;
- "**Public Agencies**": government agencies, including public officials and the providers of public services;
- "**Risk-prone Activity**": phase of the Sensitive Process exposed to the potential commission of an offense;
- "**Sector**": a plurality of subsidiaries or associated companies that report to a Sector Parent company also referred to as Sector Holding Company;
- "**Sector Parent Company**" or "**Sector Holding Company**": company acting as a holding company towards companies belonging to its Sector;
- "**Sensitive Processes**": Fiat activities where the risk of committing criminal offenses exists;
- "**Sensitive Transaction**": a transaction or act that is part of the Sensitive Processes and can be of a commercial, financial, or corporate nature (examples of this last category are: capital reductions, mergers, demergers, controlling company capital transactions, contributions, reimbursements to stockholders, etc.);
- "**Service Companies**": the Group companies that perform service activities in favor of the other companies in the Group.

SECTION I
INTRODUCTION

1. Legislative Decree no. 231/2001 and Relevant Norms

Legislative Decree no. 231/2001 was issued on June 8, 2001, pursuant to the enabling provisions of Art. 11 of Law no. 300 of September 29, 2000. Legislative Decree no. 231, which came into effect on July 4, 2001, harmonized domestic provisions regulating the liability of legal entities with certain international conventions previously signed by Italy.

Legislative Decree no. 231/2001, entitled *"Standards governing the Administrative Liability of Legal Entities, Companies, and Associations, including those without Legal Personality",* introduced for the first time in Italy the concept of vicarious criminal liability of legal entities as a result of certain offenses committed on behalf or for the benefit of such entities. The norms contained therein identify as active subjects of the offenses persons who hold representative, administrative, or executive positions in those entities or in one of their organizational units having financial and operating autonomy; persons who actually operate and control such entities; and, finally, persons subordinate to or under the supervision of one of the persons indicated above. Such liability is in addition to the personal liability of the individual who actually committed the offense.

Legislative Decree no. 231/2001 penalizes the assets of entities that benefited from the commission of the Criminal Offense. Monetary penalties are provided for in the case of all offenses under the Decree. In addition, in serious cases, the Decree provides for disqualifying measures, such as the suspension or revocation of licenses and concessions, prohibition against entering into agreements with Public Agencies, disqualification from performance of activity, exclusion or revocation of loans and contributions, and a ban against advertising goods and services.

Annex A of this Program provides a more detailed description of each category of offense covered by this Decree.

2. Confindustria Guidelines

Fiat used the Confindustria Guidelines as well as the Group Guidelines on this issue as the basis for preparation of this Program.

It should be noted that the decision not to have the Program conform with certain provisions of the Confindustria Guidelines does not compromise its validity. As individual Programs must be prepared to reflect the particular characteristics and circumstances of each company, they may depart from the Confindustria and Group Guidelines, which are general by their very nature.

Annex B provides a more detailed description of the principles envisaged in the Confindustria Guidelines and referred to in the text of this Program.

3. The Program and the Code of Conduct

The rules of conduct set forth in this Program are consistent with those provided for in the Code of Conduct adopted by Fiat, although the specific purpose of this Program is to comply with Legislative Decree no. 231/01.

Accordingly:

- the Code of Conduct represents an independent document that can be used in general applications by Fiat Group companies in order to express the principles of the Fiat Group's code of business ethics, with which all its Employees, Corporate Officers, Consultants and Partners must comply.
- the Program lays down the rules and procedures that must be adhered to so that the company may benefit from the extenuating circumstance set out in Legislative Decree no. 231/2001.

SECTION II
PREPARATION AND PURPOSE OF THE PROGRAM

1. Preparation of the Program

1.1 Preparation of the Fiat Program

(Omission)

1.2 Purpose and characteristics of the Program

The purpose of this Program is to create a structured and integral system of control procedures and activities (both preventive and reactive) aimed at reducing, through the identification and regulation of Sensitive Processes, the risk of Criminal Offenses being committed.

The aims of this Program are, on the one hand, to make potential criminal offenders perfectly aware of the Criminal Offense they are potentially about to commit (the commission of which is strongly condemned and contrary to the interests of Fiat, even if it could apparently benefit therefrom) and, on the other hand, due to constant monitoring of activities, to enable Fiat to react promptly and prevent or hinder the commission of the Criminal Offense.

Therefore, one of the purposes of the Program is to develop the awareness of Employees, Corporate Officers, Service Companies, Consultants, and Partners that operate on behalf or in the interest of the company in the context of Sensitive Processes that they can commit – if they perform acts in violation of the Code of Conduct and other company norms and procedures (as well as the law) – Criminal Offenses for which not only they but also the company can be prosecuted.

Another purpose of this Program is to actively censure all illegal conduct through constant monitoring by the Compliance Program Supervisory Body of activities performed by individuals in Sensitive Processes and the levying of disciplinary or contractual penalties.

This Program is characterized by three key aspects: its effectiveness, its specificity, and its relevance.

Effectiveness

The effectiveness of a compliance program depends on its material fitness to elaborate decision-making and control mechanisms that can eliminate – or at least significantly reduce – the risk-prone area from the scope of liability. This fitness is guaranteed by ex ante and ex post control mechanisms that can identify anomalous transactions that flag conduct in risk-prone areas and tools for taking prompt action if such anomalies are identified. The effectiveness of a compliance program also depends on the efficiency of tools that can identify "symptoms of illegal activity."

Specificity

The specificity of a compliance program is one of the elements characterizing its effectiveness.

There must be a specific connection with the risk-prone areas, as mentioned in Article 6 paragraph 2 letter a) of Legislative Decree no. 231/2001, which requires assessment of the activities where offenses can be committed.

The entity's decision-making processes and processes for implementation in "sensitive" sectors must also be specific, as envisaged in Article 6 paragraph 2 letter b) of Legislative Decree no. 231/2001.

Analogously, the procedures for management of financial resources, processing of a system of disclosure obligations, and introduction of an adequate disciplinary system are obligations that require the specificity of the individual components of the Program.

The Program must also consider the unique characteristics and dimensions of the company/department, and the type of activities performed, as well as the history of the company/department.

Relevance

In regard to this aspect, a Program can reduce the risks posed by commission of criminal offenses to the extent that it is constantly adapted to the changing nature of the business's organization and activity.

Accordingly, Article 6 of Legislative Decree no. 231/2001 envisages that the Compliance Program Supervisory Body, which has independent powers of initiative and control, be responsible for updating the Program.

Article 7 of Legislative Decree no. 231/2001 envisages that effective implementation of the Program require periodic audits and possibly changes in it when any violations are discovered or changes occur in the activity or organizational structure of the company/department.

1.3 Principles and Precedents of the Program

When this Program was prepared, existing procedures and control systems (defined during the "as-is analysis") already in wide use at the company were considered if they were found to be effective in preventing Criminal Offenses and monitoring Sensitive Processes.

In particular, Fiat identified the following specific measures that are already in place and designed to assist the Company in making and implementing corporate decisions which could also avoid, inter alia, the committing of Criminal Offenses:

- the principles of corporate governance approved by Fiat that reflect applicable norms and international best practices;
- the Internal Control System (ICS), and thus company procedures, documentation and rules regarding the corporate and organizational hierarchy and management control system;
- the Code of Conduct (available on the website www.fiatgroup.com);
- the Group Guidelines;
- the norms governing the administrative, accounting, financial and reporting system;
- communication with and training of personnel;
- the disciplinary system as set out in the CCNL;
- in general, applicable Italian and foreign norms (among which, by way of example, laws on safety in the workplace).

The principles, rules, and procedures contained within the above measures are not described in detail in this Program but are part of the broader system of organization and control that the Program complements.

Aside from the foregoing, the Program is inspired by:

- the Confindustria Guidelines, on the basis of which the Sensitive Processes of Fiat were mapped;
- the requirements of Legislative Decree no. 231/2001, and in particular:
  - definition of ex ante and ex post decision-making and control mechanisms that eliminate or at least significantly reduce risk-prone areas, that can identify anomalous transactions that flag risk-prone conduct, and tools for taking prompt action if such anomalies are identified;
  - the organization adapted to the business's organization and activity;
  - assignment to a **Compliance Program Supervisory Body** of the duty of promoting effective and correct implementation of the Program through, inter alia, monitoring of corporate conduct and the right to constant reports on activities relevant to the scope of Legislative Decree no. 231/2001;
  - provision to the Compliance Program Supervisory Body of adequate **resources** to perform its assigned duties and achieve reasonably attainable results;
  - **operating reviews** of the Program with consequent periodic updates (ex post reviews);
  - promotion of **awareness and knowledge** of the rules of conduct and established procedures at all levels of the company;

- the general principles of an adequate internal control system, and in particular:
  - the verifiability and traceability of every transaction relevant to the scope of Legislative Decree no. 231/2001;
  - adherence to the principle of **segregation of functions**;
  - the definition of powers of authorization consistently with assigned responsibilities;
  - communication of relevant information to the Compliance Program Supervisory Body;
- finally, when the control system is implemented, although general reviews of corporate activity must be performed, priority must be given to the areas where there is a significant likelihood that Criminal Offenses will be committed and a high value / significance to Sensitive Transactions.

1.4 Adoption of the Fiat Program and Subsequent Modifications

(Omission)

2. Compliance Program Supervisory Body

2.1 Identification of the Compliance Program Supervisory Body: appointment and removal

(Omission)

2.2 Duties and Powers of the Compliance Program Supervisory Body

The Compliance Program Supervisory Body is assigned the duty of monitoring:

- compliance with the Program by Employees, Corporate Officers, Service Companies, Consultants, and Partners;
- the effectiveness and adequacy of the Program in relation to the structure of the company and its actual ability to prevent Criminal Offenses;
- the advisability of updating the Program in response to changed conditions at the company and/or norms.

Accordingly, the Compliance Program Supervisory Body:

- ensures the observance of the modalities and procedures provided for by the Program and identifies any different conduct that might emerge from the analysis of information flows and reports that all heads of functions are committed to provide;
- surveys company activities in order to update the map of Sensitive Processes;
- performs periodic focused audits of specific transactions or acts carried out by Fiat, especially in connection with the Sensitive Processes, whose results must be summarized in a special report to be presented to the delegated Corporate Officers during dedicated meetings;
- liaises with corporate management to assess the adoption of possible disciplinary sanctions, without prejudice to its prerogative of levying sanctions and activating the relative disciplinary procedure (see Section V hereunder for additional information on this point);
- liaises with the head of the function in charge of managing Human Resources on the elaboration of personnel training programs and the content of periodic communications to Employees and Corporate Officers in order to provide them with adequate awareness and basic knowledge of norms pursuant to Legislative Decree no. 231/2001;
- if present, prepares and continuously updates, in collaboration with the function in charge of managing Human Resources, the Company Intranet site area that contains all information related to Legislative Decree no. 231/2001 and the Program;
- monitors the initiatives taken to diffuse awareness and understanding of the Program and prepares the internal documents necessary for the implementation of the Program, containing user instructions, clarifications, and updates;

- gathers, processes, and stores significant information regarding compliance with the Program, as well as updates the list of information that must be sent to it or kept available for it (see Chapter 2.5);
- liaises with corporate functions/departments (at meetings and in other venues) in order to monitor in the best possible manner the activities in relation to the procedures laid down in the Program. Accordingly, the Compliance Program Supervisory Body shall have free access to all corporate documents that it considers significant and must be constantly informed by management with regard to: a) the aspects of corporate activity that might expose Fiat to the risk that one of the Criminal Offenses be committed; b) relations with Service Companies, Consultants, and Partners that operate on behalf of the company with regard to the Sensitive Transactions; c) extraordinary company transactions;
- interprets relevant norms (in coordination with the function in charge of managing Legal Affairs) and assesses the adequacy of the Program with respect to those norms;
- coordinates with corporate functions/departments (at meetings and in other venues) to assess the adequacy of, and need for updates to the Program;
- launches and conducts internal investigations, interfacing with the affected corporate functions/departments to acquire additional evidence (e.g. with the function in charge of managing Legal Affairs to examine agreements whose form and content do not conform with the standard clauses designed to protect Fiat against the risk of involvement in the commission of Criminal Offenses; with the function in charge of managing Human Resources for application of disciplinary sanctions, etc.);
- suggests to management how the financial resource management systems (both collections and disbursements) already in place in the company could be supplemented so as to detect financial flows characterized by margins of discretion which are higher than those ordinarily adopted.

Autonomy, independence, and all mandatory requirements that characterize the activities of the Compliance Program Supervisory Body have made it necessary to introduce certain forms of protection in its favor in order to assure the effectiveness of the Program and prevent the possibility of retaliation being triggered by its supervisory activity (e.g. the possibility that the Compliance Program Supervisory Body's investigation uncovers evidence connecting the Criminal Offense, attempt to commit a Criminal Offense, or violation of this Program with the top management of the company).

Finally, within the procedures for the preparation of the company budget, the board of directors shall approve an adequate supply of financial resources, upon suggestion by the Compliance Program Supervisory Body, that shall be made available to it for any requirement related to the due discharge of its duties (e.g. expert advice, traveling allowances, etc.)

The definition of the aspects related to the continuity of the activity performed by the Compliance Program Supervisory Body, such as the scheduling of activities, minuting of meetings and management of information flows from the company structures, shall be assigned to the Compliance Program Supervisory Body, which shall regulate its own internal operation through a special regulation of its activities (setting of audits occurrence, identification of analysis criteria and procedures, etc.).

2.3 Compliance Program Supervisory Body Reports to Top Management

(Omission)

2.4 Information Flows to the Compliance Program Supervisory Body: General Information and Specific Mandatory Information

The Compliance Program Supervisory Body must be informed by Employees, Corporate Officers, Service Companies, Consultants, and Partners of events that could result in the liability of Fiat pursuant to Legislative Decree no. 231/2001.

The following general rules apply here.

It is necessary to collect reports about:

- the commission of Criminal Offenses;
- the reasonable certainty of commission of Criminal Offenses or conduct that is generally in conflict with the rules of conduct envisaged in this Program.

Consistently with the provisions of the Code of Conduct, if an employee wishes to report a violation (or suspected violation) of the Program, he/she should contact his/her direct supervisor. If the grievance remains unresolved, or the employee feels uncomfortable reporting the grievance to the direct supervisor, he/she should report it to the competent Compliance Program Supervisory Body.

The Service Companies, Consultants, and Partners shall report matters involving the work they perform on behalf of Fiat directly to the Compliance Program Supervisory Body; the Compliance Program Supervisory Body shall review the reports it receives. Any measures that it takes in consequence shall be applied in conformity with the provisions of Section V (Disciplinary System);

Whistleblowers in good faith shall be protected against all forms of reprisal, discrimination, or penalization and, in any event, shall be assured the confidentiality of their identity, except as required by law and protection of the rights of the company or the individuals who are accused in bad faith.

In addition to reports of violations in general, as described above, it is mandatory that the following information be immediately sent to the Compliance Program Supervisory Body:

- orders and/or information from the police or any other authority indicating that Criminal Offenses by known or unknown persons are being investigated;
- requests for legal assistance submitted by Employees if legal action against Criminal Offenses is undertaken;
- the reports prepared by the Heads of other company functions/departments during their own checks that indicate facts, acts, events, or omissions of significance to compliance with the norms of Legislative Decree no. 231/2001;
- information on disciplinary proceedings, the sanctions that are levied pursuant to the Program, if any (including measures taken against Employees), or the dismissal of these proceedings and reasons therefor.

2.5 Gathering and Storage of Information

Information and reports required by this Program shall be stored by the Compliance Program Supervisory Body on an appropriate database (computerized or paper) for 10 years.

Access to the database is restricted exclusively to the members of the Internal Control Committee, the Board of Statutory Auditors, Directors and the personnel delegated by the Compliance Program Supervisory Body.

3. Reviews of the Adequacy of the Program

(Omission)

SECTION III

THE FIAT COMPLIANCE PROGRAM: ITS SENSITIVE PROCESSES AND PROCEDURES

1. Sensitive Processes of Fiat

Upon execution of a risk analysis by Fiat pursuant to Legislative Decree no. 231/2001, it was found that its principal Sensitive Processes are currently:

1.1 - relations with Public Agencies;

1.2 - white collar crimes;

1.3 - market abuse crimes;

1.4 - transnational crimes;

1.5 - the offenses of negligent homicide and serious or very serious negligent personal injuries committed with violation of accident prevention and occupational hygiene and health protection laws.

The risk that the other kinds of offenses set out in Legislative Decree no. 231/2001 be committed appears to be merely theoretical.

(Omission)

1.1 Sensitive Processes in Relations with Public Agencies

(Omission)

1.1.1 System Overview

All Sensitive Transactions must be carried out in accordance with applicable laws, the Code of Conduct, and the rules set out in this Program.

Generally speaking, the company's organizational system must satisfy the basis requirements of formal codification and clarity, communication, and segregation of roles, particularly in regard to the assignment of responsibility, representation, definition of hierarchical lines of reporting, and operating activities.

The company must be provided with organizational tools (organizational charts, organizational communications, procedures, etc.) that comply with the following general principles:

- diffusion inside the company (and possibility also by other Group companies);
- clear and formal definition of roles and functions;
- clear description of lines of reporting.

The internal procedures are generally characterized by the following elements:

- separation within each process between the person that initiates it (decision-making impetus), the person that executes and concludes it, and the person that controls it;
- written traceability of each relevant step in the process;
- adequacy of formalization level.

Furthermore, the incentive systems of persons with spending authority or decision-making power with external relevance must not be based on substantially unattainable performance targets.

1.1.2 System of Mandates and Powers of Attorney

In principle, the system of mandates and powers of attorney must include "security" measures designed to prevent Criminal Offenses.

For these purposes, a "mandate" means the internal document that assigns functions and duties, and which is reflected in the system of organizational communications.

A "power of attorney" shall mean the unilateral legal document by which the company grants powers of representation vis-à-vis others. Corporate Officers who need representative authority in order to perform their duties should receive an adequately broad "general power of attorney" that is consistent with the duties and powers of management assigned to its recipient in the "mandate."

The system of mandates must satisfy the following basic requirements in order to effectively prevent Criminal Offenses:

- the head of the Function/Department is responsible for ascertaining that all his subordinates who represent the company on a formal or informal basis before Public Agencies have a written mandate;
- the mandate must include:
  - the party delegating authority (the party to whom the agent must report);
  - name and duties of the agent, which must be consistent with the position that the agent holds;
  - scope of application of the mandate (e.g. project, duration, product, etc.);
  - date of issue;
  - signature of the party delegating authority.

In order to prevent Criminal Offenses effectively, the system of granting powers of attorney is based on the following key requirements:

- general powers of attorney are granted exclusively to individuals with delegated internal authority or a specific mandate agreement, in the case of employer-coordinated freelance workers, that describes their operating powers and, if necessary, are accompanied by a specific letter that defines the scope of representative powers and any numerical spending limits; in any event, they must mention compliance with the requirements imposed by budget approval processes and any extra-budget items, and the processes of monitoring Sensitive Transactions by different functions;
- the power of attorney may be granted to physical persons or to legal entities that act through their own agents who are vested with similar powers within the scope of the power of attorney;
- a procedure must regulate modalities and responsibilities to assure prompt updating of the powers of attorney, envisaging the cases where the powers of attorney must be granted, amended, and revoked (e.g. assumption of new responsibilities, transfer to different duties that are incompatible with those for which it had been granted, resignation, termination, etc.).

With the assistance of other competent offices, the Compliance Program Supervisory Body may periodically audit the current system of mandates and powers of attorney and their consistency with the entire system of organizational communications (the internal company documents in which the mandates are granted), recommending changes if the operating authority and/or qualification does not correspond with the powers of representation granted to the agent, or in the event of any other anomalies.

1.1.3 General Rules of Conduct

The following general prohibitions apply both to Employees and Corporate Officers of Fiat – directly – and to the Service Companies, Consultants, and Partners in accordance with specific contractual clauses.

The following is prohibited:

- committing, collaborating with, or causing the commission of acts that either individually or collectively supplement, directly or indirectly, those kinds of Criminal Offenses referred to above (Art. 24 and Art. 25 of Legislative Decree no. 231/2001);
- violating the company principles and procedures set out in this section.

With regard to the aforesaid conduct (and consistent with the principles of the Code of Conduct), the

following acts in particular are prohibited:

- making gifts of money to Italian or foreign public officials;
- distributing presents or gifts beyond the limits of normal company practice (i.e. all types of gifts exceeding normal business practices or courtesy, or, in any event, intended to obtain favorable treatment in the operation of any company activity). In particular, any kind of gift to Italian and foreign officials (even in those countries where the giving of presents is a widespread practice) or to their relatives is prohibited if it might influence their independent judgment or induce them to assure any kind of benefit for the company. Gifts of a modest value or which promote charitable or cultural initiatives or the brand image of the Group will however be permitted. Any gifts that are offered – other than those of modest value – must be adequately documented to permit audits by the Compliance Program Supervisory Body;
- granting benefits of any kind (promises of employment, etc.) in favor of representatives of Italian or foreign Public Agencies that might lead to the same consequences envisaged at the preceding point;
- performing services in favor of Service Companies, Consultants, and Partners that are not adequately justified in the context of the contractual relationship established with them;
- granting remuneration to Service Companies, Consultants, and Partners that is not adequately justified by the type of work to be performed and local practice;
- submitting false statements to Italian government or European Union agencies in order to obtain public grants, contributions, or subsidized financing;
- allocating monies received from Italian government or European Union agencies in the form of grants, contributions, or financing for purposes other than those for which they were given.

1.1.4 Generally Applicable Specific Procedures

In order to implement the rules and prohibitions listed in the previous paragraphs, the following procedures must be observed, in addition to the general rules and principles set forth in this Program. Said rules listed below must be observed by Fiat both on Italian territory and abroad.

- Employees, Corporate Officers, Service Companies, Consultants, and Partners who have relations with Public Agencies on behalf of Fiat must be formally authorized by Fiat (in the form of a specific mandate for Employees and Corporate Officers or in the relevant service, consultancy or partnership agreement, as appropriate). When necessary, the aforesaid parties shall be granted a specific written power of attorney that observes all the criteria listed in Chapter 1.1.2 above.
- The Compliance Program Supervisory Body must be informed by written memorandum of any problem or conflict of interest that arises in a relationship with Public Agencies.
- All terms and conditions of agreements between Fiat and the Service Companies, Consultants, and Partners must be recorded in writing and observe the provisions set forth in the following points.
- Agreements with Service Companies, Consultants, and Partners must contain standard clauses defined by the Legal function in order to respect Legislative Decree no. 231/2001.
- Consultants and Partners must be chosen according to a specific procedure.
- New agreements and/or renewals of old agreements made with Consultants and Partners must contain a special clause in which they declare their familiarity with the Code of Conduct and the Program adopted by Fiat and the implications of the latter for the company, that they accept them and commit themselves to observing them, that at any rate they have adopted a similar code of conduct and compliance program, and that they have never been implicated in legal actions involving the Criminal Offenses set out in Fiat Program and in Legislative Decree no. 231/2001 (or, if they have been, they must disclose this fact so that the company may exercise greater caution if a consulting or partnership relationship is established).
- Agreements made with Consultants and Partners must contain a special clause that regulates the consequences of violation by them of the standards laid down in the Program and/or the Code of Conduct (e.g. express cancellation clauses, penalties).

- Generally speaking, no payments may be made in cash. Exceptions to this rule must be authorized as appropriate. In any event, the payments must be made as part of specific administrative procedures that describe and document the expense.
- Statements made to Italian government or European Union agencies for the purpose of obtaining grants, contributions, or financing must be true and accurate in all respects, and if such funds are obtained, a specific statement of account must be prepared documenting how the obtained funds were actually used.
- The persons who audit and supervise compliance with the procedures connected with performance of the aforesaid activities (payment of invoices, allocation of financing obtained from the State or European Union agencies, etc.) must pay special attention to how these procedures were complied with and immediately report any irregular or anomalous situation.
- Persons with expressly delegated functions must participate in court, tax, and administrative inspections (e.g. regarding Law no. 626/94, tax audits, INPS, etc.). Special minutes of the entire inspection procedure must be drafted and maintained. If the final minutes mention problems, the Compliance Program Supervisory Body must be informed thereof with a written memorandum by the head of the relevant function.
- With reference to financial management, the company shall perform specific procedural controls and shall pay particular attention to the flows not included in usual company processes, which shall be managed in an extemporary and discretionary manner. The purpose of said controls (e.g. frequent reconciliation of financial data, monitoring, segregation of duties and the performance of separate functions, in particular purchasing and financial functions, record-keeping system documenting the decision-making process, etc.) is to prevent the formation of concealed funds.

