FIAT GROUP

Quarterly Report
Third Quarter 2008

Contents

This document has been translated into English for the convenience of readers outside Italy.
The original Italian document should be considered the authoritative version.

This Report is available on the Internet at the address: www.fiatgroup.com

FIAT S.P.A.
Registered Office: 250 Via Nizza, Turin, ITALY
Share Capital: €6,377,262,975
Turin Companies Register/Tax Code: 00469580013

Board of Directors and Auditors

Board of Directors

Chairman
Luca Cordero di Montezemolo (4)

Vice Chairman
John Elkann (1) (4)

Chief Executive Officer
Sergio Marchionne (4)

Directors
Andrea Agnelli
Roland Berger (3) (4)
Tiberto Brandolini d'Adda
René Carron
Luca Garavoglia (1) (3)
Gian Maria Gros-Pietro (1) (2)
Virgilio Marrone
Vittorio Mincato (2)
Pasquale Pistorio (4)
Carlo Sant'Albano
Ratan Tata
Mario Zibetti (2) (3)

Secretary of the Board
Franzo Grande Stevens

Board of Statutory Auditors (*)

Statutory Auditors
Carlo Pasteris – Chairman
Giuseppe Camosci
Piero Locatelli

Alternate Auditor
Roberto Lonzar

Independent Auditors

Deloitte & Touche S.p.A.

(*) On 15 May 2008, Cesare Ferrero and Giorgio Giorgi resigned their respective positions as Statutory Auditor and Alternate Auditor. On the same date, Piero Locatelli was appointed as Statutory Auditor.

(1) Member of the Nominating and Corporate Governance Committee

(2) Member of the Internal Control Committee

(3) Member of the Compensation Committee

(4) Member of the Strategic Committee

Operating Performance

Group Highlights

Year-to-Date (01.01 - 30.09)				3rd Quarter	
2008	2007	(€ millions)		2008	2007
46,288	42,713	Net revenues		**14,296**	13,858
2,699	2,286	Trading profit		**802**	745
2,716	2,286	Operating Profit		**802**	745
2,266	2,071	Profit before taxes		**675**	622
1,541	1,457	Net profit for the period		**468**	454
1,449	1,383	Profit attributable to equity holders of the Parent Company		**440**	432
		(figures in €)			
1.158	1.084	Basic earnings per ordinary share	(1)	**0.356**	0.344
1.158	1.084	Basic earnings per preference share	(1)	**0.356**	0.344
1.313	1.239	Basic earnings per savings share	(1)	**0.356**	0.344
1.152	1.075	Diluted earnings per ordinary share	(1)	**0.353**	0.341
1.152	1.075	Diluted earnings per preference share	(1)	**0.353**	0.341
1.307	1.230	Diluted earnings per savings share	(1)	**0.353**	0.341

(1) Note 12 of the Notes to the Consolidated Financial Statements which follow provides additional information on the calculation of basic and diluted earnings per share.

(€ millions)	At 30.09.2008	At 31.12.2007
Total assets	**61,693**	60,136
Net (debt)/cash	**(15,530)**	(10,423)
- of which: Net industrial (debt)/cash	**(3,278)**	355
Shareholders' equity before minority interests	**12,001**	11,279
- of which: attributable to shareholders of the Parent Company	**11,262**	10,606
Number of employees at period end	**203,216**	185,227

Disclaimer

This report, and in particular the sections entitled "Significant events occuring since the end of the quarter and business outlook" and "2009 Outlook", contains forward-looking statements. These statements are based on the Group's current expectations and projections about future events and, by their nature, are subject to inherent risks and uncertainties. They relate to events and depend on circumstances that may or may not occur or exist in the future, and, as such, undue reliance should not be placed on them. Actual results may differ materially from those expressed in such statements as a result of a variety of factors, including: continued volatility and further deterioration of capital and financial markets, changes in commodity prices, changes in general economic conditions, economic growth and other changes in business conditions, changes in government regulation (in each case, in Italy or abroad), and many other factors, most of which are outside of the Group's control.

Foreword

The following report for the quarter ended 30 September 2008 has been prepared in accordance with the interim reporting requirements of Article 154-*ter* of Legislative Decree 58/1998, as amended, and the Issuer Regulations issued by Consob.

It also conforms with the requirements of the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") adopted by the European Union and has been prepared in accordance with IAS 34 – *Interim Financial Reporting*.

Group Results

Year-to-Date (01.01-30.09)			3rd Quarter	
2008	2007	(€ millions)	2008	2007
46,288	42,713	Net revenues	14,296	13,858
2,699	2,286	Trading profit	802	745
2,716	2,286	Operating Profit	802	745
2,266	2,071	Profit before taxes	675	622
1,541	1,457	Net profit for the period	468	454

Group results for the third quarter of 2008

Net revenues

	3rd Quarter		
(€ millions)	2008	2007	% change
Automobiles (Fiat Group Automobiles, Maserati, Ferrari)	**7,212**	6,986	3.2
Agricultural and Construction Equipment (CNH - Case New Holland)	**3,109**	2,823	10.1
Trucks and Commercial Vehicles (Iveco)	**2,419**	2,580	-6.2
Components and Production Systems (FPT, Magneti Marelli, Teksid, Comau)	**3,367**	3,129	7.6
Other Businesses (Publishing, Holding and Other Companies)	**338**	315	7.3
Eliminations	**(2,149)**	(1,975)	-
Total	**14,296**	13,858	3.2

Group **revenues** for Q3 2008 totalled €14.3 billion, up 3.2% over the same period in 2007, and benefited from the significant contribution of CNH and the growth of the Automobile businesses, which offset declines in other Sectors.

Fiat Group Automobiles (FGA) reported Q3 revenues of €6.6 billion (+1.9% y.o.y.) on 516,700 total units delivered (-4.8%), with continued strong volumes in Brazil (+10.2%), more than offset by lower deliveries in Western Europe (-12%). In face of a 10.1% decline in registrations for Western Europe (down 9.8% excluding Italy), FGA decreased by only 4.1% (up 4% excl. Italy), improving its market share to 7.8% from 7.4%. In Brazil, FGA retained a leading position with 24.8% market share.

Agricultural and Construction Equipment (CNH) revenues were up 10.1% (+20.3% in US dollar terms) on the back of market share gains, continued strong growth in agricultural equipment and, in particular, stronger demand for combines in all regions. Construction equipment sales declined, due to continued weak demand in North America and Western Europe, partly offset by increases in Latin America and in the rest of the world.

In a significantly declining core market, **Trucks and Commercial Vehicles** (Iveco) had revenues of €2.4 billion (-6.2%), with the 17.9% decline in vehicles delivered being partly offset by a change in product mix. Iveco continues to strengthen its presence in Latin America where deliveries were up 47.6%.

Trading profit

	3rd Quarter		
(€ millions)	2008	2007	Change
Automobiles (Fiat Group Automobiles, Maserati, Ferrari)	**278**	247	31
Agricultural and Construction Equipment (CNH - Case New Holland)	**284**	225	59
Trucks and Commercial Vehicles (Iveco)	**181**	190	-9
Components and Production Systems (FPT, Magneti Marelli, Teksid, Comau)	**89**	121	-32
Other Businesses (Publishing, Holding and Other Companies) and **Eliminations**	**(30)**	(38)	8
Total	**802**	745	57
Trading margin (%)	**5.6**	5.4	

Group **trading profit** for the third quarter was €802 million, a €57 million (+7.7%) increase over the same period in 2007. The trading margin improved to 5.6% from 5.4%.

FGA contributed trading profit of €190 million (2.9% of revenues), a €5 million gain over Q3 2007.

CNH reported a €59 million y.o.y. increase to €284 million (up 37% in US dollar terms). Margins were up 1.1 percentage points to 9.1%, reflecting buoyant demand for agricultural equipment, improved product mix in addition to pricing and operational actions implemented.

Iveco posted €181 million in trading profit, down €9 million over Q3 2007 due to lower sales volumes. However, improved price positioning enabled the Sector to maintain margins (up to 7.5% from 7.4% for Q3 2007).

Operating Profit

The third quarter of 2008 closed with **operating profit** of €802 million. The €57 million increase over the €745 million figure for the third quarter of 2007 reflects the improvement in trading profit.

There was a **net gain on the disposal of investments** of €1 million for the quarter. In the third quarter of 2007, a net gain of €128 million was reported, of which €118 million related to a gain on the disposal of the interest held in Mediobanca S.p.A. and €7 million to the disposal of a minor interest in Tecnomare S.p.A.

Restructuring costs totalled €3 million for the third quarter of 2008. For the corresponding period in 2007, this item amounted to €32 million and mainly related to CNH.

Other unusual income/(expense) was a positive €2 million for the quarter. For the same period in 2007, there was a net expense of €96 million which principally related to the cost of rationalising certain suppliers strategic to the Group (some of which have been or are being acquired by the Group itself).

Net profit for the period

Net financial expense of €161 million was substantially in line with the €163 million figure for the third quarter of 2007. The figure for Q3 2008 also included a €22 million charge for the decrease in the mark-to-market value of two stock-option related equity swaps (compared to a €19 million charge for Q3 2007).

The financial component of costs for pension plans and other employee benefits totalled €37 million for the third quarter of 2008, compared with €36 million for the same period in 2007.

Investment income totalled €34 million for the third quarter of 2008, compared with €40 million in the third quarter of 2007.

Profit before taxes totalled €675 million, a €53 million increase over the third quarter of 2007, mainly reflecting the €57 million improvement in operating profit.

Net profit (before minority interests) was €468 million, compared to €454 million for the third quarter of 2007, after **income taxes** of €207 million (€168 million for the third quarter of 2007).

Net profit attributable to equity holders of the Parent Company was €440 million for the third quarter of 2008, compared with net profit of €432 million for the same period in 2007.

Group results for the first nine months of 2008

Net revenues

	Year-to-Date (01.01 - 30.09)		
(€ millions)	2008	2007	% change
Automobiles (Fiat Group Automobiles, Maserati, Ferrari)	**23,047**	21,167	8.9
Agricultural and Construction Equipment (CNH - Case New Holland)	**9,686**	8,783	10.3
Trucks and Commercial Vehicles (Iveco)	**8,434**	7,928	6.4
Components and Production Systems (FPT, Magneti Marelli, Teksid, Comau)	**11,039**	9,837	12.2
Other Businesses (Publishing, Holding and Other Companies)	**1,040**	1,000	4.0
Eliminations	**(6,958)**	(6,002)	-
Total	**46,288**	**42,713**	**8.4**

Group **revenues** totalled €46.3 billion for the first nine months of 2008, an 8.4% increase over same period in 2007, with all industrial businesses contributing to the improvement.

Fiat Group Automobiles reported €21.2 billion in revenues, up 8.4% year-over-year driven by higher volumes and improved pricing and mix.

CNH had revenues of €9.7 billion for the first nine months of 2008, up 10.3% over the same period in 2007. In U.S. dollar terms, revenues grew by 24.8%. Increased sales of higher-value high horsepower tractors and combines, better mix and pricing actions drove the improvement.

Iveco posted revenues of €8.4 billion for the first nine months of 2008, up 6.4% over the same period for the prior year, largely attributable to higher sales volumes and improved pricing in the first six months of the year.

Trading profit

	Year-to-Date (01.01 - 30.09)		
(€ millions)	2008	2007	Change
Automobiles (Fiat Group Automobiles, Maserati, Ferrari)	**900**	733	167
Agricultural and Construction Equipment (CNH - Case New Holland)	**881**	762	119
Trucks and Commercial Vehicles (Iveco)	**651**	564	87
Components and Production Systems (FPT, Magneti Marelli, Teksid, Comau)	**370**	350	20
Other Businesses (Publishing, Holding and Other Companies) and **Eliminations**	**(103)**	(123)	20
Total	**2,699**	**2,286**	**413**
Trading margin (%)	**5.8**	**5.4**	

Group **trading profit** of €2,699 million was 18.1% higher, representing an improvement in trading margin to 5.8% from 5.4% for the same period in 2007.

Fiat Group Automobiles reported trading profit of €626 million for the first nine months (2.9% of revenues), a 9.8% improvement over the €570 million figure (2.9% of revenues) for the same period in 2007.

CNH trading profit was €881 million (9.1% of revenues), up €119 million over the first nine months of 2007 (€762 million and 8.7% trading margin). The increase was 30.9% in U.S. dollar terms.

Iveco reported €651 million in trading profit (7.7% of revenues), an €87 million improvement (+15.4%) over the €564 million figure (7.1% of revenues) for the first nine months of 2007.

Operating profit

Operating profit for the first nine months was €2,716 million and included €17 million in unusual income primarily related to the release of provisions for risks which were deemed unnecessary. The €430 million increase over 2007, therefore, principally reflects the €413 million increase in trading profit.

For the first nine months of 2008, **net gains on disposal of investments** totalled €3 million. In addition to the items detailed in the comment for the third quarter, the €180 million figure for the first nine months of 2007 also included a capital gain of €42 million in the first quarter following completion of the sale of Ingest Facility S.p.A.

Net **restructuring costs** were zero for the first nine months of 2008 and consisted of the release of restructuring provisions which were deemed unnecessary, offset by costs incurred mainly in connection with the restructuring of the Giambattista Vico plant. For the corresponding period in 2007, the Group incurred restructuring costs of €54 million, mainly relating to CNH and Comau.

Other unusual income/(expense) was a positive €14 million for the first nine months and mainly related to the release to income of provisions which were deemed no longer necessary. For the first nine months of 2007, there was a net expense of €126 million which principally related to the cost of rationalising certain suppliers strategic to the Group (some of which have been or are being acquired by the Group itself).

Net profit for the period

Net financial expense for the first nine months totalled €602 million (€331 million for the same period in 2007) and includes a negative €164 million effect from the marking-to-market of two stock option related equity swaps. The Group reported a €141 million gain on those swaps for the first nine months of 2007, resulting in a year-over-year net difference of €305 million. The 2007 figure also included a €43 million charge for early repayment of a CNH bond (original maturity in 2011). Excluding these two effects, net financial expense was substantially unchanged over the same period for the prior year.

The financial component of costs for pension plans and other employee benefits totalled €111 million for the first nine months of 2008, compared with €114 million for the same period in 2007.

Investment income for the first nine months of 2008 totalled €152 million, a €36 million improvement over the corresponding period in 2007.

Profit before taxes was €2,266 million, compared with €2,071 million for the first nine months of 2007. This €195 million improvement was attributable to higher operating profit (+€430 million) and investment income (+€36 million), both of which more than offset the €271 million increase in net financial expense.

Income taxes totalled €725 million (€614 million for the first nine months of 2007), representing an effective tax rate of 32%, at the high end of the Group's expected effective rate for FY 2008.

Net profit (before minority interests) was €1,541 million, as compared to €1,457 million for the first nine months of 2007.

Net profit attributable to equity holders of the Parent Company for the first nine months of 2008 was €1,449 million, compared with net profit of €1,383 million for the same period in 2007.

Operating Performance by Business

Automobiles

Net revenues

Year-to-Date (01.01 - 30.09)				3rd Quarter		
2008	2007	% change	(€ millions)	2008	2007	% change
21,235	19,594	8.4	**Fiat Group Automobiles**	**6,636**	6,510	1.9
596	485	22.9	**Maserati**	**198**	141	40.4
1,419	1,172	21.1	**Ferrari**	**450**	368	22.3
(203)	(84)	-	**Eliminations**	**(72)**	(33)	-
23,047	21,167	8.9	**Total**	**7,212**	6,986	3.2

Trading profit

Year-to-Date (01.01 - 30.09)				3rd Quarter		
2008	2007	Change	(€ millions)	2008	2007	Change
626	570	56	**Fiat Group Automobiles**	**190**	185	5
31	6	25	**Maserati**	**9**	6	3
243	157	86	**Ferrari**	**79**	56	23
900	733	167	**Total**	**278**	247	31
3.9	3.5		**Trading margin (%)**	**3.9**	3.5	

Fiat Group Automobiles

In the **third quarter** of 2008, Fiat Group Automobiles achieved **revenues** of €6.6 billion, up 1.9% over Q3 2007. Lower volumes were more than offset by improved product mix, pricing, as well as favourable currency movements (the Brazilian real in particular).

Fiat Group Automobiles delivered a total of 516,700 units, down 4.8% over Q3 2007. In Western Europe, 268,200 vehicles were delivered, representing a 12% decrease attributable to decidedly weak markets.

Deliveries for the Sector declined in Italy (-21.8%), whereas strong growth was achieved in France (+30.9%) and Germany (+16.6%), where results were significantly higher than or ran counter to the trend in market demand. In Spain (-40.5%) and Great Britain (-16.8%), the Sector's performance was impacted by the marked declines in market demand.

The Fiat brand continued its positive performance. In Europe, the Fiat Panda and the 500 continue to be the most sold A-segment cars and the Punto remains amongst the models in its segment experiencing the highest level of demand. The Lancia brand began to see the benefit of deliveries of the new Delta, with 12,000 orders having been received at the end of Q3 2008, since its launch in June. The Lancia Musa also enjoyed success in several major European markets. Alfa Romeo began sales of the new MiTo (at the end of Q3 2008, 10,000 orders received since the model went on sale in September).

In Q3 2008, the Western European passenger vehicle market declined 10.1% year-over-year driven by sharp declines in demand in Italy (-11.7%), Spain (-32.5%) and Great Britain (-18.8%), in addition to a more modest decline in Germany (-3.3%). By contrast, there was limited growth in France (+0.9%). Demand remained buoyant in Brazil, which saw 17.7% growth over Q3 2007.

Fiat Group Automobiles continued to gain share in the passenger vehicle market. In Italy, market share was 31.8%, a 0.9 percentage point increase over Q3 2007. In Western Europe, market share increased 0.4 percentage points to 7.8%. During the quarter, the Fiat brand continued to win market share in Western Europe, climbing from 5.7% in 2007 to 6.3% in 2008. In Italy alone, market share rose to 24.4% (+0.6 percentage points).

In Brazil, deliveries for the quarter were up 10.2% over Q3 2007 and the Sector reaffirmed its position as market leader with a 24.8% market share (down 1.8 percentage points from Q3 2007 due to the particularly high level of competition).

