



## **Disclosure Document for amendments to the 2009-2010 Plan**

**Resolution approved by the Board of Directors on 16 February 2010  
and by Shareholders at the Annual General Meeting on 26 March 2010**

## **Foreword**

Pursuant to Article 114-*bis* of Legislative Decree 58/98, we are submitting the motions approved by the Board of Directors on 16 February 2010 to Shareholders for approval.

Specifically, these motions relate to the adoption of amendments to the 2009-2010 Plan (approved by Shareholders at the General Meeting held on 27 March 2009) aimed at enhancing the incentivization and retention value of the Plan, thereby providing the Group with an instrument that is more closely aligned to the current competitive environment in the automotive sector globally and to the specific needs of the Group. Those amendments, if approved, will result in, among other things, the 2009-2010 Plan being extended to 2011 and renamed the 2009-2011 Plan.

The Plan takes the form of stock grants and entitles beneficiaries to receive, under specific conditions, a number of Fiat ordinary shares equivalent to the number of rights granted. At inception, the Plan provided for the allocation of a maximum of 8 million rights – subject to the achievement of pre-established performance objectives and continuation of a professional relationship with the Group - of which 2 million have already been allocated to the Chief Executive Officer of Fiat S.p.A., Sergio Marchionne, and a maximum of 6 million rights were for allocation to other Group executives.

This report was prepared in conformity with the instructions for disclosure provided as a schedule to the Issuer Regulations issued by Consob.

## **Beneficiaries**

No change relating to beneficiaries is being proposed.

The beneficiaries of the 2009-2011 Plan will be the Chief Executive Officer of Fiat S.p.A., Sergio Marchionne, and a maximum of three hundred Group executives holding key positions which have a significant impact on business results. Executives will be selected by the Chief Executive Officer of Fiat S.p.A. from among employees of the Company and/or its subsidiaries, consistent with the organisational criteria adopted in the past, and in particular for the 2006 and 2008 plans.

## **Reasons for amendments to the 2009-2010 Plan**

In general, incentive plans based on financial instruments enable incentivization of individuals in key positions toward the achievement of Company and Group profit targets, correlating that incentivization to the medium- to long-term value created for shareholders.

The level of commitment is strengthened when vesting of rights is subject to the achievement of specific performance targets over a predetermined reference period.

At the same time, motivating management by granting instruments that are representative of the Company's value contributes to the alignment of the interests of management with those of shareholders, promoting a sense of identification with the Group and significantly enhancing retention as a result.

Retention is also sought through the use of incentives which are subject to continuation of a professional relationship with the Group.

With these objectives, the Board of Directors, supported by the Compensation Committee, constantly monitors the effectiveness of existing incentive schemes in relation to the global market and, in particular, the industries in which the Group operates.

The importance of management and the stability of that management in a period of significant volatility has been a key factor in the success of the Group since 2004 and will have increasing importance in the future. Having effective tools for incentivization and retention, therefore, is an essential competitive factor.

For the reasons stated above and at the proposal of the Compensation Committee, the Board determined that it is significantly in the Company's and Group's interests to increase the incentivization and retention capability of the 2009-2010 Plan through the adoption of amendments consisting of the introduction of a retention-only component, with an increase in the number of rights available for allocation, and extension of its duration. The latter amendment will enable, even in consideration of the effects already realised to date, extension of the effectiveness of the Plan to the date of approval of the 2011 consolidated financial statements and, consequently, to correlate it to objectives which provide greater incentivization and are more closely aligned to the future state of the global economy.

The proposed Plan is in line with latest international best practice and would take the form of stock grants which are based, for the portion whose vesting is subject to the achievement of performance objectives, on performance measurement tools that are consistent with current market conditions and linked to key performance indicators for the Group.

Tax effects of the Plan benefits are the responsibility of the beneficiaries.

Given its characteristics, no special funds would support the Plan.

### **Procedure for approval of amendments to the 2009-2010 Plan**

Amendments to the 2009-2010 Plan were drafted by the Compensation Committee, composed of the independent directors R. Berger (Committee Chairman), L. Garavoglia and M. Zibetti, which examined the matter during its meeting on 16 February 2010.

On the same date, the Board of Directors, with Sergio Marchionne abstaining, voted to approve the Compensation Committee's proposal and to submit the proposed amendments to the Plan to Shareholders for approval, pursuant to Article 114-*bis* of Legislative Decree 58/98.

Based on the original conditions of the Plan, as approved by Shareholders on 27 March 2009, Mr. Marchionne was allocated 2 million rights that - subject to the achievement of pre-established performance targets for 2009 and 2010 and his remaining in office until approval of the 2010 consolidated financial statements by the Board of Directors - would have entitled the beneficiary to receive an equivalent number of Fiat ordinary shares.