Any procedures already in effect at the company that provide greater protection or more specific rules in relation to Sensitive Processes than the above shall take precedence.

1.2 Sensitive Processes and White Collar Crimes

(Omission)

1.2.1 System Overview

In all matters involving management of the company, the Corporate Officers of Fiat (and its Employees and Consultants as appropriate) must be generally familiar with and observe not only the rules set forth in this Program, and particularly those set forth in paragraphs 1.2.2 and 1.2.3 hereunder, but also:

- the principles of corporate governance approved by Fiat that reflect applicable norms and international best practices;
- the Internal Control System (ICS), and thus company procedures, documentation and rules regarding the corporate and organizational hierarchy and management control system;
- the Code of Conduct (available on the website www.fiatgroup.com);
- the norms governing the administrative, accounting, financial, and reporting system;
- in general, applicable Italian and foreign norms (among which, by way of example, laws on safety in the workplace).

1.2.2 General Rules of Conduct

This Section expressly forbids Fiat Corporate Officers (and its Employees and Consultants as appropriate) from:

- committing, collaborating with, or causing the commission of acts that either individually or collectively supplement, directly or indirectly, those kinds of Criminal Offenses set out above (Art. 25 *ter* of Legislative Decree no. 231/2001);
- violating the corporate principles and procedures set out in this section.

Consequently, the aforesaid persons are expressly obliged to:

1. conduct themselves diligently, transparently, and cooperatively in accordance with the law and internal corporate procedures in all activities involving the preparation of financial statements and other corporate communications, in order to provide stockholders and others with true and accurate information concerning the economic, financial and balance sheet position of the company and its subsidiaries;
2. comply rigorously with all provisions of law concerning maintenance of capital so as not to prejudice the rights of creditors and others in general;
3. ensure the regular operation of the Company and Corporate Officers, guaranteeing and facilitating all forms of internal control of company management prescribed by law, as well as the free and proper expression of the will of the stockholders meeting;
4. send all communications required by law and regulations to relevant supervisory authorities promptly, diligently, and in good faith without obstructing the exercise of such authorities' supervisory duties in any way.

More specifically, it is prohibited:

with regard to point 1 hereinabove:

- to present or transmit false, incomplete, or untrue figures concerning the economic, financial and balance sheet position of the company and its subsidiaries for processing and presentation in financial statements, reports, and prospectuses or other corporate communications;
- to omit legally required figures and information concerning the economic, financial and balance sheet position of the company and its subsidiaries;

with regard to point 2 hereinabove:

- to return capital to stockholders or to release stockholders from liability to pay up capital, other than by means of a reduction of capital permitted by law;
- to allocate profits or advances on profits not actually realized or allocated by law to the reserves;
- other than in cases permitted by law, to acquire or subscribe shares in the company or subsidiaries which is prejudicial to the integrity of the capital stock;
- to execute reductions in capital stock, mergers, or demergers in violation of the provisions of law protecting creditors, causing harm thereto;
- to form or increase capital stock fictitiously by assigning shares in an amount lower than their par value upon capital increases;

with regard to point 3 hereinabove:

- to engage in conduct that materially prevents or obstructs – such as the concealment of documents or other fraudulent practices – inspections and audits by the Board of Statutory Auditors or the external auditors;
- to cause or influence the approval of stockholders meeting resolutions by means of sham or fraudulent acts designed to alter the normal process of expressing the will of the stockholders meeting;

with regard to point 4 hereinabove:

- to fail to file all periodic reports completely, accurately, and promptly as required by law and applicable norms to the supervisory authorities that have jurisdiction over the company, as well as transmit the data and documents envisaged by law and/or as specifically requested by those authorities;
- to make false or misleading statements or to provide false or misleading information in the aforesaid communications, or to conceal significant facts or information regarding the economic, financial and balance sheet position of the company;
- to engage in any conduct that obstructs the exercise of supervisory duties, during inspections by public supervisory authorities or otherwise (express opposition, refusals on pretext, or obstructive or uncooperative conduct, such as delayed communications or provision of documents).

1.2.3 Specific Procedures

In order to implement the rules and prohibitions listed in the preceding paragraphs, the following specific procedures as well as the general principles set forth in this Program must be observed when undertaking Sensitive Processes:

Preparation of communications on the company's economic, financial and balance sheet position to be distributed to stockholders and/or third parties (statutory and consolidated financial statements complete with the relevant reports required by law, etc.)

These documents must be prepared in accordance with the specific existing corporate procedures that:

- clearly and completely define the figures and information that each function/department must provide, the accounting principles for data processing, and the deadlines for their delivery to the functions/departments in charge;
- envisage the transmission of data and information to the function/department in charge through a system (computerized or other) that permits tracking of the individual steps and identification of the persons who enter data on the system;
- envisage criteria and procedures for processing the figures to be posted on the consolidated financial statements and transmission thereof by the companies in the scope of consolidation.

In addition to existing procedures, the following protective measures shall also be implemented:

- preparation of a basic training program for all the people in charge of the functions/departments involved in preparing the financial statements and other related documents, addressing the fundamental concepts and legal and accounting problems of financial statements, devoting special attention to the training of newly hired employees and periodic updating courses;
- institution of adequate mechanisms to ensure that periodic communications to the markets are prepared with the contribution of all interested functions/departments to ensure correct and mutually accepted results. These mechanisms shall include appropriate deadlines, determination of the interested parties, the issues to be addressed, information flows, and issuance of appropriate certificates.

Management of relationships with the external auditors

The following protective measures shall be adopted in relations between Fiat and the external auditors:

- adherence to Group procedure that regulates review and selection of the external auditor;
- consulting activities other than audits may not be given to the external auditors or companies or professional entities belonging to the same network as the external auditors. Exceptions shall timely be brought to the attention of the Compliance Officer and may be authorized only by the Fiat Internal Control Committee, which shall formulate a reasoned opinion and submit it to the Board of Directors, which having heard the Board of Statutory Auditors, shall resolve on such exceptions.

Preparation of communications to the Supervisory Authorities and management of relations with them

With reference to activities performed by Fiat and subject to supervision by public authorities pursuant to applicable regulations, in order to prevent the submission of criminally fraudulent communications to supervisory authorities and the obstruction of such supervisory authorities' duties, the activities subject to supervision must be performed in accordance with existing corporate procedures that regulate the terms, conditions, and assignment of specific responsibilities for:

- periodic reports to the authorities prescribed by law and regulations;
- transmission to such authorities of documents prescribed by law and regulations (e.g. financial statements and the minutes of meetings of Corporate Officers);
- transmission of data and documents specifically requested by supervisory authorities;
- the conduct to be adopted in the event of inspections.

These procedures are based on the following principles:

- all organizational and accounting measures necessary to obtain the figures and information required to compile reports correctly and send them punctually to the supervisory authority pursuant to the terms and conditions envisaged by applicable laws or regulations must be implemented;

- the procedures in question must be adequately formalized and satisfaction of the envisaged requirements must be adequately documented, particularly with regard to data processing;
- during inspections, maximum cooperation must be offered by the inspected functions/departments and organizational units for the execution of audits. In particular, all documents requested by the authorities must be promptly furnished, upon consent by the persons delegated to deal with the authorities;
- the expressly delegated persons must participate in inspections. Minutes for the entire inspection process must be drafted and maintained. If the final minutes affirm that problems exist, the Compliance Program Supervisory Body must be informed thereof with a memorandum written by the person in charge of the function/department involved.

Other rules designed to prevent white collar crimes in general

In addition to the existing rules of corporate governance and procedures, the following additional protective measures must be implemented:

- activation of a program for periodic training and information of "relevant" personnel on the rules of corporate governance and white collar crimes;
- scheduling of periodic meetings between the Board of Statutory Auditors and Compliance Program Supervisory Body to assess compliance with corporate norms and corporate governance rules;
- transmission sufficiently in advance to the members of the Board of Directors and Board of Statutory Auditors of all documents regarding the topics placed on the agenda of stockholders meetings or Board of Directors meetings;
- formalization and/or updating of internal regulations and procedures regarding compliance with applicable laws and relevant corporate standards.

1.3 Sensitive Processes and Market Abuse Offenses

(Omission)

1.3.1 System Overview

Fiat implements corporate policies that are consistent with the rules and principles set forth in all the laws and regulations enacted against market abuse.

1.3.2 General Rules of Conduct

This Section expressly forbids the persons mentioned below from committing, collaborating with or causing the commission of acts that either individually or collectively supplement, directly or indirectly, those kinds of Criminal Offenses and administrative infractions envisaged in this section (Art. 25-*sexies* of Legislative Decree no. 231/2001 and Art. 187-*quinquies* of the Consolidated Law on Financial Intermediation – hereinafter TUF). Said persons are:

- the members of the Board of Directors
- the members of the Board of Statutory Auditors
- the Chief Executive Officer
- the Chief Financial Officer
- the Chief Administrative Officer
- the members of the following Departments/Functions: Internal Audit, General Affairs and Corporate Affairs, Group Control (Financial Statements and Reporting, Accounting Principles), Relations with Institutional Investors, Communications, Finance, Human Resources, Business Development and Strategies
- the Compliance Officer
- the members of the Group Executive Council (GEC).

In particular, the abovementioned persons are expressly forbidden to:

- use Inside Information as part of their position in the Group or because they have business relationships with the Group, to directly or indirectly negotiate shares of a Group company, of client companies or competing companies, or of other companies in order to realize a personal gain or favor third parties or the company or other Group companies;
- reveal Inside Information regarding the Group to third parties, unless it must be revealed in accordance with the law, other regulations, or specific, written contractual agreements whereby the counterparties are obliged to use it exclusively for the purposes for which it was transmitted and to maintain its confidentiality;
- participate in discussion groups or chatrooms on the Internet whose theme is financial instruments or issuers of listed or unlisted financial instruments, and in which information is exchanged regarding the Group, its companies, competing companies, or listed companies in general, or financial instruments issued by these parties, unless they involve institutional meetings whose legitimacy has already been verified by the functions/departments in charge or there is exchange of information whose unprivileged nature is manifest;
- cooperate in order to achieve a dominant position over the supply or demand of a financial instrument, such as to directly or indirectly set the purchase or sale prices or cause other improper commercial conditions;
- buy or sell financial instruments at market closing time, such as to mislead investors who operate on the basis of closing prices, with the exception of normal and prudent investment activity for purchase and sale of financial instruments;
- disclose an appraisal of a financial instrument (or indirectly on its issuer) after having previously taken a position on the financial instrument, and consequently benefiting from the impact of the disclosed appraisal on the price of that instrument, without having simultaneously informed the public that this conflict of interest exists;
- execute purchases or sales of a financial instrument without this causing any change in the interests or rights or market risks of the beneficiary of the transactions or the beneficiaries that act in cooperation or in collusion. (Swaps or loans of securities or other transactions that envisage transfer of financial instruments held as collateral do not necessarily constitute market manipulation);
- file orders, especially on online markets, at prices that are higher (lower) than those of the buy (sell) bids in order to provide misleading indications about the existence of demand (offer) of a financial instrument at those significantly higher (lower) prices;
- intentionally buy or sell financial instruments or derivative contracts near the end of the trading session in order to alter the final price of the financial instrument or derivative contract, except in the course of normal, prudent investment activity of purchases and sales of financial instruments or derivative contracts;
- collude on the secondary market after a placement carried out as part of a tender offer;
- abuse one's dominant position in order to significantly distort the price at which other operators are obliged to deliver, receive, or postpone delivery of the financial instrument or underlying product in accordance with their commitments;
- conclude transactions or issue orders in such a way as to prevent the market prices of Group financial instruments from falling below a certain level, principally in order to avoid the negative consequences deriving from lowered rating of the issued financial instruments. This conduct must be kept distinct from conclusion of transactions involving purchase of treasury stock or stabilization of the financial instruments envisaged by law and regulations;
- conclude transactions involving a financial instrument traded on a market in order to improperly influence the price of the financial instrument or other related financial instruments traded on the same or other markets (e.g. conclude transactions on shares in order to set the price of the associated derivative financial instrument traded on another market at anomalous levels, or carry out transactions on the underlying product of a derivative financial instrument in order to alter the price

of the relevant derivative contracts. Arbitrage transactions do not necessarily entail market manipulation);

- disseminate false or misleading information on the market over any means of communication, including the Internet, or by any other means;
- open a long position on a financial instrument and make additional purchases and disseminate misleading positive information about the financial instrument in order to increase its price;
- take a short position on a financial instrument, execute an additional sale and disseminate misleading negative information about the financial instrument in order to reduce its price;
- open a position on a financial instrument and close it immediately after news of that opening has been published;
- operate in such a way as to create unusual concentrations in collaboration with other persons on a particular financial instrument.

1.3.3 Specific Procedures

Consistently with the corporate governance system, the principles set forth in the Code of Conduct, and the controls and procedures regarding dissemination of external disclosures, the following rules must be obeyed.

1. *External disclosures[1] must be disseminated in compliance with the Disclosure Controls & Procedures adopted in compliance with the U.S. Securities Exchange Act of 1934 and the U.S. Sarbanes Oxley Act of 2002;*
2. *Inside information must be processed in compliance with the applicable internal procedures of Fiat or the Group that envisage:*

- duties and roles of the Data Processors in charge of managing this information;
- the rules governing dissemination thereof and the terms and conditions that the Data Processors must use for its processing and publication;
- adequate criteria for qualifying the information as inside information or destined to become such, to be identified after consulting with the corporate functions/departments in charge and submitting them for an opinion by the Compliance Program Supervisory Body;
- the measures for protecting, storing, and updating the information and preventing improper and unauthorized communication thereof inside or outside the company;
- the persons who, on account of their employment or professional activity, or as part of their responsibilities, have access to the Inside information or information that is destined to become such;
- establishment of a list by the Data Processors in charge of managing Inside Information of the persons who, on account of their employment or professional activity, or as part of their responsibilities, manage and have access to specific Inside Information or information that is destined to become such. In particular, criteria for updating the list and restrictions on access thereto must be defined. Listing on the register must be communicated to the interested subject in order to ensure compliance with the consequent procedures and prohibitions. Whenever a transaction that contains Inside Information is executed, the persons involved will be entered on the list and sign it.

In any event, if there is any doubt that certain information can be characterized as Inside Information, authorization by the Compliance Program Supervisory Body or the head of the Corporate Affairs Department of the Parent Company must be requested before it is disseminated or transmitted.

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1 "External disclosure" means all public disclosures by the company, including: the annual report on Form 20-F filed with the Supervisory Authorities, the preliminary annual report, the quarterly and first-half reports filed with the Supervisory Authorities, the earnings press releases, analyst presentations, and investor road shows and scripts for conference calls/webcasts, other press releases, and website disclosures.

3. *Ex post audits are performed on the performance of Fiat S.p.A. stock in order to reveal any risk-prone areas (e.g. quantity of shares sold/limited number of buyers /time of purchase).*
4. *The internal procedures governing purchase of treasury stock and stabilization activities must be carried out in compliance with EU Regulation 2273/2003, Article 132 of TUF, and Articles 15 and 73 of the Issuer Regulation.*
5. *Whenever there is any doubt, the opinion of the Compliance Program Supervisory Body or the head of the Corporate Affairs Department of the Parent Company must be obtained before executing a transaction involving listed financial instruments of the Group or that might have a favorable impact on the Group.*

The Company organizes a periodic training and information program for the abovementioned persons on the market abuse offenses and administrative infractions and existing company procedures as applicable.

The company procedures governing the prevention of market abuse offenses can be updated upon proposal or instruction by the Compliance Program Supervisory Body.

Eventual exceptions to the procedures envisaged herein are allowed, under the responsibility of the person who implements them, only when the decision to be taken or implemented is particularly urgent or if it is temporarily impossible to comply with the procedures. The manager who departs from these procedures must request prior authorization and subsequent ratification by his immediate superior. Finally, the Compliance Program Supervisory Body must immediately be informed thereof.

1.4 Sensitive Processes and Transnational Offenses

(Omission)

1.4.1 System Overview

The objective of this Section is to have all of its recipients (Employees and Corporate Officers, as well as Consultants and Partners as previously defined in Section I), to the extent that they can be involved in activities in which transnational crimes may be committed, comply with the rules of conduct of this Section in order to prevent and hinder the commission of transnational crimes.

In particular, when carrying out said activities, the recipients are expressly forbidden to commit, collaborate, or cause the commission of acts that either individually or collectively supplement, directly or indirectly, transnational crimes.

Violation of the corporate money laundering principles and procedures implemented by Fiat is also prohibited.

1.4.2 General Rules of Conduct

This Section expressly envisages that the aforementioned recipients:

- conduct themselves diligently, transparently, and cooperatively in accordance with the law and internal corporate procedures in all activities involving management of the supplier/customer/foreign partner master file;
- inform the Compliance Program Supervisory Body of any suspicious transactions and that potentially involve financial movements for illegal purposes, especially for money laundering;
- not use anonymous instruments to execute transfers of significant amounts;
- ensure reconstruction of the transactions through identification of customers and registration of the data in specific archives;
- not transfer cash and bearer securities (checks, postal money orders, certificates of deposit, etc.) for amounts totaling more than 12,500 euros, except through authorized intermediaries;

- keep specific records on information system archives of transactions with current accounts opened in states that have less stringent rules of transparency (i.e. offshore countries) and autonomously operated for total amounts exceeding 12,500 euros.

1.5 Sensitive Processes and Negligent Homicide and Serious orVery Serious Negligent Personal Injuries, Committed with Violation of Accident Prevention and Occupational Hygiene and Health Protection Laws.

(Omission)

1.5.1 System Overview

This Section regulates the conduct of the following persons:

- Employer, Executive, and Compliance Officer
- Employees
- Contractors

The aim of this Section is to have these persons comply with the rules prescribed herein to the extent that they are involved in carrying out Risk-prone Activities. The purpose is to prevent commission of the offenses envisaged in Article 25-septies of Legislative Decree no. 231/2001. The different position of each one of these persons vis-à-vis the Company and, therefore, the diversity of their obligations as set out in the Compliance Program, are taken into consideration.

In particular, the purpose of this Section is to:

- provide a list of the general principles and specific procedural principles with which the recipients must comply, on the basis of their relation with the Company, for proper application of the Program;
- provide the Compliance Program Supervisory Body, and the heads of other company functions who are asked to cooperate with it, with the operating tools needed for envisaged control, monitoring, and auditing activities. Accordingly, given the specific nature of the matter, the Compliance Program Supervisory Body has to use specialized personnel when carrying out its activities, including in order to maintain and fulfill its professional obligations under the law.

In particular, when carrying out these activities, the recipients are expressly prohibited to commit, collaborate, or cause the commission of acts that either individually or collectively, supplement those kinds of criminal offenses envisaged herein.

1.5.2 General Corporate Principles and Preventive Measures

This Section illustrates the general principles designed to prevent the commission of negligent homicide and serious or very serious negligent personal injuries, involving the violation of accident prevention and occupational hygiene and health protection laws.

The following is envisaged so that the principles designed for the protection of worker health and safety as identified in Article 3 of Legislative Decree 626/1994 and in accordance with the provisions of Articles 4 and 5 of Legislative Decree 626/1994 be implemented.

Procedures/announcements

- The Company must issue procedures/announcements for formal definition of safety duties and responsibilities;
- The Company must implement an internal procedure/announcement for organization of preventive and periodic health check-ups and audits;
- The Company must adopt an internal procedure/announcement for management of first aid, emergency, evacuation, and fire prevention;
- The Company must adopt procedures/announcements for the administrative management of accidents and occupational diseases.

Requirements and skills

- The Prevention and Protection Service Manager ("PPS Manager"), the physician in charge, the first aid personnel, and the Prevention and Protection Service personnel must be formally appointed;
- The persons required to control implementation of maintenance and improvement measures must be identified;
- The physician must possess one of the professional qualifications envisaged in Article 2 of Legislative Decree 626/94, and specifically:
  - specialization in occupational medicine or preventive occupational medicine and psychotechnics, or industrial toxicology, or industrial hygiene, or occupational physiology and hygiene, or labor clinic, and other specializations identified as necessary by decree of the Ministry of Health in cooperation with the Ministry of University and Scientific and Technological Research;

  or

  - be a lecturer or agrégé in labor medicine or preventive occupational medicine and psychotechnics, or industrial toxicology, or industrial hygiene, or occupational physiology and hygiene;
  - possess the authorization envisaged in Article 55 of Legislative Decree 277/91, which envisages at least four years of demonstrated professional experience.
- The PPS Manager must possess professional skills and satisfy professional prerequisites in the prevention and safety fields. Specifically, he must:
  - possess a high school diploma;
  - have participated in specific and adequate training courses for the nature of risks existing at the workplace;
  - have received a certification of attendance at specific training courses on risk prevention and protection;
  - have attended continuing education courses.
- The physician in charge must participate in the organization of environmental monitoring and receive a copy of the results.

Information

- The Company must provide adequate information to employees and newly hired personnel (including temporary workers, internists, and contract project workers – "co.co.pro.") on specific business risks, their consequences, and the adopted prevention and protection measures;
- Evidence of the information provided on management of first aid, emergencies, evacuation, and the fire prevention must be provided, and minutes must be kept of any meetings;
- The employees and newly hired personnel (including temporary workers, internists, and contract project workers – "co.co.pro") must receive information about the appointment of the PPS Manager, the physician in charge, and the personnel with specific first aid, rescue, evacuation, and fire prevention duties;
- The information and instruction given for use of the work tools provided to employees must be formally documented;
- The PPS Manager and/or physician in charge must be involved in defining the information;
- The Company must organize periodic meetings of the functions in charge of occupational safety;
- The Company must involve the Workers Safety Representative in organizing the reporting and assessment of risks, designation of fire prevention personnel, first aid, and evacuation.

Training

- The Company must provide all employees with adequate instruction on occupational safety;
- The PPS Manager and/or physician in charge must participate in the drafting of the training plan;
- The training courses that are given must include an evaluation questionnaire;
- The training must adequately address the risks connected with the duties to which the worker is actually assigned;
- A specific plan for training workers exposed to serious and immediate risks must be prepared;
- Workers who change jobs or are transferred must be given preventive, additional, and specific training for their new duties;
- Personnel assigned specific prevention and protection duties (fire prevention specialists, evacuation specialists, first aid specialists) must receive specific training;
- The company must perform periodic evacuation exercises, which must be recorded (written report of completed exercise with reference to participants, performance, and results).

Registers and other documents

- The accident register must always be completely updated and filled out;
- In case of exposure to carcinogenic or mutagenic agents, the register of persons exposed must be kept;
- The Company must adopt and update the register of occupational disease files, containing the date, disease, date of issuance of medical certificate, and forwarding date of file;
- Documentary evidence must be given of visits to workplaces made jointly by the PPS Manager and the physician in charge;
- The Company must keep a record of occupational safety and health regulation compliance;
- The risk assessment document must indicate the tools and methods used to assess risks;
- The risk assessment document must contain the plan for maintenance and improvement measures.

Meetings

The Company must organize periodic meetings among the assigned departments, to which the Compliance Program Supervisory Body may attend, by means of formal convocation of the meetings and recording of the relevant minutes signed by the participants.

1.5.3 Employer's and Employees' Duties

The following provisions are envisaged for clarification of the principles described in section 1.5.2 above.

The Employer must:

- assess all risks to worker safety and health, including those involving groups of workers exposed to special risks, work equipment, substances, or the chemical preparations that are used, as well as organization of workplaces;
- upon completion of this assessment, prepare a document (to be kept at the company or production unit) containing:
  - a report on the assessment of occupational safety and health risks that specifies the criteria used for the assessment itself;
  - identification of the prevention and protection measures and the individual protection devices resulting from the occupational safety and health risk assessment;
  - the plan of measures deemed appropriate for ensuring improvement of safety levels over time;

- the assessment and preparation of the document must be carried out in collaboration with the PPS Manager and physician in charge when medical supervision is mandatory, after consultation with the safety representative, and must be performed again upon changes in the production process of significance to worker safety and health.