A total of 94,500 light commercial vehicles were delivered in Q3 2008, representing 6.9% growth year-over-year. In Western Europe, where the market declined 12.2%, deliveries actually rose 1.3% to 51,300 units. Fiat Professional benefited from the contribution of the Fiorino, which went on sale at the end of 2007. Fiat Professional's market share was 12.1% for Western Europe (+0.3 percentage points over Q3 2007) and 42.5% for Italy (-0.6 percentage points).

For the third quarter, Fiat Group Automobiles had **trading profit** of €190 million (2.9% of revenues), an improvement over the €185 million figure (2.8% of revenues) reported for Q3 2007. The decrease in volumes in Western Europe and higher selling expenses associated with the launch of new models were substantially offset by the positive performance in the Brazilian market and better product mix.

In September, Fiat Group Automobiles models received two important expressions of recognition. The Lancia Delta was awarded the coveted EuroNCAP five stars, considered the highest recognition for safety internationally, while the Fiat Fiorino was named "International Van of the Year 2009" by a panel of automotive journalists from 20 countries. This brings the number of times Fiat Professional has won this prestigious award to four.

Then, in October, the Alfa MiTo topped new models from all other makers presented in 2008 to win the "Auto Europa 2009" award, finishing ahead of the Lancia Delta which took second place.

New products unveiled during the third quarter include the Fiat Qubo, an innovative car which, given its flexibility and ability to satisfy a variety of mobility needs, has been described as a 'free space' vehicle. In early October, the Paris Motor Show saw the premiere of the PUR-O2 label, intended for vehicles with minimum environmental impact (a 500, Croma and Bravo model were exhibited) equipped with systems to reduce consumption and emissions. Also presented by Fiat, was the special "500 by Diesel" series: a marriage between the new icon of 'Made in Italy' and the renowned fashion house.

Lancia presented the prototype Ypsilon Versus at the Paris show. Designed in collaboration with Versace, this car provided a sneak preview of a special series which will be available in March 2009. Alfa Romeo presented the Alfa Brera TI (the historic initials standing for "Turismo Internazionale"), a sports car bred for daily street driving. Finally, Abarth presented its "esseesse" kit, which transforms a standard production Fiat 500 into a high-spirited car sporting the Scorpion badge, and the racing version of the 500, the Abarth Assetto Corse. A single-make trophy will be launched in 2009 for the 500 Abarth Assetto Corse which is to be sold to drivers "competition ready".

The Eco Drive was also presented to the public at the Paris Motor Show. Eco Drive is a sophisticated application developed with Microsoft which promotes eco-friendly driving. Already available on the 500 and Grande Punto, the application will also be offered on all Fiat models equipped with Blue&Me beginning in 2009.

There were two new offerings from Fiat Professional at the Hannover Motor Show, where it debuted the Natural Power versions of the Ducato and Fiorino (i.e., dual-powered by natural gas and gasoline).

Finally, in October Fiat presented the Grande Punto Natural Power. This vehicle has minimum emissions, very low running costs and can be driven in restricted traffic zones.

In the **first nine months** of 2008, Fiat Group Automobiles reported €21.2 billion in **revenues**, up 8.4% year-over-year driven by higher volumes and improved pricing and mix.

Fiat Group Automobiles delivered a total of 1,725,000 units (+3.8%) in the first nine months of 2008, of which 986,700 units in Western Europe, where there was a drop in volumes (-3.4%) due to a generally weak passenger vehicle market. Fiat Group Automobiles reported significant gains in France (+41.1%) and Germany (+20.9%), but experienced declines in Italy (-11.1%), Spain (-30.3%) and Great Britain (-4.6%).

The Western European market contracted 5% during the first nine months. There were marked declines in demand in Italy (-11.3%) and Spain (-22.0%), as well as a drop in Great Britain (-7.5%). The passenger vehicle market expanded, however, in both France (+3.4%) and Germany (+1.3%).

Fiat Group Automobiles' share of the Italian market stood at 31.9% (+0.5 percentage points over the first nine months of 2007), continuing a positive trend. For Western Europe, market share saw a slight increase to 8.2% (+0.1

percentage points).

There was a significant increase in deliveries in Brazil (+22.8%), where Fiat Group Automobiles closed the first nine months with a 25.3% share (down 0.6 percentage points), maintaining the lead position in a market which is continuing to experience double-digit growth (+23.3%).

A total of 323,100 light commercial vehicles were delivered during the first nine months, a 13.5% increase over the same period for the prior year. In Western Europe, a total of 193,700 units were delivered, resulting in a 10% increase notwithstanding the 5.3% decline in the market. Market share for Fiat Professional increased to 43.2% in Italy (+0.7 percentage points) and 12.3% in Western Europe (+0.6 percentage points).

Fiat Group Automobiles reported **trading profit** of €626 million for the first nine months (2.9% of revenues). The 9.8% improvement over the €570 million figure (2.9% of revenues) for the same period in 2007 was driven by higher volumes, a more favourable product mix and, in particular, positive performance in the Brazilian market, the effects of which were partially offset by non-recurring costs related to the temporary closure of the Giambattista Vico plant.

Maserati

For **Q3** 2008, Maserati reported €198 million in **revenues**, an increase of 40.4% over the same period in 2007. This improvement is primarily attributable to the excellent performance of the GranTurismo.

Deliveries to the network climbed to 1,971 units for the quarter, up 34% over the same period in 2007.

For Q3 2008, **trading profit** was €9 million (4.5% of revenues) – a significant increase over the €6 million figure (4.3% of revenues) for Q3 2007 despite substantial adverse currency movements – driven by strong sales performance and significant efficiency gains.

Boasting a successful sales record with over 15 thousand units sold to date and 47 international awards received, the Quattroporte has provided an upgrade to the entire range which now also includes a Sport version. In July, the Quattroporte S, equipped with a new 4.7-litre engine (430 hp), was presented and road tested by over 200 journalists from leading international publications, and it received favourable reviews. The entire new Maserati Quattroporte range recently made its debut appearance to the general public at the Paris Motor Show.

Maserati booked €596 million in **revenues** in the **first nine months**, up 22.9% over the same period for the prior year.

Deliveries to the network rose 25% to 6,466 units compared to the first nine months of 2007: a result that is all the more significant given the overall decline of approximately 15% in Maserati's market segments. At the end of September, the order book stood at 1,784 units.

Maserati reported **trading profit** of €31 million (5.2% of revenues) for the first nine months of 2008, representing a substantial increase over the €6 million figure (1.2% of revenues) for the same period in 2007.

Ferrari

Ferrari recorded €450 million in **revenues** for **Q3** 2008, up 22.3% year-over-year, driven primarily by sales of the 430 Scuderia and 599 GTB Fiorano, improved pricing and higher revenues from the racing division. During the same period, 1,399 cars were delivered to the sales network and sales to the end customer reached 1,520 units, substantially in line with the third quarter of the previous year.

Ferrari closed the quarter with **trading profit** of €79 million (17.6% of revenues), up 41.1% from the €56 million figure (15.2% of revenues) for Q3 2007. This positive performance is primarily attributable to higher revenues and cost efficiency gains, which include a decrease in the net cost of Formula 1 racing.

After simultaneous previews at Maranello and in Los Angeles, Ferrari officially presented the new California at the Paris Motor Show. This new model offers several innovative features: from the central front-mounted V8 engine to the 7-speed transmission coupled with double-friction clutch and Formula 1-style controls. Other original features include the cabriolet with folding hard-top.

Ferrari's **revenues** for the **first nine months** were €1,419 million, up 21.1% year-over-year. A total of 4,822 vehicles (+3.1%) were delivered to dealers and sales to end customers totalled 5,026 units (+2.6%).

Ferrari's **trading profit** was €243 million (17.1% of revenues) in the first nine months of 2008, up 54.8% from the €157 million figure (13.4% of revenues) reported for the same period of 2007 due to higher volumes, improved pricing and cost efficiency gains.

Agricultural and Construction Equipment

Year-to-Date (01.01 - 30.09)			3rd Quarter	
2008	2007	(€ millions)	2008	2007
9,686	8,783	Net revenues	3,109	2,823
10.3		% change	10.1	
881	762	Trading profit	284	225
119		Change	59	
9.1	8.7	Trading margin (%)	9.1	8.0

CNH – Case New Holland **revenues** for **Q3** 2008 totalled €3.1 billion, an increase of 10.1% over Q3 2007. In US dollar terms revenues rose by 20.3%, mainly driven by continuing strong sales growth in the agricultural equipment business combined with a favourable mix of higher horsepower tractors and combines sales. Construction equipment sales declined as strength in Latin America and Rest of World markets and pricing did not offset soft markets in North America and Western Europe.

Worldwide, the agricultural equipment industry experienced a decline in retail unit volumes for tractors of 1% and growth in combine harvesters of 54% compared to Q3 2007. In the regions: demand for tractors was strong in Latin America, up slightly in Western Europe, declining in North America (for under 100 hp models, offset by increases in the over 100 hp market) and in the Rest of World. Demand for combine harvesters was stronger in every region, with very significant increases in Latin America, Western Europe and Rest of World.

CNH's brands were well placed to benefit from the agricultural equipment industry's strong growth. Worldwide tractor market share was up with gains achieved in Rest of World and North America (particularly in high-hp models); in Latin America and Western Europe market shares were unchanged. Overall combine market share was up, achieving significant gains in North America and Rest of World; Latin America and Western Europe declined, due to supply constraints.

Retail unit sales for the construction equipment industry worldwide declined by 12%. Latin America and Rest of World markets continued to grow, while Western Europe and North America sharply declined. Industry sales of heavy construction equipment were up by 3%, with strong performance in Latin America and Rest of World and a drop in Western Europe and North America. Retail sales in the light construction equipment industry declined by 22%, driven by drops in North America and Western Europe, a decline in Rest of World, partially offset by a significant growth in Latin America.

CNH continued to benefit from its global construction equipment presence, with a stable worldwide market share. In the strong Latin American markets, share gains were achieved in light equipment; in Rest of World and North America, market share was substantially stable, while declining in Western Europe.

CNH closed the third quarter of 2008 with **trading profit** of €284 million (9.1% of revenues), an increase of €59 million over the €225 million level (8.0% of revenues) for Q3 2007 (up 37% in US dollar terms). Agricultural Equipment's sales growth, mix improvements, pricing and operational actions more than offset rising material cost pressures and production capacity constraints as well as weakness in Construction Equipment.

During the quarter, all CNH brands continued to launch new, re-powered and up-graded products, further widening their product offering.

Case IH Agriculture publicly debuted its new Mid-Range Magnum row crop tractors, and an expanded line-up of high efficiency, Axial-Flow Combines. Case IH also introduced upgraded models of small square balers, a new pull-type rotary cutter and continued its worldwide distribution of the new JXU Utility tractors, Axial Flow combines and Module Express Cotton Pickers into the Australian market.

New Holland Agriculture's new 591 hp CR9090 Class IX Combine set a new Guinness world record in the UK on 26 September, by harvesting 551 tons of wheat in 8 hours, beating the previous record by 19.5 tons, while consuming only 13.3 litres of fuel per hectare – highlighting the machine's efficiency. In addition, New Holland upgraded its VN2080 Grape Harvesters for worldwide markets and introduced new T7000 and upgraded T6000 higher horsepower tractors for the Latin American market.

Case Construction added new models to its B-Series crawler excavators with reduced noise levels and increased fuel efficiency for worldwide distribution, new compact track loaders in Europe, new compaction equipment in the Americas and new crawler dozers, backhoe loaders, and skid steer and compact track loaders in Rest-of-World markets.

New Holland Construction presented its newest models of crawler excavators, expanding the breadth of its product line, complete with improved hydraulics and cab ergonomics and an integrated noise and dust reduction system, destined for the North American and Western European markets. It introduced new models of graders, telehandlers and skid steer loaders in the Latin American market and new crawler excavators and graders in Rest-of-World markets.

CNH had **revenues** of €9.7 billion for the **first nine months** of 2008, up 10.3% over the same period in 2007. In U.S. dollar terms, revenues grew by 24.8%. Increased sales of higher-value high horsepower tractors and combines, better mix and pricing actions drove the improvement.

Trading profit was €881 million (9.1% of revenues) up €119 million over the first nine months of 2007 (€762 million and 8.7% trading margin). The increase was 30.9% in U.S. dollar terms. Agricultural Equipment's sales growth, improved mix, and pricing actions more than offset higher procurement, manufacturing and expediting costs driven by rapidly increasing volumes as well as weakness in Construction equipment.

Trucks and Commercial Vehicles

Year-to-Date (01.01 - 30.09)			3rd Quarter	
2008	2007	(€ millions)	2008	2007
8,434	7,928	**Net revenues**	**2,419**	2,580
6.4		% change	-6.2	
651	564	**Trading profit**	**181**	190
87		Change	-9	
7.7	7.1	**Trading margin (%)**	**7.5**	7.4

For **Q3** 2008, Iveco had **revenues** of €2.4 billion, representing a 6.2% decrease year-over-year principally attributable to lower sales volumes in Europe, where the market contracted significantly.

Iveco delivered a total of 39,953 vehicles during the quarter, a 17.9% drop over the same period in 2007. In Western Europe, a total of 23,960 vehicles were delivered, down 25.9% year-over-year. Declines were experienced in all principal European markets, except for Great Britain, where a 2.7% increase was reported. Outside Western Europe deliveries contracted 19.1% in Eastern Europe, while performance in Latin America remained very strong (+47.6%).

In Western Europe, the number of new vehicle registrations in the ≥ 2.8 ton category declined considerably (-9.1%) compared to Q3 2007, with a drop in registrations in all three segments. There were decreases in France (-6.7%), Great Britain (-8.6%), Italy (-4.1%) and a very significant drop in Spain (-46.6%). By contrast, Germany experienced a continued increase in demand (+4.2%).

Iveco's market share in Western Europe stood at 9.8%, slightly below Q3 2007 (-0.6 percentage points). Market share in the light vehicle segment fell 0.4 percentage points mostly due to increased demand in the van segment being predominantly met by car-based models and the commercial strategy of defending margins. Market share in the medium segment fell 1 percentage point, principally due to the effect of low-priced competition from Japanese producers and defensive price positioning for the new Eurocargo. In the heavy vehicle segment, there was a 1.4 percentage point decrease which was predominantly attributable to a less favourable market mix compared to 2007 and protection of margins through price monitoring.

Iveco had **trading profit** of €181 million, down €9 million over Q3 2007 principally due to lower sales volumes. Notwithstanding top-line performance, the trading margin stood at 7.5% (7.4% for Q3 2007) due to improved price positioning.

In July, Iveco launched a field test of a hybrid version of the Daily (dual-powered diesel/electric) with the delivery of 10 of these vehicles to one of the leading global courier companies. This version of the Daily will go into production in 2009.

In September, the Campagnola was launched, representing a return of the historic off-road vehicle produced by Fiat for more than 35 years. This model has been designed as a people transporter having the look and performance of an authentic off-road vehicle.

Also in September, Iveco presented the new Eurocargo 4x4 to the media and the public at the Hannover Motor Show, in addition to other models powered by alternative fuels which are already or soon to be in production. In Turin, Iveco participated at the world fair for natural gas and hydrogen powered vehicles, exhibiting part of its range of CNG-powered commercial vehicles and buses.

Iveco posted **revenues** of €8.4 billion for the **first nine months** of 2008, up 6.4% over the same period for the prior year, largely attributable to higher sales volumes and improved pricing in the first six months of the year.

A total of 157,050 vehicles were delivered in the first nine months of 2008, up 2.6% over the same period in 2007. Deliveries in Western Europe totalled 101,937 units, down 6.6%, with decreases in almost all markets except for France (+4.1%) and Great Britain (+15%). Deliveries in Eastern Europe were up 18.7%, while particularly positive performance remained strong in Latin America (+42%).

In Western Europe, where the market posted an overall contraction for the period (-1.8%) as compared to the first nine months of 2007, Iveco had an overall share of 9.9%, down slightly (-0.5 percentage points) year-over-year reflecting decreases in the same segments as indicated for the quarter. In Eastern Europe, Iveco remained one of the most important players, with an overall share of approximately 12% in a market which - despite the contraction of the past few months – increased in the aggregate for the first nine months of 2008 as compared to the same period for 2007 (+6.2%).

Iveco reported €651 million in **trading profit** (7.7% of revenues), an €87 million improvement (+15.4%) over the €564 million figure (7.1% of revenues) for the first nine months of 2007, principally driven by higher sales volumes and improved pricing.

Components and Production Systems

Net revenues

Year-to-Date (01.01 - 30.09)				3rd Quarter		
2008	2007	% change	(€ millions)	2008	2007	% change
5,705	5,180	10.1	**FPT Powertrain Technologies**	**1,612**	1,629	-1.0
4,301	3,685	16.7	**Components** (Magneti Marelli)	**1,353**	1,183	14.4
682	555	22.9	**Metallurgical Products** (Teksid)	**220**	164	34.1
820	792	3.5	**Production Systems** (Comau)	**309**	256	20.7
(469)	(375)	-	**Eliminations**	**(127)**	(103)	-
11,039	9,837	12.2	**Total**	**3,367**	3,129	7.6

Trading profit

Year-to-Date (01.01 - 30.09)				3rd Quarter		
2008	2007	Change	(€ millions)	2008	2007	Change
155	184	-29	**FPT Powertrain Technologies**	**21**	63	-42
165	145	20	**Components** (Magneti Marelli)	**48**	44	4
38	45	-7	**Metallurgical Products** (Teksid)	**10**	13	-3
12	(24)	36	**Production Systems** (Comau)	**10**	1	9
370	350	20	**Total**	**89**	121	(32)
3.4	3.6		**Trading margin (%)**	**2.6**	3.9	

FPT Powertrain Technologies

FPT Powertrain Technologies reported €1.6 billion in **revenues** for **Q3** 2008, representing a 1% year-over-year decrease. Sales to external customers and joint ventures accounted for 20% of the total (22% for Q3 2007).

Revenues for the Passenger & Commercial Vehicles (P&CV) product line totalled €0.9 billion (3.5% down on Q3 2007), of which 86% was from sales to other Group companies. A total of 552,900 engines were sold during the quarter, representing a 10% decrease heavily influenced by reduced volumes for diesel engines which experienced particularly weak demand during the period. A total of 496,300 transmissions were delivered, in line with activity levels for 2007.