The rights were to be vested in a single tranche upon approval of the 2010 consolidated financial statements by the Board of Directors and the number of shares assigned was to be equivalent to 25% of the rights assigned if the 2009 targets only were reached and 100% of the rights assigned if the 2010 targets were reached.

As the 2009 Group profit targets were met, in accordance with the original conditions of the 2009-2010 Plan, Mr. Marchionne has acquired the right to receive, subject to his remaining in office until approval of the Group's 2010 consolidated financial statements, 500,000 Fiat ordinary shares.

In addition, the 2009-2010 Plan also provided for allocation, in one or more tranches, of a maximum 6 million additional rights corresponding to an equivalent number of Fiat ordinary shares to a maximum of 300 executives in key positions that have a significant impact on business results, to be selected by the Chief Executive Officer of Fiat S.p.A., consistent with the organisational criteria adopted for the 2006 and 2008 plans. That part of the Plan has not been executed.

The proposed amendments, which would become effective upon approval by Shareholders, consist firstly in the introduction of a retention-only component of 4 million additional rights whose vesting is subject solely to continuation of a professional relationship with the Group at the date of approval of the 2011 consolidated financial statements. Of those rights, 2 million are for the Chief Executive Officer and a maximum of 2 million for other Group executives.

Consequently, the total number of rights available for allocation under the Plan (8 million at the inception of the Plan, of which 2 million for the Chief Executive Officer of Fiat S.p.A. and a maximum of 6 million for allocation to other Group executives) would increase to 12 million, of which 4 million for the Chief Executive Officer of Fiat S.p.A. and a maximum of 8 million for other Group executives.

In addition, it is proposed that the Plan be extended to 2011 and that vesting of the 8 million rights, of which 2 million are for Sergio Marchionne and a maximum of 6 million for other Group executives, be subject to both continuation of a professional relationship with the Group until the date of approval of the 2011 consolidated financial statements and achievement of Group performance targets. In particular, the 2 million rights already allocated to the Chief Executive Officer of Fiat S.p.A. include 500,000 rights related to 2009 performance objectives that have been met - and are therefore subject solely to his remaining in office - and 1.5 million rights which we propose be subject, together with the maximum 6 million rights to be allocated to other Group executives, to achievement of 2010 and 2011 performance objectives, rather than the previous reference period of 2009 and 2010, thereby extending the incentivization and retention effects of the Plan.

The other conditions of the Plan remain unchanged and, specifically, the right of the Company to substitute, in whole or in part, Fiat ordinary shares granted to plan beneficiaries with a cash payment calculated on the basis of the Official Price of those shares published by Borsa Italiana on the date of approval of the 2011 consolidated financial statements, the discretion of the Chief Executive Officer to determine, on one or more occasions, the number of rights to be granted to each executive, as well as to reassess any rights forfeited due to termination of the employment relationship.

The Official Price published by Borsa Italiana for Fiat ordinary shares on 16 February 2010 was €7.79 per share.

Should Shareholders approve these proposals, the grant to the Chief Executive Officer of Fiat S.p.A. would have immediate effect while, as required by law, information on the beneficiaries and actual number of financial instruments granted in relation to the 2009-2011 Plan for Group executives will be communicated to the market on the grant date.

As with all existing incentive plans, the Plan will continue to be administered by the Board of Directors of Fiat S.p.A., which has the power to modify the terms, conditions and targets at any time, including as a consequence of extraordinary transactions or significant events.

### **Characteristics of the financial instruments**

The 2009-2011 Plan is based on the granting of rights under which beneficiaries would receive an aggregate maximum of 12 million Fiat ordinary shares, 4 million of which are for the Chief Executive Officer, Sergio Marchionne, and a maximum of 8 million shares would be available for allocation to executives in key positions that have a significant impact on business results.

The rights would be vested in a single tranche upon approval of the 2011 consolidated financial statements by the Board of Directors. On that date, shares relating to the rights which vest on a retention-only basis as well as those subject to the

achievement of performance objectives will be granted. With particular reference to the latter, shares corresponding to 25% of the rights allocated will be granted if the 2010 performance targets are reached and 100% if the 2011 performance targets are reached. As already specified, the Company shall retain the right to substitute those shares, in whole or in part, with a cash payment calculated on the basis of the Official Price of those shares published by Borsa Italiana on that date. Specific rules apply to certain cases of early termination of the relationship, such as, for example, a change of employer within the Group, retirement or death of the beneficiary.

Rights relating to the Plan are granted to the beneficiary only and are non-transferable, except by inheritance, while the ordinary shares received will not be subject to any restrictions other than legal restrictions relating to the use of privileged information. As such, the Board of Directors may set restrictions for periods immediately prior to key dates in the corporate calendar.