- designate the Prevention and Protection Service Manager, who may or not belong to the company, as well as the members of the Prevention and Protection Service;
- appoint the physician in charge;
- adopt the measures necessary for worker safety and health, and in particular:
  - designate in advance the workers in charge of implementing the measures for fire prevention and firefighting, evacuation of workers in the case of grave and immediate danger, rescue, first aid, and emergency management in general;
  - update the prevention measures according to the organizational and productive changes relevant to occupational health and safety, or in regard to the degree of change in prevention and protection techniques;
  - take into account the abilities and condition of workers according to their health and safety, assigning them their duties as appropriate;
  - provide workers with individual protection devices as necessary and appropriate, in collaboration with the PPS Manager;
  - adopt appropriate measures so that only those workers who have received adequate instructions can access the areas that expose them to a grave and specific hazard;
  - require compliance by individual workers with applicable laws and company regulations governing occupational health and safety, and use of the collective and individual protection devices provided to them;
  - require compliance by the physician in charge of the obligations envisaged by occupational safety laws, informing him of the processes and risks connected with production activity;
  - adopt measures for control of hazardous situations in the event of emergency and giving instructions so that workers evacuate their workstation or hazardous area in the event of grave, immediate, and inevitable danger;
  - inform the workers exposed to grave and immediate hazards about the hazards themselves and the specific safety measures adopted;
  - except in duly justified exceptions, refrain from asking workers to resume their activity in a workplace where a grave and immediate hazard remains;
  - through the safety representative, permit the workers to verify application of the safety and health protection measures and allow the safety representative to access the company information and documentation regarding the risk assessment, relevant prevention measures, and measures regarding hazardous substances and preparations, machines, plants, organization of work and work areas, and occupational accidents and diseases;
  - take appropriate measures to prevent the adopted technical measures from causing risks for the population or damaging the external environment;
  - keep the chronological register of workplace accidents that cause at least one day of absence from work;
  - consult with the safety representative in regard to: the risk assessment, identification, planning, realization, and auditing of prevention at the company; designation of the personnel in charge of prevention, fire prevention activity, first aid, and worker evacuation; organization of training of workers responsible for handling emergencies;
  - taking those measures as necessary to prevent fire and for the evacuation of workers, as well as in the case of grave and immediate danger. These measures must be adequate in terms of the nature of the activity, the size of the company or production unit, and the number of persons present.

- keep the medical and risk file of those workers subject to medical monitoring at the company or production unit, while safeguarding professional privilege; a copy of this file must be delivered to the worker when the employment relationship is terminated, or when he requests it.

Workers must:

- comply with the orders and instructions given by the employer, executives, and compliance officers for the purpose of collective and individual protection;
- properly use machinery, equipment, tools, hazardous substances and preparations, transportation means, and other work equipment, as well as safety devices;
- appropriately use the protection devices provided to them;
- immediately inform the employer, executive, or compliance officer of defects in the tools and devices indicated at the preceding points and any other hazardous conditions that they become aware of, directly undertaking in emergencies, within the scope of their responsibilities and possibilities, to eliminate or reduce these defects or hazards, notifying the workers safety representative thereof;
- not remove or modify the safety, warning, or control devices without authorization;
- not perform operations or maneuvers that are not their responsibility or that might compromise their safety or that of other workers on their own initiative;
- submit to the medical check-ups that are scheduled for them;
- together with the employer, executives, and compliance officers, contribute to satisfaction of all obligations imposed by the authorities with jurisdiction or that are otherwise necessary to protect worker safety and health during work.

1.5.4 Supply contracts

1.5.4.1 Relations with contractor companies

The Company must prepare and update the list of companies that operate on its sites under supply contracts.

The terms and conditions for management and coordination of contract work must be formalized in written agreements that make express reference to the obligations envisaged in Article 7 Legislative Decree no. 626/94, and among these, those borne by the employer:

- verify the technical-professional qualification of the contractors to perform the contracted work;
- provide detailed information to the contractors on the specific risks existing in the area where they will work and on the prevention and emergency measures taken in regard to their own activity;
- cooperate in the implementation of measures for prevention and protection against the risks that impact the contracted work;
- coordinate the activities for protection and prevention against risks to which workers are exposed;
- adopt measures aimed at eliminating risks due to interference amongst work performed by the different enterprises involved in executing the overall work.

The employer must check the Chamber of Commerce registration and other sources of information about the technical and professional qualifications of the contracting firms or freelance workers to perform the work to be contracted out to them.

The employer orders/organizes the joint risk assessment with the contracting companies. The employer who contracts out the work and the contractor must prepare a single risk assessment report that illustrates the measures taken to eliminate interference. This document must be appended to the supply contract.

The costs for work safety must be specifically indicated in supply contracts and subcontracts. The worker's representative and labor unions may access this information on request.

The supply contracts must clearly define the management of occupational safety requirements in the case of subcontracted work.

The business client is jointly liable together with the contractor, as well as with any additional subcontractors, for all damage for which the worker, employee of the contractor or subcontractor, is not indemnified by the Istituto Nazionale per l'Assicurazione contro gli Infortuni sul Lavoro (Italian Workers' Compensation Authority).

1.5.4.2 Relations with contractees

The Company must prepare and update the list of firms at which it works as contractor.

The Company may ask the companies at which it works as contractor for information about the specific risks and preventive measures adopted by them.

If subcontractors participate on a job, the procedures for management and coordination of subcontracted work must be defined.

Supply contracts must specifically indicate the cost for occupational safety.

SECTION IV
DIFFUSION OF THE PROGRAM

1. Training of Personnel and Diffusion of the Program

1.1 Training of and Providing Information to Employees

(Omission)

1.2 Providing Information to Consultants and Partners

Consultants and Partners must be informed of the contents of the Program and of the Fiat requirement that they conform with the provisions of Legislative Decree no. 231/2001.

1.3 Providing Information to Directors and Statutory Auditors

(Omission)

SECTION V
DISCIPLINARY SYSTEM
1. Disciplinary System
1.1 Purpose of the Disciplinary System

A system of penalties (commensurate with the violation and deterrent in nature) applicable in the event of violation of the rules set out in this Program shall ensure the efficiency of the supervision of the Compliance Program Supervisory Body and aims to ensure the effectiveness of the Program. In fact, defining a disciplinary and contractual system of penalties is an essential requirement of the Program in order to establish an extenuating circumstance for corporate liability pursuant to Art. 6 paragraph 2 letter e of Legislative Decree no. 231/2001.

If the censurable conduct also involves one of the Criminal Offenses set out in Legislative Decree no. 231/2001, the application of the disciplinary system and the relevant penalties will be independent of, and will not be prevented by, any criminal prosecution or its outcome.

Indemnification of damages may nonetheless be claimed if this conduct causes material damage to the company, such as when the judge levies the measures set out in Legislative Decree no. 231/2001 against the company.

1.2 Disciplinary Measures against Middle Managers, White Collar and Blue Collar Workers

1.2.1 Disciplinary System

(Omission)

1.2.2 Violations of the Program and Related Penalties

(Omission)

1.3 Disciplinary Measures against Executives

(Omission)

1.4 Disciplinary Measures against Directors

If one or more members of the Board of Directors violate the Program, the Compliance Program Supervisory Body shall inform the entire Board of Directors and the Board of Statutory Auditors, who shall take appropriate measures such as, for example, the calling of a stockholders meeting in order to adopt the most appropriate measures, as permitted by law. The Compliance Program Supervisory Body shall also inform the Internal Control Committee.

1.5 Disciplinary Measures against Statutory Auditors

If one or more members of the Board of Statutory Auditors violate the Program, the Compliance Program Supervisory Body shall inform the entire Board of Statutory Auditors and the Board of Directors, who shall take the appropriate measures such as, for example, the calling of a stockholders meeting in order to adopt the most appropriate measures, as permitted by law. The Compliance Program Supervisory Body shall also inform the Internal Control Committee.

1.6 Disciplinary Measures against Service Companies, Consultants and Partners

All violations by Service Companies, Consultants, including employer-coordinated freelance workers, and Partners of the rules set out in this Program and applicable to them or the commission of Criminal Offenses are punishable in accordance with the specific contractual clauses found in the related agreements.

1.7 Disciplinary Measures against the Compliance Program Supervisory Body and other bodies in charge of identifying and consequently removing a conduct violating the Program

(Omission)

ANNEX A: CRIMINAL OFFENSES

1. Criminal Offenses Committed in Relations with Public Agencies (Art. 24 and Art. 25 of Legislative Decree no. 231/2001)

The individual offenses set out in Articles 24 and 25 of Legislative Decree no. 231/2001 are briefly described below.

- ***Embezzlement of State or European Union Funds (Art. 316-bis Italian Criminal Code)***

This offense is committed when, after receiving loans or grants from the Italian Government or the European Union, the obtained funds are not used for their intended purposes (the offense consists of misappropriating part or all of the obtained funds regardless of whether the planned activity was performed or not).

Given that the offense is consummated during the phase of execution, it can also be linked to financing received in the past and not used now for the purposes for which it was disbursed.

- ***Wrongful obtaining of grants from the State or the European Union (Art. 316-ter Italian Criminal Code)***

This offense is committed when contributions, financing, subsidized loans, or other grants of the same type granted or disbursed by the State, other public entities, or the European Union are wrongfully obtained by the use or submission of false statements or documents, or by omitting mandatory information.

In this case, in contrast with the preceding provision (Art. 316-*bis*), the way in which the grants are used is irrelevant for the purposes of the offense, as the offense is committed at the time the financing is obtained.

Finally, this is a residuary offense that may often apply in circumstances where the offender lacked the intent required for the offense of defrauding the State.

- ***Extortion by a public official (Art. 317 Italian Criminal Code)***

This offense is committed when a public official or a public employee abuses his position in order to procure for himself, or for others, money or other benefits that are not owed to him or them. This offense can be charged on a secondary basis in the circumstances provided by Legislative Decree no. 231/2001; in particular, this secondary liability could apply where an employee or agent of the company aids or abets the offending public official who, abusing his position, requests that third parties perform services not owed to him (provided that the company derives a certain benefit from such conduct).

The terms "public official" and "public employee" also refer to the following persons:

1) members of the following EU institutions: European Commission, European Parliament, Court of Justice of the European Communities, and the European Court of Auditors;
2) the officers and agents hired under contracts pursuant to the Staff Regulations or the Conditions of Employment of agents of the European Communities;
3) the persons seconded by Member States or any public or private entity to the European Communities and who discharge functions corresponding to those of the officers or agents of the European Communities;
4) the members and employees of entities incorporated on the basis of the founding treaties of the European Communities;
5) the persons who perform functions and activities in other Member States of the European Union that correspond to those of public officials and public employees.

- ***Bribery to obtain an official act or an act contrary to official duties (Articles 318-319-319 bis-320 Italian Criminal Code)***

This offense is committed when a public official accepts, either himself or on behalf of others, money or other benefits in exchange for carrying out certain official acts, or omitting to take or delaying in taking certain official acts (thereby creating an advantage for the party offering the bribe).

The public official's conduct for which he accepts a bribe does not necessarily imply violation of one's

own duties (e.g. accepting money to guarantee the award of a tender). Accordingly, an offense can be committed if the public official accepts a bribe to influence the way in which he carries out a mandatory act (e.g. speeding up the handling of a matter falling within his particular remit).

If an act is committed in violation of one's own duties, the penalty is increased when the object of the act involves the granting of public funds, salaries, or pensions or the making of agreements in which the agency to which the public official belongs has an interest.

The penalties envisaged for bribery for a mandatory act are also applied if a public employee commits it.

The penalties envisaged for acts in violation of one's own duties are also applied if they are committed by a public employee.

This offense is different from the offense of extortion by a public official in that it involves an agreement between the bribed official and the briber aimed at realizing mutual benefit. Extortion by a public official, on the other hand, involves a private party being victimized or prejudiced by the demands of a public official or employee.

Penalties are also envisaged for the briber (Article 321 Italian Criminal Code).

The terms "public official" and "public employee" also refer to the following persons:

1) members of the following EU institutions: European Commission, European Parliament, Court of Justice of the European Communities, and the European Court of Auditors;
2) the officers and agents hired under contracts pursuant to the Staff Regulations or the Conditions of Employment of agents of the European Communities;
3) the persons seconded by Member States or any public or private entity to the European Communities and who discharge functions corresponding to those of the officers or agents of the European Communities;
4) the members and employees of entities incorporated on the basis of the founding treaties of the European Communities;
5) the persons who perform functions and activities in other Member States of the European Union that correspond to those of public officials and public employees.

In addition to the persons indicated at the preceding points, the penalties determined for the briber also consider a "public official" and a "public employee" to be the persons that perform functions or activities corresponding to those of public officials or public employees in other foreign states or international public organizations if the act was committed to procure a wrongful advantage for oneself or others in international financial transactions.

- ***Inducement to accept bribe (Art. 322 Italian Criminal Code)***

This offense is committed when a bribe is offered to a public official, notwithstanding that the public official refuses to accept it.

The terms "public official" and "public employee" also refer to the following persons:

1) members of the following European Union institutions: European Commission, European Parliament, Court of Justice of the European Communities, and the European Court of Auditors;
2) the officers and agents hired under contracts pursuant to the Staff Regulations or the Conditions of Employment of agents of the European Communities;
3) the persons seconded by Member States or any public or private entity to the European Communities and who discharge functions corresponding to those of the officers or agents of the European Communities;
4) the members and employees of entities incorporated on the basis of the founding treaties of the European Communities;
5) the persons who perform functions and activities in other Member States of the European Union that correspond to those of public officials and public employees;
6) persons that perform functions or activities corresponding to those of public officials or public

employees in other foreign states or international public organizations if the act was committed to procure a wrongful advantage for oneself or others in international financial transactions.

- ***Bribery in judicial proceedings (Art. 319-ter Italian Criminal Code)***

This offense is committed when the company is party to judicial proceedings and, in order to gain an advantage in such proceedings, bribes a public official (this need not necessarily be a magistrate but could also be a court clerk or other officer of the court).

- ***Fraud against the State, other public entities, or the European Union (Art. 640, paragraph 2, no. 1 Italian Criminal Code)***

This offense occurs when a wrongful gain is obtained by deception or under false pretenses and with the intent to deceive and defraud the State (or public entities or the European Union).

For example, this offense would be committed in circumstances where false and inaccurate information is knowingly submitted to a Public Agency in connection with a tender process (e.g. accompanied by false documents), with a view to obtaining that tender.

- ***Aggravated fraud to obtain public grants (Art. 640-bis Italian Criminal Code)***

This offense is committed in circumstances where public grants are obtained fraudulently.

This offense again requires intent, such as knowingly providing untrue information or knowingly preparing false documentation to obtain public financing.

- ***Computer fraud against the State or another public entity (Art. 640-ter Italian Criminal Code)***

This offense is committed when the functions of an information system or online system are altered or the data contained in them are manipulated in order to realize wrongful gain by defrauding others. For instance, this offense would be committed if, after funds have been obtained, such systems or data are fraudulently amended to record an amount higher than the amount of funds actually advanced.

1.1 Public Agencies

(Omission)

1.1.1 Public Entities

(Omission)

1.1.2 Public Officials

(Omission)

1.1.3 Public Employees

(Omission)

2. Offenses involving "counterfeiting of coins, public banknotes, securities, and revenue stamps" (Art. 25 *bis* of Legislative Decree no. 231/2001)

The individual offenses set out in Art. 25 *bis* of Legislative Decree no. 231/2001 are briefly described below.

- Counterfeiting of coins, spending and introduction on national territory of counterfeit coins by means of conspiracy (Art. 453 Italian Criminal Code);
- Alteration of coins (Art. 454 Italian Criminal Code);
- Spending and introduction on national territory of counterfeit coins without conspiracy (Art. 455 Italian Criminal Code);
- Spending of counterfeit coins received in good faith (Art. 457 Italian Criminal Code);

- Counterfeiting of revenue stamps, introduction on national territory, acquisition, keeping, or placement in circulation of counterfeit revenue stamps (Art. 459 Italian Criminal Code);
- Counterfeiting of watermarked paper used to fabricate public banknotes, securities, or revenue stamps (Art. 460 Italian Criminal Code);
- Fabrication or keeping of watermarks or tools for counterfeiting coins, revenue stamps, or watermarked paper (Art. 461 Italian Criminal Code);
- Use of counterfeit or adulterated revenue stamps (Art. 464 Italian Criminal Code).

3. White Collar Crimes (Art. 25 *ter* of Legislative Decree no. 231/2001)

The individual offenses set out in Art. 25 *ter* of Legislative Decree no. 231/2001 are briefly described below.

- ***Fraudulent corporate communications (Art. 2621 Italian Civil Code)***

The offense is committed when the directors, general managers, and executives responsible for preparing company accounting documents, the statutory auditors, or the liquidators make false statements of a material particular, even if under evaluation, in the financial statements or reports or in any other corporate communication required by law, with the intent of misleading or deceiving stockholders or the public, as to the economic, financial or balance sheet position of the company or group to which it belongs. It is also an offense to omit information required by law with the intent of misleading or deceiving the recipients of such information as above.

Note that the conduct must be taken with the purpose of realizing a wrongful gain (whether for themselves or others); the false or omitted information must be relevant and materially misrepresent the economic, financial and balance sheet position of the company; liability under the offense can also extend to false and misleading information regarding assets possessed or managed by the company on behalf of others.

- ***False corporate communications damaging the company, stockholders, or creditors (Art. 2622 Italian Civil Code)***

The offense envisaged in Article 2622 Italian Civil Code is committed when one of the acts envisaged in Article 2621 Italian Civil Code causes financial damage to the company, stockholders, or creditors.

This offense can be actioned by private prosecution, unless it involves listed companies, in which case it can be actioned by the public prosecutor.

- ***Fraudulent prospectuses (Art. 173-bis of Legislative Decree no. 58/98)***

It is a Criminal Offense to:

- present false information in an offering or listing prospectus or in tender offer documents, or
- to conceal data or information in the abovementioned documents.

Note that:

- the conduct must be taken for the purpose of realizing a wrongful gain (whether for themselves or others);
- the conduct must be capable of misleading the recipients of the prospectus.

- ***Fraudulent reports or communications issued by the external auditors (Art. 2624 Italian Civil Code)***

This offense is committed when the external auditors of a company make false statements or conceal information concerning the economic, financial and balance sheet position of the company in order to realize wrongful gains for themselves or others.

The penalty is more severe if the recipients of the communications suffer financial loss as a result of the external auditors' conduct.

In addition to the external auditors' liability for the offense, Fiat's Board of Directors, Board of Statutory Auditors and employees could also incur liability. Pursuant to Art. 110 Italian Criminal Code, directors,

statutory auditors, or other members of an audited company can be held liable if they have led or induced the external auditors in their offense.

- ***Obstruction of inspection (Art. 2625 Italian Civil Code)***

It is an offense to conceal documents or to employ other means of preventing or obstructing legally authorized inspection or audit activities by stockholders, other corporate officers, or the company's external auditors.

- ***Wrongful return of capital (Art. 2626 Italian Civil Code)***

In general, a company must not return or simulate to return capital to its stockholders or release stockholders from a liability to pay up capital, other than by means of a reduction of capital permitted by the Italian Civil Code.

- ***Illegal allocation of profits or reserves (Art. 2627 Italian Civil Code)***

It is a criminal offense to allocate profits or advances on profits which have not been realized or allocated by law to the reserves, or to allocate reserves, even if they are not formed with profits, that cannot be legally distributed.

Note that the return of profits or the replenishment of reserves before the prescribed deadline for approval of the financial statements extinguishes the offense.

- ***Illegal transactions involving shares or quotas of the company or the controlling company (Art. 2628 Italian Civil Code)***

It is an offense for a company to subscribe for or purchase shares or quotas in itself or its controlling company, prejudicial to the maintenance of its capital or undistributable reserves.

Note that if the capital stock or reserves are replenished before the prescribed deadline for approval of the financial statements for the fiscal year in which the conduct took place, the offense is extinguished.

- ***Transactions prejudicial to creditors (Art. 2629 Italian Civil Code)***

This offense is committed when reductions in capital stock, mergers with other companies, or demergers prejudicial to creditors are executed in violation of creditor protection laws.

Note that indemnification of the creditors for their damages before the filing of criminal charges extinguishes the offense.

- ***Failure to communicate conflict of interest (Art. 2629-bis Italian Civil Code)***

The offense is committed if the director or member of the management committee of a company whose securities are listed on regulated Italian or European Union markets or are publicly distributed to a significant degree pursuant to Article 116 of Legislative Decree no. 58 of February 24, 1998, as amended, or a person subject to supervision pursuant to Legislative Decree no. 385 of September 1, 1993, the aforementioned Legislative Decree no. 58 of 1998, Law 576 of August 12, 1982, or Legislative Decree no. 124 of April 21, 1993, does not inform the other directors and the board of statutory auditors of all interests that he has on his own behalf or on behalf of third parties in a specific transaction of the company, specifying its nature, terms, origin and scope.

Note that if the conflict of interest involves the Chief Executive Officer, he must likewise refrain from carrying out the transaction, delegating it to the body concerned.

- ***Fictitious formation of capital (Art. 2632 Italian Civil Code)***

This offense is committed when: capital stock is fictitiously created or increased by the issue of shares or quotas in the company at a discount to their par value; shares or quotas are reciprocally subscribed; contribution of assets in kind, receivables, or corporate assets are significantly overvalued in the case of a corporate reorganization.

- ***Wrongful allocation of company assets by liquidators (Art. 2633 Italian Civil Code)***

This offense is committed when corporate assets are allocated amongst stockholders before payment of corporate creditors or allocation of the money necessary to satisfy them, in such a way as to prejudice the creditors.

Note that indemnification of the creditors' damages before criminal charges are filed extinguishes the offense.

- ***Illegal influence over the stockholders meeting (Art. 2636 Italian Civil Code)***

Conduct which would typically be caught by this offense would be the formation of a majority by means of certain stockholders acting in concert in order to perpetrate a fraud or unfairly prejudice the minority so as to realize a wrongful gain for themselves or others.

- ***Stock manipulation (Art. 2637 Italian Civil Code)***

This offense is committed when false information is disseminated or sham transactions or other deceptions are carried out such as could materially cause a significant change in the price of unlisted financial instruments or instruments for which no application has been filed for trading on a regulated market, or significantly impact public faith in the financial stability of banks or bank groups.

- ***Obstruction of performance of public supervisory authority functions (Art. 2638 paragraphs 1 and 2 Italian Civil Code)***

This offense is committed when a company makes false statements of a material particular, even if under evaluation, or fraudulently omits or conceals (in whole or in part) information, concerning its economic, financial or balance sheet position in communications with applicable regulatory or supervisory authorities, with the intent of obstructing such authorities' functions.

4. Terrorist offenses and subversion of the democratic order (Art. 25 *quater* of Legislative Decree no. 231/2001)

The main offenses set out in Art. 25 *quater* of Legislative Decree no. 231/2001 are briefly described below.

- ***Associations promoting terrorism, also international, or subversion of the democratic order (Art. 270-bis Italian Criminal Code)***

This statute punishes anyone who promotes, forms, organizes, manages, or finances organizations whose purpose is to carry out acts of violence for the purpose of terrorism or subversion of the democratic order.

The Italian Criminal Code also considers violence against a foreign State or international organization or institution as acts of terrorism.

- ***Supporting of terrorist or subversive associations (Art. 270-ter Italian Criminal Code)***

This statute sanctions anyone who gives shelter, food, hospitality, means of transport, or tools of communication to any of the persons that participate in the criminal organizations envisaged in Articles 270 and 270-*bis* Italian Criminal Code.

Persons who provide assistance to a close relative are not punishable for this offense.

- ***Recruitment for acts of domestic or international terrorism (Art. 270-quater Italian Criminal Code)***

Except in the cases envisaged in Article 270-*bis*, anyone who recruits one or more people to commit acts of violence or sabotage of essential public services for the purpose of terrorism, and even if they target a foreign state or international institution or body, shall be punished by seven to fifteen years of imprisonment.