Revenues for the Industrial & Marine (I&M) product line totalled €0.7 billion. The 2.5% increase over Q3 2007 was driven by an increase in volumes to CNH and Sevel (the JV for the production of light commercial vehicles). A total of 122,600 engines were sold (+8.7%) - primarily to Iveco (36%), CNH (25%) and Sevel (25%) - in addition to 21,100 transmissions (-22.3%) and 52,600 axles (-20.8%).

FPT reported **trading profit** of €21 million (1.3% of revenues) for the third quarter, a €42 million decrease over the €63 million figure (3.9% of revenues) for the same period in 2007. This decrease principally resulted from a contraction in volumes, worsening of the sales mix and increases in raw materials prices, in addition to start-up costs for new ventures in China and Brazil.

On the product front - for gasoline engines: development was completed on the Euro 5-compliant Fire family of engines for the 500, equipped with Start & Stop system, and the “esseesse” kit was launched for the 500 Abarth. The Fire family has also been enlarged with a new 1,172 cc version being developed expressly for the Indian market.

For diesel engines: the 190 hp, 1.9-litre Twin Turbo Multijet is now available on the Lancia Delta. Yet another FPT engine, the F1C offered on the Iveco Campagnola, was unveiled in September. The F1C is a 4-cylinder, 3-litre Common Rail turbo diesel with 16 valves and exhaust gas recycling (EGR). Also of note was the launch of the 480 hp Cursor 13 engine on the Iveco Stralis.

For transmissions: the new M38 manual transmission for light commercial vehicles, available in both 5-speed and 6-speed versions, was launched in September.

Revenues for FPT Powertrain Technologies in the **first nine months** of 2008 totalled €5.7 billion (€3 billion from the P&CV product line and €2.7 billion from I&M), a 10.1% increase over the first nine months of 2007. Sales to external customers and joint ventures accounted for 22% of revenues (24% for the first nine months of 2007). During the first nine months, Passenger & Commercial Vehicles sold 1,959,800 engines (+1.8%) and 1,662,000 transmissions (+7.9%). Industrial & Marine delivered a total of 440,100 engines (+18.2%).

FPT's **trading profit** for the first nine months was €155 million (2.7% of revenues), down €29 million over the €184 million figure (3.6% of revenues) for the same period in 2007. The favourable effect of higher volumes (concentrated in the first six months) and increased efficiencies were more than offset by increased raw materials prices and start-up costs for several international ventures, as well as costs recognised in the first quarter for production problems with the 1.3 Multijet engine related to defective components received from an external supplier.

Magneti Marelli

Magneti Marelli reported €1.4 billion in **revenues** for **Q3** 2008 (+14.4% over Q3 2007), including €143 million in revenues from the new Plastic Components and Modules business line which has been part of the Sector since Q2 2008.

Assuming a constant scope of operations, revenues were up 3% over the same period in 2007, due to higher volumes from increased market demand in Brazil and the positive performance in components for the Fiat 500.

For the Lighting business, the increase in volumes sold to Fiat in Brazil and external customers in China as well as higher sales in Turkey were more than offset by the impact of the crisis in the auto market in the NAFTA-area and a general slowdown in Europe. The Engine Control business line recorded increased sales in Brazil to both Fiat and external customers, more than offset by a decline in Poland. Revenues for the Suspension Systems business increased slightly: positive sales performance in Brazil, an increase in components for the Fiat 500 and higher volumes for light commercial vehicles at Sevel more than offset the drop in revenues attributable the sale of a business unit to Fiat Group Automobiles and lower passenger vehicle volumes in Europe.

The Exhaust Systems and Shock Absorbers business lines achieved increases linked to the strong demand in Brazil and growth in sales to Fiat in Poland, in particular for the Fiat 500. Increased sales of instrument panels to external customers and telematics to Fiat Group Automobiles and external customers drove revenue growth for the Electronic Systems business line.

Magneti Marelli reported **trading profit** of €48 million for the third quarter, up from the €44 million figure for Q3 2007. This increase was primarily attributable to higher sales volumes in Brazil and Poland, which offset the slowdown in the other markets and a less favourable product mix overall. Actions taken to improve production costs also contributed to the result. Trading margin for the period was 3.5% (3.7% for Q3 2007). On a comparable scope of operations, the trading margin would be higher at 4%.

Among the principal products launched during the quarter were: headlights and rear lights for the Maserati Quattroporte; a complete exhaust system for the dual-power gasoline/natural gas Fiat Grande Punto Natural Power; a manifold for the 165 hp, 2.0-litre JTD engine and shock absorbers for the Fiat Linea. In addition to these products, Magneti Marelli also introduced other important components for new models of some of the major German, French, American and Chinese automakers.

Magneti Marelli reported €4.3 billion in **revenues** for the **first nine months** of 2008, up 16.7% over the same period in 2007. On a comparable scope of operations, revenues were up by 6.7% on the back of excellent performance in several markets - primarily Brazil, Poland and Germany - in relation to business with both Fiat and external customers.

Magneti Marelli reported **trading profit** of €165 million (3.8% of revenues; 4.2% on a like-for-like basis), compared to €145 million (3.9% of revenues) for the first nine months of 2007.

Teksid

Teksid reported **revenues** of €220 million for **Q3** 2008, up 34.1% year-over-year, partly attributable to the contribution from the Aluminium business unit, which was consolidated as of September 2007. On a comparable scope of operations, the increase in revenues would be 17.1%. This increase was due in part to higher sales in the NAFTA area, following a turnaround in the commercial vehicles market, as well as in Brazil. By contrast, there was a drop in European sales. The remaining increase was attributable to price increases implemented to offset higher raw material costs.

Teksid reported **trading profit** of €10 million (€13 million for Q3 2007) which includes a €5 million trading loss for the Aluminium business unit.

Teksid reported €682 million in **revenues** for the **first nine months** of 2008, up 22.9% over the first nine months of the prior year. Excluding the effects of disposal of the Magnesium business unit in early March 2007 and consolidation of the Aluminium business unit, the increase would amount to 12.4%.

Teksid closed the first nine months of 2008 with **trading profit** of €38 million, compared to the €45 million figure for the same period in 2007. On a comparable scope of operations, trading profit would have increased by €13 million.

Comau

Comau had **revenues** of €309 million in the **third quarter** of 2008, up 20.7% compared with the third quarter of 2007. The increase in revenues was attributable to the Body Welding business in Europe, Service operations in Latin America and activities in China partly offset by the adverse effect of currency movements.

Order intake was €187 million for the period, down 15% over the third quarter of 2007.

Comau reported a **trading profit** of €10 million in Q3 2008, compared with €1 million for the same period in 2007.

For the **first nine months** of 2008, Comau had **revenues** of €820 million, a 3.5% increase over the same period in 2007 principally due to the Body Welding business in Europe and the Service business in Latin America.

Order intake for the first nine months of 2008, totalling €879 million, was slightly down with respect to the same period for 2007. The order backlog totalled €640 million at the end of September, up 10% over year-end 2007.

Comau reported **trading profit** of €12 million for the first nine months of 2008, compared to a €24 million loss for the same period in 2007 due to the positive repositioning of the business.

Other Businesses

Net revenues

Year-to-Date (01.01 - 30.09)				3rd Quarter		
2008	2007	% change	(€ millions)	2008	2007	% change
245	284	-13.7	**Publishing and Communications** (Itedi)	**69**	79	-12.7
795	716	11.0	**Holding and Other Companies**	**269**	236	14.0
1,040	1,000	4.0	**Total**	**338**	315	7.3

Trading profit

Year-to-Date (01.01 - 30.09)				3rd Quarter		
2008	2007	Change	(€ millions)	2008	2007	Change
(4)	4	-8	**Publishing and Communications** (Itedi)	**(7)**	(2)	-5
(99)	(127)	28	**Holding, Other Companies and Eliminations**	**(23)**	(36)	13
(103)	(123)	20	**Total**	**(30)**	(38)	8

Itedi

Itedi's **third-quarter revenues** of €69 million represented a 12.7% decline over Q3 2007. This decrease was principally due to lower advertising revenues for Publikompass, reflecting a significant contraction in its core market.

Itedi, which typically experiences a drop in business in the third quarter, reported a **trading loss** of €7 million compared to a €2 million loss in Q3 2007. The deterioration was caused by the slowdown in revenues mentioned above, which was partly mitigated by the cost containment measures implemented.

Itedi had **revenues** of €245 million in the **first nine months** of 2008, down 13.7% over the same period in 2007 (for the reasons stated in the comments for Q3).

Trading loss for the first nine months was €4 million (profit of €4 million for the first nine months of 2007).

Holding and Other Companies

In **Q3** 2008, the **trading loss** for the **remaining businesses**, including Holding companies and the impact of eliminations and consolidation adjustments, decreased by €13 million.

For the **first nine months**, there was a €28 million decrease in trading loss primarily due to the reduction of stock option related costs.

Consolidated Statement of Cash Flows

A summary of the consolidated statement of cash flows and related comments is provided below. The complete version of the statement of cash flows is provided in the Consolidated Financial Statements section.

(€ millions)		01.01 – 30.09.2008	01.01 – 30.09.2007
A)	**Cash and cash equivalents at beginning of period (reported)**	**6,639**	**7,736**
	Cash and cash equivalents included under Assets held for sale	**2**	5
B)	**Cash and cash equivalents at beginning of period (adjusted)**	**6,641**	**7,741**
C)	**Net cash from/(used in) operating activities**	**340**	**2,524**
D)	**Net cash from/(used in) investing activities**	**(4,152)**	**(2,949)**
E)	**Net cash from/(used in) financing activities**	**145**	**(2,263)**
	Currency translation differences	**(2)**	12
F)	**Net change in cash and cash equivalents**	**(3,669)**	**(2,676)**
G)	**Cash and cash equivalents at end of period**	**2,972**	**5,065**
	of which: Cash and cash equivalents included under Assets held for sale	**-**	5
H)	**Cash and cash equivalents at end of period (reported)**	**2,972**	**5,060**

For the first nine months of 2008, **operating activities** generated €340 million in cash. Income related cash inflows of €3,483 million (calculated as net profit plus amortisation and depreciation, dividends, changes in provisions and items related to sales with buy-back commitments, net of gains/losses on disposals and other non-cash items) more than offset the €3,143 million increase in working capital (calculated on a comparable scope of operations and at constant exchange rates).

Cash used in **investing activities** totalled €4,152 million. Excluding €95 million in cash received from disposals of other current securities, cash used in investing activities totalled €4,247 million.

Expenditure on tangible assets (including investments in vehicles for long-term rental of €186 million) and intangible assets (including capitalised development costs of €767 million) totalled €2,921 million.

Investments in subsidiaries and associates (€142 million) principally relate to the purchase of Tritec Motors (an engine production facility in Brazil), acquisition of the remaining one-third of shares in EEA (European Engine Alliance) as part of the restructuring of shareholdings in the joint ventures between FPT, CNH and Cummins in the production of diesel engines and the recapitalisation of certain subsidiaries and associates.

For the first nine months of 2008, proceeds from the sale of non-current assets totalled €223 million and mainly related to the sale of tangible and intangible assets, including vehicles for long-term rental activities, in addition to the cash proceeds from the sale of the 50% interest held by CNH in CDC (Consolidated Diesel Corporation) to Cummins, as part of the restructuring of shareholdings in the diesel engine joint ventures referred to above.

The increase in receivables from financing activities (€1,453 million) is principally attributable to net new financing provided by the financial services companies to the sales network and end customers.

Financing activities generated a total of €145 million in cash, principally from new medium-to-long term bank loans net of €238 million in share repurchases (less shares sold in relation to the exercise of stock options) and dividend payments of €545 million (to shareholders of Fiat S.p.A. and minority shareholders of various subsidiaries).

Consolidated Balance Sheet at 30 September 2008

At 30 September 2008, **total assets** amounted to €61,693 million, growing €1,557 million from the €60,136 million figure at 31 December 2007.

For the first nine months of 2008, **non-current assets** grew €1,501 million, mainly in relation to increases in property, plant and equipment (+€761 million), intangible assets (+€245 million) and deferred tax assets (+€291 million).

The €761 million increase in property, plant and equipment was largely attributable to the positive difference in investments, amortization, depreciation and disposals (principally of vehicles sold by Iveco under buy-back commitments), in addition to changes in the scope of operations (accounting for approximately €340 million) principally consisting of the line-by-line consolidation of Tritec Motors and the Ergom group (producer of plastic components acquired at the end of 2007 and consolidated at the beginning of 2008).

The €245 million increase in intangible assets was attributable to currency translation differences (€46 million - primarily relating to goodwill for CNH) and changes in the scope of consolidation (€45 million) with the remainder almost entirely attributable to the net difference between capital expenditure (primarily capitalised development costs) and amortisation and depreciation charges for the period.

At 30 September 2008, receivables from financing activities totalled €13,526 million, an increase of €1,258 million over 31 December 2007 (€1,453 million net of currency translation differences and impairment losses). This higher figure was principally correlated to increased sales for CNH-Case New Holland, in addition to continued strong sales volumes for Fiat Group Automobiles in Brazil and growth in sales financing activities for Iveco in Eastern Europe.

Working capital (net of items related to vehicles sold under buy-back commitments) was €233 million, a €2,861 million increase over the beginning of the year (negative €2,628 million at 31 December 2007).

(€ millions)		At 30.09.2008	At 31.12.2007	Change
Inventories	(1)	**11,113**	8,958	2,155
Trade receivables		**4,730**	4,384	346
Trade payables		**(14,261)**	(14,725)	464
Other receivables/(payables), accruals and deferrals	(2)	**(1,349)**	(1,245)	-104
Working capital		**233**	**(2,628)**	**2,861**

(1) Inventories are shown net of the value of vehicles sold with buy-back commitments by Fiat Group Automobiles.

(2) Other payables included in the balance of Other receivables/(payables), accruals and deferrals exclude the buy-back price payable to customers upon expiration of lease contracts and amounts advanced by customers for vehicles sold with buy-back commitments, which is equal to the difference, at the date of signing the contract, between the initial sale price and the buy-back price. Recognition of such amounts is apportioned over the entire term of the contract.

At 30 September 2008, trade receivables, other receivables and receivables from financing activities falling due after that date and sold without recourse – and, therefore, eliminated from the balance sheet pursuant to the derecognition requirements of IAS 39 – totalled €6,329 million (€7,044 million at 31 December 2007). This amount includes financial receivables, mostly from the sales network, of €3,362 million (€3,817 million at 31 December 2007) sold to jointly-controlled financial services companies (FAFS) and of €822 million (€869 million at 31 December 2007) sold to associate financial services companies (Iveco Finance Holdings Limited, controlled by Barclays).

The €2,861 million increase in working capital for the first nine months of 2008 (€3,143 million on a comparable scope of operations and at constant exchange rates) is largely attributable to a €2,520 million increase recorded in the third quarter (€2,448 million on a comparable scope of operations and at constant exchange rates) principally resulting from lower activity in Western European markets, seasonality and inventory build to satisfy 4th quarter demand for agricultural products.

At 30 September 2008, consolidated **net debt** (including debt reclassified under Assets/Liabilities held for sale) totalled €15,530 million – a €5,107 million increase over the €10,423 million figure at 31 December 2007 primarily due the increase in working capital and portfolio growth for the Financial Services companies, as discussed previously.

(€ millions)		At 30.09.2008	At 31.12.2007
Financial payables:		**(18,807)**	(17,951)
- Asset-backed financing		**(6,119)**	(6,820)
- Other		**(12,688)**	(11,131)
Current financial receivables from jointly-controlled financial services entities	(a)	**22**	81
Financial payables net of intersegment balances and current financial receivables from jointly-controlled financial services entities		**(18,785)**	**(17,870)**
Other financial assets	(b)	**461**	703
Other financial liabilities	(b)	**(385)**	(188)
Other current securities		**207**	291
Cash and cash equivalents		**2,972**	6,639
Cash and cash equivalents included under Assets held for sale		**-**	2
Net (debt)/cash		**(15,530)**	**(10,423)**
- Industrial Activities		(3,278)	355
- Financial Services		(12,252)	(10,778)

(a) Includes current financial receivables from the joint-venture Fiat Group Automobiles Financial Services (FAFS).

(b) Includes assets and liabilities related to recognition of derivative financial instruments at fair value.

Financial payables rose €856 million during the first nine months of 2008. The increase was attributable to higher bank loans and other financial liabilities which were only partially compensated by a reduction in asset-backed financing.

Liquidity (cash, cash equivalents and current securities - including amounts reclassified under Assets held for sale) totalled €3,179 million at 30 September 2008, a €3,753 million decrease over the €6,932 million figure at 31 December 2007.

At 30 September 2008, cash and cash equivalents included €455 million (€530 million at 31 December 2007) specifically allocated to debt servicing for securitisation vehicles, mainly recognised under asset-backed financing.

Headcount

At 30 September 2008, the Group had 203,216 employees, 2,515 higher than the 200,701 figure at 30 June 2008 (this increase is principally due to new hires outside Italy) and 17,989 higher than the 185,227 figure at 31 December 2007.

The increase over year-end 2007 was partially attributable to changes in the scope of operations (approximately +7,000 employees), primarily related to consolidation of the Plastic Components and Modules activities by Magneti Marelli. The remainder was attributable to new hires: principally of blue-collar workers in Latin America and Poland linked to increased production volumes in those regions.

Industrial Activities and Financial Services

Following is a breakdown of the consolidated income statement, balance sheet and statement of cash flows between the Group's Industrial Activities and Financial Services. The latter includes the retail financing, leasing and rental companies of CNH-Case New Holland, Iveco, Fiat Group Automobiles and Ferrari.

Financial Services activities also include FAFS (the joint venture between Fiat Group Automobiles and Crédit Agricole) and Iveco Finance Holdings Limited (the joint venture between Iveco and Barclays) which are accounted for using the equity method.

Basis of analysis

The separation between Industrial Activities and Financial Services represents a sub-consolidation based on the normal business activities carried out by each Group company.

Investments held by companies belonging to one activity segment in companies included in another segment are accounted for using the equity method.