- ***Training for acts of domestic or international terrorism (Art. 270-quinquies Italian Criminal Code)***

Except in the cases envisaged in Article 270-*bis*, anyone who trains or otherwise provides instruction on how to prepare or use explosive materials, firearms, or other weapons, harmful or hazardous chemical or bacteriological substances, and all other techniques or methods for committing acts of violence or sabotage of essential public services for the purpose of terrorism, and even if they target a foreign state or international institution or body, shall be punished by five to ten years of imprisonment. The same penalty is imposed on the trained person.

- ***Acts of terrorism (Art. 270-sexies Italian Criminal Code)***

Acts whose nature or context can cause grave harm to a country or international organization and are

committed in order to intimidate the general population or coerce public authorities or an international organization to perform or refrain from performing any act, or to destabilize or destroy the fundamental political, constitutional, economic, and social structures of a country or international organization, or the other conduct defined as terrorism or committed for the purpose of terrorism by conventions or other international laws binding on Italy are considered to be acts of terrorism.

- ***Attacks for terrorist or subversive purposes (Art. 280 Italian Criminal Code)***

This statute punishes anyone who attempts to assassinate or harm a person for the purpose of terrorism or subversion.

This offense is aggravated if the victim is seriously injured or killed, or if the act is committed against persons who work for the judicial or penal systems or law enforcement organizations or on account of their official duties.

- ***Act of terrorism with deadly or explosive devices (Art. 280-bis Italian Criminal Code)***

Unless the act represents a more serious offense, anyone who commits any act aimed at damaging the movable or immovable property of someone else by using explosive or otherwise deadly devices shall be punished by two to five years of imprisonment. Explosive or otherwise deadly devices are considered to be the weapons and similar materials indicated in Article 585 Italian Criminal Code and capable of causing major material damage.

If the act is committed against the seat of the President of the Republic, legislative assemblies, the Constitutional Court, government bodies, or other bodies envisaged in the Constitution or constitutional statutes, the penalty shall be increased by up to one-half.

If the act endangers public safety or causes grave damage to the national economy, the penalty is imprisonment from five to ten years.

- ***Kidnapping for the purpose of terrorism or for subverting the democratic order (Art. 289-bis Italian Criminal Code)***

This criminal offense involves the kidnapping for the purposes of terrorism or subversion of democratic order.

The offense is aggravated by the intentional or unintentional death of the kidnapping victim.

- ***Inducement to commit crimes against the State (Art. 302 Italian Criminal Code)***

This statute envisages that anyone who instigates someone to commit one of the involuntary criminal offenses envisaged in the title of the Italian Criminal Code dedicated to offenses against State officials and punishable with life imprisonment or imprisonment, is punished, if the instigation is not accepted, or if the instigation is accepted but the offense is not committed, by imprisonment from one to eight years.

- ***Political conspiracy through agreements and associations (Art. 304 and Art. 305 Italian Criminal Code)***

This statute punishes anyone who agrees to commit one of the criminal offenses envisaged at the preceding point (Article 302 Italian Criminal Code).

- ***Formation of and participation in an armed organization; support to conspirators or members of an armed organization (Art. 306 and Art. 307 Italian Criminal Code)***

This offense is committed when an armed band is formed to commit one of the criminal offenses listed in Article 302 Italian Criminal Code hereinabove.

- ***Terrorist offenses as provided by special laws: portion of Italian legislation enacted in the 1970s and 1980s, aimed at fighting terrorism.***
- ***Offenses, different from the ones set forth in the Criminal Code and in special laws, that are in violation of Art. 2 of the New York Convention of December 8, 1999.***

Pursuant to this Article, any person commits an offense, if that person by any means, directly or indirectly, illegally and willfully, provides or collects funds with the intention that such funds should be used or in the knowledge that such funds are to be used, in full or in part, in order to carry out:

a) an act which constitutes an offense within the scope of and as defined by one of the treaties listed in the annex; or

b) any other act intended to cause death or serious bodily injury to a civilian, or to any other person not taking an active part in the hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to intimidate a population, or to compel a government or an international organization to do or to abstain from doing any act.

For an act to constitute an offense set forth above, it shall not be necessary that the funds be actually used to commit an offense defined by subparagraphs (a) or (b). Attempts to commit offenses as previously defined shall be considered actual offenses.

Any person also commits an offense if that person:

- participates as an accomplice in an offense as set forth above;
- organizes or directs others to commit an offense as set forth above;
- contributes to the commission of one or more offenses as set forth above together with a group of persons acting with a common purpose. Such contribution shall be intentional and shall either:
  - be made with the aim of furthering the criminal activity or criminal purpose of the group, where such activity or purpose involves the commission of an offense as set forth above; or
  - be made in the knowledge of the intention of the group to commit an offense as set forth above.

Among criminal activities that fall in the category of terrorism, offenses involving "financing" activities are those that could be easily committed (see Article 270-*bis* Italian Criminal Code).

In order to determine whether or not there is the risk that these types of offenses be committed, it is necessary to examine the subjective profile envisaged in the statute to determine whether or not the criminal offense could be committed.

From the subjective point of view, acts of terrorism are considered malicious offenses. In order for the criminal offense to be considered malicious, it is necessary to prove that the perpetrator was aware of the unlawful event and wanted to carry it out by means of conduct attributable to him. Consequently, in order to charge the offense in question, the perpetrator must be aware of the terroristic nature of the activity and must have the intention of assisting in its commission.

Therefore, in order for criminal conduct to be considered a terrorist offense, the perpetrator must be aware that the organization to which he provides financing intends to commit terrorism or subversion and must have the intention of assisting in its commission.

However, commission of the criminal offense could be assumed even if the person acted with the awareness of eventual wrongdoing. In this case, the perpetrator should foresee and accept the risk that the event occur, even if he does not directly wish that it happen. Expectation of the risk that the event occur and the voluntary decision to engage in criminal conduct must be deduced on the basis of unequivocal and objective elements.

5. Offenses against the person (Art. 25 *quater 1 and 25 quinquies* of Legislative Decree no. 231/2001)

The main offenses set out in Art. 25-*quinquies* of Legislative Decree no. 231/2001 are briefly described below.

- ***Placing or holding a person in conditions of slavery or servitude (Art. 600 Italian Criminal Code)***

Anyone who holds powers over a person corresponding to property rights or anyone who enslaves or keeps a person in a state of continued servitude, forcing him or her to perform work or sexual services or beg, or services that involve exploitation, shall be punished by eight to twenty years of imprisonment.

Enslavement or continued servitude occurs when the act is committed by means of violence, threat, deceit, abuse of authority or exploitation of physical or mental inferiority or situation of need, or by promising or giving amounts of money or other benefits to those who have authority over the person.

The penalty shall be increased by one-third to one-half if the acts envisaged in the first paragraph are committed against minors under the age of eighteen or involve exploitation for prostitution or subjecting the victims to removal of their organs.

- ***Child prostitution (Art. 600-bis Italian Criminal Code)***

Anyone who induces persons under the age of eighteen to engage in prostitution or abets or exploits the prostitution of such persons shall be punished by imprisonment from six to twelve years and a fine of between 15,493 euros and 154,937 euros.

Unless the act involves a more serious criminal offense, anyone who engages in sexual acts with a minor between the age of fourteen and eighteen years in exchange for money or other economic benefits shall be punished by imprisonment from six months to three years and a fine of not less than 5,164 euros.

If the act envisaged in the second paragraph is committed against someone who has not yet turned sixteen years of age, the penalty shall be imprisonment from two to five years.

If the author of the act envisaged in the second paragraph is a person under the age of eighteen, the penalty shall be imprisonment or a fine reduced by one-third to two-thirds.

- ***Child pornography (Art. 600-ter Italian Criminal Code)***

Anyone who uses minors under the age of eighteen to realize pornographic exhibitions or produce pornographic material or induces minors under the age of eighteen to take part in pornographic exhibitions shall be punished by imprisonment from six to twelve years and a fine of between 25,822 euros and 258,228 euros.

Those who engage in trade of the pornographic material envisaged in the first paragraph are subject to the same penalty.

Aside from the cases envisaged in the first and second paragraphs, anyone who uses any means, including online means of communication, to distribute, disseminate, disclose or publicize the pornographic material envisaged in the first paragraph, or distributes or disseminates news or information in order to solicit or sexually exploit minors under the age of eighteen, shall be punished by imprisonment from one to five years and a fine of between 2,582 euros and 51,645 euros.

Aside from the cases envisaged in paragraphs one, two, and three, anyone who offers or transfers to others, for a price or gratuitously, pornographic material as per paragraph one, shall be punished by imprisonment for up to three years and with a fine of between 1,549 euros and 5,164 euros.

In the cases envisaged in paragraphs three and four, the penalty is increased by no more than two-thirds if there is an immense quantity of the material.

- ***Possession of pornographic material (Art. 600-quater Italian Criminal Code)***

Aside from the cases envisaged in Article 600-*ter*, anyone who knowingly obtains or possesses pornographic material realized using minors under the age of eighteen shall be punished by imprisonment for up to three years and with a fine of not less than 1,549 euros.

The penalty is increased by no more than two-thirds if there is an immense quantity of the material.

- ***Virtual pornography (Art. 600-quater Italian Criminal Code)***

The provisions of Articles 600-*ter* and 600-*quater* also apply when the pornographic material represents virtual images created using images or parts of images of persons under the age of eighteen, but the penalty is reduced by one third.

"Virtual images" mean images created with graphic elaboration techniques that are not entirely or partly associated with real situations, but whose quality of representation makes situations that are not real appear to be true.

- ***Tourism for the purpose of exploiting child prostitution (Art. 600-quinquies Italian Criminal Code)***

Anyone who organizes or promotes travel for the purpose of enjoying child prostitution or otherwise including this activity shall be punished by imprisonment from six to twelve years and a fine of between 15,493 euros and 154,937 euros.

- ***Trafficking in human beings (Art. 601 Italian Criminal Code)***

Anyone who enslaves persons in the conditions set forth in Article 600 or, in order to commit the criminal offenses envisaged in that Article, induces those persons by deceit or forces them by means of violence,

threat, deceit, abuse of authority or exploitation of physical or mental inferiority or situation of need, or by promising or giving amounts of money or other benefits to those who have authority over those persons, to enter or stay in or leave Italian territory or to move inside Italian territory, shall be punished by imprisonment from eight to twenty years.

The penalty shall be increased by one-third to one-half if the criminal offenses envisaged in this Article are committed against minors under the age of eighteen or involve exploitation for prostitution or subjecting the victims to removal of their organs.

- ***Sale and purchase of slaves (Art. 602 Italian Criminal Code)***

Aside from the cases envisaged in Article 601, anyone who purchases or disposes or sells a person in one of the conditions set forth in Article 600 shall be punished by imprisonment from eight to twenty years.

The penalty shall be increased by one-third to one-half if the criminal offenses envisaged in this article are committed against minors under the age of eighteen or involve exploitation for prostitution or subjecting the victims to removal of their organs.

- ***Mutilation of female genital organs (Art. 583-bis Italian Criminal Code)***

Except as necessary for therapeutic purposes, anyone who causes the mutilation of female genital organs is punished by four to twelve years of imprisonment. For the purposes of this Article, mutilation of female genital organs is construed to be clitoridectomy, excision and infibulation, and any other practice that causes the same sort of effects. Except as necessary for therapeutic purposes, anyone who causes injuries, with the aim of impairing sexual functions, to the female genital organs that are different from those indicated in the first paragraph and cause a physical or mental illness is punished by three to seven years of imprisonment.

The penalty is reduced by two-thirds if the injury is slight.

The penalty is increased by one-third if the practices envisaged in the first and second paragraph are committed on a minor or if the act is committed for profit. The provisions of this Article also apply when the act is committed outside of Italy by an Italian citizen or by a foreigner resident in Italy, or against an Italian citizen or foreigner resident in Italy. In this case, the guilty party is punished on request by the Ministry of Justice.

The criminal offenses involving trafficking in human beings apply not only to the person who directly commits the illegal act but also to those who knowingly assist that conduct, even if only by financial means.

The relevant conduct in these cases can involve the illegal procurement of labor through immigrant worker trafficking and enslavement of persons.

6. Market abuse as a criminal offense and administrative infraction (Art. 25-*sexies* of Legislative Decree no. 231/2001)

6.1 Criminal Offenses and Administrative Infractions

Criminal offenses and **administrative infractions** of market abuse are regulated by the new Title I-*bis*, Chapter II, Part V of Legislative Decree no. 58 of February 24, 1998 (TUF) under the rubric "Insider Trading and market manipulation."

In accordance with the new rules, the entity may be considered liable if **criminal offenses** involving insider trading (Art. 184 TUF) or market manipulation (Art. 185 TUF) are committed, even if said conduct does not involve criminal offenses but simple **administrative infractions** (Art. 187–*bis* TUF for insider trading and Art. 187-*ter* TUF for market manipulation, respectively), and said offenses or infractions are committed on its behalf or to its advantage.

If the illegal conduct satisfies the requirements for criminal offense, the entity's liability will be based on Article 25–*sexies* of Legislative Decree no. 231/2001; if, on the contrary, it involves an administrative infraction, the entity will be held liable pursuant to Art. 187–*quinquies* TUF.

Criminal Offenses:

- ***Insider Trading (art. 184 TUF)***

Any person who, possessing inside information by virtue of his membership on the administrative, management, or supervisory bodies of an issuer, his holding in the capital of an issuer, or the exercise of his employment, profession, duties, including public duties, or position, commits the criminal offense of insider trading when he:

- buys, sells, or carries out other transactions involving, directly or indirectly, for his own account or for the account of a third party, financial instruments[2] using inside information acquired as described above;
- discloses such information to others outside the normal exercise of his employment, profession, duties or position (regardless of whether those who receive such information use it to carry out transactions);
- recommends or induces others, on the basis of the inside information he possesses, to carry out any of the transactions referred to in the first point.

Furthermore, anyone who, possessing inside information as a result of the preparation or commission of criminal offenses, engages in any of the actions described above (e.g. a hacker who, upon gaining illegal access to the information system of a company, manages to obtain confidential, price-sensitive information) commits the criminal offense of insider trading.

Example:

The Chief Financial Officer of the company issues orders to buy or sell stock in a listed company (e.g. a commercial partner of the company) on the basis of inside information.

- ***Market manipulation (Art. 185 TUF)***

Any person who disseminates false information (i.e. disclosure manipulation) or sets up sham transactions or employs other devices concretely likely to produce a significant alteration in the price of financial instruments (i.e. trading manipulation) commits the criminal offense of market manipulation.

Furthermore, in regard to dissemination of false or misleading information, this type of market manipulation also includes cases of misleading information created due to violation of disclosure obligations by the issuer or other parties subject to disclosure requirements.

Examples:

The General Manager of the company issues false disclosures regarding corporate operations (e.g. regarding the existence of ongoing restructuring plans) or the situation of the company in order to influence the prices of listed securities *(disclosure manipulation)*.

The Chief Financial Officer issues buy or sell orders regarding one or more specific financial instruments or derivative contracts near the end of the trading session in order to alter their final price *(trading manipulation)*.

2 "Financial instruments" means: a) the shares or other instruments representing risk capital that are negotiable on the capital markets; b) the bonds, government securities, and other fixed income securities that are negotiable on the capital markets; b-*bis*) the financial instruments negotiable on the capital markets that are envisaged in the Italian Civil Code; c) the shares or quotas of mutual funds or unit trusts; d) the securities that are normally traded on the money market; e) any other securities that are normally traded and permit acquisition of the instruments indicated at the preceding letters and the associated indices; f) futures contracts on financial instruments, interest rates, currencies, commodities, and associated indices, even if they are executed through payment of margins in cash; g) spot and swap contracts on interest rates, currencies, and commodities, as well as equity swaps, even if they are executed through payment of margins in cash; h) futures contracts based on financial instruments, interest rates, currencies, commodities, and associated indices, even if they are executed through payment of margins in cash; i) options to buy or sell the instruments indicated at the previous letters and the associated indices, as well as options on currencies, interest rates, commodities, and associated indices, even if they are executed through payment of margins in cash; j) combinations of the contracts or securities indicated at the preceding letters.

Furthermore, in these examples, the entity is liable only if these acts were carried out on its behalf or for its benefit by its representatives, directors, or management, or by a financially and functionally independent unit belonging to it, or by persons who officially or effectively manage and control it, or persons subject to the management and supervision of the aforementioned persons.

Administrative infractions:

- ***Insider Trading (Art. 187–bis TUF)***

Any person who, possessing inside information by virtue of his membership in the administrative, management, or supervisory bodies of an issuer, his holding in the capital of an issuer or the exercise of his employment, profession, duties, including public duties, or position commits the administrative infraction of insider trading when he:

- buys, sells, or carries out other transactions involving, directly or indirectly, for his own account or for the account of a third party, financial instruments using inside information acquired as described above;
- discloses such information to others outside the normal exercise of his employment, profession, duties, or position (regardless of whether those who receive such information use it to carry out transactions);
- recommends or induces others, on the basis of the inside information he possesses, to carry out any of the mentioned transactions.

Furthermore, anyone who, possessing inside information as a result of the preparation or commission of criminal offenses, engages in any of the actions described above commits the administrative infraction of insider trading.

The model fact situation set forth in this Article largely corresponds to the criminal offense envisaged in Art. 184 TUF, while differing from it largely on account of the absence of malicious intent (which is an essential condition for presuming the criminal offense of insider trading). In order for the insider trading to be considered an administrative infraction, it is sufficient for the conduct to result from negligence, since the real intention of the author of the offense is irrelevant.

The penalties envisaged in this Article also apply to anyone who engages in any of the conduct described therein while possessing inside information and knowing or even simply being able to know that it is inside information through the exercise of ordinary diligence.

Finally, an attempt to commit any of these infractions is considered equal to commission thereof.

Example:

The Merger and Acquisitions manager negligently induces others to buy or sell financial instruments on the basis of inside information acquired as part of his duties.

- ***Market manipulation (Art. 187-ter TUF)***

The model fact situation envisaged in Art. 187-*ter* TUF expands the scope of conduct relevant to application of the administrative sanctions with respect to those that are subject to criminal penalties and punishes anyone who, through any media, disseminates information, rumors, or false or misleading news in regard to financial instruments (i.e. disclosure manipulation).

In this case, the administrative infraction of market manipulation is not based on the effects of the illegal conduct, where Art. 185 TUF, in regulating cases of criminal market manipulation, requires that the false information be *"concretely likely"* to produce a significant alteration in the price of financial instruments in order for that conduct to be punishable.

Paragraph 3 of Art. 187-*ter* TUF also envisages that the following conduct is punishable (i.e. trading manipulation):

- buy or sell transactions or orders to buy or sell which give, or are likely to give, false or misleading signals as to the supply of, demand for, or price of financial instruments;

- buy or sell transactions or orders to buy or sell which set, by a person or persons acting in collaboration, the price of one or several financial instruments at an abnormal or artificial level;
- buy or sell transactions or orders to buy or sell which employ fictitious devices or any other form of deception or contrivance;
- other fictitious devices likely to give false or misleading signals as to the supply of, demand for, or price of financial instruments.

Example:

The Investor Relations manager disseminates false or misleading information to the press in order to move the price of a security or underlying asset in a direction favorable to the position open on that financial instrument or asset or favors a transaction that was already planned by the person who disseminated the information.

6.2 The concept of Inside Information

(Omission)

6.3 Disclosure obligations

(Omission)

7. Transnational crimes (Law no. 146 of March 16, 2006)

Law no. 146 of March 16, 2006, published in the Official Gazette of the Republic of Italy on April 11, 2006, ratified and executed the United Nations Convention and Protocols against Transnational Organized Crime, which were adopted by the General Assembly on November 15, 2000 and May 31, 2001 (the so-called Palermo Convention).

The core of the convention is comprised by the notion of *transnational offense* (Art. 3). This is the criminal offense that (i) is committed in one or more States in regard to one or more aspects (preparation, commission, or effects), (ii) is committed by a criminal organization, and (iii) is characterized by a certain gravity (it must be punished in individual legal systems by imprisonment sentence, whose maximum term shall not be less than four years).

Thus, what is relevant here is not an occasionally transnational offense but a crime that results from the activity of a stable organization with a strategic perspective, and thus likely to be repeated over time.

The law ratifying the Palermo Convention expanded the scope of Legislative Decree no. 231/2001: pursuant to Article 10 of Law 146/2006, the transnational offenses envisaged in that Law are subject to the provisions of Legislative Decree no. 231/2001.

The law defines a transnational offense as the offense punished by imprisonment whose maximum term shall not be less than four years, involving an organized criminal group, and that:

- is committed in more than one State; or
- is committed in one State, but a substantial part of its preparation, planning, direction or control takes place in another State; or
- is committed in one State, but involves an organized criminal group that engages in criminal activities in more than one State; or
- is committed in one State but has substantial effects in another State.

The company is liable for the following offenses committed on its behalf or to its benefit if they are transnational as defined above:

Racketeering offenses

- ***Racketeering (Art. 416 Italian Criminal Code)***

This offense is committed when three or more persons conspire in order to commit various offenses. The individuals who promote, constitute, or organize the conspiracy are punished, for said offense only, with imprisonment from three to seven years. The mere fact of participating in the organization entails imprisonment from one to five years.

- ***Mafia-type racketeering (Art. 416-bis Italian Criminal Code)***

This offense envisages that anyone who belongs to a Mafia-type organization comprised of three or more persons be punished by imprisonment from five to ten years. Those who promote, direct, or organize the organization are punished by imprisonment from seven to twelve years. The organization is of a Mafia type when its members use the power of intimidation associated with membership in the organization and the condition of subjugation and conspiracy of silence deriving from it in order to commit offenses, to acquire control directly or indirectly of economic activities, concessions, authorizations, contracts, and public services or to realize wrongful gains or benefits for oneself or others.

- ***Racketeering for the purpose of smuggling foreign processed tobacco (Art. 291-quater of Presidential Decree no. 43/1973)***

This offense is committed when three or more persons conspire in order to introduce, sell, transport, purchase, or possess within national territory more than ten kilograms of foreign processed tobacco. The persons who promote, constitute, direct, organize, or finance the conspiracy are punished by three to eight years of imprisonment. The participants are punished by imprisonment from one to six years.

- ***Racketeering for the purpose of trafficking in narcotics or psychotropic substances (Art. 74 of Presidential Decree 309/1990)***

This offense is committed when three or more persons conspire to cultivate, produce, fabricate, extract, refine, sell or place on sale, offer, transfer, distribute, trade, transport, procure for others, send, carry or ship in transit, or deliver narcotics or psychotropic substances for any purpose. The persons who promote, constitute, direct, organize, or finance the conspiracy are punished by not less than twenty years of imprisonment. The participants are punished by not less than ten years of imprisonment.

In the cases described above, the company is subject to a fine ranging from 400 to 1,000 quotas and a ban on operation for not less than one year. Since the amount of one quota can vary from 258 euros to 1,549 euros, the fine can reach the figure of approximately 1.5 million euros. In particularly serious cases, this amount can be tripled.

If the entity or one of its organizational units is permanently used for the sole or principal purpose of permitting or supporting the commission of these offenses, that entity is permanently banned from operating.

Money laundering

- ***Money laundering (Art. 648-bis Italian Criminal Code)***

This offense is committed when a person substitutes or transfers money, goods, or other gains from a non-negligent offense, or carries out other operations in relation to them so as to obstruct identification of their criminal origin. This offense is punished by imprisonment from four to twelve years and a fine from 1,032 euros to 15,493 euros. The penalty is increased if the act is committed in the course of operating a professional activity.

- ***Investment of money, goods, or gains of illegal origin (Art. 648-ter Italian Criminal Code)***

This offense is committed when money, goods, or other gains resulting from a crime are invested in economic or financial activities. In this case, the offense is punished by imprisonment from four to twelve years and a fine from 1,032 euros to 15,493 euros. The penalty is increased if the act is committed in the course of operating a professional activity.

In the aforementioned cases, the company is subject to a fine of between 200 and 800 quotas, and a ban on operation for up to two years. Therefore, the fine can reach approximately 1.25 million euros (the fine may be tripled in particularly serious cases).

When money laundering offenses are committed, the entity is subject to a ban on operation of no more than two years.

Italian laws against money laundering envisage regulations aimed at preventing money laundering practices, by prohibiting, inter alia, the transfer of significant amounts by anonymous means and ensuring the reconstruction of transactions through identification of the customers and registration of the data in special archives.

Specifically, the laws governing money laundering are comprised first and foremost by Law no. 197 of July 5, 1991, entitled "Urgent measures to limit the use of cash and bearer securities in transactions and to prevent use of the financial system for money laundering" (the "Money Laundering Law"), which received the European Union guidelines set out in Directive no. 91/308. For the first time ever, this law introduced an organic and unified statutory framework in order to regulate money laundering in the Italian legal system.

Law 197/1991 substantially envisages three tools for preventing the laundering of illegal gains:

- the prohibition of circulation (transfer) of money and bearer securities (checks, postal money orders, certificates of deposit, etc.) whose total amount exceeds 12,500 euros, except through authorized intermediaries (Art. 1);
- the obligation of these intermediaries to maintain information system records of transactions executed by anyone for amounts totaling more than 12,500 euros (Art. 2);
- the obligation of these intermediaries to report to the designated authorities all those transactions executed by customers that are deemed "suspicious" and thus potentially part of financial movements aimed at money laundering (Art. 3).

The list of intermediaries envisaged in the Money Laundering Law has changed several times over the years, in consequence of the various statutory amendments regarding money laundering.

The statute to be referred to for identification of the updated list of intermediaries is Article 4 of Legislative Decree no. 56/2004. Paragraph 1 of that Article envisages that a specific number of entities and their Italian branches be authorized to carry out the transfers envisaged in Article 1 of Law 197/1991, albeit within the limits of their institutional activities.

These entities include, inter alia:

- Banks;
- the Italian Postal Service (Poste Italiane);
- stock brokerages (*Società di Intermediazione Mobiliare* - SIM);
- investment companies (*Società di Gestione del Risparmio* - SGR);
- open-end investment companies (*Società di Investimento a Capitale Variabile* - SICAV).

The following entities are not authorized pursuant to law but might be authorized following acceptance of a specific request therefor:

- financial intermediaries entered on the special list kept pursuant to Article 107 of the Italian Unified Banking and Credit Act (TUB);
- financial intermediaries entered on the general list kept pursuant to Article 106 of TUB;
- the entities operating in the financial sector and entered in the sections of the general list kept pursuant to Articles 113 and 155, paragraphs 4 and 5 of TUB.

Although they are not authorized intermediaries and cannot request authorization, certain entities are nonetheless subject to precise duties in regard to money laundering.

These entities include, inter alia:

- real estate agencies and brokers
- operators of gambling houses
- traders, importers, and exporters of gold
- credit collection agencies
- the entities entered on the register of bookkeepers and accountants, the register of auditors, the register of professional accountants, and the register of labor consultants
- notaries public and lawyers, when they execute any financial or real estate transaction in the name or on behalf of their clients, and when they assist their clients in the planning or realization of operations involving, inter alia:
  - the transfer of real estate or economic activities for any reason
  - the management of money, financial instruments, or other assets
  - the incorporation, operation, or management of companies, entities, trusts, etc.

Regardless of whether or not intermediaries are qualified as authorized, unauthorized but capable of being authorized, unauthorized and not capable of being authorized, these entities, with differences according to their nature, are all subject to the statutory obligations imposed in regard to money laundering.

Trafficking in migrants

- ***Trafficking in migrants (Art. 12 paragraphs 3, 3-bis, 3-ter, and 5 of Legislative Decree no. 286/1998)***

This offense is committed when a person commits acts aimed at bringing a person into national territory in violation of immigration laws, or acts aimed at procuring illegal entry in another state where the person is not a citizen or does not have authorization for permanent residence or facilitates the foreigner's stay in order to realize wrongful gain from the foreigner's illegal status. In this case, the transgressor is punished with imprisonment from four to fifteen years and a fine of 15,000 euros per person (according to the individual offenses that are committed, the penalties may be increased according to the provisions of the cited rules).

In this case, the company is subject to a fine of between 200 and 1,000 quotas and a ban on operations for up to two years. Therefore, the fine can reach approximately 1.5 million euros (in particularly serious cases, the fine can be tripled).

If trafficking in migrants is committed, the entity is subject to a ban on operations for no more than two years.

Obstruction of justice

- ***Inducement not to make statements or to make false statements to judicial authorities (Art. 377-bis Italian Criminal Code)***

This offense is committed when a person uses violence or threats, or offers or promises money or other benefits to induce a person summoned before judicial authorities not to make statements or make false statements that can be used in a criminal action, when the summoned person has the right not to respond. The envisaged punishment is imprisonment from two to six years.

- ***Assisting an offender (Art. 378 Italian Criminal Code)***

This offense is envisaged when a person is helped to avoid investigation or avoid searches by the authorities following commission of a criminal offense. The punishment envisaged in this case is imprisonment for up to four years.

In these cases, the company is subject to a fine of up to 500 quotas. Therefore, the fine can reach approximately 775 thousand euros. No bans on operation are envisaged for these types of offenses.

8. Negligent Homicide and Serious or Very Serious Negligent Personal Injuries Committed with Violation of Accident Prevention and Occupational Hygiene and Health Protection Laws (Law no. 123 of August 3, 2007)

Article 9 of Law no. 123 of August 3, 2007 amended Legislative Decree no. 231/2001 by introducing the new Article 25 *septies*, which extends the liability of entities to the illegal acts connected with violation of safety and accident prevention laws.

The cited Article 25 *septies* refers to the criminal offenses envisaged in Article 589 (negligent homicide) and Article 590 paragraph three (serious or very serious negligent personal injuries) of the Italian Criminal Code, committed with violation of accident prevention and occupational hygiene and health protection laws[3].

- ***Negligent homicide (Art. 589 Italian Criminal Code)***

This offense is committed whenever a person negligently causes the death of another person.

Nevertheless, the criminal offense envisaged in Legislative Decree 231/2001 solely regards the cases where the fatal event was caused not by general negligence, and thus unskillfulness, imprudence, or negligence, but rather specific negligence, which consists in violation of occupational accident prevention laws.

- ***Serious or very serious negligent personal injuries (Art. 590 paragraph 3 Italian Criminal Code)***

This offense is committed whenever a person causes serious or very serious injury to another person in violation of occupational accident prevention laws.

Pursuant to paragraph 1 of Article 583 Italian Criminal Code, the injury is considered serious in the following cases:

"1) if the act causes an illness that endangers the life of the injured person, or an illness or inability to engage in ordinary work for more than forty days;

2) if the act causes permanent weakening of a sense or organ."

Pursuant to paragraph 2 of Article 583 Italian Criminal Code, the injury is considered very serious if it causes:

- *"an illness that is definitely or probably incurable;*
- *the loss of a sense;*
- *the loss of a limb, or a mutilation that renders the limb useless, or the loss of use of an organ or the ability to procreate, or a permanent and grave speech impediment;*
- *deformation or permanent disfigurement of the face."*

For both of these model fact situations, the entities shall be punished with a monetary fine of not less than 1000 units (i.e. not less than approximately 1.5 million euros) if the negligent homicide or serious or very serious personal injury occur due to violation of accident prevention and occupational hygiene and health protection laws. Article 5 of Legislative Decree 231/2001 requires that the criminal offenses be committed in the interest of the entity or to its advantage.

If found guilty for one of these offenses, the entity will also be banned from activity for not less than three months and not more than one year.

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3 "Art. 25-septies. - (Negligent homicide and serious or very serious negligent personal injuries committed with violation of accident prevention and occupational hygiene and health protection laws)

1. A monetary fine of not less than one thousand units is imposed for the criminal offenses envisaged in Articles 589 and 590, paragraph three, of the Italian Criminal Code, committed with violation of the accident prevention and occupational hygiene and health protection laws.

2. In the event of a court judgment for one of the criminal offenses envisaged in paragraph 1, the bans envisaged in Article 9 paragraph 2 are imposed for not less than three months and not more than one year."

ANNEX B:
CONFINDUSTRIA GUIDELINES

Fiat used the Confindustria Guidelines as the basis for preparation of this Program. Following is a brief summary of those guidelines.

The fundamental points envisaged in the Confindustria Guidelines for preparation of programs can be outlined as follows:

- identification of **areas of risk**, in order to determine in what company area/sector Criminal Offenses can be committed;
- creation of a **control system** that can prevent risks through the adoption of appropriate procedures. The most significant components of the control system conceived by Confindustria are as follows:
  - a code of conduct;
  - an organizational system;
  - manual and computer procedures;
  - powers of authorization and signature;
  - control and management systems;
  - communication with personnel and their training.

The components of the control system must be inspired by the following principles:

- the verifiability, traceability, consistency, and appropriateness of every transaction;
- application of the principle of segregation of functions (no one can autonomously manage an entire process);
- documentation of controls;
- provision of an adequate system of penalties for violation of the Code of Conduct and procedures envisaged by the Program;
- definition of the requirements of the Compliance Program Supervisory Body, as follows:
  - autonomy and independence;
  - professionalism;
  - continuous action;
  - integrity and absence of conflicts of interest.
- characteristics of the Compliance Program Supervisory Body (composition, function, powers) and relevant disclosure obligations.

In order to ensure the necessary freedom of initiative and independence, it is necessary not to entrust the Compliance Program Supervisory Body with operating tasks that, by involving it in decision-making processes and operating activities, would undermine its impartiality when assessing the conduct and the Program.

The Confindustria Guidelines allow for a choice between a single-subject or multiple-subject composition.

In the multiple-subject composition, components to the entity both internal and external can be part of the Compliance Program Supervisory Body, provided that each one of them meet the independence and autonomy requirements referred to above. On the contrary, in the mixed composition, since it is not expected that internal components be totally independent from the entity, the Confindustria guidelines require that the independence level of the Compliance Program Supervisory Body shall be assessed in its entirety.

With reference to juridical competences, considering that the matter herein treated is substantially a criminal matter, and that the activity of the Compliance Program Supervisory Body is aimed at

preventing the commission of offenses, it is essential to have the knowledge of the type and modalities of the offenses, which may be ensured to the Compliance Program Supervisory Body also through utilization of company resources, or external consultants.

In the case of corporate groups, the possibility of organizational solutions concentrating the functions envisaged in Legislative Decree no. 231/2001 at the parent company on condition that:

- a Compliance Program Supervisory Body be set up at each subsidiary (although this function may be assigned directly to the board of directors of the subsidiary if the company is small);
- the Compliance Program Supervisory Body set up at the subsidiary may use the resources of the Compliance Program Supervisory Body of the parent company;
- when the employees of the Compliance Program Supervisory Body of the parent company perform audits at other group companies, they act as external professionals working on behalf of the subsidiary, reporting directly to the Compliance Program Supervisory Body of the latter.

It should be noted that the decision not to have the Program conform with certain points of the Confindustria Guidelines does not compromise its validity. As individual Programs must be prepared to reflect the particular characteristics and circumstances of each company, they may depart from the Confindustria Guidelines, which are general by their very nature.

Approved: Board of Directors Meeting of December 12, 2007

3 – Guidelines for the Internal Control System

1. INTRODUCTION

The internal control system (the "Internal Control System") is an essential element of the corporate governance system of Fiat S.p.A. (the "Company") and of its subsidiaries and plays a key role in identifying, minimizing and managing risks that are significant for the Fiat Group, contributing to the safeguarding of stockholders' investments and the Company's assets.

The Internal Control System also facilitates the effectiveness and efficiency of company operations and helps ensure the reliability of financial information and compliance with laws and regulations. In particular, the accounting control system is an important element of the Internal Control System as it helps ensure that the Company is not exposed to excessive financial risks and that financial internal and external reporting is reliable.

The System of Internal Control reduces, but cannot eliminate, the possibility of poor judgment in decision-making; human error; control processes being fraudulently violated by employees and others; and the occurrence of unforeseeable circumstances. A sound Internal Control System therefore provides reasonable, but not absolute, assurance that a company will not be hindered in achieving its business objectives, or in the orderly and legitimate conduct of its business, by circumstances which may reasonably be foreseen.

2. DUTIES OF THE INTERNAL CONTROL SYSTEM

2.1 Responsibilities of the Board of Directors

The Board of Directors has ultimate responsibility for the company's Internal Control System. The Board should in particular:

a) set and update these guidelines;

b) examine company risks that the Executive Directors brought to the attention of the Board of Directors and assess whether said risks have been correctly identified and whether the Internal Control System is effective in managing these risks;

c) every six months, on the occasion of the approval of the Annual Report and the first-half report, conduct a review of the effectiveness of the Group's Internal Control System to ensure identification and proper handling of the principal risks faced by the company.

To properly discharge the duties assigned to its responsibility the Board of Directors will have to rely on specific entities set up to supervise the Internal Control System. The Board of Directors therefore:

d) establishes an Internal Control Committee which will assist the Board by providing it with advice and proposals on the Internal Control System. It appoints members of the Committee and selects its Chairman from the committee membership;

e) appoints, upon proposal by the Executive Directors, the Internal Control Compliance Officer, assessing his independence and professional competency.

2.2 Responsibilities of the Internal Control Committee

With reference to the Internal Control System, the Internal Control Committee should:

a) assist the Board of Directors in setting and updating these guidelines;

b) assist the Board of Directors with periodic audits of the appropriate and actual functioning of the Internal Control System to ensure identification and proper handling of the principal risks faced by the company;

c) asses the operating plan prepared by the Internal Control Compliance Officer and receive his periodic reports;

d) report to the Board of Directors on the adequacy of the Internal Control System once every six months, at the time the annual report and the first half report are approved;

e) assess the organizational position and ensure the actual independence of the Internal Control Compliance Officer in the performance of his duties in accordance with, among other things, Legislative Decree 231/2001 on the administrative liability of companies.

2.3 Responsibilities of Executive Directors

Executive Directors are responsible for:

a) identifying the principal risks faced by the company as regards the effectiveness and efficiency of its operations, the reliability of financial reporting, compliance with laws and regulations and the safeguarding of company assets;

b) submitting the above risks and the measures adopted to reduce and manage them for examination and assessment to the Board of Directors, on an yearly basis on the occasion of the approval of the Annual Report by the Board of Directors, and at any other time that a significant risk emerges or that the entity of a risk already submitted to the Board of Directors changes or the likelihood of the risk materializing increases;

c) designing, operating and monitoring the Internal Control System pursuant to these Guidelines and are accountable for it directly to the Board of Directors;

d) proposing to the Board of Directors the appointment of an Internal Control Compliance Officer, to be chosen among those who satisfy the necessary independence and professional competency requirements;

e) placing the Internal Control Compliance Officer in an organizational position that will ensure his independence and provide him with the appropriate resources to efficiently discharge his duties.

2.4 Responsibilities of the Internal Control Compliance Officer

The Internal Control Compliance Officer is responsible for:

a) assisting the Executive Directors in the design, operation and monitoring of the Internal Control System;

b) reviewing the results of the audit activities carried out by the internal audit function to verify any weaknesses of the Internal Control System and requesting, whenever necessary, that specific checks be carried out to identify any failings and the need for improvement of internal control processes;

c) verifying, with the aid of the internal audit function, that the rules and procedures constituting the terms of reference of the control processes are actually applied and that the various entities operate in compliance with set objectives;

d) annually prepare a work plan and submit it to the Internal Control Committee;

e) drawing up, once every six months, a report on the activities that he carried out and submit it to the Executive Directors, the Internal Control Committee and the Statutory Auditors.

2.5 Responsibilities of the Internal Audit Function

The Internal Audit function is responsible for:

a) assisting the Group in maintaining the validity of the Internal Control System through assessment of its effectiveness and efficiency and by promoting continuous improvement;

b) assisting the Group in identifying and assessing the greatest exposure to risk and contribute to improvements in the risk identification, reduction and management systems;

c) implementing specifically planned oversight activities to verify any weaknesses of the Internal Control System and identify any failings and the need for improvement of the internal control processes;

d) verifying that the rules and procedures constituting the terms of reference of the control processes are actually applied and that all those involved operate in compliance with set objectives.

2.6 Responsibilities of employees

All Group employees, according to the duties that they have been assigned within the company organization, have some responsibility for internal control as part of their accountability for achieving objectives.

They, collectively, should have the necessary knowledge, training and skills to operate within the Internal Control System and they must be allowed to discharge the duties in line with their role and accomplish their responsibilities. This implies that each employee has the right and the duty to understand the Company in which he works and the Group, its operating mechanisms, the objectives, the markets in which it operates and the risks to which it is exposed daily.

3. GUIDELINES

3.1 Identification of risks

When identifying risks to be submitted to the Board of Directors, the Executive Directors will have to focus on risks with a high potential impact on the Company. The following criteria will have to be the basis for risk assessment:

a) nature of the risk, particularly as regards financial and compliance risks, and those risks that could adversely impact the reputation of the company;

b) high likelihood of the risks concerned materializing;

c) Company's limited ability to reduce the incidence and impact of risks on its business;

d) entity of the risk.

3.2 Implementation of the Internal Control System

The Internal Control System encompasses the policies, processes and behaviors of the Group that, taken together:

a) facilitate the effectiveness and efficiency of its operations by enabling it to respond appropriately to operational, financial, compliance and other risks that hinder the achievement of the Company's objectives;

b) help ensure the quality of internal and external reporting. This requires the maintenance of proper records and processes that generate a flow of timely, relevant and reliable information from within and outside the organization;

c) help ensure compliance with applicable laws and regulations and internal procedures;

d) safeguard the company's assets from inappropriate use or from loss and fraud.

To this end, the Executive Directors make sure that the Internal Control System:

I. be embedded in the operations of the Group and form part of its culture, by implementing appropriate information, communications and training processes and rewarding and disciplinary systems that enhance the correct management of risks and discourage conduct that is contrary to the principles dictated by those processes;

II. be capable of responding quickly to significant risks arising from factors within the Group and changes in its business environment;

III. include procedures for reporting immediately to appropriate level of Group management, by implementing adequate organizational solutions to ensure that those functions that are directly involved in the Internal Control System have access to the necessary information and the top management;

IV. provide for the performance of periodic control activities on the efficiency and effectiveness of the Internal Control System and the possibility of implementing specific control activities should any weaknesses in the Internal Control System be reported;

V. facilitate the identification and timely execution of corrective measures.

3.3 Assessment of the efficiency and effectiveness of the Internal Control System

Full and correct efficiency and effectiveness are ensured by the periodic assessment of the adequacy and effective functioning and a potential review of the Internal Control System, which are a key element of its structure.

This periodic review is a duty entrusted to the Board of Directors, which performs it with the assistance of the Internal Control Committee.

In performing this review, the Board of Directors shall take care not only to verify the existence and the operation of an Internal Control System within the Group, but it shall also regularly review the structure of the Internal Control System, its adequacy and effective and concrete functioning.

To this end, the Board of Directors will receive and examine, once every six months, the reports of the Internal Control Compliance Officer, previously examined by the Internal Control Committee and the Executive Directors, with the aim of assessing (i) whether the structure of the Internal Control System currently in place in the Company is effective in pursuing the objectives (ii) whether any reported weaknesses call for an improvement of the System.

Every year, on the occasion of the approval of the Annual Report, the Board of Directors will also have to:

a) examine the significant company risks that the Executive Directors submitted to their attention and assess how they have been identified, evaluated and managed. In particular, it should consider the changes since the last annual assessment in the nature and extent of significant risks and the Group's response to these changes;

b) assess the effectiveness of the Internal Control System in managing said risks, particularly as regards any significant failings or weaknesses in internal control that have been reported;

c) consider which actions have been taken or should be taken to promptly remedy any said failings or weaknesses;

d) prepare any additional policies, processes and behavioral rules that will enable the Group to adequately react to new risks or to risks that have not been adequately managed.

Approved: Board of Directors Meeting of December 10, 2002

In force: From January 1, 2003

Revision: Board of Directors Meeting of May 13, 2003

4 – Group Procedure for the Engagement of Auditing Firms

PURPOSE AND APPLICABILITY OF PROCEDURE

The purpose of this procedure (hereafter: Procedure) is to regulate the engagement (hereafter: Engagement) of auditing firms and other related parties, by FIAT S.p.A. (hereafter: FIAT or Parent Company) and by its subsidiary companies (hereafter: Subsidiaries), in order to safeguard the principle of independence of the firms engaged to audit the financial statements.

The term "related parties" signifies those companies or professional firms who maintain an ongoing relationship (so-called "network") with the auditing firms engaged in accordance with Article 155 of the Italian Legislative Decree 58/98 (Consob Communication DAC/RM/96003558 of April 18, 1996 and the subsequent addendum DEM/3030464 of May 12, 2003).

GROUP AUDITORS

The auditing firm, engaged by FIAT in accordance with the requirements of Article 155 of Italian Legislative Decree 58/98, is the primary auditor for the whole FIAT Group (hereafter: Group) and is consequently the firm that must be utilised, also by the Subsidiaries, for the audit Engagement as per Article 165 of the above mentioned decree.

The eventual alternative utilisation of other (secondary) auditing firms by the Subsidiaries must be subject to prior approval by the Compliance Officer at FIAT, as per the "Approval Procedures" indicated below.

ENGAGEMENT CATEGORIES AND LIMITATIONS

The Procedure includes certain engagement limitations for the Group Companies, deriving from Italian and US legislation, because the FIAT shares are listed also on the New York Stock Exchange (NYSE). It incorporates also the further restrictions, imposed by local legislation, applicable to the individual non-Italian Subsidiaries.

The Group Companies may engage the primary or secondary Group auditors as well as their related parties (hereafter: Group Auditors) only for auditing services, in accordance with the procedures set out below.

In particular:

1. The Group Auditors shall be engaged for the following Audit Services:

a. audit of the annual and infra-annual financial statements in conformity with legislation and applicable regulations (including also the audit of the "annual report" in accordance with US regulations applicable to companies listed in the United States);

b. audit of the annual and infra-annual consolidation packages;

c. audit reports or opinions on specific operations which, by law, are required to be provided by the auditor engaged for the audit of the financial statements;

d. audit of reports required by domestic and supranational Administrative entities (e.g. European Union) for the granting of contributions/financing of specific initiatives/projects;

e. "comfort letters" in connection with the issue of financial instruments, for capital raising activities undertaken by the Company and its Subsidiaries;

f. auditing activity necessary to obtain the attestation in regard to the Internal Control System, pursuant to Section 404 of the Sarbanes-Oxley Act of 2002.

2. The Group Auditors may, at the conditions and within the limits specified below, be engaged for the following Audit Related Services:

a. authorised audit activity in the following areas:
   - financial due diligence procedures for companies subject to acquisition or disposal;
   - procedures carried out in areas concerning the Internal Control System, in support of internal auditor;
   - review procedures for associated companies, contemplated by joint venture agreements (under the so-called audit rights);
   - financial or compliance audits of the employee benefit plans of the Company or its Subsidiaries;

b. opinions on accounting and reporting issues, including advice on the application of (i) new accounting principles and new legislation concerning financial and statutory reporting, (ii) accounting principles prevailing in other countries, (iii) rules and regulations issued by internal or external supervisory boards.

3. The Group Auditors shall not, unless otherwise specified in the "Approval Procedures" indicated below, be engaged for Non Audit Services (Tax and Other). For example, the following activities are not permitted:

Tax

a. development of transfer pricing or cost segregation policies, or other fiscal evaluations;

b. fiscal planning assistance and related matters, even if relating to company reorganisation projects;

c. fiscal consultancy support and related matters with regard to all tax returns presented by the Company or its Subsidiaries;

Other

d. consultancy support for treasury management;

e. strategic planning or risk management assistance;

f. consultancy advice in regard to incorporation of companies following merger operations;

g. consultancy services for real estate matters.