To avoid a misleading presentation of net profit, investments accounted for in this manner are classified in the income statement under profit/(loss) on intersegment investments.

The financial holding companies (Fiat S.p.A., Fiat Partecipazioni S.p.A., FGI – Fiat Group International SA, Fiat Netherlands Holding N.V.) have been classified under Industrial Activities.

The sub-consolidation of Industrial Activities also includes companies that perform centralised treasury activities (i.e., securing funding in the market and financing Group companies). These activities do not, however, include provision of financing to third parties.

Operating Performance by Activity Segment

Third Quarter

(€ millions)	3rd Quarter 2008 Consolidated	3rd Quarter 2008 Industrial Activities	3rd Quarter 2008 Financial Services	3rd Quarter 2007 Consolidated	3rd Quarter 2007 Industrial Activities	3rd Quarter 2007 Financial Services
Net revenues	**14,296**	**14,012**	**379**	13,858	13,597	369
Cost of sales	**11,897**	**11,739**	**253**	11,586	11,454	240
Selling, general and administrative	**1,278**	**1,237**	**41**	1,186	1,144	42
Research and development	**348**	**348**	**-**	349	349	-
Other income/(expense)	**29**	**24**	**5**	8	6	2
Trading profit	**802**	**712**	**90**	745	656	89
Gains/(losses) on disposal of investments	**1**	**1**	**-**	128	126	2
Restructuring costs	**3**	**3**	**-**	32	32	-
Other unusual income/(expense)	**2**	**2**	**-**	(96)	(96)	-
Operating Profit	**802**	**712**	**90**	745	654	91
Financial income/(expense)	**(161)**	**(161)**	**-**	(163)	(163)	-
Result from investments (*)	**34**	**14**	**20**	40	20	20
Profit before taxes	**675**	**565**	**110**	622	511	111
Income taxes	**207**	**167**	**40**	168	146	22
Net profit for the period	**468**	**398**	**70**	454	365	89
Profit/(loss) on intersegment investments	**-**	**70**	**1**	-	89	-
Net profit for the period	**468**	**468**	**71**	454	454	89

(*) This item includes income from investments as well as writedowns and upward adjustments on non-intersegment investments accounted for using the equity method.

First 9 months

(€ millions)	01.01 – 30.09.2008 Consolidated	01.01 – 30.09.2008 Industrial Activities	01.01 – 30.09.2008 Financial Services	01.01 – 30.09.2007 Consolidated	01.01 – 30.09.2007 Industrial Activities	01.01 – 30.09.2007 Financial Services
Net revenues	**46,288**	**45,517**	**1,081**	42,713	41,992	1,044
Cost of sales	**38,478**	**38,071**	**717**	35,646	35,297	672
Selling, general and administrative	**3,985**	**3,854**	**131**	3,717	3,593	124
Research and development	**1,147**	**1,147**	**-**	1,104	1,104	-
Other income/(expense)	**21**	**7**	**14**	40	38	2
Trading profit	**2,699**	**2,452**	**247**	2,286	2,036	250
Gains/(losses) on disposal of investments	**3**	**3**	**-**	180	178	2
Restructuring costs	**-**	**-**	**-**	54	54	-
Other unusual income/(expense)	**14**	**14**	**-**	(126)	(126)	-
Operating Profit	**2,716**	**2,469**	**247**	2,286	2,034	252
Financial income/(expense)	**(602)**	**(602)**	**-**	(331)	(331)	-
Result from investments (*)	**152**	**93**	**59**	116	59	57
Profit before taxes	**2,266**	**1,960**	**306**	2,071	1,762	309
Income taxes	**725**	**645**	**80**	614	536	78
Net profit for the period	**1,541**	**1,315**	**226**	1,457	1,226	231
Profit/(loss) on intersegment investments	**-**	**226**	**6**	-	231	-
Net profit for the period	**1,541**	**1,541**	**232**	1,457	1,457	231

(*) This item includes income from investments as well as writedowns and upward adjustments on non-intersegment investments accounted for using the equity method.

Industrial Activities

For the third quarter of 2008, **net revenues** for Industrial Activities totalled €14,012 million, an increase of 3.1% over the corresponding period in 2007 driven by the significant contribution of CNH and the growth of the Automobiles businesses. Iveco's performance, however, reflected a substantial drop in demand in the European market.

For the first nine months of 2008, net revenues for Industrial Activities increased 8.4%, up from €41,992 million in 2007 to €45,517 million.

For the third quarter of 2008, Industrial Activities reported **trading profit** of €712 million, a €56 million improvement over the €656 million figure for the corresponding period in 2007: the improvement was due in large part to CNH-Case New Holland, where trading profit was up 35.5% (+45.3% in U.S. dollar terms), and to the Automobiles businesses (+13.6%). There was a drop in results for both the Components businesses (-26.4%), FPT in particular, and Iveco (-3.2%), which were both impacted by a fall in volumes.

For the first nine months of 2008, trading profit for Industrial Activities was €416 million higher (+20.4%), up from €2,036 million for the first nine months of 2007 to €2,452 million in 2008.

For the third quarter of 2008, Industrial Activities reported **operating profit** of €712 million compared with €654 million for the same period in 2007. The €58 million increase reflects the improvement in trading profit.

Operating profit for the first nine months of 2008 was €2,469 million, increasing €435 million over the €2,034 million figure for the corresponding period in 2007.

Financial Services

For the third quarter of 2008, **net revenues** for Financial Services totalled €379 million, a slight increase (+2.7%) over the same period in 2007. Revenues were higher for both Iveco and Fiat Group Automobiles, but declined slightly for CNH-Case New Holland.

Year-to-Date (01.01 – 30.09)				3rd Quarter		
2008	2007	% change	(€ millions)	2008	2007	% change
108	97	11.3	**Fiat Group Automobiles**	**44**	31	41.9
8	5	60.0	**Ferrari**	**3**	3	-
867	857	1.2	**Agricultural and Construction Equipment** (CNH)	**297**	306	-2.9
99	85	16.5	**Trucks and Commercial Vehicles** (Iveco)	**35**	29	20.7
(1)	-	n.s.	**Holding and Other Companies, and Eliminations**	**-**	-	-
1,081	1,044	3.5	**Total**	**379**	369	2.7

For the third quarter of 2008, Financial Services for Fiat Group Automobiles had revenues of €44 million, compared with the €31 million figure for the third quarter of 2007, primarily driven by portfolio growth for the Brazilian companies.

Financial Services for the Agricultural and Construction Equipment Sector reported slightly lower revenues (-2.9%) than for the third quarter in 2007. Growth in the managed portfolio was offset by the impact of currency translations (in U.S. dollars terms revenues were 6.7% higher) and a reduction in interest rates in the United States.

For the third quarter of 2008, Iveco Financial Services had revenues of €35 million, 20.7% higher than the €29 million in revenues for the same period in 2007. This increase principally reflected positive performance in Eastern Europe.

For the first nine months of 2008, net revenues for Financial Services increased 3.5%, up from €1,044 million in 2007 to €1,081 million in 2008.

For the third quarter of 2008, **trading profit** totalled €90 million, substantially in line (+€1 million) with the third quarter of 2007.

Year-to-Date (01.01 – 30.09)				3rd Quarter		
2008	2007	Change	(€ millions)	2008	2007	Change
32	32	-	**Fiat Group Automobiles**	**11**	11	-
-	(1)	1	**Ferrari**	**-**	1	-1
207	209	-2	**Agricultural and Construction Equipment** (CNH)	**78**	73	5
8	10	-2	**Trucks and Commercial Vehicles** (Iveco)	**1**	4	-3
247	**250**	-3	**Total**	**90**	**89**	**1**

Trading profit for the Financial Services activities of CNH-Case New Holland increased to €78 million, up €5 million over the €73 million figure for the third quarter of 2007. In U.S. dollar terms, trading profit rose 19.2% as a result of higher business levels.

For the first nine months of 2008, trading profit for the Financial Services companies declined €3 million, to €247 million from €250 million in 2007.

Balance Sheet by Activity Segment

(€ millions)	At 30.09.2008 Consolidated	Industrial Activities	Financial Services	At 31.12.2007 Consolidated	Industrial Activities	Financial Services
Intangible assets	6,768	6,662	106	6,523	6,420	103
Property, plant and equipment	12,007	12,000	7	11,246	11,239	7
Investment property	6	6	-	10	10	-
Investments and other financial assets	2,265	3,924	1,010	2,214	4,339	918
Leased assets	464	8	456	396	8	388
Defined benefit plan assets	120	110	10	31	29	2
Deferred tax assets	2,183	2,040	143	1,892	1,708	184
Total Non-current Assets	**23,813**	**24,750**	**1,732**	**22,312**	**23,753**	**1,602**
Inventories	12,278	12,188	90	9,990	9,929	61
Trade receivables	4,730	4,636	257	4,384	4,444	324
Receivables from financing activities	13,526	7,160	13,716	12,268	4,606	12,211
Other receivables:	3,310	3,151	191	3,203	3,052	177
- Current taxes receivable	1,097	1,084	17	1,153	1,141	14
- Other	2,213	2,067	174	2,050	1,911	163
Accrued income and prepaid expenses	332	311	21	241	224	17
Current financial assets	694	586	109	1,016	845	171
- Current investments	26	26	-	22	22	-
- Other current securities	207	125	82	291	136	155
- Other financial assets	461	435	27	703	687	16
Cash and cash equivalents	2,972	2,218	754	6,639	5,546	1,093
Total Current Assets	**37,842**	**30,250**	**15,138**	**37,741**	**28,646**	**14,054**
Assets held for sale	38	34	4	83	83	-
TOTAL ASSETS	**61,693**	**55,034**	**16,874**	**60,136**	**52,482**	**15,656**
Total Assets adjusted for asset-backed financing transactions	**55,574**	**54,328**	**11,424**	**53,316**	**51,799**	**9,507**
Shareholders' Equity	12,001	12,001	2,669	11,279	11,279	2,486
Provisions:	8,355	8,174	181	8,562	8,369	193
- Employee benefits	3,502	3,486	16	3,597	3,581	16
- Other provisions	4,853	4,688	165	4,965	4,788	177
Financial payables	18,807	12,605	13,552	17,951	10,706	12,351
- Asset-backed financing	6,119	706	5,450	6,820	683	6,149
- Other	12,688	11,899	8,102	11,131	10,023	6,202
Other financial liabilities	385	338	48	188	153	35
Trade payables	14,261	14,210	212	14,725	14,751	361
Other payables:	6,550	6,443	137	6,120	5,990	153
- Current taxes payable	721	688	37	631	571	62
- Other	5,829	5,755	100	5,489	5,419	91
Deferred tax liabilities	222	221	1	193	193	-
Accrued expenses and deferred income	1,112	1,042	74	1,083	1,006	77
Liabilities held for sale	-	-	-	35	35	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**61,693**	**55,034**	**16,874**	**60,136**	**52,482**	**15,656**
Total Liabilities adjusted for asset-backed financing transactions	**55,574**	**54,328**	**11,424**	**53,316**	**51,799**	**9,507**

Net Debt by Activity Segment

(€ millions)		At 30.09.2008 Consolidated	Industrial Activities	Financial Services	At 31.12.2007 Consolidated	Industrial Activities	Financial Services
Financial payables:		(18,807)	(12,605)	(13,552)	(17,951)	(10,706)	(12,351)
- Asset-backed financing		(6,119)	(706)	(5,450)	(6,820)	(683)	(6,149)
- Other		(12,688)	(11,899)	(8,102)	(11,131)	(10,023)	(6,202)
Current financial payables from jointly controlled financial services entities	(a)	22	22	-	81	81	-
Intersegment financial receivables		-	6,865	485	-	4,762	344
Financial payables net of intersegment and current financial receivables from jointly controlled financial services entities		**(18,785)**	**(5,718)**	**(13,067)**	**(17,870)**	**(5,863)**	**(12,007)**
Other financial assets	(b)	461	435	27	703	687	16
Other financial liabilities	(b)	(385)	(338)	(48)	(188)	(153)	(35)
Other current securities		207	125	82	291	136	155
Cash and cash equivalents		2,972	2,218	754	6,639	5,546	1,093
Cash and cash equivalents included under Assets held for sale		-	-	-	2	2	-
Net (debt)/Cash		**(15,530)**	**(3,278)**	**(12,252)**	**(10,423)**	**355**	**(10,778)**

(a) This item includes current financial receivables due to Fiat Group companies from FAFS.

(b) Includes assets and liabilities related to recognition of derivative financial instruments at fair value.

Financial payables for Industrial Activities consists partially of funding raised by the central treasury and transferred to financial services companies in support of their activity (shown under the item intersegment financial receivables).

Intersegment financial receivables for Financial Services, however, represents loans or advances to industrial companies – resulting from the sale of receivables by industrial companies to financial services companies where such transactions do not meet the recognition requirements of IAS 39 – as well as any temporary cash deposits with the central treasury.

At 30 September 2008, cash and cash equivalents included €455 million (€530 million at 31 December 2007), relating to financial services companies, allocated to debt servicing for securitisation vehicles included under asset-backed financing.

At 30 September 2008, **net debt** for the **financial services companies** was €1,474 million higher than 31 December 2007, principally as a result of the €1,471 million growth in the portfolio and €189 million in capital expenditures for the period (mainly for vehicles leased out under operating leases), offset only in part by the positive operating performance (€113 million).

Change in Net Industrial Debt

(€ millions)	01.01 – 30.09 2008	01.01 – 30.09 2007
Net industrial debt at beginning of period	**355**	**(1,773)**
- Net profit for the period	**1,541**	1,457
- Amortisation and depreciation (net of vehicles sold under buy-back commitments)	**2,102**	1,933
- Change in provisions for risks and charges and similar	**(448)**	(559)
Cash from/(used in) operating activities during the period before change in working capital	**3,195**	**2,831**
- Change in working capital	**(2,933)**	(385)
Net cash from/(used in) operating activities	**262**	**2,446**
- Investments in tangible and intangible assets (net of vehicles sold under buy-back commitments)	**(2,732)**	(2,078)
Net cash from/(used in) operating activities, net of capital expenditures	**(2,470)**	**368**
- Change in the scope of consolidation and similar	**(447)**	602
Net cash from/(used in) Industrial Activities before capital contributions and dividends paid	**(2,917)**	**970**
- Capital increases, (purchase)/disposal of treasury shares and dividends	**(770)**	(687)
- Currency translation differences	**54**	65
Change in net industrial debt	**(3,633)**	**348**
Net industrial debt at end of period	**(3,278)**	**(1,425)**

In the first nine months of 2008, **net industrial debt** rose €3,633 million. Cash generated from operating activities (before changes in working capital) totalled €3,195 million, reflecting the increase in operating profitability.

The €2,933 million increase in working capital, primarily during the third quarter, was driven by lower activity in Western European markets, seasonality and inventory build to satisfy 4th quarter demand for agricultural products.

Investment in tangible and intangible assets necessary for continued strengthening of the product portfolio were higher at €2,732 million, a €654 million increase over the first nine months of 2007.

Dividend payments and share repurchases (net of shares sold in relation to the exercise of stock options) resulted in cash outflows of €545 million and €238 million, respectively.

Statement of Cash Flows by Activity Segment

(€ millions)		01.01 – 30.09.2008 Consolidated	Industrial Activities	Financial Services	01.01 – 30.09.2007 Consolidated	Industrial Activities	Financial Services
A) Cash and cash equivalents at beginning of period (reported)		**6,639**	**5,546**	**1,093**	**7,736**	**6,706**	**1,030**
Cash and cash equivalents included under Assets held for sale		2	2	-	5	5	-
B) Cash and cash equivalents at beginning of period (adjusted)		**6,641**	**5,548**	**1,093**	**7,741**	**6,711**	**1,030**
C) Net cash from/(used in) operating activities:							
Profit for the period		1,541	1,541	232	1,457	1,457	231
Amortisation and depreciation (net of vehicles sold under buy-back commitments)		2,168	2,102	66	1,985	1,933	52
(Gains)/losses on disposal and other non-cash items	(a)	82	(146)	(4)	(429)	(653)	(7)
Dividends received		77	103	9	69	173	11
Change in provisions		(192)	(179)	(13)	(93)	(73)	(20)
Change in deferred income taxes		(201)	(238)	37	(79)	(73)	(6)
Changes due to buy-back commitments	(b)	8	12	(4)	76	67	9
Change in working capital		(3,143)	(2,933)	(210)	(462)	(385)	(77)
Total		**340**	**262**	**113**	**2,524**	**2,446**	**193**
D) Net cash from/(used in) investing activities:							
Investments in:							
- Tangible and intangible assets (net of vehicles sold under buy-back commitments)		(2,921)	(2,732)	(189)	(2,295)	(2,078)	(217)
- Unconsolidated subsidiaries and other investments		(142)	(147)	-	(77)	(37)	-
Proceeds from the sale of non-current assets		223	156	67	541	496	45
Net change in receivables from financing activities		(1,453)	18	(1,471)	(1,030)	(28)	(1,002)
Change in other current securities		95	24	71	(1)	6	(7)
Other changes		46	(1,941)	1,987	(87)	(2,268)	2,174
Total		**(4,152)**	**(4,622)**	**465**	**(2,949)**	**(3,909)**	**993**
E) Net cash from/(used in) financing activities:							
Net change in financial payables and other financial assets/liabilities		915	1,806	(891)	(1,576)	(523)	(1,053)
Increase in share capital		13	13	5	-	-	(40)
(Purchase)/Disposal of treasury shares		(238)	(238)	-	(377)	(377)	-
Dividends paid		(545)	(545)	(35)	(310)	(310)	(115)
Total		**145**	**1,036**	**(921)**	**(2,263)**	**(1,210)**	**(1,208)**
Currency translation differences		(2)	(6)	4	12	28	(9)
F) Net change in cash and cash equivalents		**(3,669)**	**(3,330)**	**(339)**	**(2,676)**	**(2,645)**	**(31)**
G) Cash and cash equivalents at end of period		**2,972**	**2,218**	**754**	**5,065**	**4,066**	**999**
of which: Cash and cash equivalents included under Assets held for sale		-	-	-	5	5	-
H) Cash and cash equivalents at end of period (reported)		**2,972**	**2,218**	**754**	**5,060**	**4,061**	**999**

(a) *For the nine months ended 30 September 2007 this item included amongst other things the net gains and losses on the disposal of non-current assets of 185 million euros, a net positive fair value adjustment related to the equity swaps on Fiat shares for 141 million euros, and non-recurring income of 60 million euros deriving from the reinstatement in the carrying amount of land which had previously been written down to zero.*

(b) *Cash from vehicles sold under buy-back commitments for the periods shown, net of amounts already recognised through the income statement, is included in a single line item under Operating Activities which also includes the change in working capital, capital expenditures, amortisation, depreciation, gains/(losses) and cash proceeds from disposals, at the end of the contract term, for those assets which are recognised under "Property, plant and equipment".*

Industrial Activities

For the first nine months of 2008, Industrial Activities absorbed cash and cash equivalents totalling €3.3 billion. In particular:

- **Operating activities** generated a net cash inflow of €262 million. Cash generated from income related cash inflows (net profit plus amortisation and depreciation), net of gains/(losses) on disposal and other non-cash items, changes in provisions, deferred taxes, and items relating to the sale of vehicles under buy-back commitments and dividends received, was almost entirely offset by the increase in working capital which, on a comparable scope of operations and at constant exchange rates, totalled €2,933 million.