4. It is expressly prohibited to engage the Group Auditors for activities of the following nature (classified as "Prohibited Services"):

a. bookkeeping or other services related to the accounting records or financial statements of the Company or any of its Subsidiaries, including (i) maintaining or preparing the accounting records of the Company or any of its Subsidiaries; (ii) preparing financial statements that are filed with the US Securities and Exchange Commission (hereafter: SEC) or the information that forms the basis of such financial statements; (iii) originating source data for such financial statements; and (iv) statutory audits of financial statements if such statements form the basis of financial statements filed with the SEC;

b. appraisal or valuation services (e.g. with respect to in-process R&D, financial instruments, assets and liabilities acquired in a merger and real estate), fairness opinions (except to the extent required by

Italian regulations or specific local legislation and qualifying for a specific exemption granted by the SEC) and contribution-in-kind reports;

c. actuarial services, including insurance actuarial-orientated advisory services unless the Company or relevant Subsidiary uses its own actuaries or third party actuaries to provide management with the primary actuarial capabilities, and management accepts responsibility for actuarial methods and assumptions;

d. management functions or human resources. In particular, partners and employees of the independent auditor may not act as director, officer or employee of the Company or any Subsidiary, or perform any decision-making, supervisory, or ongoing monitoring function for the Company or any Subsidiary, nor may the independent auditor recruit, test or otherwise evaluate employees or prospective employees or advise that the Company or any Subsidiary, employ any candidate or negotiate the terms of employment on behalf of the Company or any Subsidiary;

e. broker - dealer, investment advisory or investment banking services, including any recommendation to the Company or any Subsidiary as to the investments or investment strategies;

f. legal services and expert services unrelated to the audit, including any service in which the person providing the service must be admitted to practice law before the courts of a US jurisdiction, whether the person is a US, or non-US lawyer;

g. internal audit outsourcing, relating to accounting controls, financial systems, or financial statements;

h. financial information systems design and implementation relating to the financial statements or accounting records of the Company or any of its Subsidiaries, including any hardware or software that aggregates source data that is "significant" to financial statements of the Company or any of its Subsidiaries (i.e. the information is reasonably likely to be material to the financial statements, taking into account the general nature of the information, rather than only the output during the period of the audit engagement);

and any other services for which the Group Auditors cannot be engaged pursuant to Italian laws or which are prohibited by the SEC and the Public Company Accounting Oversight Board, principally in consideration of the fact that Fiat shares are listed also on the NYSE.

APPROVAL PROCEDURE

Audit engagements - Article 155 of Italian Legislative Decree 58/98 (Audit Services 1.a/1.b)

With regard to the audit Engagements in accordance with Articles 155 and 165 of Italian Legislative Decree 58/98, as well as the requirements of eventual local legislation, it should be noted that:

- for the purposes of the proposed three-year engagement of the auditing firm, enrolled in the special CONSOB register, the audit plan is defined by both the relevant Functions and the Compliance Officer of FIAT S.p.A., with the involvement of Fiat Revi (a consortium company providing Internal Audit services within the ambit of the FIAT Group) and with the cooperation of the sector Sub-holding Companies;
- the eventual changes to be made to the above mentioned audit plan, including any variation of terms, conditions and fees, as well as the engagement of the secondary Group auditors, must be promptly communicated to the Compliance Officer and be justified by the Sector Sub-holding Company by transmission of the appropriate and duly documented explanation form (a specimen copy of which is attached).

The Compliance Officer submits to the Internal Control Committee the audit plan together with the proposed changes for the necessary subsequent action by the Corporate Entities concerned, in regard to

the engagement of the Group Auditors. The proposals to be submitted by the Board of Statutory Auditors to the Stockholders Meeting for approval must be motivated.

Other "Audit Services" (points 1.c to 1.f)

The engagement of the Group Auditors for the activities falling within this category is subject to a prior review by Fiat Revi with regard to the techno-economic aspects. Fiat Revi regularly reports to the Compliance Officer on the subject matter of such activities.

"Audit Related" Services

With regard to the engagement of the Group Auditors for the above activities, in order to safeguard the principle of independence:

- the FIAT Board of Directors, after consultation with the Board of Statutory Auditors, annually approves a maximum expenditure amount which is communicated to the Compliance Officer, and does not exceed 25% of the overall cost of Engagements for "audit services" envisaged for the year;
- the above mentioned Engagements by the Group Companies are authorised by the Compliance Officer, within the ambit of the said maximum expenditure amount, subject to a prior review by Fiat Revi with regard to the techno-economic aspects;
- the proposals for eventual Engagements, not included in the envisaged maximum expenditure amount, are submitted by the Compliance Officer for review to the Internal Control Committee, which formulates a motivated justification and presents the proposal to the Board of Directors which - after having consulted the Board of Statutory Auditors – resolves on the initiative.

Non Audit Services

The Group Auditors shall not be engaged for this category of services. Any currently existing contracts may remain in force until their natural expiry and cannot be renewed, not even in the case of tacit renewal, unless in exceptional cases and following written approval by the Compliance Officer.

COST REPORTING

In order to provide the Compliance Officer and the Internal Control Committee with the necessary information on costs incurred, at least every six months Fiat Revi carries out a survey of the fees paid to the Group Auditors for the "Audit", "Audit related" and "Non Audit" activities described above, and when requested by the Compliance Officer, also for the fees paid to other auditing firms and their related parties.

With regard to the costs incurred for the above mentioned activities, Fiat Revi will carry out appropriate analyses to verify:

- the existence of the authorisation for the Engagement;
- the amount paid to the auditing firm for the Engagement;
- the due communication to Fiat Revi, during the course of the above said survey, of the information concerning costs incurred.

The Internal Control C ommittee annually informs the Board of Directors and Board of Statutory Auditors of the costs incurred for the above Engagements as well as the situation of the existing contracts.

Approved: Board of Directors Meeting of December 23, 2004

In force: January 1, 2005

Revision: Board of Directors Meeting of February 20, 2007

5 – Whistleblowings Management Procedure

WHISTLEBLOWINGS MANAGEMENT

1. FOREWORD

Whistleblowings concern situations of suspected or alleged violations of business ethics as outlined in the Code of Conduct, financial and accounting fraud, and harassment, intimidation or discriminatory behavior towards employees or third parties.

They also include whistleblowings received from employees and individuals outside the company regarding accounting, internal controls or auditing matters.

In general, whistleblowings are submitted to the Top Management of the Group or its Sectors/Companies, or to the heads of the Human Resources, Legal and Internal Audit Functions. In other cases, they are submitted to a designated manager or other trustworthy persons, including members of the Board of Directors, the Board of Statutory Auditors, and the Internal Control Committee.

2. APPLICABLE EXTERNAL AND IN-HOUSE REGULATIONS

Section 301 of the Sarbanes-Oxley Act (SOA), with which Fiat S.p.A. is required to comply, contains provisions for managing whistleblowings and safeguarding the anonymity of whistleblowers.

The Code of Conduct and the Compliance Program (prepared pursuant to Legislative Decree 231/2001) adopted by the Group specify that designated **recipients of whistleblowings** may be the whistleblower's **direct superior**, the **Compliance Officer** or the **Compliance Program Supervisory Body** pursuant to Legislative Degree 231/2001 **of Fiat S.p.A.** as well as the Sector Compliance Officers.

These documents reaffirm the Group's commitment to safeguarding the anonymity of the **whistleblower** (i.e., the person who files a written or verbal whistleblowing regarding an ethical breach), and to guaranteeing that employees *who report violations are not subject to adverse action or reprisal of any kind, regardless of whether or not they identify themselves.*

3. DUTIES AND RESPONSIBILITIES

For the purposes of this procedure, the final decision as to whether whistleblowings are grounded in fact falls to the Compliance Officer of Fiat S.p.A., who will cooperate with the Whistleblowings Committee described in paragraph 6 below in assessing the findings of the investigations and reviews carried out by said committee prior to taking any necessary action.

More specifically:

- The duties of the Compliance Officer of Fiat S.p.A. include regular reporting of whistleblowing-related matters to the Board of Statutory Auditors and the Internal Control Committee during their regular meetings, and
- Where whistleblowings concern financial statements, accounting, internal controls and auditing matters, the Board of Statutory Auditors is empowered to request that the Compliance Officer of Fiat S.p.A. provide further details, if necessary extending the investigation. The Board of Statutory Auditors may also require that implemented measures be revised and supplementary measures adopted.

4. PROCESS

The Whistleblowings Management Procedure applies to all Group Companies in all countries.

The process consists of the following activities:

- receive, register and retain whistleblowing;
- assess the objective and subjective issues raised by the whistleblowing;
- initiate, where deemed appropriate, the investigation and review process, and report to the interested parties;
- specify any disciplinary measures;
- inform the interested parties, the Board of Statutory Auditors and the Fiat S.p.A. Internal Control Committee of the findings of the review.

5. CONTROL

The procedure is based on:

- identifying the parties who can receive whistleblowings;
- safeguarding the whistleblower's anonymity to protect whistleblowers from reprisal;
- whistleblowing assessment by the Compliance Officer of Fiat S.p.A.;
- ensuring that records can be traced by and are accessible to the Internal Control Committee, the Board of Statutory Auditors and the Whistleblowings Committee;
- disclosure of whistleblowers who are demonstrated to have acted in bad faith;
- collective evaluation by the Whistleblowings Committee of proposed disciplinary measures;
- regular reporting to the Board of Statutory Auditors and the Internal Control Committee;
- any other action requested by the Board of Statutory Auditors.

6. WHISTLEBLOWINGS COMMITTEE

To ensure fairness and openness, a Whistleblowings Committee has been set up and will meet regularly in order to:

- assess the findings of whistleblowing investigations and reviews as requested by the Compliance Officer of Fiat S.p.A., and thus evaluate any disciplinary measures to be imposed for ethical breaches;
- reach collective decisions, upon request by the Compliance Officer of Fiat S.p.A., regarding measures/sanctions;
- record decisions taken;
- empower the Compliance Officer of Fiat S.p.A. to maintain an updated register for all whistleblowings and retain documentation of whistleblowing investigations and reviews, and
- evaluate requests submitted by the Compliance Officer of Fiat S.p.A. regarding disclosure of the identity of whistleblowers who can be demonstrated to have acted in bad faith.

The Whistleblowings Committee consists of the Compliance Officer, Senior Counsel and Head of Human Resources of Fiat S.p.A. and, by invitation, a representative of each Sector or Company directly involved in the whistleblowing (i.e., the Sector/Company Compliance Officer, General Counsel or Head of Human Resources).

7. WHISTLEBLOWINGS REGISTER

The Whistleblowings Register summarizes the essentials of all whistleblowings received (either directly or through other Group personnel) by the Compliance Officer of Fiat S.p.A. and by the Sector and Company Compliance Officers: the whistleblowing registration number, date of receipt, whether the whistleblowing is signed or anonymous, company/B.U., country, and function receiving the whistleblowing.

These records, which reside in segregated areas on the Fiat S.p.A. intranet:

- make secure areas available for Fiat S.p.A. and each Sector/Company, where the relevant Compliance Officers record all whistleblowings submitted, and
- enable the Compliance Officer of Fiat S.p.A. to access all whistleblowing records and update the data for which he is responsible.

In addition to whistleblowings, the Compliance Officer of each Sector and Company shall promptly notify the Compliance Officer of Fiat S.p.A. of any ethical breaches which have come to light during operations or in the course of Fiat Revi[1] audits, and provide the information needed to assess them.

In such cases, the Whistleblowings Register will be updated afterwards (i.e., upon conclusion of investigation and review).

The source shall be expressly identified, and the report submitted to the Board of Statutory Auditors and Internal Control Committee shall classify these cases separately.

8. OPERATING PROCEDURE AND CONTROL POINTS

Whistleblowings Receipt

Whistleblowings, whether signed or anonymous, may be submitted through a variety of channels: orally (in person or by phone), or by internal or regular mail and e-mail.

All whistleblowings arriving at the company, independently of source and who receives them, shall be forwarded immediately to the Compliance Officer of Fiat S.p.A. or to the Sector/Company Compliance Officers.

Failure to report a submitted whistleblowing is a violation of this procedure, the Code of Conduct and the Compliance Program pursuant to Legislative Decree 231/2001. All such violations will be evaluated to determine whether the sanctions contemplated by said documents will be imposed.

The Sector/Company Compliance Officer:

- records all submitted whistleblowings in the *Whistleblowings Register*;
- prepares the *summary sheet* containing all information needed to identify the whistleblowing, assess its merits, and propose further action (e.g., dismiss, investigate, etc.);
- promptly forwards all submitted whistleblowings to the Compliance Officer of Fiat S.p.A. in hardcopy form, accompanied by a copy of the *summary sheet*.

The Compliance Officer of Fiat S.p.A.:

- records all submitted whistleblowings in the *Whistleblowings Register*;
- prepares the *summary sheet*;
- for whistleblowings received from the Sector/Company Compliance Officers, updates the *summary sheet* prepared by the latter and indicates his assessment of the type of action that should be proposed (which may or may not agree with the suggestions put forth by the Sector/Company Compliance Officer).

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1 These include cases emerging at Group companies during:
– Normal operational controls by employees or third parties in the course of current work.
– Regular Management checks on work by personnel.
– Regular checks by Sector/Company Compliance Officers to determine internal control system effectiveness.
– Audits performed by Fiat Revi on the basis of the budgeted Audit Plan or carried out upon special request from the Sectors/Companies.

Investigation and review

The Compliance Officer of Fiat S.p.A.:

- for detailed whistleblowings[2], notifies the appropriate Sector/Company Compliance Officer and the parties involved, and initiates the investigation and review process. This activity may be assigned to the Sector/Company Compliance Officer, Fiat Revi, or to the Corporate Security Officer in the case of investigations performed outside the Fiat Group;
- decides whether and in which phase to notify the subject of the whistleblowing and/or the whistleblower (if identified);
- may suspend or interrupt the investigation at any time if the whistleblowing is found to be groundless;
- in cases where the whistleblower (if identified) can be demonstrated to have acted in bad faith, may be authorized by the Whistleblowings Committee to bring suit against the whistleblower;
- updates the *Whistleblowings Register* and the *summary sheet*, indicating the current status of the whistleblowing (dismissed, under investigation, etc.).

Disciplinary measures

The Whistleblowings Committee:

- is notified by the Compliance Officer of Fiat S.p.A. concerning the findings of all investigations which have been concluded since the previous committee meeting, and collectively evaluates any proposed measures[3] which should be taken in order to apply the sanctions envisaged by the Group. Judicial proceedings may be instituted in accordance with established procedures if there are grounds for doing so;
- assesses requests submitted by the Compliance Officer of Fiat S.p.A. to disclose the identity of whistleblowers (if non-anonymous) who have been shown to have acted in bad faith, providing the necessary documentation;
- records the decisions made during the meeting.

The Compliance Officer of Fiat S.p.A.:

- files the minutes of the meeting;
- retains documentation regarding investigations and any measures approved by the Whistleblowings Committee;
- informs Management of the findings of investigation and review and of any measures that have been approved, complying with Fiat Revi standards and confidentiality requirements;
- updates the *summary sheet*, indicating the decisions reached by the Whistleblowings Committee;
- updates the *Whistleblowings Register* with the current status of all whistleblowings;
- informs the whistleblower (if identified) of the findings of the investigations concerning the whistleblowing, or the reasons for which the whistleblowing was dismissed;
- monitors the progress of the measures agreed on by the Whistleblowings Committee;
- supplies the Board of Statutory Auditors and the Internal Control Committee with regular information regarding the whistleblowings that have been received and their current status, providing a concise, timely overview of the whistleblowings submitted in the current period and in the course of the year, how they have been handled, and the status of associated activities (in progress, concluded); for the activities that have been concluded since the previous meeting, the Compliance Officer also provides information concerning the outcome, Whistleblowings Committee decisions, and any judicial proceedings that have been instituted;

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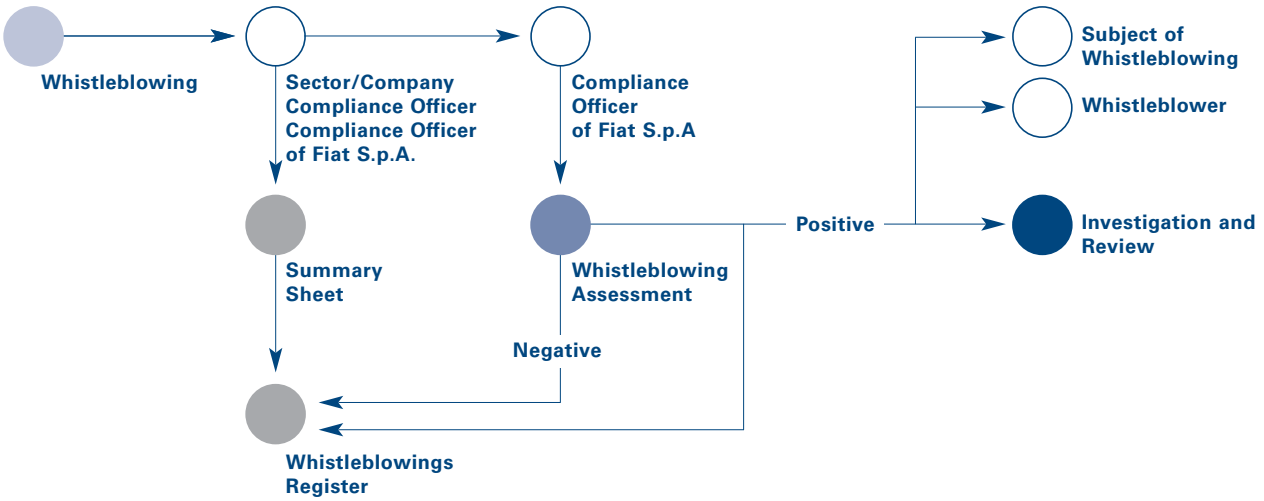
2 **Detailed whistleblowing** – A whistleblowing providing sufficient corroborating information to identify the alleged wrongdoing, the company/B.U. involved, the person(s) involved, the period in which the wrongdoing was committed, and if possible the sums, causes and aims involved in the wrongdoing. Investigations are carried out to determine whether the whistleblowing is truthful or not. Their purpose is thus to clear wrongfully accused persons, or handle the measures taken regarding the subjects of whistleblowings or whistleblowers who are found to have acted knowingly in bad faith.

3 Measures may be taken against the subject(s) of a whistleblowing, whistleblowers who have acted in bad faith (if identified), or parties whom normal control activities or FiatRevi audits have shown to be guilty of misconduct.

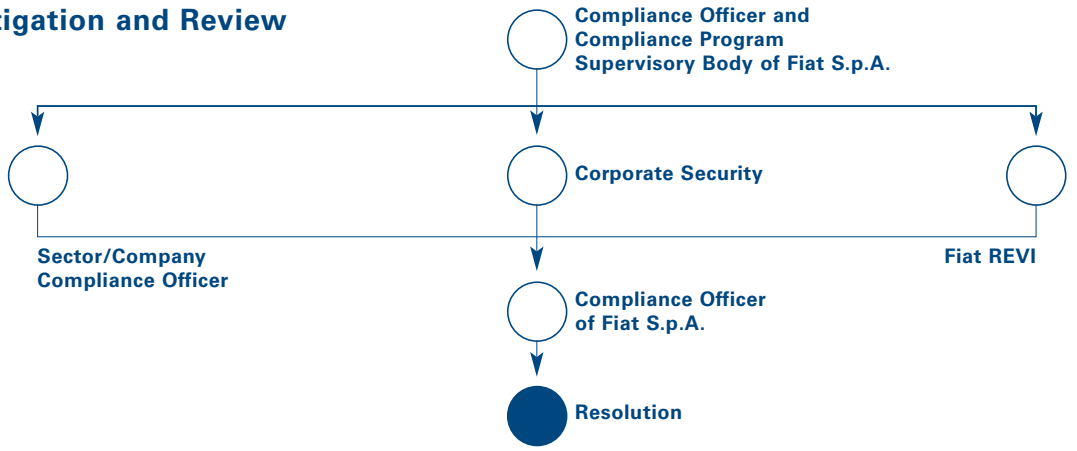
- guarantees that the Board of Statutory Auditors and the Internal Control Committee can on request access detailed documentation regarding individual whistleblowings (whether dismissed, handled, or under investigation) and minutes of Whistleblowings Committee meetings.

For whistleblowings concerning financial statements, accounting, internal controls and auditing matters, the Board of Statutory Auditors and the Internal Control Committee of Fiat S.p.A. may request that the Compliance Officer of Fiat S.p.A. provide further details (if necessary extending the investigation) and adopt supplementary measures.

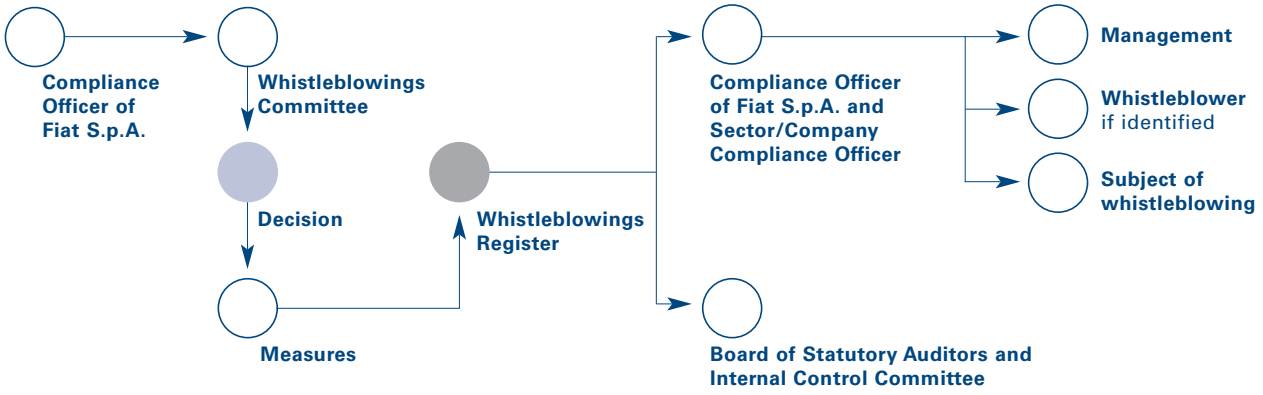
Whistleblowings receipt



Investigation and Review



Resolution



PROCEDURE IMPLEMENTATION AND DISSEMINATION TOWARD EMPLOYEES AND THIRD PARTIES

Upon recommendation by the Compliance Officer, the Internal Control Committee evaluates the Whistleblowings Management Procedure and submits it to the Board of Directors which, having heard the opinion of the Board of Statutory Auditors, resolves to approve it.

In conformity with local law and regulations, the procedure applies to all Group Companies in all countries.

Adoption of the procedure is reported to the Fiat S.p.A. Internal Control Committee.

The following process shall be implemented to ensure that information concerning the procedure is effectively disseminated to all Group employees:

- the Fiat S.p.A. CEO sends the text of the procedure to the CEOs and Compliance Officers of each Sector and Company, empowering them to initiate the dissemination process. This procedure, which will be accompanied by a cover letter citing the regulations outlined in the Sarbanes-Oxley Act and the principles expressed in the Code of Conduct and the Compliance Program pursuant to Legislative Decree 231/2001, emphasizes the importance of uniform methods for handling whistleblowings within the Group, and specifies the objective and subjective requirements which whistleblowings must meet in order to qualify for further investigation;
- the Whistleblowings Management Procedure is posted on the Corporate Governance area of the Group intranet, and is translated into the languages used for the Code of Conduct;
- with the consensus of the Sector and Company Human Resources functions, the Compliance Officers directly inform all Management personnel and invite function heads to take appropriate action to inform their associates;
- the internal news bulletins for each Sector and Company shall feature an excerpt from the Whistleblowings Management Procedure;
- Isvor courses shall provide an overview of the Whistleblowings Management Procedure (content shall be similar to that published in the news bulletins).

Approved: Board of Directors Meeting of December 23, 2004

In force: From January 1, 2005

Revision: Board of Directors Meeting of February 20, 2007

6 – Charter of the Internal Control Committee

COMPOSITION

The Internal Control Committee established by the Fiat S.p.A. Board of Directors (the Committee) shall be composed of at least three directors.

The members of the Committee and its Chairman shall be appointed by the Board of Directors, which maydismiss them. If the Board has not resolved on the matter, the Committee shall name a Secretary that need not be one of its members.

Pursuant to the Corporate Governance Code and the norms regulating the stock markets on which Fiat shares are traded, the Committee shall be composed exclusively of independent directors.

All members of the Committee shall be appropriately qualified to discharge their assigned duties.

DUTIES

The Committee has the duty of providing information, advice and proposals to the Board of Directors to assist it with its responsibilities over the reliability of the accounting system and financial information, the Internal Control System, the examination of proposals for retention of external auditors, and the supervision of Internal Audit activities.

In particular, the Committee shall:

1. Internal Control System

1.1 Assist the Board of Directors in defining guidelines for the Internal Control System.

1.2 Assist the Board of Directors with periodic audits of the appropriate and actual functioning of the Internal Control System to ensure identification and proper handling of the principal risks faced by the company.

1.3 Assess the operating plan prepared by the Compliance Officer and receive his/her periodic reports.

1.4 Report to the Board of Directors on the adequacy of the Internal Control System at least once every six months, at the time the annual report and first half report are approved.

1.5 Assess the organizational position and ensure the actual independence of the Compliance Officer in the performance of his/her duties in accordance with, among other things, Legislative Decree No. 231/2001 on the administrative liability of companies.

1.6 Assess the Whistleblowings Management Procedure and, with the support of the Compliance Officer, review the reports received with the aim of monitoring the adequacy of the Internal Control System.

2. Accounting Principles

In collaboration with the Chief Administrative Officer and the external auditors, assess: (a) the adequacy of adopted accounting principles and (b) their uniformity in view of preparation of the consolidated financial statements.

3. External Auditors

3.1 With the assistance of the Compliance Officer, the Chief Administrative Officer and the head of Internal Audit, assess the proposals submitted by candidates for the position of external auditors and present to the Board of Directors an opinion on the motion for retention of the external auditors to be submitted by the Board of Directors to the Stockholders Meeting.

3.2 Assess the audit operating plan and the results set forth in the audit report and letter of suggestions.

3.3 Review, with the support of the Compliance Officer, proposals for the assignment of non-audit services to the external auditors or other related parties that have continued relationships with them. These services must nevertheless be allowed under applicable norms and, if necessary, they shall be submitted for approval by the Board of Directors after having heard the opinion of the Board of Statutory Auditors.

3.4 Review with the external auditors issues connected with the financial statements of Fiat S.p.A. and of the main companies of the Group.

4. Internal Audit

4.1 Assess the Internal Audit operating plan.

4.2 Assess the position and organizational structure responsible for Internal Audit.

5. Other Duties

5.1 The Committee shall discharge additional duties that may from time to time be assigned to it by the Board of Directors and shall review, upon indication by the Chairman of the Board of Directors and/or the Chief Executive Officer, those issues they deem should be brought to the attention of the Committee for any aspect under its jurisdiction.

The Head of Internal Audit is empowered to make available to the Committee, on its request, the professional resources of Fiat Revi and to retain, at the Company's expense and on instruction of the Committee, independent consultants identified by the Committee to provide services on matters relating to its duties.

MEETINGS

The Committee shall meet on convocation by its Chairman whenever he deems it appropriate, but at least once every six months, or whenever the Chairman of the Board of Statutory Auditors or the Compliance Officer so request.

Meetings are summoned at least five days before the date set for the meeting, except in cases of urgency. They shall be called by written notice containing the items on the agenda and all elements necessary for the discussion.

The Statutory Auditors, the Compliance Officer and, upon invitation by the Chairman of the Committee, the Chief Executive Officer, the external auditors and Heads of Company functions of the Parent Company and of subsidiaries shall participate in Committee meetings.

Meetings may be attended via telecommunication devices.

The Chairman and the Secretary shall prepare and sign the minutes of the meetings and the Secretary shall file them in chronological order.

The Chairman shall report to the Board of Directors on the activities of the Committee at the first Board meeting subsequent to the Committee meeting.

AMENDMENTS TO THE CHARTER

The Committee shall annually review the adequacy of this Charter and propose amendments to the Board of Directors, if any.

Approved: Board of Directors Meeting of October 31, 2002

In force: From January 1, 2003

Revision: Board of Directors Meeting of September 15, 2005

7 – Charter of the Nominating and Compensation Committee

(In force until July 24, 2007)

COMPOSITION

The Nominating and Compensation Committee shall be composed of at least three Directors, the majority of whom shall be non-executive Directors.

The members of the Committee and its Chairman shall be appointed by the Board of Directors.

The Committee may name a secretary that need not be one of its members; the Secretary shall draw up the minutes of the meetings.

DUTIES

The Nominating and Compensation Committee is entrusted with the following duties:

- select and propose to the Board of Directors, on the occasion of co-optation to the Board, candidates for the post of member of the Board of Directors, indicating their names and/or the necessary qualifications;
- recommend to the Board of Directors, on the occasion of renewal of mandates, candidates for the post of member of the Board of Directors, indicating their names and/or the necessary qualifications;
- submit to the Board of Directors proposals with respect to individual compensation plans for the Chairman, the Chief Executive Officer and other Directors vested with particular offices;
- provide an assessment of particular and specific matters relating to executive compensation when a review from the Committee is requested by the Board of Directors;
- review the proposals presented by the Chief Executive Officer regarding appointment, compensation, appraisal and succession plans of members of the Group Executive Council;
- review the proposals presented by the Chief Executive Officer with respect to performance appraisal criteria and general fixed and variable compensation plans applicable at Group level;
- evaluate, on an annual basis, the activities performed by the Board of Directors and its Committees;
- periodically update the Board of Directors on developments in corporate governance regulations and present proposals to update the company's system accordingly.

The Chairman of the Committee reports to the Board of Directors on the activities performed.

MEETINGS

The Committee shall meet on convocation by its Chairman whenever the Chairman deems it appropriate or the Chief Executive Officer so requests, and in any case at least twice a year.

The interested parties shall leave the meeting of the Committee during the evaluation and determination of the relevant compensation plans.

The Chairman of the Committee may invite other individuals to attend Committee meetings from time to time and whenever their presence may aid the Committee in performing its functions.

The Committee may rely on the support of external counsel at the Company's expense.

Committee meetings may be held with the support of telecommunication devices (videoconference and conference call). Under these circumstances, the Meeting will be deemed to have been held at the location where the Chairman and the Secretary drawing up the Minutes of the Meeting are present.

AMENDMENTS TO THE CHARTER

The Committee shall annually review the adequacy of this Charter and propose amendments to the Board of Directors, if any.

Approved: Board of Directors Meeting of December 16, 2005

8 – Charter of the Nominating and Corporate Governance Committee

COMPOSITION

The Nominating and Corporate Governance Committee is composed of at least three Directors, the majority of whom independent.

The Board of Directors appoints the members of the Committee and its Chairman.

The Committee may name a secretary that need not be one of its members; the Secretary draws up the minutes of the meetings.

DUTIES

The Nominating and Corporate Governance Committee is entrusted with the following advisory duties:

- select and propose to the Board of Directors, on the occasion of co-optation to the Board, nominees for the post of member of the Board of Directors, indicating their names and/or the necessary qualifications;
- recommend to the Board of Directors, on the occasion of renewal of mandates, nominees for the post of member of the Board of Directors, indicating their names and/or the necessary qualifications;
- submit opinions to the Board of Directors regarding the size and composition of the Board, and on the professional and managerial skills whose presence within the Board is considered appropriate;
- evaluate, on an annual basis, the activities performed by the Board of Directors and its Committees;
- examine proposals presented by the Chief Executive Officer regarding appointment and succession plans of members of the Group Executive Council and managers with strategic responsibility;
- periodically update the Board of Directors on new corporate governance regulations and present proposals to update the company's system accordingly.

The Chairman of the Committee reports to the Board of Directors on the activities performed.

MEETINGS

The Committee will be called by its Chairman whenever he deems it appropriate or following a request by the Chief Executive Officer, and in any case at least twice a year.

The Chairman of the Committee may invite other individuals to attend the meetings whenever their presence may help the Committee to perform its functions.

The Committee may rely on the support of external counsel at the Company's expense.

Committee meetings may be held with the support of telecommunication devices (videoconference, conference call, etc.). Under these circumstances, the meeting will be deemed to have been held at the location where the Chairman and the Secretary drawing up the minutes are present.

AMENDMENTS TO THE CHARTER

The Committee shall annually review the adequacy of this Charter and propose amendments to the Board of Directors, if any.

Approved: Board of Directors Meeting of October 24, 2007

9 – Charter of the Compensation Committee

COMPOSITION

The Compensation Committee is composed of three non-executive Directors, the majority of whom independent.

The Board of Directors appoints the members of the Committee and its Chairman.

The Committee may name a secretary that need not be one of its members; the Secretary draws up the minutes of the meetings.

DUTIES

The Compensation Committee is entrusted with the following advisory duties:

- submit to the Board of Directors proposals with respect to individual compensation plans for the Chairman, the Chief Executive Officer and other Directors vested with particular offices;
- examine proposals presented by the Chief Executive Officer regarding compensation and performance evaluation of members of the Group Executive Council and managers with strategic responsibility;
- examine proposals presented by the Chief Executive Officer with respect to performance evaluation criteria and general fixed and variable compensation plans applicable at Group level as well as incentives and stock option plans;
- assess particular and specific matters relating to executive compensation when requested by the Board of Directors.

The Chairman of the Committee reports to the Board of Directors on the activities performed.

MEETINGS

The Committee will be called by its Chairman whenever he deems it appropriate or following a request by the Chief Executive Officer, and in any case at least twice a year.

The Chairman of the Committee may invite other individuals to attend the meetings whenever their presence may help the Committee to perform its functions.

The Committee may rely on the support of external counsel at the Company's expense.

Committee meetings may be held with the support of telecommunication devices (videoconference, conference call, etc.). Under these circumstances, the meeting will be deemed to have been held at the location where the Chairman and the Secretary drawing up the minutes are present.

AMENDMENTS TO THE CHARTER

The Committee shall annually review the adequacy of this Charter and propose amendments to the Board of Directors, if any.

Approved: Board of Directors Meeting of October 24, 2007

10 – Guidelines for Significant Transactions and Transactions with Related Parties

1. INTRODUCTION

In conformity with the Corporate Governance Code of Borsa Italiana (Italian Stock Exchange), the Board of Directors reserves the right to examine and approve in advance any transaction of significance in the balance sheet, economic and financial figures, including the most significant transactions with related parties, and subject all transactions with related parties to special criteria of substantial and procedural fairness.

2. SIGNIFICANT TRANSACTIONS

Decisions regarding Significant Transactions are excluded from the mandate granted to the executive directors.

The term "**Significant Transactions**" refers to those transactions that in and of themselves require the company to inform the market thereof, furnishing an accounting statement prepared ad-hoc in accordance with the rules established by market supervisory and regulatory authorities[1].

When the Company needs to execute significant transactions, the executive directors shall provide the Board of Directors reasonably in advance with a summary analysis of the strategic consistency, economic feasibility, and the expected return for the Company.

3. TRANSACTIONS WITH RELATED PARTIES

Certain decisions regarding Transactions with Related Parties are excluded from the mandate granted to executive directors, while all Transactions with Related Parties shall comply with special criteria of substantial and procedural fairness.

The "**Related Parties**" are those indicated in Schedule A, except as otherwise defined pursuant to amendments to the relative norms.

3.1 Transactions with Related Parties that are Subject to Prior Approval by the Board of Directors

In addition to Significant Transactions, Transactions with Related Parties must be submitted for prior approval by the Board of Directors (with the exception of infragroup transactions that are not atypical or unusual) if:

(i) in any single fiscal year, they are worth more than 10,000,000 (ten million) euros; or greater than 30% of the total value of the transactions of the same nature that the Company expects to carry out; or greater than 5% of the total value of the expected turnover of the Related Party in question;

(ii) they involve the FIAT trademark or other assets of equal company interest; or

(iii) their expected duration exceeds the fiscal year referred to.

The Board of Directors must be adequately informed of the nature of the relationship, the procedures for execution of the transaction, the terms and economic conditions for its consummation, the assessment procedure used, the underlying interest and reasons, and possible risks to the Group.

1 These are currently represented by Consob Memorandum No. DIS/98081334 of October 19, 1998.

Every Director who has an interest in the transaction, even if this be of a potential or indirect nature, shall promptly and exhaustively inform the Board of Directors thereof and shall leave the board meeting room when the relative resolution is brought up for vote.

Indirect interest refers, among other things, to an interest regarding the Director's immediate family members and cohabitants who could potentially influence the Director or be influenced in their relationships with the Group. In any event, immediate family members shall be construed as referring to spouses who are not legally separated, relatives, and persons related by affinity to the second degree.

To prevent a Transaction with Related Parties from being concluded on terms other than those that would have presumably been agreed between unrelated parties, the Board may require that the transaction be concluded with the assistance of one or more experts who will express an opinion on the economic conditions and/or execution and technical procedures and/or the legitimacy of the transaction. These experts shall be of recognized professionalism and competence (banks, external auditors, law firms, and other experts with specific technical skills), independent, and have no conflicts of interest with the transaction in question.

3.2 Transactions with Related Parties not Subject to Prior Approval by the Board of Directors

The Transactions with Related Parties other than those envisaged at point 3.1 do not require the prior approval of the Board of Directors and shall be periodically reported to the Board of Directors by executive directors.

In their periodic reports to the Board of Directors, the executive directors must furnish information on the nature of the relationship, the procedures for execution of the transaction, the terms and economic conditions for its consummation, the assessment procedure used, the underlying interest and reasons, and possible risks to the Group.

4. ENFORCEMENT OF THE GUIDELINES

The executive directors must take those measures such as to ensure that Fiat SpA and its subsidiaries conform with the principles of conduct described in these Guidelines.

Every Director must provide the Company with the information necessary for it to discharge its duties under the Guidelines.

Approved: Board of Directors Meeting of October 31, 2002

In force: From January 1, 2003

SCHEDULE A

The "**Related Parties**" are defined as follows:

a) parties that control, are controlled by, or are subject to common control with the issuer;

b) the parties, including indirect parties, to the shareholders agreements envisaged in Art. 122, subsection 1 of Legislative Decree No. 58/98, concerning exercise of the voting right, if a controlling equity interest is granted to these agreements;

c) the parties connected with the issuer and those that exert a significant influence on the issuer itself;

d) the individuals vested with powers and responsibilities for the exercise of administration, management, and control of the issuer;

e) the close relatives of the physical persons envisaged in letters a), b), c), and d);

f) the parties controlled by the physical persons envisaged in letters b), c), d), and e), or over which the physical persons envisaged in letters a), b), c), d), and e) exert a significant influence;

g) the parties that share a majority of directors with the issuer.

11– By-laws of Fiat S.p.A.

Art. 1 – Name

A Joint Stock Company is hereby incorporated under the name of "FIAT Società per Azioni".

The name may be written in either capital or small letters, with or without punctuation marks.

Art. 2 – Registered Office

The Company's registered office is located in Turin.

Art. 3 – Objects

The objects of the Company are: the carrying out, through wholly or partially owned companies or other entities, or directly, of activities relating to the passenger and commercial vehicles, transport, mechanical engineering, agricultural equipment, energy and propulsion industries, as well as any other manufacturing, commercial, financial or other activities and services.

In order to achieve the above objects and within their scope the Company may:

- operate, among others, in the mechanical, electrical, electromechanical, thermomechanical, electronic, nuclear, chemical, mining, steel and metallurgical industries, as well as in the fields of telecommunications, civil, industrial and agricultural engineering, publishing, information services, tourism and other activities in the field of services;
- acquire shareholdings and equity interests in companies and enterprises of any kind and form; purchase, sell and place shares, quotas and debentures;
- finance wholly or partially owned companies and entities, and carry on the technical, commercial, financial and administrative coordination of their activities;
- acquire, in its own interest and in the interests of wholly or partially owned companies and entities, ownership of rights on intangible assets providing for their use by such companies and entities;
- promote and ensure the performance of research and development activities, as well as the use and exploitation of the results thereof;
- carry out, in its own interest and in the interests of wholly or partially owned companies and entities, any transaction whatsoever concerning personal and real property, finance, trade, and association including loans and financing in general and granting, also in favor of third parties, of guarantees, suretyships and warranties, secured and unsecured by mortgage.

Art. 4 – Duration

The Company is established for a period ending on December 31, 2100.

Art. 5 – Capital stock

The capital stock of the Company amounts to 6,377,262,975 euros and comprises 1,092,247,485 ordinary shares, 103,292,310 preference shares and 79,912,800 savings shares, all with a par value of 5 euros each.

Pursuant to the resolutions approved by the Board of Directors on November 3, 2006, in execution of the powers assigned to it by the Extraordinary Stockholders Meeting of September 12, 2002, the amount of the Company's capital stock may be raised, through a contributory capital increase, by a maximum of 50,000,000 euros by issuing up to 10,000,000 ordinary shares reserved for executives of the Company and/or its subsidiaries on the basis of the relevant incentive plan.

Art. 6 – Classes of Shares and Common Representative

Ordinary and preference shares are registered shares. Savings shares can be either bearer or registered shares, at the option of their holder or as required by law. All shares are issued in dematerialized form.

Each share conveys the right to a proportionate share of the earnings available for distribution and of the residual net assets upon liquidation, without harming the rights of preference and savings shares, which are discussed in Articles 20 and 23 below.

Each ordinary share conveys the right to vote without any restrictions whatsoever. Each preference share conveys the right to vote only on issues that are within the purview of the Extraordinary Stockholders Meeting and on resolutions concerning Regulations for Stockholders Meetings. Savings shares are not entitled to vote.

When the capital stock is increased, the holders of each class of shares have the right to receive a proportionate number of newly issued shares of the same class, or of another class (or classes) if shares of the same class are not available or their number is insufficient.

The Company's capital stock may also be increased by issuing ordinary and/or preference and/or savings shares in exchange for the contribution of assets or the cancellation of accounts payable.

Resolutions authorizing the issuance of new preference or savings shares with the same characteristics as those already outstanding in connection with capital increases and the conversion of shares into shares of another class do not require further approval by Special Stockholders Meetings.

If the savings shares are delisted, they shall be transformed into registered shares if originally bearer shares, and they shall have the right to a higher dividend increased by 0.175 euros, rather than 0.155 euros, with respect to the dividend received by the ordinary and preference shares.

If the ordinary shares are delisted, the higher dividend received by the savings shares with respect to the dividend received by ordinary and preference shares shall be increased by 0.2 euros per share.

The outlays needed to safeguard the common interests of the holders of preference and savings shares, which are financed with reserves established for that purpose by the respective Special Stockholders Meetings, shall be borne by the Company up to a maximum annual amount of 30,000 euros for each class of shares.

In order to provide the Common Representatives of the holders of preference and savings shares with adequate information about transactions that may affect share prices, the Company's legal representatives shall promptly inform the Common Representatives of any such issues.

Art. 7 – Stockholders Meetings

The Stockholders Meeting may be convened at the Company's Registered Office, or elsewhere in Italy, by means of a Notice published within statutory deadlines in the newspapers La Stampa and Il Sole 24 Ore or, if both these newspapers are not published, in the Official Gazette of the Republic of Italy. The Notice may provide for a second call and, in the case of Extraordinary Stockholders Meetings only, a third call.

Since the company is required to prepare consolidated financial statements, it must convene an Ordinary Stockholders Meeting within 180 days after the end of the fiscal year.

A Stockholders Meeting may also be convened whenever the Board of Directors deems it appropriate and must be convened when required by law.

Art. 8 – Attendance and Representation at Stockholders Meetings

Holders of voting rights may attend or be represented at meetings after obtaining from the authorized intermediary documentary evidence testifying that their dematerialized shares were deposited at least two non-holidays before the date set for the meeting and therefore that they are entitled to attend. Communication thereof must be made to the Company in accordance with applicable laws.

Stockholders may attend Meetings from multiple contiguous or remote locations that are linked by means of telecommunication systems, acting in accordance with the rules of collegiality, the principles of good faith and equal treatment for all stockholders. In such cases:

- The Notice of the Stockholders Meeting must list the audio/video linkup locations where the attendees can convene, and the Meeting will be deemed to have been held at the location where the Chairman and the person drawing up the Minutes of the Meeting are present;
- The Chairman of the Meeting, using the resources of his office, or the officers of the Meeting who are present at the various linkup locations, shall ensure that the meeting is duly convened, ascertain the identity of the attendees and their right to attend the Meeting, manage the Meeting and verify the results of any votes;
- The person drawing up the Minutes of the Meeting must be able to adequately hear and see sufficiently well any Meeting developments that require inclusion in the Minutes;
- The attendees must be allowed to participate in the discussion and cast votes simultaneously on the items on the Agenda.

Art. 9 – Convening of Stockholders Meetings and Adoption of Valid Resolutions

Resolutions adopted by the Stockholders Meeting pursuant to law and these By-laws are binding on all stockholders, including those who are absent or dissenting.

Ordinary Meetings are properly constituted on first call by the attendance of stockholders representing at least one half of the capital stock entitled to vote; on second call, by the attendance of stockholders representing any portion of the capital stock entitled to vote.

Resolutions are always adopted by an absolute majority of the votes, except for the election of Directors and Statutory Auditors which is governed by the provisions of Articles 11 and 17.

An Extraordinary Stockholders Meeting is duly convened, on the first call, if stockholders representing at least half of the voting capital are present. On the second call and third call, the stockholders in attendance must represent more than one-third and at least one-fifth, respectively, of the voting capital.

An Extraordinary Stockholders Meeting can adopt a resolution, on the first, second or third call, with the favorable vote of at least two-thirds of the capital represented at the Meeting.

The foregoing provisions have no effect on special majorities required pursuant to law or on the provisions that govern Special Meetings for holders of shares of a single class.

Art. 10 – Chairmanship of the Stockholders Meetings

At Stockholders Meetings, the chair is taken by the Chairman of the Board or, in his absence, by the Vice Chairman, if appointed; in their absence, by a person designated by the meeting.

The Secretary is appointed by the meeting upon proposal by the Chairman. Where the law so provides, or when it is deemed appropriate by the Chairman of the meeting, the minutes may be drawn up by a notary public designated by the Chairman himself, in which case there is no need to appoint a Secretary.

Art. 11 – Board of Directors

The Company is managed by a Board of Directors consisting of a number varying from nine to fifteen members, as determined by the Stockholders Meeting.

No one over the age of 75 shall be appointed as a Director.

The Board of Directors is appointed by using lists of candidates. If several lists are submitted, one of the members of the Board of Directors shall be chosen from the list that obtained the second highest number of votes. Lists may be submitted only by those stockholders who, individually or together with others, own voting shares representing a percentage no lower than the percentage which is mandatory under the applicable laws.

No single stockholder, nor stockholders that are controlled by or associated with the company pursuant to the Italian Civil Code, can present or vote, even by means of third parties or a trustee company, more than one list of candidates. Each candidate can be present in one list only, otherwise he will be considered ineligible.

The candidates included on the lists must be indicated in numerical order and satisfy the integrity requirements imposed by law. The candidate who is indicated at number one on the list must also satisfy the legal requirements of independence.

The lists presented must be deposited at the Company's offices at least fifteen days prior to the date set for the Meeting on first call, and mention of such term must be made in the document calling the Meeting.

Together with each list and within the time limit indicated above, the following shall be deposited: a certificate attesting the ownership of the equity interest, exhaustive information on the personal and professional characteristics of the candidates and declarations in which the single candidates accept the candidature and, on their own responsibility, state that they satisfy the envisaged requirements. The candidates who do not comply with these rules are ineligible.

Once the Stockholders Meeting determines the number of directors to be elected, the following procedure shall be applied:

1. all the directors except one shall be elected from the list that has obtained the highest number of votes, on the basis of the numerical order under which they appear on the list;
2. in accordance with the law, one director shall be elected from the list that has obtained the second highest number of votes, on the basis of the numerical order under which the candidates appear on the list.

Lists that received a percentage of votes at the Stockholders Meeting that is less than half of the number required pursuant to the third paragraph of this article shall not be counted.

The foregoing rules for appointment of the Board of Directors do not apply if at least two lists are not submitted or voted on, or at the Stockholders Meetings that must replace directors during their terms. In these cases, the Stockholders Meeting shall decide on the basis of a relative majority.

Without prejudice to what is set forth in this article, the appointment, revocation, expiration of the term of office, replacement or lapsing of Directors is governed by the applicable laws. However, if as a result of resignations or other reasons the majority of the Directors elected by the Stockholders Meeting is no longer in office, the term of office of the entire Board of Directors will be deemed to have expired, and a Stockholders Meeting will be convened on an urgent basis by the Directors still in office for the purpose of electing a new Board of Directors.

Art. 12 – Corporate Offices, Committees and Directors' Compensation

The Board of Directors shall appoint from among its members a Chairman, a Vice Chairman, if deemed advisable, and one or more Chief Executive Officers. In the case of the absence or incapacity of the Chairman, the Vice Chairman, if appointed, will assume his functions.