- **Investing activities** absorbed a total of €4,622 million in cash, essentially for investments (€2,879 million including investments in subsidiaries and associates) and the increase in funding provided to the Group's financial services companies by central treasury companies (included under other changes).

- **Financing activities** provided cash inflows of €1,036 million. Increased use of external funding provided €1,806 million of additional liquidity. During the period the Group utilised cash for share buy-backs (€238 million, net of shares sold in relation to the exercise of stock options) and dividend payments (€545 million).

Financial Services

Cash and cash equivalents for Financial Services activities totalled €754 million at 30 September 2008, down €339 million over 31 December 2007.

Changes in cash during the first nine months of 2008 were attributable to:

- **Operating activities**, which generated €113 million in cash, principally from income related cash inflows (net profit plus amortisation and depreciation).

- **Investing activities** (including changes in financial receivables from/payables to Group industrial companies) generated €465 million in cash. In particular, the item other changes includes funding from treasury companies referred to above (included under industrial activities), which more than offset funding required for growth in the loan portfolio (€1,471 million) and expenditure (€189 million) principally on vehicles leased out under operating leases.

- **Financing activities**, which absorbed a total of €921 million in cash, €891 million of which was mainly due to the decrease in asset-backed financing.

Significant Events Occurring in the Third Quarter of 2008

At the beginning of July, Fiat Group Automobiles and BMW signed a Memorandum of Understanding which should lead to collaboration in the area of components and platforms for both Mini and Alfa Romeo vehicles.

In September Fiat Group Automobiles and the Republic of Serbia reached a definitive joint venture agreement based on the Memorandum of Understanding signed in April. A new company, held 67 percent by FGA and 33 percent by the Serbian Government, will acquire the assets of the Zastava plant in Kragujevac. The plant, located 140 kilometres south-east of Belgrade, will reach a production capacity of approximately 200,000 cars per year in 2010 with potential for a further 100,000 units per year. Initial investment in the project will be approximately €700 million, including more than €200 million in contributions from the Serbian government consisting of €100 million in cash, a €50 million loan and other contributions in the form of tax exemptions, training programmes, etc. The project will also receive support from the City of Kragujevac in relation to provision of the necessary infrastructure and supply of utilities.

Serbia's Ministry for the Economy and Regional Development also signed a Memorandum of Understanding with Iveco and Magneti Marelli as the basis of potential cooperation in the production of buses, special purpose vehicles and automotive components. Two joint working groups have been established to examine various aspects of the initiatives in greater detail. The objective is to establish two companies, in each case held 70 percent by Iveco or Magneti Marelli and 30 percent by the Serbian Government. It is expected that by year-end 2012 Iveco will produce approximately 2,200 buses per year and Magneti Marelli will produce original components and spare parts in plastic, suspensions, exhaust systems and automotive lighting for both the domestic and international markets.

Magneti Marelli also signed an agreement with Unitech Machines Limited to establish a joint venture in India for the production of automotive electronic systems, such as instrument panels, body electronics (i.e., control systems for principal vehicle functions) and telematics.

In September, Fiat also signed a master agreement with the Region of Basilicata to establish a centre of excellence for research, training and the development of innovative manufacturing processes in Melfi. This "Campus for Innovation in Manufacturing", which will require a total investment of €18.5 million, will be attached to the Fiat plant in Melfi. Its activities will be managed by the Centro Ricerche Fiat.

In July, the Board of Directors of Fiat S.p.A. approved the granting of 1,418,500 stock options under the Incentive Plan established to attract and retain key executives which was approved by Shareholders at the Annual General Meeting on 31 March 2008. Members of the Board of Directors are excluded from the Plan. Stock options were granted at a strike price of €10.24.

Compliance with Article 36 of Consob's Market Regulations

With reference to the "Conditions for the listing of shares of companies having control over companies incorporated and regulated under the laws of a non-EU member state" as per Articles 36 and 39 of the Market Regulations, it should be noted that the principal elements of the implementation plan were provided in the 2008 Half-yearly Financial Report.

Following completion of the actions detailed in that plan, Fiat S.p.A. is in compliance with Article 36(1)(a), (b) and (c) of the Regulations.

During the quarter, there were no acquisitions of companies incorporated in a non-EU member state which, when considered on an individual basis, were deemed to be significant for the purposes of the Regulations.

Significant Events Occurring since the End of the Quarter and 2008 Outlook

On 20 October, Fiat's Board of Directors completed the approval process for a corporate reorganisation. The transaction involves the transfer of the principal controlling shareholdings of Fiat Partecipazioni S.p.A. (Fiat Group Automobiles, Fiat Powertrain Technologies, Magneti Marelli, Teksid, Teksid Aluminum, Maserati), approximate 40% holdings in Iveco and FNH (which holds a controlling interest in CNH) and an approximate 10.5% holding in RCS to Fiat S.p.A., which already holds 100% of Comau, the remaining 60% of Iveco and FNH, and 85% of Ferrari S.p.A. directly. Following the transaction, which is planned to be completed by year end, Fiat S.p.A. will hold the controlling interest in all of its industrial sectors directly. The result of the transaction will be a simplification of the Group's structure, in line with latest market best practice, in addition to improved operating efficiency, financial optimization and streamlined dividend flows. The transaction will take place at book value and, therefore, from an accounting perspective, will be neutral for both Fiat S.p.A. and the Group.

* * * * * * *

Given continuing weak trading conditions, we expect the remainder of the year to close with reduced volumes against original expectations in all of our sectors, with the exception of the agricultural portion of CNH. Nonetheless, we are confirming our trading profit for the year at the low end of our indicated range of €3.4 to €3.6 billion. Net industrial debt is expected to range between €1.5 to € 2 billion, totally attributable to working capital reversals associated with lower production volumes.

2009 Outlook

The events we have witnessed in this quarter have significantly changed the quality of the trading conditions which our sectors will face in the last quarter of this year and, in our view, for a major portion of 2009.

With conditions and positioning of our businesses and financial markets changing as widely and frequently as we have seen in the last few weeks, it is quite difficult to peg a particular point as being a reliable guidance for the performance of Fiat Group in 2009. We believe that we will continue to experience erratic fluctuations in market sentiments throughout at the least the first semester. These deviations from "normal" trading conditions expected in 2009 are viewed by us as temporary and as such do not impact on the overall substance of the commitment made by the Group back in 2006 regarding the 2007-10 objectives. It is for these reasons that we have chosen a strategy of updating the financial markets on a quarterly basis on expected 2009 performance, as evidence materializes about the ultimate shape and quality of the various product demand curves we face.

Notwithstanding this, we have modelled a number of potential scenarios and formed clear operational response plans to various degrees of possible market declines. Based on this analysis, we can summarize our worst case 2009 market scenario as follows:

- Global demand for our products could decline between 10% to 20% compared to 2008.
- The range of trading profit associated with such declines will be between €2.3 and €1.5 billion.
- The net result for the Group will range between €1,200 and €400 million.
- Net industrial indebtedness levels will be between €3 and €4 billion, purely as a result of working capital reversals.

While the Group is implementing a variety of measures to contain the impact of the expected market decline in 2009, the benefit of which is reflected in the aforementioned guidance, nothing is being implemented or actioned which would hinder the structural capacity of the Group to return to normal trading conditions after the current crisis is over. Therefore, to the extent that normal trading conditions were to restore by the end of 2009, the Group reaffirms its 2010 objectives.

While working on the achievement of our objectives, the Fiat Group will continue to implement its strategy of targeted alliances, in order to optimize capital commitments and reduce risks.

Fiat Group Interim Consolidated Financial Statements and Notes at 30 September 2008

Consolidated Income Statement

(in millions of euros)	(Note)	3rd Quarter 2008	3rd Quarter 2007	1/1-30/9 2008	1/1-30/9 2007
Net revenues	(1)	**14,296**	13,858	**46,288**	42,713
Cost of sales	(2)	**11,897**	11,586	**38,478**	35,646
Selling, general and administrative costs	(3)	**1,278**	1,186	**3,985**	3,717
Research and development costs	(4)	**348**	349	**1,147**	1,104
Other income (expenses)	(5)	**29**	8	**21**	40
Trading profit		**802**	745	**2,699**	2,286
Gains (losses) on the disposal of investments	(6)	**1**	128	**3**	180
Restructuring costs	(7)	**3**	32	**-**	54
Other unusual income (expenses)	(8)	**2**	(96)	**14**	(126)
Operating result		**802**	745	**2,716**	2,286
Financial income (expenses)	(9)	**(161)**	(163)	**(602)**	(331)
Result from investments:	(10)	**34**	40	**152**	116
- Net result of investees accounted for using the equity method		**35**	59	**138**	125
- Other income (expenses) from investments		**(1)**	(19)	**14**	(9)
Result before taxes		**675**	622	**2,266**	2,071
Income taxes	(11)	**207**	168	**725**	614
Result from continuing operations		**468**	454	**1,541**	1,457
Result from discontinued operations		**-**	-	**-**	-
Net result		**468**	454	**1,541**	1,457
Attributable to:					
Equity holders of the parent		**440**	432	**1,449**	1,383
Minority interests		**28**	22	**92**	74

(in euros)					
Basic earnings per ordinary share	(12)	**0.356**	0.344	**1.158**	1.084
Basic earnings per preference share	(12)	**0.356**	0.344	**1.158**	1.084
Basic earnings per savings share	(12)	**0.356**	0.344	**1.313**	1.239
Diluted earnings per ordinary share	(12)	**0.353**	0.341	**1.152**	1.075
Diluted earnings per preference share	(12)	**0.353**	0.341	**1.152**	1.075
Diluted earnings per savings share	(12)	**0.353**	0.341	**1.307**	1.230

Consolidated Balance Sheet

(in millions of euros)	(Note)	At 30 September 2008	At 31 December 2007
ASSETS			
Intangible assets	(13)	**6,768**	6,523
Property, plant and equipment	(14)	**12,007**	11,246
Investment property		**6**	10
Investments and other financial assets:	(15)	**2,265**	2,214
- Investments accounted for using the equity method		**1,969**	1,930
- Other investments and financial assets		**296**	284
Leased assets	(16)	**464**	396
Defined benefit plan assets		**120**	31
Deferred tax assets	(11)	**2,183**	1,892
Total Non-current assets		**23,813**	**22,312**
Inventories	(17)	**12,278**	9,990
Trade receivables	(18)	**4,730**	4,384
Receivables from financing activities	(18)	**13,526**	12,268
Other receivables:	(18)	**3,310**	3,203
- Current tax receivables		**1,097**	1,153
- Others		**2,213**	2,050
Accrued income and prepaid expenses		**332**	241
Current financial assets:		**694**	1,016
- Current investments		**26**	22
- Current securities	(19)	**207**	291
- Other financial assets	(20)	**461**	703
Cash and cash equivalents	(21)	**2,972**	6,639
Total Current assets		**37,842**	**37,741**
Assets held for sale	(22)	**38**	83
TOTAL ASSETS		**61,693**	**60,136**
Total assets adjusted for asset-backed financing transactions		**55,574**	**53,316**
LIABILITIES			
Stockholders' equity:	(23)	**12,001**	11,279
- Stockholders' equity of the Group		**11,262**	10,606
- Minority interest		**739**	673
Provisions:	(24)	**8,355**	8,562
- Employee benefits		**3,502**	3,597
- Other provisions		**4,853**	4,965
Debt:	(25)	**18,807**	17,951
- Asset-backed financing		**6,119**	6,820
- Other debt		**12,688**	11,131
Other financial liabilities	(20)	**385**	188
Trade payables	(26)	**14,261**	14,725
Other payables:	(27)	**6,550**	6,120
- Current tax payables		**721**	631
- Others		**5,829**	5,489
Deferred tax liabilities	(11)	**222**	193
Accrued expenses and deferred income	(28)	**1,112**	1,083
Liabilities held for sale	(22)	**-**	35
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		**61,693**	**60,136**
Total liabilities adjusted for asset-backed financing transactions		**55,574**	**53,316**

Consolidated Statement of Cash Flows

(in millions of euros)		1/1-30/9 2008	1/1-30/9 2007
A) Cash and cash equivalents at beginning of period as reported		**6,639**	**7,736**
Cash and cash equivalents included as Assets held for sale		**2**	5
B) Cash and cash equivalents at beginning of period		**6,641**	**7,741**
C) Cash flows from (used in) operating activities during the period:			
Net result		**1,541**	1,457
Amortisation and depreciation (net of vehicles sold under buy-back commitments)		**2,168**	1,985
(Gains) losses on disposal and other non-cash items	(a)	**82**	(429)
Dividends received		**77**	69
Change in provisions		**(192)**	(93)
Change in deferred income taxes		**(201)**	(79)
Change in items due to buy-back commitments	(b)	**8**	76
Change in working capital		**(3,143)**	(462)
Total		**340**	**2,524**
D) Cash flows from (used in) investment activities:			
Investments in:			
- Tangible and intangible assets (net of vehicles sold under buy-back commitments)		**(2,921)**	(2,295)
- Investments in consolidated subsidiaries and other investments		**(142)**	(77)
Proceeds from the sale of non-current assets (net of vehicles sold under buy-back commitments)		**223**	541
Net change in receivables from financing activities		**(1,453)**	(1,030)
Change in current securities		**95**	(1)
Other changes		**46**	(87)
Total		**(4,152)**	**(2,949)**
E) Cash flows from (used in) financing activities:			
New issuance of bonds		**50**	1,000
Repayment of bonds		**(83)**	(802)
Issuance of other medium-term borrowings		**1,242**	291
Repayment of other medium-term borrowings		**(876)**	(830)
Net change in other financial payables and other financial assets/liabilities		**582**	(1,235)
Increase in capital stock		**13**	-
(Buy-back) Sale of Treasury Stock		**(238)**	(377)
Dividends paid		**(545)**	(310)
Total		**145**	**(2,263)**
Translation exchange differences		**(2)**	12
F) Total change in cash and cash equivalents		**(3,669)**	**(2,676)**
G) Cash and cash equivalents at end of period		**2,972**	**5,065**
of which: Cash and cash equivalents included as Assets held for sale		**-**	5
H) Cash and cash equivalents at end of period as reported		**2,972**	**5,060**

(a) For the nine months ended September 30, 2007 this item included amongst other things the net gains and losses on the disposal of non-current assets of 185 million euros, a net positive fair value adjustment related to the equity swaps on Fiat shares for 141 million euros, and non-recurring income of 60 million euros deriving from the reinstatement in the carrying amount of land which had previously been written down to zero.

(b) The cash flows for the two periods generated by the sale of vehicles with a buy-back commitment net of the amount already included in the net result, are included in operating activities for the period, in a single item which includes the change in working capital, capital expenditures, depreciation, gains and losses and proceeds form sales at the end of the contract term, relating to assets included in Property, plant and equipment.

Statement of Changes in Stockholders' Equity

(in millions of euros)	Capital stock	Treasury stock, capital reserves, earning reserves	Income (expense) recognised directly in equity	Minority interest	Total
Balance at 31 December 2006	**6,377**	**2,459**	**526**	**674**	**10,036**
Dividends paid	-	(274)	-	(36)	**(310)**
Increase in reserve for share based payments	-	49	-	-	**49**
Net changes in Income (expenses) recognised directly in equity	-	-	(143)	(18)	**(161)**
Treasury stock buy-back and sale	-	(379)	-	-	**(379)**
Other changes	-	(2)	-	(37)	**(39)**
Net result	-	1,383	-	74	**1,457**
Balance at 30 September 2007	**6,377**	**3,236**	**383**	**657**	**10,653**

(in millions of euros)	Capital stock	Treasury stock, capital reserves, earning reserves	Income (expense) recognised directly in equity	Minority interest	Total
Balance at 31 December 2007	**6,377**	**3,848**	**381**	**673**	**11,279**
Capital increase	-	-	-	13	**13**
Dividends paid	-	(509)	-	(36)	**(545)**
Increase in reserve for share based payments	-	28	-	-	**28**
Net changes in Income (expenses) recognised directly in equity	-	-	(73)	6	**(67)**
Treasury stock buy-back and sale	-	(238)	-	-	**(238)**
Other changes	-	(1)	-	(9)	**(10)**
Net result	-	1,449	-	92	**1,541**
Balance at 30 September 2008	**6,377**	**4,577**	**308**	**739**	**12,001**

Consolidated Statement of Recognised Income and Expense at 30 September 2008

(in millions of euros)	1/1-30/9 2007	1/1-30/9 2006
Gains (losses) recognised directly in the cash flow hedge reserve	**131**	150
Gains (losses) recognised directly in reserve for fair value measurement of available-for-sale financial assets	**(11)**	(46)
Exchange gains (losses) on the translation of foreign operations	**111**	(31)
Gains (losses) recognised directly in equity	**231**	73

Transfers from cash flow hedge reserve	**(298)**	(112)
Transfer from reserve for fair value measurement of available-for-sale financial assets	**-**	(123)
Transfer from reserve for the translation of foreign operations	**-**	1
Net result	**1,541**	1.457
Recognised income (expense) for the period	**1,474**	1.296

Attributable to:		
Equity holders of the parent	**1.376**	1.240
Minority interests	**98**	56

Notes

Significant accounting policies

Accounting policies

This Quarterly report have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") endorsed by the European Union. The designation "IFRS" also includes all valid International Accounting Standards ("IAS"), as well as all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), formerly the Standing Interpretations Committee ("SIC").