The Board of Directors may set up an Executive Committee and/or other Committees with specific functions and tasks, fixing its/their composition and operating procedures. More specifically, the Board of Directors shall establish a Committee to supervise the Internal Control System and Committees for the nomination and compensation of Directors and senior managers with strategic responsibilities.

After receiving the opinion of the Board of Statutory Auditors, the Board of Directors shall appoint the manager in charge of preparing the Company's financial reporting. The Board of Directors may vest with the relevant functions more than one individual provided that these individuals perform such functions together and have joint responsibility. Only a person who has acquired several years of experience in the accounting and financial affairs at large companies may be appointed.

The Board of Directors may also appoint one or more Chief Operating Officers and may designate a Secretary, who need not be a member of the Board.

The compensation payable to the Directors and members of the Executive Committee shall be determined by the Stockholders Meeting and will be effective until the Meeting resolves otherwise. The compensation of the Directors vested with particular offices shall be determined by the Board of Directors, after having received the opinion of the Statutory Auditors. Nevertheless, the Stockholders Meeting may determine an aggregate amount for compensation of all the Directors, including those vested with particular offices.

Art. 13 – Meetings and Duties of the Board of Directors

Meetings of the Board of Directors are convened by the Chairman at least once every quarter and whenever the Chairman deems it appropriate, or when requested by at least three Directors or by one of the Directors to whom powers have been delegated.

The Board of Directors can also be called, after the Chairman has been informed, by at least one statutory auditor.

Meetings are called by written notice, containing all elements necessary for the discussion, to be sent at least five days before the day on which the meeting is to be held, except in cases of urgency.

Meetings are presided over by the Chairman or, in his absence, by the Vice Chairman, if appointed; in their absence the chair shall be taken by another Director designated by the Board.

In the course of meetings, the Directors to whom powers have been delegated must report to the Board of Directors and the Board of Statutory Auditors at least once every quarter on their activities and business outlook, as well as on transactions carried out by the Company or its subsidiaries that are particularly significant in terms of size or characteristics, and each Director is required to disclose any interest that he may have, either directly or on behalf of third parties, in any transaction to which the Company is a party.

Based on the information it receives, the Board of Directors evaluates the adequacy of the Company's organization, administrative structure and accounting system; reviews the Company's strategic, industrial and financial plans; and based on reports provided by the bodies with delegated powers, assesses the general performance of the Company's operations.

Directors and Statutory Auditors may attend meetings by means of telecommunication systems. In such cases, the meeting is deemed to have been held at the location where both the meeting's Chairman and Secretary were present. In addition, it must be possible to identify the attendees, and they must be able to follow the proceedings, intervene in real time in the discussion of the topics on the Agenda and receive, send or view documents.

Art. 14 – Resolutions of the Board of Directors

The Board's resolutions shall be valid if the majority of Directors in office are present. Resolutions are passed by an absolute majority of votes of the Directors present. In the case of a tie, the Chairman of the meeting shall have the casting vote.

Resolutions shall be recorded in minutes, to be signed by the Chairman of the meeting and the Secretary.

Art. 15 – Powers of the Board of Directors

The Board is vested, without any limitation, with full powers for the ordinary and extraordinary management of the Company, with the authority to carry out all transactions, including disposals, deemed appropriate to achieve the Company's purposes, excluding and excepting none – including the granting of mortgages or liens, on the whole or part of property, to be registered, postponed and cancelled, as well as effecting or canceling registrations or notes of any kind, also regardless of the payment of debts which such registrations or notes relate to – with the exception of those transactions which are reserved by law to the competence of the Stockholders Meeting.

In addition to the power to issue non-convertible bonds, the Board of Directors is also authorized to adopt resolutions concerning:

- The absorption and demerger of companies, when specifically allowed by law;
- The opening or closing of secondary offices;
- The designation of Directors empowered to represent the Company;
- The reduction of capital stock when stockholders exercise the right to have their shares redeemed;
- The amendment of the By-laws that reflect changes in the law;
- The transfer of the Company's registered office to another location in Italy.

Art. 16 – Representation

The representation of the Company is invested in the Directors who serve as Chairman of the Board, Vice Chairman and Chief Executive Officer, separately, for the execution of the resolutions of the Board of Directors and in legal proceedings, as well as for the execution of the powers conferred on them by the Board.

The Board of Directors may also delegate to other Directors the power granted to it to represent the Company vis-à-vis third parties and in legal proceedings, including the power to provide formal depositions when required by law.

Art. 17 – Appointment and Qualifications of the Statutory Auditors

The Board of Statutory Auditors is composed of 3 regular members and 3 alternate members. The minority has the right to appoint one regular and one alternate auditor.

All statutory auditors must be entered in the register of auditors and possess at least three years' experience as a statutory account auditor.

The Board of Statutory Auditors is appointed on the basis of lists presented by stockholders in which candidates, whose number shall not exceed the number of statutory auditors to be appointed, are listed in numerical order. The list consists of two sections: one for candidates to the office of regular auditor, the other for candidates to the office of alternate auditor.

Only those stockholders who, alone or with others, hold in total voting shares representing a percentage no lower than that required by applicable laws for the submission of lists of candidates for the appointment of the company's Board of Directors have the right to present lists of candidates.

No single stockholder, nor stockholders belonging to the same group, nor stockholders who are parties of stockholders' agreements whose object is the company's shares, can present or vote, even by means of third parties or a trustee company, more than one list. Each candidate can be present in one list only, otherwise he will be considered ineligible.

Candidates who already serve as regular auditors in five other publicly traded companies, not counting the controlling companies and subsidiaries of Fiat S.p.A., unless required otherwise by mandatory provisions, or fail to meet the requirements of integrity, professionalism and independence set forth in the applicable laws and this article, may not be included in lists of candidates. Statutory auditors whose term of office has expired may be reelected.

The lists presented must be deposited at the company's offices at least fifteen days prior to the date set for the Meeting on first call, and mention of such term must be made in the document calling the Meeting. In the event that on the expiry of this term only one list has been submitted, or if the only lists submitted are those of stockholders linked amongst themselves as defined by applicable law, lists may be presented up to five days after that date. In this case, the percentage provided in the fourth paragraph of this article is halved.

The lists must be accompanied by the following:

- information as to the identity of the stockholders submitting the lists, with an indication of the total percentage equity interest, as well as a certificate attesting the ownership of this interest;
- a statement by stockholders other than those having a controlling interest or relative majority interest, jointly as may be, in which they attest that they have no relations with such latter stockholders as provided in applicable law;
- exhaustive information on the personal and professional characteristics of the candidates and a declaration in which the single candidates accept the candidature and state, on their own responsibility, that they satisfy the requirements laid down by law and by the company's By-laws for the position in question;
- a list of the positions as director or statutory auditor held by candidates in other companies and their undertaking that they will update said list at the date of the stockholders meeting.

Any candidate for which the above rules are not observed will be considered as ineligible.

The statutory auditors are elected as follows:

1. two regular auditors and two alternate auditors are elected from the list that has obtained the highest number of votes at the Stockholders Meeting, on the basis of the numerical order under which they appear in each section of the list;

2. in compliance with the provisions of applicable law, the remaining regular auditor and the other alternate auditor are elected from the list that has obtained the second highest number of votes at the Stockholders Meeting, on the basis of the numerical order under which they appear in each section of the list. In the case of a tied vote between lists, the candidates are appointed from the list submitted by the stockholders having the greater equity interest or, subordinately, by the greatest number of stockholders.

The chairmanship of the Board of Statutory Auditors will go to the first candidate from the list that has obtained the second highest number of votes as determined pursuant to preceding point 2.

Should it be impossible to proceed with the appointment according to the above described system, the Stockholders Meeting shall resolve by relative majority.

Where the requirements of the law or company articles are not met, the statutory auditor forfeits his office.

In the event of a statutory auditor being replaced, the first alternate auditor belonging to the same list as the auditor being substituted and after having confirmed the existence of the prescribed requirements, will join the Board for the remainder of the auditors' term of office. In the event of a replacement of the Chairman, the office will be taken over by the statutory auditor that replaces him.

Prior rules in matters of the appointment of statutory auditors do not apply to Stockholders Meetings that have to appoint regular and/or alternate auditors to return the number of members of the Board to its original level. In such cases, the Stockholders Meeting resolves by relative majority, basing its decision on the principle that minority stockholders shall be represented.

Meetings of the Statutory Auditors may be held by means of telecommunication systems. In such cases, the meeting is deemed to have been held at the location where it was convened and where at least one Statutory Auditor was present. In addition, it must be possible to identify the attendees, and they must be able to follow the proceedings, intervene in real time in the discussion of the topics on the Agenda and receive, send or view documents.

Art. 18 – Independent Audits

Independent audits are performed by external auditors who meet statutory requirements.

The Stockholders Meeting has jurisdiction over the granting and revocation of the audit assignment to external auditors and the determination of the applicable compensation.

The duration of the assignment, as well as the rights, duties and prerogatives of external auditors are governed by the applicable laws.

Art. 19 – Financial Year

The Company's financial year ends on December 31 each year.

Art. 20 – Allocation of Net Income

The net income for the year resulting from the annual financial statements shall be allocated as follows:

- to the Legal Reserve, 5% of net income until this reserve reaches one fifth of the capital stock;
- to savings shares, a dividend of up to 0.31 euros per share;
- to the Legal Reserve (additional allocation), to the Extraordinary Reserve and/or to retained earnings, such allocations as shall be decided by the Stockholders Meeting;
- to preference shares, a dividend of up to 0.31 euros per share;
- to ordinary shares, a dividend of up to 0.155 euros per share;
- to savings shares and ordinary shares, in equal proportions, an additional dividend of up to 0.155 euros per share;
- to each ordinary, preference and savings shares, in equal proportions, the balance of the net income which the Stockholders Meeting resolves to distribute.

When the dividend paid to savings shares in any year amounts to less than 0.31 euros, the difference shall be added to the preferred dividend to which they are entitled in the following two years.

In case of modification of the par value of shares, the abovementioned amounts will be on a pro-rata basis.

During the course of the year, if the results of the Company's operations justify it and the law allows it, the Board of Directors may authorize the payment of interim dividends.

Dividends not collected within five years from the day they became payable shall be forfeited to the benefit of the Company.

Art. 21 – Stockholders Right to Have Their Shares Redeemed

The right of stockholders to have their shares redeemed is governed by the applicable laws, it being understood that this right is not available to stockholders who, either because absent or dissenting, did not vote in support of resolutions extending duration or introducing or removing restrictions on the circulation of shares.

The terms and procedures for the exercise of this right, the criteria used to determine share values and the share redemption process are governed by the applicable laws.

Art. 22 – Stockholders Domicile

The stockholders domicile, for all matters concerning his or her relationship with the Company, is that recorded in the book of stockholders.

Art. 23 – Liquidation of the Company

The Company shall be put into liquidation in the cases provided for and in accordance with the terms of the law.

The Stockholders Meeting shall appoint one or more liquidators and determine their powers.

In the event of liquidation, the Company's assets shall be distributed in the following order:

- to the savings shares up to their par value;
- to the preference shares up to their par value;
- to the ordinary shares up to their par value;
- the balance, if any, to shares of all three classes in equal proportions.

12 – Regulations for Stockholders Meetings

1. SPHERE OF APPLICATION, NATURE AND AMENDMENTS TO THE REGULATIONS

1.1 The present Regulations govern the conduct of Ordinary and Extraordinary Stockholders Meetings and also, as far as they are compatible, any Special Stockholders Meetings.

1.2 Amendments to these Regulations shall be approved by the Ordinary Stockholders Meeting. Preference shares shall also be entitled to vote on the relevant resolutions.

2. ENTITLEMENT TO PARTICIPATE IN AND ATTEND THE STOCKHOLDERS MEETINGS

2.1 Meetings shall be open to holders of voting rights or their representatives who have obtained prior documentary evidence of their entitlement by the respective intermediaries, in accordance with applicable laws and the By-laws.

2.2 No official authorization shall be required of representatives of the Company's external auditors attending the Meeting.

2.3 The Chairman shall be entitled to allow financial analysts or economic and financial journalists to attend the meetings, subject to their identification and unless otherwise resolved by the Meeting.

3. VERIFICATION OF IDENTITY AND LEGITIMATE ENTITLEMENT

3.1 Procedures to verify the identity and legitimate entitlement of those wishing to participate in or attend the Meeting shall be carried out by Company employees carrying an appropriate identification card, under the responsibility of the Chairman. Such procedures shall start at least one hour prior to the time fixed in the notice of convening of the Meeting.

3.2 Persons entitled to attend shall present a document released by a qualified intermediary, or a copy of a communication released by the intermediary and by the same forwarded to the Company, in conformity with applicable law and the By-laws. The persons entitled shall have to collect the attendance form from the Company.

3.3 Anyone attending the Meeting as the representative of one or more holders of voting rights must deliver the documents that prove his/her entitlement to attend and that of those he/she represents, and sign a declaration attesting to the absence of any reasons for not acting as a representative. The delegation of rights must be signed by the holder of the voting right or his/her legal representative, attorney or proxy.

3.4 The holder of voting rights who attends the Meeting in person may not assign any part of said voting rights at the same Meeting. However, it is possible to assign the totality of his or her voting rights to others in respect of particular items on the Agenda. In this case, the authorization shall specify the items for which it is assigned.

3.5 The principal or intermediary who requests delegations of voting rights, and representatives of any association that has obtained the delegations of voting rights of its members, shall provide the Company with documentation attesting to the legitimacy of said delegate or representative to

participate before the time indicated on the notice of convening of the Meeting and in good time to verify the entitlement on the basis of the number of such delegations obtained.

3.6 The possession of audio and video recording equipment shall be announced before entering the Meeting and their use shall require prior authorization by the Chairman. Mobile telephones shall be switched off.

3.7 It is absolutely forbidden to introduce any dangerous or inappropriate article or weapon into the Meeting hall.

4. CONSTITUTION OF THE MEETING, CHAIRMANSHIP AND OPENING OF THE MEETING

4.1 At the time set in the notice of convening of the Meeting, the person indicated in the By-laws shall take the chair, or in his absence the procedures required for the constitution of the Meeting and the appointment of a Chairman shall be presided over by the Chief Executive Officer, or in his absence by the most senior Director who shall be responsible for collecting the names of the candidates and putting them to the vote. The candidate who receives the votes of the relative majority of the capital represented at the Meeting shall be appointed Chairman.

4.2 Special Meetings shall be chaired by the common representative, if appointed, failing which the Chairman shall be elected by the Meeting.

4.3 The Chairman shall be assisted by a secretary appointed by the Meeting on the Chairman's recommendation or, if necessary or appropriate, on the recommendation of a Notary. Both the Secretary and the Notary may ask for the collaboration of persons they trust, even if the latter are not stockholders.

4.4 The Chairman shall be entitled to seek the assistance of Directors, Statutory Auditors, employees of the Company and/or its subsidiaries, as well as by specially invited outside experts.

4.5 Any logistic and instrumental services required shall be supplied by appointees of the Company who shall be required to wear appropriate identification cards.

4.6 Discussion at the Meeting may be filmed and/or recorded on audio/video both for transmission/projection in the hall where the Meeting is held or adjacent rooms, and to provide additional information for drafting minutes and preparing replies.

The information presented at the Meeting by corporate bodies may be divulged through the Company's Internet site.

4.7 The Chairman shall state the number of those present and the shares represented, and ascertain that the Meeting is duly constituted.

4.8 Should the necessary quorum not be reached for the constitution of the Meeting or the discussion of some items on the Agenda, the Chairman, or in his absence the person presiding over the Meeting, shall inform those present and may defer the start of the Meeting for not more than one hour, prior to postponing the discussion of the aforesaid items to a later Meeting.

4.9 Should the Chairman put procedural irregularities or other matters governed by these Regulations to the vote, said vote shall be carried by the majority of the capital represented at the Meeting.

4.10 Anyone intending to leave the Meeting before its conclusion or before any particular vote, shall inform the person responsible for recording the number of voting shares present of his intention.

4.11 After having ascertained that the Meeting is duly constituted, the Chairman shall declare the Meeting open and proceed to the discussion of the Agenda.

5. AGENDA

5.1 The Chairman or, if he so requests, his assistant shall read out the items on the Agenda and the motions to be submitted for approval by the Meeting. Unless the Meeting objects, the Chairman shall be entitled to handle several items on the Agenda together or in a different order from that announced in the notice of convening of the Meeting.

5.2 Unless the Chairman considers it necessary or unless a specific request is presented and approved by the Meeting, documents previously deposited for perusal by interested parties, as indicated in the notice of convening of the Meeting, shall not be read out at the Meeting itself.

6. DISCUSSION AND POWERS OF THE CHAIRMAN

6.1 The Chairman shall open the discussion and direct it by inviting those who have requested permission to speak to take the floor in the order in which their requests were booked and guaranteeing their right to participate.

6.2 The Chairman may specify that such requests should be made in writing, indicating the item on the Agenda that the individual concerned wishes to address.

6.3 Anyone entitled to participate in the Meeting, including the common representatives of the different classes of shares, if appointed, and the representative of bondholders, shall be entitled to take the floor on any item on the Agenda and to comment or put forward proposals thereon.

6.4 All speeches to the Meeting must be clear and concise. They must be strictly pertinent to the items on the Agenda and must be delivered in a time deemed to be appropriate by the Chairman.

6.5 If the speaker fails to comply with these rules, the Chairman shall invite him/her to draw his/her speech to a close, failing which he/she shall be refused the floor.

6.6 The Chairman shall direct the Meeting to ensure its correct function and to guarantee the rights of all those present. The Chairman may withdraw or deny the right to speak or take any other action considered appropriate in the circumstances if speeches are not authorized or repetitive, or if they cause disturbance to the other persons present or impede them from speaking, or contain anything offensive or immoral or detrimental to public order, or are contrary to the purposes for which the Company was created.

7. INTERRUPTION AND ADJOURNMENT OF THE MEETING

7.1 The Meeting shall normally conduct all its business in a single session. However, should the Chairman deem it appropriate, any session may be interrupted for a maximum period of two hours.

7.2 The Chairman may adjourn the Meeting, only on one occasion, by no more than five days, provided that the Meeting votes in favor with the majority specified by Article 2374 of the Italian Civil Code, fixing the day and the time of the new Meeting for the continuation of business.

8. REPLIES AND CLOSURE OF DISCUSSION

8.1 The Chairman or, if he so requests, his assistant shall answer any questions raised in a speech either immediately or after all the speeches have been made. Should several speeches cover the same material, a single answer should suffice.

8.2 The Chairman shall be entitled not to reply to questions unrelated to the Agenda and to questions concerning:

- information on Company relations with third parties which cannot be disclosed or is not relevant;
- very detailed information which is of no interest to the Meeting or which makes no useful contribution to voting intentions.

8.3 At the end of all the speeches and replies, the Chairman shall declare the discussion closed.

9. VOTING AND COUNTING THE VOTES

9.1 Depending on the circumstances, the Chairman shall be entitled to call for a vote on each Agenda item once the discussion of that item is completed or invite the Meeting to vote on some items of the Agenda, or on the Agenda in its entirety.

9.2 Anyone entitled to vote may explain the reasons for his or her vote in the time strictly necessary.

9.3 Votes shall be cast openly, by show of hands or other manner decided by the Chairman at the time of voting, including the use of suitable technical instruments that facilitate the counting process.

9.4 Should the outcome of a vote by show of hands not be unanimous, depending on the circumstances the Chairman may invite the abstainers and those not in favor of the motion, if in the minority, or vice versa those in favor if fewer than those opposed, to declare their voting intentions or to make them known using the method or instrument indicated.

9.5 In the case of lists or relative majority voting, only votes in favor of a particular list or candidate shall be counted and non-voters shall be deemed to have abstained. Each vote holder shall be entitled to one vote representing the totality of his/her voting shares, for one list, or one candidate for each available seat.

9.6 The representatives of trust companies and those delegated to vote for others shall be entitled to split their votes in compliance with the instructions received from the stockholders they are representing.

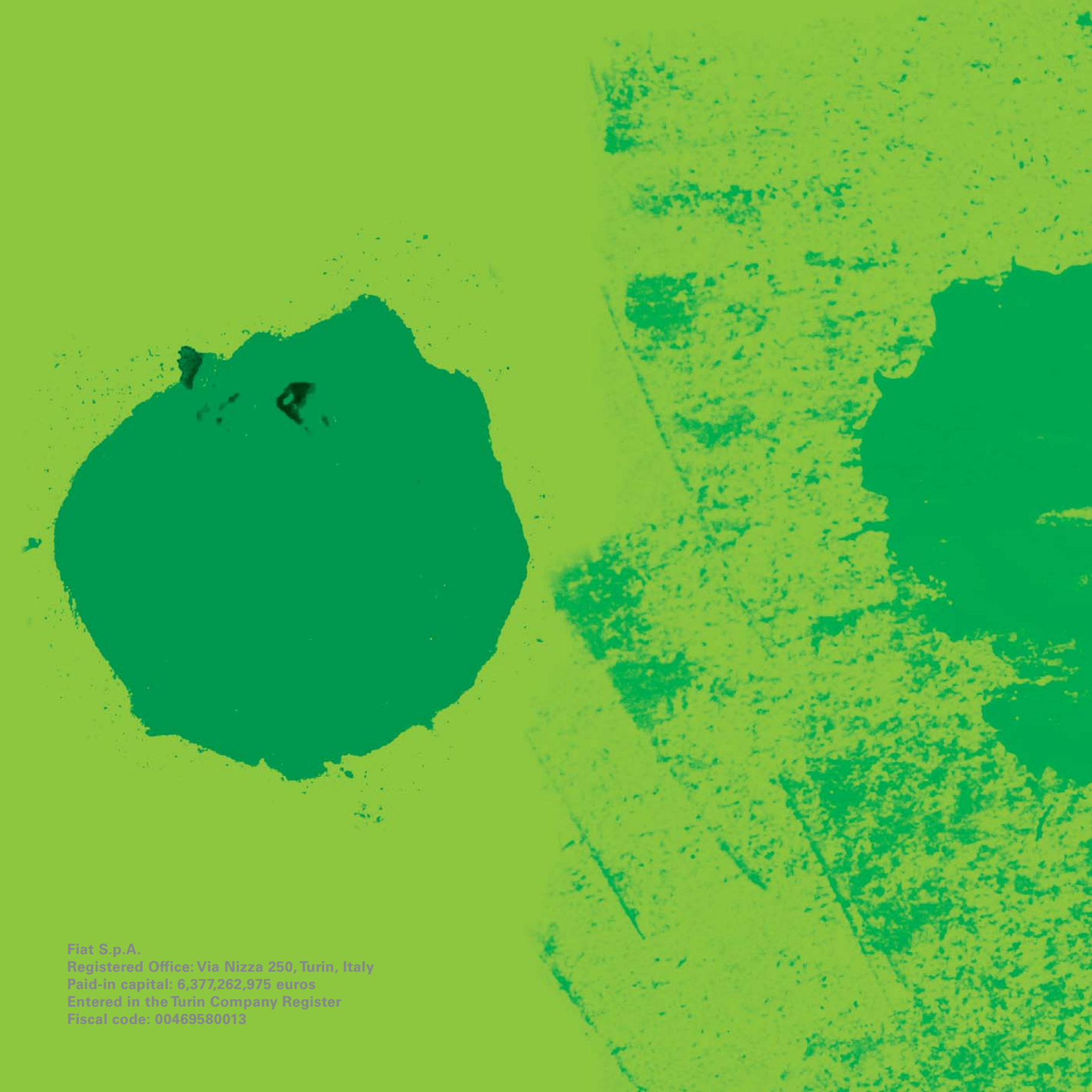
10. DECLARATION OF THE RESULTS AND CLOSURE OF THE MEETING

10.1 At the end of the voting procedures the Chairman shall ascertain the results and declare any motion carried that has received the majority vote required by law, the By-laws or these Regulations.

10.2 Once all the items on the Agenda have been dealt with, the Chairman shall declare the Meeting closed.

11. ANNEXES TO THE MINUTES OF THE MEETING

11.1 The Chairman shall be entitled to supply the Notary or Secretary with any documents read or described during the Meeting for attachment to the Minutes as additional information, provided that such documents are deemed to be relevant to the matters discussed.



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