In particular, this Quarterly report have been prepared in accordance with IAS 34 - *Interim Financial Reporting* applying the same accounting principles and policies used in the preparation of the Consolidated financial statements at 31 December 2007, other than those discussed in the paragraph "Accounting principles, amendments and interpretations applied during the period".

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent assets and liabilities at the date of the interim financial statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

Moreover, these valuation procedures, in particular those of a more complex nature regarding matters such as any impairment of non-current assets, are only carried out in full during the preparation of the annual financial statements, when all the information required is available, other than in the event that there are indications of impairment, when an immediate assessment is necessary. In the same way the actuarial valuations that are required for the determination of employee benefit provisions are also usually only carried out during the preparation of the annual financial statements.

Income taxes are recognised based upon the best estimate of the weighted average income tax rate expected for the full financial year.

Accounting principles, amendments and interpretations applied during the period

On 13 October 2008, the IASB issued amendments to IAS 39 - *Financial Instruments: Recognition and Measurement* and IFRS 7 - *Financial Instruments: Disclosures* that would permit the reclassification of some non-derivative financial assets which are classified under the fair value through profit or loss category in particular circumstances. The amendment also permits an entity to transfer a financial asset from the available-for-sale category to the loans and receivables category where it has the intention and ability to hold such asset for the foreseeable future. Although this amendment applies from 1 July 2008, it has had no effect on the quarterly financial statements presented herein as none of the reclassifications permitted by the amendment were carried out by the Group.

Accounting principles, amendments and interpretations not yet effective and not early adopted by the Group

On 30 November 2006, the IASB issued the IFRS 8 – *Operating Segments* that will become effective on 1 January 2009 and which will replace IAS 14 – *Segment Reporting*. The new standard requires the information provided in segment reporting to be based upon the components of the entity that management uses to make decisions about operational matters. The standard requires these operating segments to be identified on the basis of internal reports that are regularly reviewed by the entity's management in order to allocate resources to the segment and assess its performance. Adopting this standard will have no effect on the measurement of items in the financial statements.

On 29 March 2007 the IASB issued a revised IAS 23 – *Borrowing Costs*. The standard shall be applied for annual period beginning after 1 January 2009. The main change from the previous version is the removal of the option of immediately recognizing as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The standard shall be applied to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after the 1 January 2009. This standard has not yet been endorsed by the European Union at the date of this Quarterly report.

On 6 September 2007 the IASB issued a revised version of IAS 1 - *Presentation of Financial Statements* that is effective for annual periods beginning on or after 1 January 2009. The revised standard requires an entity to present changes in its equity resulting from transactions with owners in a statement of changes in equity. All non-owner changes (meaning changes in comprehensive income) are required to be presented either in a single statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Transactions with non-owners may not be presented in the statement of changes in equity. This standard had not yet been endorsed by the European Union at the date of this Quarterly report.

On 10 January 2008 the IASB issued a revised version of IFRS 3 – *Business Combinations* and an amended version of IAS 27 - *Consolidated and Separate Financial Statements*. The main changes that revised IFRS 3 will make to existing requirements are the elimination of the need to measure at fair value every asset and liability at each step in a step acquisition for the purpose of calculating a portion of goodwill. Instead, goodwill will be measured as the difference at acquisition date between the value of any investment in the business held before the acquisition, the consideration transferred and the net assets acquired. Moreover, for a business combination in which the acquirer achieves control without purchasing all of the acquiree, the remaining (non-controlling) equity interests are measured either at fair value or by using the method already provided in IFRS 3. The revised IFRS 3 also requires acquisition related costs to be recognised as expenses and the acquirer to recognise the obligation to make an additional payment (contingent consideration) as part of the business combination. In the amended version of IAS 27, the IASB has added a requirement specifying that changes in a parent's interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions and recognised within equity. Moreover when a parent loses control of a subsidiary but retains an ownership interest it must initially measure any retained investment at fair value. At the date when control is lost, the difference between the fair value and the carrying amount of the retained interest must be recognised in profit or loss. Finally, the amendment to IAS 27 requires losses pertaining to non-controlling interests to be allocated to non-controlling interest equity, even if this result in the non-controlling interest having a deficit balances. The new rules will apply prospectively from 1 January 2010. The revised standard had not yet been endorsed by the European Union at the date of this Quarterly report.

On 17 January 2008 the IASB issued an amendment to IFRS 2 - *Vesting Conditions and Cancellations* which clarifies that for the purpose of share based payments measurement, vesting conditions are service conditions and performance conditions only. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. This amendment, effective from 1 January 2009 had not yet been endorsed by the European Union at the date of this Quarterly report.

On 14 February 2008 the IASB issued an amendment to IAS 32 – *Financial Instruments: Presentation* and to IAS 1 *Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation*. These amendments require puttable financial instruments and instruments, or components of instruments that impose on an entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity instruments. This amendment, effective from 1 January 2009, had not yet been endorsed by the European Union at the date of this Quarterly report.

On 22 May 2008 the IASB issued a series of amendments to IFRS ("Improvements"). Details are provided in the following paragraphs of those identified by the IASB as resulting in accounting changes for presentation, recognition and measurement purposes, leaving out amendments regarding changes in terminology or editorial changes which are likely to have minimal effects on accounting.

- IFRS 5 – *Non-Current Assets Held for Sale and Discontinued Operations*: this amendment, that shall be applied from 1 January 2010, requires an entity that is committed to a sale plan involving loss of control of a subsidiary to classify all the assets and liability of that subsidiary as held for sale, regardless of whether the entity will retain a non-controlling interest in its former subsidiary after the sale.

- IAS 1 – *Presentation of Financial Statements*: this amendment, which shall be applied from 1 January 2009, requires an entity to classify assets and liabilities arising from derivative financial instruments that are not classified as held for trading between current and non-current assets and liabilities.

- IAS 16 – *Property, Plant and Equipment*: this amendment, effective from 1 January 2009, requires an entity that in the course of its ordinary activities routinely sells items of property, plant and equipment that it has held for rental to others, to transfer such assets to inventories when they cease to be rented and become held for sale. As a consequence, the proceeds from the sale of such assets shall be recognised as revenue. Cash payments to manufacture or acquire assets held for rental to others or subsequently held for sale are cash flows from operating activities (and not from investing activities).

- IAS 19 – *Employee Benefits*: this amendment, effective prospectively from 1 January 2009 to change in benefits that occur after that date, clarifies the definition of positive/negative past service costs and states that in the case of a curtailment, only the effect of the reduction for future service shall be recognised immediately in the income statement, while the effect arising from past service periods shall be considered a negative past service cost. The Board also revised the definition of short-term employee benefits and other long-term employee benefits and the definition of a return on plan assets, stating that this amount should be net of any costs for administering the plan (other than those included in the measurement of the defined benefit obligation).

- IAS 20 – *Government Grants and Disclosure of Government Assistance*: this amendment, applicable prospectively from 1 January 2009, states that the benefit of a government loan at a below-market rate of interest shall be treated as a government grant and then accounted for in accordance with IAS 20.

- IAS 23 – *Borrowing Costs*: this amendment, applicable from 1 January 2009, revises the definition of borrowing costs.

- IAS 28 – *Investments in Associates*: this amendment shall be applied from 1 January 2009, with prospective application also permitted, requires that for investments accounted for using the equity method a recognised impairment loss should not be allocated to any asset (and in particular goodwill) that forms part of the carrying amount of the investment in the associate, but to the carrying amount of the investment overall. Accordingly any reversal of that impairment loss is recognised in full.

- IAS 28 – *Investments in Associates,* and IAS 31 – *Investments in Joint Ventures*: these amendments, effective from 1 January 2009, require specific new disclosures to be made for investments in associates and joint ventures measured at fair value in accordance with IAS 39. IFRS 7 *Financial Instruments: Disclosures* and IAS 32: *Financial Instruments: Presentation* has accordingly also been amended.

- IAS 29 – *Financial Reporting in Hyperinflationary Economies*: the previous version of the standard did not reflect the fact that a number of assets and liabilities may or must be measured on the basis of a current value rather than historical value. This amendment, made in order to reflect this, is effective from 1 January 2009.

- IAS 36 – *Impairment of Assets*: this amendment, effective from 1 January 2009, requires additional disclosures to be made in the case in which an entity determines the recoverable amount of a cash-generating unit using discounted cash flows.

- IAS 38 – *Intangible Assets*: this amendment, effective from 1 January 2009, requires expenditure on advertising and promotional activities to be recognised in the income statement. Further, it states that in the case expenditure is incurred to provide future economic benefits to an entity, but no intangible assets is recognised, in the case of the supply of goods, the entity recognise such expenditure as an expense when it has the right to access the goods. In the case of the supply of services, an entity shall recognise the expenditure as an expense when it receives the services. Moreover, the standard has been revised in order to allow entities to use the unit of production method for determining the amortisation charge for an intangible asset with a finite useful life.

- IAS 39 – *Financial Instruments: Recognition and Measurement*: this amendment, effective from 1 January 2009, clarifies how to calculate the revised effective interest rate on ceasing fair value hedge accounting and notes additionally that the prohibition on the reclassification of financial instruments into or out of the fair value through profit or loss category after initial recognition should not prevent a derivative from being accounted for at fair value through profit or loss when it does not qualify for hedge accounting and vice versa. Finally, in order to eliminate conflict with IFRS 8 – *Operating Segments*, it removes the reference to designating and documenting hedges at sector level.

- IAS 40 – *Investment Property*: this amendment, to be adopted prospectively from 1 January 2009, states that property under construction falls within the scope of IAS 40 and not that of IAS 16.

These improvements had not yet been endorsed by the European Union at the date of this Quarterly report.

On 3 July 2008 the IFRIC issued an interpretation, IFRIC 16 – *Hedges of a Net Investment in a Foreign Operation.* The main change expected to arise from this interpretation is the elimination of the possibility for an entity to apply hedge accounting for a hedge of the foreign exchange differences between the functional currency of a foreign operation and the presentation currency of the parent's consolidated financial statements. Moreover, the interpretation clarifies that in a hedge of a net investment in a foreign operation the hedging instrument may be held by any entity or entities within the group and that IAS 21 – *The effects of changes in Foreign Exchange rates* shall be applied to determine the amount that needs to be reclassified from equity to profit or loss for the hedged item when an entity disposes of the investment. This interpretation, effective from 1 January 2009, had not yet been endorsed by the European Union at the date of this Quarterly report.

On 31 July 2008, the IASB issued an amendment to IAS 39 – *Financial Instruments: Recognition and Measurement* which is to be applied retrospectively from 1 January 2010 .The amendment clarifies how the existing principles underlying hedge accounting should be applied in particular situations. As of the date of this Quarterly Report, the amendment had not yet been endorsed by the European Union.

The following interpretations have also been issued but are not applicable to the Fiat Group:

- IFRIC 12 – *Service Concession Arrangements* (effective from 1 January 2008 but not yet endorsed by the European Union).
- IFRIC 13 – *Customer Loyalty Programmes* (effective from 1 January 2009 but not yet endorsed by the European Union).
- IFRIC 14 – *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (effective from 1 January 2008 but not yet endorsed by the European Union).
- IFRIC 15 – *Agreements for the Construction of Real Estate* (effective from 1 January 2009 but not yet endorsed by the European Union).

Scope of consolidation

Changes in the scope of consolidation that took place during the first nine months of 2008 with respect to the consolidated financial statements at 31 December 2007 are as follows:

- On 20 March 2008, as part of an agreement for the purchase of a factory in Campo Largo (Brazil), FPT Powertrain Technologies fully acquired Tritec Motors Limitada from Chrysler L.L.C. and subsequently changed its name to FPT Powertrain do Brasil – Industria e Comércio de Motores Ltda. The Group completed the purchase accounting for this acquisition in the second quarter of 2008, a process which included converting the consolidated financial statements of the acquired entity to IFRS, and began consolidating the investment on a line-by-line basis on 1 April 2008.
- Consolidation of the Ergom Group on a line-by-line basis also began during the second quarter of 2008, in this case with effect from 1 January 2008; the group was purchased on 6 December 2007 and carries out its business in the automotive sector. The group had been excluded from consolidation at 31 December 2007 due to the lack of information necessary for preparing disclosures in a consistent manner and moreover because the amounts involved were not significant compared to those of the Fiat Group as a whole. It follows as a result that on consolidation for the first time the figures relating to 2007 were not restated. In this regard certain minor assets of the Ergom Group were accounted for as assets held for sale in the consolidation of the group for the first time on a line-by-line basis, until the disposal occurred in July 2008.
- As part of the shareholder restructuring for the joint ventures between FPT, CNH and Cummins in the area of diesel engines, during the third quarter of 2008 the Group acquired the remaining one-third of the shares in EEA (European Engine Alliance) which it didn't already own. As part of the same transaction, CNH sold its interest in the 50/50 joint venture Consolidated Diesel Company.

- During the third quarter of 2008, the investment in Teksid Aluminum Getti Speciali S.r.l. (already included under Assets held for sale in the Consolidated Financial Statements at 31 December 2007) was sold.

These changes in the scope of consolidation do not have a significant overall impact.

In addition, the assets and liabilities of certain business of the Comau and CNH Sector previously classified as assets and liabilities held for sale were reclassified under the normal line items during the first nine months of 2008. The corresponding items for 2007 have not been restated as the figures are immaterial.

Other information

Other sections of this Report provide information on significant events occurring since the end of the first nine months of 2008 and business outlook.

Composition and principal changes

Income Statement

1. Net revenues

An analysis of Net revenues (net of intra-Group transactions) by business Sector is as follows:

(in millions of euros)	3rd Quarter 2008	3rd Quarter 2007	1/1-30/9/2008	1/1-30/9/2007
Fiat Group Automobiles	**6,568**	6,433	**21,031**	19,392
Maserati	**169**	139	**522**	475
Ferrari	**428**	352	**1,351**	1,112
Agricultural and Construction Equipment	**3,109**	2,822	**9,680**	8,781
Trucks and Commercial Vehicles	**2,386**	2,564	**8,342**	7,864
Fiat Powertrain Technologies	**328**	365	**1,230**	1,254
Components	**792**	755	**2,594**	2,354
Metallurgical Products	**152**	119	**446**	395
Production Systems	**212**	169	**540**	549
Publishing and Communications	**67**	78	**240**	279
Holding and Other	**85**	62	**312**	258
Total Net revenues	**14,296**	**13,858**	**46,288**	**42,713**

2. Cost of sales

Cost of sales comprises the following:

(in millions of euros)	3rd Quarter 2008	3rd Quarter 2007	1/1-30/9/2008	1/1-30/9/2007
Interest cost and other financial charges from financial services companies	**196**	197	**571**	557
Other cost of sales	**11,701**	11,389	**37,907**	35,089
Cost of sales	**11,897**	**11,586**	**38,478**	**35,646**

3. Selling, general and administrative costs

Selling costs amount to 703 million euros and 2,249 million euros in the third quarter of 2008 and in the first nine months of 2008, respectively (660 million euros and 2,104 million euros in the third quarter of 2007 and in the first nine months of 2007, respectively) and comprise mainly marketing, advertising and sales personnel costs.

General and administrative costs amount to 575 million euros and 1,736 million euros in the third quarter of 2008 and in the first nine months of 2008, respectively (526 million euros and 1,613 million euros in the third quarter of 2007 and in the first nine months of 2007, respectively) and comprise mainly expenses for administration which are not attributable to sales, production and research and development functions.

4. Research and development costs

In the third quarter of 2008, research and development costs of 348 million euros (349 million euros in the third quarter of 2007) comprise all research and development costs not recognized as assets amounting to 146 million euros (180 million euros in the third quarter of 2007) including the write-downs of any costs previously capitalized, and the amortization of capitalized development costs of 202 million euros (169 million euros in the third quarter of 2007). During the period the Group incurred new expenditure for capitalized development costs of 285 million euros (201 million euros in the third quarter of 2007).

In the first nine months of 2008, research and development costs of 1,147 million euros (1,104 million euros in the first nine months of 2007) comprise all research and development costs not recognized as assets amounting to 573 million euros (597 million euros in the first nine months of 2007) including the write-downs of any costs previously capitalized and the amortization of capitalized development costs of 574 million euros (507 million euros in the first nine months of 2007). During the period the Group incurred new expenditure for capitalized development costs of 767 million euros (601 million euros in the first nine months of 2007).

5. Other income (expenses)

Other income amounts to 29 million euros and 21 million euros in the third quarter 2008 and in the first nine months of 2008, respectively (other income of 8 million euros and of 40 million euros in the third quarter 2007 and in the first nine months of 2007, respectively) and consists of trading income which is not attributable to the typical sales and services operations of the Group, such as income from the sale of licenses and know-how, net of miscellaneous operating costs not ascribable to specific functional areas, such as post employment benefits for retired former employees (health care costs), indirect taxes and duties, and accruals to miscellaneous provisions.

In particular, this item included in the first nine months of 2007 non-recurring income of 60 million euros arising from the reinstatement of the carrying amount of a piece of land which had been fully written down in prior period; this was in the process of being sold at 30 September 2007 and was disposed of at the end of that year; it also includes miscellaneous non-recurring expenses of 20 million euros.

6. Gains (losses) on the disposal of investments

For the third quarter of 2008, this item showed a net gain of 1 million euros resulting from gains/(losses) arising on the disposal of certain minor investments. In the third quarter of 2007 this item resulted in a net gain of 128 million euros, which included a gain of 118 million euros on the disposal of interest in Mediobanca S.p.A. and a gain of 7 million euros on the disposal of a minor investment in Tecnomare S.p.A.

In the first nine months of 2008 this item results in a net gain of 3 million euros. This item resulted in a net gain of 180 million euros for the first nine months of 2007, which - in addition to the gain realised on the disposal of the interest in Mediobanca - consists of a 42 million euro gain recognised in the first quarter of 2007 following completion of the disposal of Ingest Facility S.p.A., a 5 million euro gain on the disposal of a 17% interest in Servizio Titoli S.p.A. (in which the Group maintains a 10% interest) and a 4 million euro gain from the disposal of a business unit of Comau in France.

7. Restructuring costs

Restructuring costs amount to 3 million euros for the third quarter of 2008. For the third quarter of 2007 this item amounted to 32 million euros, mainly relating to CNH.

The net balance of this item for the first nine months of 2008 amounts zero, relating mainly to the release of restructuring provisions no longer required, offset by additional costs mainly incurred in connection with the restructuring plan for the Giambattista Vico factory. In the first nine months of 2007, the Group incurred restructuring costs for a total of 54 million euros, mainly relating to CNH and Comau.

8. Other unusual income (expenses)

In the third quarter of 2008 and in the first nine months of 2008, this item results in a net gain of 2 million euros and of 14 million euros, respectively, mainly relating to the release to income of provisions no longer required.

Net expenses of 96 million euros and 126 million euros were incurred in the third quarter of 2007 and the first nine months of 2007 respectively, of which 78 million euros and 106 million euros in connection with rationalisation of some strategic Group suppliers (some of which have been or are being acquired by the Group itself).

9. Financial income (expenses)

In addition to the items included in the specific line of the income statement, Net financial income (expenses) also includes the income from financial services companies included in Net revenues for 244 million euros and 712 million euros in the third quarter of 2008 and in the first nine months of 2008, respectively (252 million euros and 723 million euros in the third quarter of 2007 and in the first nine months of 2007, respectively) and the costs incurred by financial services companies included in Interest cost and other financial charges from financial services companies included in Cost of sales for 196 million euros and 571 million euros in the third quarter of 2008 and in the first nine months of 2008, respectively (197 million euros and 557 million euros in the third quarter of 2007 and in the first nine months of 2007, respectively). Reconciliation to the income statement is provided at the foot of each column of the following table.

(in millions of euros)	3rd Quarter 2008	3rd Quarter 2007	1/1-30/9/2008	1/1-30/9/2007
Financial income				
Interest earned and other financial income	**58**	76	**191**	238
Interest income from customers and other financial income of financial services companies	**244**	252	**712**	723
Gains on disposal of securities	**-**	3	**1**	11
Total financial income	**302**	331	**904**	972
of which:				
Financial income, excluding financial services companies	**58**	79	**192**	249
Interest and other financial expenses				
Interest expense and other financial expenses	**342**	355	**1,024**	1,136
Write-downs of financial assets	**22**	23	**71**	53
Losses on disposal of securities	**2**	1	**4**	2
Interest costs on employee benefits	**37**	36	**111**	114
Total interest and other financial expenses	**403**	415	**1,210**	1,305
Net income (expenses) from derivative financial instruments and exchange losses	**(12)**	(24)	**(155)**	168
of which of:				
Interest and other financial expenses, effects resulting from derivative financial instruments and exchange differences, excluding financial services companies	**219**	242	**794**	580
Net financial income (expenses) excluding financial services companies	**(161)**	(163)	**(602)**	(331)

Net financial expenses for the third quarter of 2008, excluding the financial services companies, amounted to 161 million euros, and include financial expenses of 22 million euros arising from the fair value measurement of the equity swaps on Fiat S.p.A. ordinary shares, carried out to support certain stock options plans. Net financial expenses of 163 million euros for the third quarter of 2007 included net financial expense of 19 million euros arising from this equity swap.

Net financial expense for the first nine months of 2008 (excluding the financial services companies) amounted to 602 million euros and included a 164 million euro charge related to fair value adjustments on equity swaps on Fiat S.p.A.

ordinary shares. In the first nine months of 2007, net financial expense of 331 million euros included income of 141 million euros arising from the fair value measurement of the above mentioned equity swaps, partially offset by a 43 million euro charge recognised in the second quarter of 2007 in relation to the early redemption of a CNH 9.25% fixed rate bond, originally repayable in 2011.

10. Result from investments

The item includes the Group's interest in the net income or loss of the companies accounted for using the equity method for an amount equal to 35 million euros and 138 million euros in the third quarter of 2008 and in the first nine months of 2008, respectively (59 million euros and 125 million euros in the corresponding periods of 2007); the item additionally includes the write-downs connected with the impairment loss of financial assets and any reversal, the write-downs of investments classified as available-for-sale, accruals to provisions against investments, income and expense arising from the adjustment to fair value of investments in other entities held for trading and dividend income.

The Result from investments in the third quarter of 2008 is a profit amounting to 34 million euros (a profit of 40 million euros in the third quarter of 2007) and consists of (amounts in millions of euros): Fiat Group Automobiles Sector Companies 22 (6 in the third quarter of 2007); entities of Agricultural and Construction equipment Sector 11 (20 in the third quarter of 2007), Trucks and Commercial Vehicles Sector Companies 4 (3 in the third quarter of 2007) and other companies -3 (11 in the second quarter of 2007).

The Result from investments in the first nine months of 2008 is a profit amounting to 152 million euros (a profit of 116 million euros in the first nine months of 2007) and consists of (amounts in millions of euros): Fiat Group Automobiles Sector Companies 89 (40 in the first nine months of 2007); entities of Agricultural and Construction equipment Sector 38 (37 in the first nine months of 2007), Trucks and Commercial Vehicles Sector Companies 22 (5 in the first nine months of 2007) and other companies 3 (34 in the first nine months of 2007). More specifically, the amount relating to the Trucks and Commercial Vehicles Sector includes 9 million euros arising from the partial release to income of a provision for risks no longer existing in connection with a Chinese investee.

11. Income taxes

Income taxes consist of the following:

(in millions of euros)	**3rd Quarter 2008**	3rd Quarter 2007	**1/1-30/9/2008**	1/1-30/9/2007
Current taxes:				
- IRAP	**15**	42	**97**	132
- Other taxes	**267**	201	**815**	558
Total current taxes	**282**	243	**912**	690
Deferred taxes for the period	**(93)**	(89)	**(195)**	(96)
Taxes relating to prior periods	**18**	14	**8**	20
Total Income taxes	**207**	168	**725**	614

The increase in the charge for current taxes in the third quarter of 2008 and in the first nine months of 2008 with respect to the same periods of 2007 mainly arises from improvements in results, in particular those of the foreign companies.

There was net deferred tax income for the period related to certain tax loss carry-forwards recognised in 2008 following a change in circumstances which gave rise to the expectation that such losses would be utilized. For the corresponding periods in 2007, this item included the favourable impact of a reversal in deferred tax liabilities for an amount which was no longer payable.

Net deferred tax assets at 30 September 2008 consist of deferred tax assets, net of deferred tax liabilities that have been offset where permissible by the individual companies. The net balance of Deferred tax assets and Deferred tax liabilities may be analyzed as follows:

(in millions of euros)	At 30 September 2008	At 31 December 2007
Deferred tax assets	**2,183**	1,892
Deferred tax liabilities	**(222)**	(193)
Net deferred tax assets	**1,961**	1,699

12. Earnings per share

As explained in Note 25 to Consolidated financial statements at 31 December 2007, Fiat S.p.A. capital stock is represented by three different classes of shares (ordinary shares, preference shares and saving shares) that participate in dividends with different rights. Profit or loss of the period attributable to each class of share is determined in accordance with the share's contractual dividend rights. For this purpose, the net result attributable to the ordinary equity holders of the parent company has been adjusted by the amount of the dividends that would be contractually due to each class of shares in the theoretical event of a total distribution of profits. The total profit allocated to each class of share has then been divided by the weighted average number of outstanding shares in the period to determine earnings per share.

The following table shows for the first nine months of 2008 and the first nine months of 2007 the reconciliation between the net result attributable to equity holders of the parent and the profit attributable to each class of shares, as well as, the weighted number of shares outstanding during the period.

		1/1-30/9/2008				1/1-30/9/2007			
		Ordinary shares	Preference shares	Saving shares	Total	Ordinary shares	Preference shares	Saving shares	Total
Profit attributable to equity holders of the parent	million of euros				**1,449**				**1,383**
Theoretical preference right	million of euros	**-**	**-**	**12**	**12**	-	-	12	12
Profit available for distribution to all classes of shares	million of euros	**1,225**	**119**	**93**	**1,437**	1,172	112	87	1,371
Profit attributable to each class of shares	million of euros	**1,225**	**119**	**105**	**1,449**	1,172	112	99	1,383
Weighted average number of shares outstanding	thousand	**1,057,682**	**103,292**	**79,913**	**1,240,887**	1,081,729	103,292	79,913	1,264,934
Basic earning per share	euros	**1.158**	**1.158**	**1.313**		1.084	1.084	1.239	

The following table shows for the third quarter of 2008 and the third quarter of 2007 the reconciliation between the net result attributable to equity holders of the parent and the profit attributable to each class of shares, as well as, the average number of shares outstanding during the period.

		3rd Quarter 2008				3rd Quarter 2007			
		Ordinary shares	Preference shares	Saving shares	Total	Ordinary shares	Preference shares	Saving shares	Total
Profit attributable to equity holders of the parent	million of euros				**440**				**432**
Profit attributable to each class of shares	million of euros	**375**	**37**	**28**	**440**	370	35	27	432
Weighted average number of shares	thousand	**1,053,679**	**103,292**	**79,913**	**1,236,884**	1,073,061	103,292	79,913	1,256,266
Basic earning per share	euros	**0.356**	**0.356**	**0.356**		0.344	0.344	0.344	

For the purpose of calculating diluted earnings per share for the third quarter of 2008 and the first nine months of 2008, the average number of outstanding ordinary shares has been increased so as also to take into consideration the effect that would arise if the stock options on Fiat S.p.A. shares were to be exercised, while the result attributable to the Group has been adjusted to take into account the dilutive effects that would arise if the stock options granted by the Group's subsidiaries on their equity instruments were to be exercised.

No dilutive effects arose in the first nine months of 2007 from warrants issued by Fiat S.p.A. on its ordinary shares; this warrants expired in January 2007. The following table sets out for the first nine months of 2008 and the third quarter of 2008, together with the corresponding comparative periods in 2007, the weighted number of shares outstanding during the period used in the calculation of diluted earnings per share and diluted earnings per share by class of share.

		Ordinary shares	Preference shares	Saving shares	Total	Ordinary shares	Preference shares	Saving shares	Total
Profit attributable to each class of shares	million of euros	1,225	119	105	**1,449**	1,172	111	98	**1,381**
Weighted number of shares considered in the diluted earning per share	thousands	1,063,211	103,292	79,913	**1,246,416**	1,089,765	103,292	79,913	**1,272,970**
Diluted earning per share	euros	**1.152**	**1.152**	**1.307**		**1.075**	**1.075**	**1.230**	

					3rd Quarter 2008				3rd Quarter 2007
		Ordinary shares	Preference shares	Saving shares	Total	Ordinary shares	Preference shares	Saving shares	Total
Profit attributable to each class of shares	million of euros	375	37	28	**440**	369	35	27	**431**
Weighted number of shares considered in the diluted earning per share	thousands	1,061,768	103,292	79,913	**1,244,973**	1,080,900	103,292	79,913	**1,264,105**
Diluted earning per share	euros	**0.353**	**0.353**	**0.353**		**0.341**	**0.341**	**0.341**	

Balance Sheet

13. Intangible assets

(in millions of euros)	Net of amortisation at 31 December 2007	Additions	Amortisation	Foreign exchange effects and other changes	Net of Amortisation at 30 September 2008
Goodwill	2,724	-	-	82	**2,806**
Development costs	2,962	767	(574)	(39)	**3,116**
Other	837	139	(140)	10	**846**
Total Intangible assets	6,523	906	(714)	53	**6,768**

Goodwill consists principally of net goodwill resulting from the purchase of the Case group and other companies of the Agricultural and Construction Equipment Sector for 1,673 million euros, the Ferrari Sector for 786 million euros, the Pico group and other companies in the Production Systems Sector for 141 million euros, companies in the Components Sector for 115 million euros, companies in the Trucks and Commercial Vehicles Sector for 56 million euros and companies in the Metallurgical Products Sector for 18 million euros. In particular, the Foreign exchange effects and other changes column includes goodwill of 30 million euros arising from the consolidation of the Ergom group, and goodwill of 4 million euros arising from the purchase of Tritec Motors Ltda (now FPT Powertrain do Brasil – Industria e Comércio de Motores Ltda). This column also includes balances of 7 million euros and 5 million euros relating respectively to development costs, and other intangible assets resulting from the consolidation on a line-by-line basis of the Ergom group.

The addition to Other intangible assets of 139 million euros in the first nine months of 2008 relates mainly to software.

Foreign exchange gains of 46 million euros in the first nine months of 2008 principally reflect changes in the Euro/U.S. dollar rate.

14. Property, plant and equipment

(in millions of euros)	Net of depreciation at 31 December 2007	Additions	Depreciation	Foreign exchange effects	Disposals and other changes	Net of depreciation at 30 September 2008
Property, plant and equipment	10,116	1,829	(1,389)	14	274	**10,844**
Assets sold with a buy-back commitment	1,130	293	(105)	(8)	(147)	**1,163**
Total Property plant and equipment	11,246	2,122	(1,494)	6	127	**12,007**

Additions of 2,122 million euros in the first nine months of 2008 mainly refer to the Automotive Sectors (Fiat Group Automobiles, Trucks and Commercial Vehicles, CNH - Case New Holland and Magneti Marelli). Foreign exchange gains of 6 million euros in the first nine months of 2008 principally reflect changes in the Euro/Brazilian Real rate, offset by those of the Euro/US Dollar exchange rate. The column Disposals and other changes includes amongst other things a balance of 337 million euros relating to Property, plant and equipment resulting from the consolidation on a line-by-line basis of the Ergom group and Tritec Motors Ltda (now FPT Powertrain do Brasil – Industria e Comércio de Motores Ltda).

15. Investments and other financial assets

(in millions of euros)	At 30 September 2008	At 31 December 2007
Investments	**2,064**	2,032
Receivables	**132**	78
Other securities	**69**	104
Total Investments and other financial assets	**2,265**	2,214

Changes in Investments are as follows:

(in millions of euros)	At 31 December 2007	Revaluations (write-downs)	Changes in the scope of consolidation	Other changes	At 30 September 2008
Investments	2,032	141	(21)	(88)	2,064

At 30 September 2008, the item Investments totals 2,064 million euros (2,032 million euros at 31 December 2007) and includes, amongst others, the following investments (in millions of euros): Fiat Group Automobiles Financial Services S.p.A. 615 (576 at 31 December 2007), Tofas Turk Otomobil Fabrikasi A.S. 248 (255 at 31 December 2007), Iveco Finance Holdings Limited 150 (145 at 31 December 2007), Sevel S.p.A. 102 (96 at 31 December 2007), Naveco Ltd. 123 (106 at 31 December 2007), Kobelco Construction Machinery Co. Ltd. 103 (91 at 31 December 2007), Rizzoli Corriere della Sera MediaGroup S.p.A. 117 (125 at 31 December 2007).

Other negative changes of 88 million euros are made up as follows: foreign exchange gains of 1 million euros; purchases and capitalisations for 67 million euros; dividends of 77 million euros distributed by companies accounted for using the equity method, and other decreases of 79 million euros (including disposal of the interest held in Consolidated Diesel Company in the third quarter of 2008 for 37 million euros).

Revaluations and write-downs consist of adjustments for the result for the period to the carrying value of investments accounted for under the equity method. Write-downs also include any impairment loss in investments accounted for under the cost method.

16. Leased assets

(in millions of euros)	Net of depreciation at 31 December 2007	Additions	Depreciation	Foreign exchange effect	Disposals and other changes	Net of depreciation at 30 September 2008
Leased assets	396	186	(65)	8	(61)	464

17. Inventories

(in millions of euros)	At 30 September 2008	At 31 December 2007
Raw materials, supplies and finished goods	**12,006**	9,489
Gross amount due from customers for contract works	**272**	501
Total Inventories	**12,278**	9,990

At 30 September 2008, Inventories include assets sold with a buy-back commitment by Fiat Group Automobiles for 1,165 million euros (1,032 million euros at 31 December 2007). Net of this amount, inventories show an increase of 2,155 million euros in the first nine months of 2008, due to lower activity in the Western European markets, seasonality and inventory build to satisfy fourth quarter demand for agricultural products.

The majority of amount due from customers for contract work mainly relates to the Production Systems Sector and can be analysed as follows:

(in millions of euros)	At 30 September 2008	At 31 December 2007
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	**1,738**	1,817
Progress billings	**(1,587)**	(1,699)
Construction contracts, net of advances on contract work	**151**	118
Gross amount due from customers for contract work as an asset	**272**	501
Gross amount due to customers for contract work as a liability included in Other payables	**(121)**	(383)
Construction contracts, net of advances on contract work	**151**	118

At 30 September 2008, and at 31 December 2007, the amount of retentions by customers on contract work in progress was not significant.

18. Current receivables

(in millions of euros)	At 30 September 2008	At 31 December 2007
Trade receivables	**4,730**	4,384
Receivables from financing activities	**13,526**	12,268
Other receivables	**3,310**	3,203
Total Current Receivables	**21,566**	**19,855**

Trade receivables have increased by 346 million euros compared to 31 December 2007.

Other receivables mainly include amounts due from the Tax Authorities, security deposits and miscellaneous receivables.

Receivables from financing activities include the following:

(in millions of euros)	At 30 September 2008	At 31 December 2007
Retail financing	**6,924**	6,601
Finance leases	**802**	690
Dealer financing	**5,478**	4,477
Supplier financing	**56**	104
Current financial receivables from jointly controlled financial services entities	**22**	81
Financial receivables from companies under joint control, associates and unconsolidated subsidiaries	**78**	152
Other	**166**	163
Total Receivables from financing activities	**13,526**	**12,268**

Receivables from financing activities increased by 1,258 million euros over the period. Excluding translation exchange losses of 23 million euros, primarily from adverse movements in the Euro/US dollar exchange rate, the item increased by 1,281 million euros. This higher figure was principally correlated to increased sales for CNH-Case New Holland, in addition to continued strong sales volumes for Fiat Group Automobiles in Brazil and growth in sales financing activities for Iveco in Eastern Europe.

19. Current securities

At 30 September 2008, Current securities include mainly short-term or marketable securities which represent temporary investments readily convertible into cash, but which do not satisfy the requirements for being classified as cash equivalents.

20. Other financial assets and Other financial liabilities

These items include, respectively, the positive and the negative measurement at fair value of derivative financial instruments at 30 September 2008.

In particular, the overall change in other financial assets (from 703 million euros at 31 December 2007 to 461 million euros at 30 September 2008), and the increase in other financial liabilities (from 188 million euros at 31 December 2007 to 385 million euros at 30 September 2008), is mainly due to the changes in exchange rates and interest rates over the period, as well as to the change in fair value relating to the equity swap on Fiat S.p.A. ordinary shares (164 million euros at 30 September 2008).

As this item consists principally of hedging instruments, the change in their value is compensated by the change in the value of the hedged item.

21. Cash and cash equivalents

Cash and cash equivalents include cash at bank, units in liquidity funds and other money market securities that are readily convertible into cash and are subject to an insignificant risk of changes in value.

At 30 September 2008, this item includes approximately 455 million euros (530 million euros at 31 December 2007) of cash whose use is restricted to the repayment of the debt related to securitisations mainly classified in the item Asset-backed financing.

22. Assets and liabilities held for sale

At 30 September 2008 Assets and liabilities held for sale consists mainly of certain properties and buildings held by Fiat Group Automobiles, Trucks and Commercial Vehicles and Comau.

At 31 December 2007 this item also included the assets and liabilities of certain business of the Comau Sector and CNH, which have been reclassified to their ordinary lines during the first nine months of 2008.

The items included in Assets held for sale and Liabilities held for sale may be summarised as follows:

(in millions of euros)	At 30 September 2008	At 31 December 2007
Property, plant and equipment	**34**	60
Investments and other financial assets	**4**	4
Inventories	**-**	6
Trade receivables	**-**	7
Other receivables, Accrued income and prepaid expenses	**-**	4
Cash and cash equivalents	**-**	2
Total Assets	**-**	**83**
Employee benefits	**-**	6
Other provisions	**-**	9
Trade payables	**38**	7
Other payables, Accrued expenses and deferred income	**-**	13
Total Liabilities	**-**	**35**

23. Stockholders' equity

Stockholders’ equity has increased by 722 million euros over that at 31 December 2007, due the net income for the period of 1,541 million euros, foreign exchange gains of 111 million euros arising from the translation into euros of the financial statements of subsidiaries denominated in other currencies, 545 million euros from dividends distributed, and 238 million euros from the treasury stock buy-back (net of sales for the exercise of stock options).

A total of 16.8 million ordinary shares (for 239 million euros) was purchased between the beginning of the period and 30 September 2008 under the treasury stock buy-back programme (the “Programme”) announced by the Board of Directors under the authorisation granted by Stockholders on in General Meeting on 5 April 2007 and renewed in their General Meeting on 31 March 2008. The Stockholders’ authorisation will be effective for 18 months from 31 March 2008. The buy-back, aimed at servicing stock option plans and the investment of liquidity, refers to a maximum number of treasury shares from the three classes of stock which shall not exceed 10% of the capital stock and a maximum aggregate amount of 1.8 billion euros. Under the Programme (which is renewable), the purchases will be carried out on the regulated market as follows:

- the Programme will end on 30 September 2009, or once the maximum purchase value of euro 1.8 billion (including euro 0.6 billion related to Fiat shares already held by the Company) or a number of shares equivalent to 10% of share capital is reached;
- maximum purchase price not exceeding 10% of the reference price reported on the Stock Exchange on the day before the purchase is made;
- the maximum number of shares purchased daily not exceeding 20% of the total daily trading volume for each class of shares.

Treasury shares of 657 million euros were outstanding at 30 September 2008 (419 million euros at 31 December 2007).

At 30 September 2008, the total number of ordinary shares purchased from the beginning of the programme amounted to 37.27 million, for a total invested amount of 664.6 million euros.

Capital stock, fully paid-in, amounts to 6,377 million euros at 30 September 2008 and consists of 1,275,452,595 shares as follows:

- 1,092,247,485 ordinary shares;
- 103,292,310 preference shares;
- 79,912,800 savings shares;

All with a par value of 5 euros each.

For more complete information on the capital stock of Fiat S.p.A., reference should be made to Note 25 of the Consolidated Financial Statements at 31 December 2007.

Consolidated gains (losses) recognised directly in equity are as follows:

(in millions of euros)	**At 30 September 2008**	At 31 December 2007
Gains (losses) recognised directly in the cash flow hedge reserve	**(16)**	151
Gains (losses) recognised directly in the available-for-sale reserve	**4**	15
Gains (losses) on translation differences	**307**	196
Total Gains (losses) recognised directly in equity	**295**	362

The decrease in gains recognised directly in the available-for-sale reserve is due to a decline in the fair value of the assets to which it relates.

24. Provisions

(in millions of euros)		**At 30 September 2008**		At 31 December 2007
Employee benefits		**3,502**		3,597
Other provisions:				
- Warranty provision	**1,412**		1,334	
- Restructuring provision	**186**		308	
- Investment provision	**66**		90	
- Other risks	**3,189**		3,233	
Total Other provisions		**4,853**		4,965
Total Provisions		**8,355**		8,562

Provisions for Employee benefits include provisions for both pension plans and other post employment benefits.

Reserves for risks and charges and other reserves amount to 3,189 million euros at 30 September 2008 (3,233 million euros at 31 December 2007) and include provisions for contractual, commercial and legal risks.

25. Debt

(in millions of euros)		At 30 September 2008		At 31 December 2007
Asset-backed financing		**6,119**		6,820
Other debt:				
Bonds	**7,016**		7,066	
Borrowings from banks	**4,164**		2,722	
Payables represented by securities	**213**		163	
Other	**1,295**		1,180	
Total Other debt		**12,688**		11,131
Total Debt		**18,807**		**17,951**

At 30 September 2008 Debt decreased by 856 million euros, mainly due to an increase of 1,557 million euros due to a rise in borrowings from banks and other debt, partially offset by a decrease in Asset-backed financing given on the sale of receivables (701 million euros).

Repayments of bonds during the first nine months of 2008 totalled 83 million euros.

The principal bond issues outstanding at 30 September 2008 are as follows:

	Currency	Face value of outstanding bonds (in millions)	Coupon	Maturity	Outstanding amount (in millions of euros)
Global Medium Term Notes:					
Fiat Finance and Trade Ltd S.A.(1)	EUR	1,000	6.25%	24 February 2010	1,000
Fiat Finance and Trade Ltd S.A.(1)	EUR	1,300	6.75%	25 May 2011	1,300
Fiat Finance and Trade Ltd S.A.(1)	EUR	494	(2)	(2)	494
Fiat Finance and Trade Ltd S.A.(4)	EUR	1,000	5.625%	15 November 2011	1,000
Fiat Finance North America Inc. (4)	EUR	1,000	5.625%	12 June 2017	1,000
Others (3)		166			166
Total Global Medium Term Notes					**4,960**
Other bonds:					
Case New Holland Inc.	USD	500	6.00%	1 June 2009	350
Fiat Finance and Trade Ltd S.A. (4)	EUR	1,000	6.625%	15 February 2013	1,000
Case New Holland Inc.	USD	500	7.125%	1 March 2014	350
CNH America LLC	USD	254	7.25%	15 January 2016	178
Total Other bonds					**1,878**
Hedging effect and amortised cost valuation					**178**
Total Bonds					**7,016**

(1) Bonds listed on the Mercato Obbligazionario Telematico of the Italian stock exchange (EuroMot). In addition, the majority of the bonds issued by the Fiat Group are also listed on the Luxembourg stock exchange.

(2) "Fiat Step-Up Amortizing 2001-2011" bonds repayable at face value in five equal annual instalments each for 20% of the total issued (617 million euros) due beginning from the sixth year (7 November 2007) by reducing the face value of each bond outstanding by one-fifth. The last instalment will be repaid on 7 November 2011. The bonds pay coupon interest equal to: 4.40% in the first year (7 November 2002), 4.60% in the second year (7 November 2003), 4.80% in the third year (7 November 2004), 5.00% in the fourth year (7 November 2005), 5.20% in the fifth year (7 November 2006), 5.40% in the sixth year (7 November 2007), 5.90% in the seventh year (7 November 2008), 6.40% in the eighth year (7 November 2009), 6.90% in the ninth year (7 November 2010), 7.40% in the tenth year (7 November 2011).

(3) Bonds with amounts outstanding equal to or less than the equivalent of 50 million euros.

(4) Bond listed on the Irish Stock Exchange.

Further information about these bonds is included in Note 28 to the Consolidated Financial Statements at 31 December 2007. The prospectuses, the offering circulars or their abstracts relating to the aforementioned principal bond issues are available on the Group's website at www.fiatgroup.com under "Investor Relations – Financial Reports".

The Fiat Group intends to repay the issued bonds in cash at maturity by utilizing available liquid resources.

At 30 September 2008, the Fiat Group also had unused committed credit lines of approximately 2 billion euros.

In addition, the companies in the Fiat Group may from time to time buy back bonds on the market that have been issued by the Group, also for purposes of their cancellation. Such buybacks, if made, depend upon market conditions, the financial situation of the Group and other factors which could affect such decisions.

Finally, financial payables secured with mortgages and other liens on assets of the Group amount to 378 million euros at 30 September 2008 (357 million euros at 31 December 2007); this amount includes balances of 264 million euros (228 million euros at 31 December 2007) due to creditors for assets acquired under finance leases.

26. Trade payables

Trade payables of 14,261 million euros at 30 September 2008, decreased by 464 million euros from the amount at 31 December 2007.

27. Other payables

At 30 September 2008 Other payables include 2,671 million euros of amounts payable to customers related to buy-back agreements (2,513 million euros at 31 December 2007).

28. Accrued expenses and deferred income

The item Accrued liabilities and deferred income includes public investment grants recognised as income over the useful lives of the assets to which they relate. Furthermore, the item comprises deferred income relating to service contracts, as well as accrued liabilities for costs that will be settled in the following periods.

29. Guarantees granted, commitments and other contingent liabilities

Guarantees granted

At 30 September 2008, the Group has provided guarantees on the debt or commitments of third parties or jointly controlled and associated entities totalling 555 million euros, which has fallen from the amount of 725 million euros at 31 December 2007 following the repayment of certain guaranteed loans by joint venture companies.

Other commitments and significant contractual rights

The Fiat Group has significant commitments and rights deriving from existing contractual agreements. These commitments and rights are described in Note 32 of the Consolidated Financial Statements at 31 December 2007 which provides further information on Fiat's relationship with Renault in connection to the latter's investment in Teksid S.p.A., in relation to which there were no changes during the first nine months of 2008. With reference to Fiat's relationship with the Arab fund Mubadala Development Company, however, in connection to the latter's holding in Ferrari S.p.A., on 24 July 2008 the expiry date of the call option held by Mubadala Development Company PJSC on 5% of Ferrari S.p.A.'s share capital was extended. This option is now exercisable between 1 January and 31 July 2010 at a price of 302.07 euros per share (for a total of 122.4 million euros) less any dividends which may be distributed.

Lawsuits and controversies

The Parent Company and certain subsidiaries are party to various lawsuits and controversies. Nevertheless, it is believed that the resolution of these controversies will not cause significant liabilities for which specific risk provisions have not already been set aside.

Sales of receivables

The Group has discounted receivables and bills without recourse having due dates beyond 30 September 2008 amounting to 6,329 million euros (7,044 million euros at 31 December 2007, with due dates beyond that date), which refer to trade receivables and other receivables for 4,574 million euros (5,524 million euros at 31 December 2007) and receivables from financing for 1,755 million euros (1,520 million euros at 31 December 2007). The amount includes receivables, mostly due from the sales network, of 3,362 million euros (3,817 million euros at 31 December 2007) sold to jointly-controlled financial services companies (FAFS) and of 822 million euros (869 million euros at 31 December 2007) sold to associate financial services companies (Iveco Financial Services, controlled by Barclays).

30. Income statement by business sector

(in millions of euros)	Fiat Group Automobiles	Maserati	Ferrari	CNH	Iveco	FPT	Magneti Marelli	Teksid	Comau	Itedi	Other and elimina-tions	FIAT Group
3d Quarter 2008												
Total net revenues	6,636	198	450	3,109	2,419	1,612	1,353	220	309	69	(2,079)	14,296
Net revenues intersegment (*)	(68)	(29)	(22)	-	(33)	(1,284)	(561)	(68)	(97)	(2)	2,164	-
Net revenues from third parties	**6,568**	**169**	**428**	**3,109**	**2,386**	**328**	**792**	**152**	**212**	**67**	**85**	14,296
Trading profit	**190**	**9**	**79**	**284**	**181**	**21**	**48**	**10**	**10**	**(7)**	**(23)**	802
Unusual income (expenses)	-	-	2	4	(5)	-	(1)	-	-	1	(1)	-
Operating result	**190**	**9**	**81**	**288**	**176**	**21**	**47**	**10**	**10**	**(6)**	**(24)**	802
Financial income (expenses)												(161)
Result from investments												34
Result before taxes												675
Income taxes												207
Result from continuing operations												468

(in millions of euros)	Fiat Group Automobiles	Maserati	Ferrari	CNH	Iveco	FPT	Magneti Marelli	Teksid	Comau	Itedi	Other and elimina-tions	FIAT Group
3d Quarter 2007												
Total net revenues	6,510	141	368	2,823	2,580	1,629	1,183	164	256	79	(1,875)	13,858
Net revenues intersegment (*)	(77)	(2)	(16)	(1)	(16)	(1,264)	(428)	(45)	(87)	(1)	1,937	-
Net revenues from third parties	**6,433**	**139**	**352**	**2,822**	**2,564**	**365**	**755**	**119**	**169**	**78**	**62**	13,858
Trading profit	**185**	**6**	**56**	**225**	**190**	**63**	**44**	**13**	**1**	**(2)**	**(36)**	745
Unusual income (expenses)	(87)	-	-	(23)	(4)	(14)	-	-	7	(1)	122	-
Operating result	**98**	**6**	**56**	**202**	**186**	**49**	**44**	**13**	**8**	**(3)**	**86**	745
Financial income (expenses)												(163)
Result from investments												40
Result before taxes												622
Income taxes												168
Result from continuing operations												454

(*) Intersegment net sales and revenues include revenues between consolidated Group companies relating to different Sectors. Intersegment sales are accounted for at transfer prices that are substantially in line with market.

(in millions of euros)	Fiat Group Automobiles	Maserati	Ferrari	CNH	Iveco	FPT	Magneti Marelli	Teksid	Comau	Itedi	Other and elimina-tions	FIAT Group
1/1-30/9/2008												
Total net revenues	21,235	596	1,419	9,686	8,434	5,705	4,301	682	820	245	(6,835)	46,288
Net revenues intersegment (*)	(204)	(74)	(68)	(6)	(92)	(4,475)	(1,707)	(236)	(280)	(5)	7,147	-
Net revenues from third parties	**21,031**	**522**	**1,351**	**9,680**	**8,342**	**1,230**	**2,594**	**446**	**540**	**240**	**312**	46,288
Trading profit	**626**	**31**	**243**	**881**	**651**	**155**	**165**	**38**	**12**	**(4)**	**(99)**	2,699
Unusual income (expenses)	(6)	-	2	28	(4)	1	(1)	5	-	1	(9)	17
Operating result	**620**	**31**	**245**	**909**	**647**	**156**	**164**	**43**	**12**	**(3)**	**(108)**	2,716
Financial income (expenses)												(602)
Result from investments												152
Result before taxes												2,266
Income taxes												725
Result from continuing operations												1,541

(in millions of euros)	Fiat Group Automobiles	Maserati	Ferrari	CNH	Iveco	FPT	Magneti Marelli	Teksid	Comau	Itedi	Other and elimina-tions	FIAT Group
1/1-30/9/2007												
Total net revenues	19,594	485	1,172	8,783	7,928	5,180	3,685	555	792	284	(5,745)	42,713
Net revenues intersegment (*)	(202)	(10)	(60)	(2)	(64)	(3,926)	(1,331)	(160)	(243)	(5)	6,003	-
Net revenues from third parties	**19,392**	**475**	**1,112**	**8,781**	**7,864**	**1,254**	**2,354**	**395**	**549**	**279**	**258**	42,713
Trading profit	**570**	**6**	**157**	**762**	**564**	**184**	**145**	**45**	**(24)**	**4**	**(127)**	2,286
Unusual income (expenses)	(117)	-	-	(23)	(4)	(14)	-	(3)	(10)	(1)	172	-
Operating result	**453**	**6**	**157**	**739**	**560**	**170**	**145**	**42**	**(34)**	**3**	**45**	2,286
Financial income (expenses)												(331)
Result from investments												116
Result before taxes												2,071
Income taxes												614
Result from continuing operations												1,457

(*) Intersegment net sales and revenues include revenues between consolidated Group companies relating to different Sectors. Intersegment sales are accounted for at transfer prices that are substantially in line with market.

31. Translation of financial statements denominated in a currency other than the euros

The principal exchange rates used to translate into euros the financial statements prepared in currencies other than the euros were as follows:

	1/1-30/9/2008		At 31 December 2007	1/1-30/9/2007	
	Average	At September 30		Average	At September 30
US dollar	**1.522**	**1.430**	1.472	**1.344**	**1.418**
Pound sterling	**0.782**	**0.790**	0.733	**0.676**	**0.697**
Swiss franc	**1.608**	**1.577**	1.655	**1.637**	**1.660**
Polish zloty	**3.428**	**3.397**	3.594	**3.826**	**3.773**
Brazilian real	**2.562**	**2.753**	2.607	**2.690**	**2.607**
Argentine peso	**4.770**	**4.460**	4.667	**4.212**	**4.530**

32. Other information

During the first nine months of 2008, the Group had an average number of employees of 197,303, compared to an average of 177,592 during the first nine months of 2007.

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The managers responsible for preparing the company's financial reports, Alessandro Baldi and Maurizio Francescatti, declare, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance that the accounting information contained in this document corresponds to the results documented in the books, accounting and other records of the company.

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