The Plan is to be serviced through shares bought on the market rather than through the issue of new shares and, therefore, would have no dilutive effects. The Company currently holds sufficient own shares to fully service existing incentive plans, as well as the Plan hereby submitted for approval.

On February 16th, the preliminary estimate of the annual non-cash cost of the proposed amendments to the 2009-2010 Plan was €15.6 million for the approximately 2 years of the Plan remaining. Those costs will be recalculated on the date that the proposals, if approved by Shareholders, become effective, on the basis of the price of Fiat ordinary shares and the stated vesting conditions. For the portion of the Plan relating to the Chief Executive Officer, that date shall be the date approval is given by Shareholders. For the granting of the maximum 8 million rights on Fiat ordinary shares to other executives, that date shall be the effective grant date. For accounting purposes, the cost calculated on the grant date is recognised on a pro rata basis over the vesting period as the vesting conditions are met.

In addition to the amendments to the 2009-2010 Plan that are being submitted for approval, the Company has other incentive plans in place for directors and executives, established in 2002 and subsequent years, with a total of 27,752,780 options outstanding at 16 February 2010, of which 845,000 are exercisable. A total of 6.5 million options will be serviced through the issue of new shares and the remainder through shares purchased on the market. A total of approximately 21.2 million shares will be required to service the 2009-2011 Plan and other plans currently in place - excluding the portion of the 2006 Plan to be serviced through the issue of new shares. This amount is fully covered by the 38.6 million own shares currently held. Detailed information on those plans is provided in disclosure documents issued in 2007, 2008 and 2009 available in the Corporate Governance section of the Group website ([www.fiatgroup.com](http://www.fiatgroup.com)) under Fees and Interests Held, as well as in the Report on Operations and Notes to the statutory and consolidated financial statements at 31 December 2009, pursuant to regulatory requirements and the International Financial Reporting Standards, respectively.

## SHARE-BASED PAYMENT PLANS

**Table 1 of Schedule 7, Annex 3A of Regulation no. 11971/1999**

Date: 16-02-2010

Name or category	Position (required only for individuals named)	<b>BOX 1</b>						
		Financial instruments other than options (e.g. stock grants)						
		<b>Section 1</b>						
		Instruments granted under current plans that were authorised by previous resolutions						
		Date of Shareholder resolution	Description of instrument	Number of instruments granted by competent body	Date of grant by competent body	Purchase price (if applicable)	Market price on grant date  Source: Borsa Italiana	Expiry of selling restriction
Sergio Marchionne	Chief Executive Officer Fiat S.p.A.	27 March 2009	rights to receive Fiat ordinary shares subject to performance targets and remaining in office	2,000,000	27 March 2009	–	5.26	–
Relevant Executives and Executives		27 March 2009	rights to receive Fiat ordinary shares subject to performance targets and continuation of professional relationship	6,000,000*	N.A.	–	N.A.	–

\* instruments authorised by Shareholders on 27 March 2009 and currently unallocated

Date: 16-02-2010

Name or category	Position (required only for individuals named)	<b>BOX 1</b>						
		Financial instruments other than options (e.g. <i>stock grant</i> )						
		<b>Section 2</b> Newly granted instruments based on decision of: <input checked="" type="checkbox"/> Board of Directors for proposal to Shareholders <input type="checkbox"/> competent body in implementation of Shareholder resolution						
Date of Shareholder resolution	Description of instrument	Number of financial instruments by individual or category granted by BoD or other competent body	Date of grant by Board of Directors or other competent body	Purchase price (if applicable)	Market price on grant date	Expiry of selling restriction		
Sergio Marchionne	Chief Executive Officer Fiat S.p.A.	–	rights to receive Fiat ordinary shares subject to remaining in office	2,000,000	–	–	7.79*  Source: Borsa Italiana	–
Relevant Executives and Executives		–	rights to receive Fiat ordinary shares subject to continuation of professional relationship	2,000,000	–	–	7.79*	–

\* Official price reported on the Stock Exchange on 16 February 2010, the date on which the Board of Directors approved the motion to be submitted to Shareholders

Date: 16-02-2010

Name or category	Position (required only for individuals named)	<b>BOX 2</b>							
		Options ( <i>option grant</i> )							
		<b>Section 1</b>							
		Options granted under current plans that were authorised by previous resolutions							
		Date of Shareholder resolution	Description of instrument	Number of financial instruments underlying options granted but not yet exercisable	Number of financial instruments underlying options exercisable but not exercised	Date of grant by Board of Directors or other competent body	Exercise price	Market price of underlying instrument on grant date  Source: Borsa Italiana	Option expiry date
Sergio Marchionne	Chief Executive Officer Fiat S.p.A.	5 April 2007	options on Fiat ordinary shares with physical delivery	5,000,000	–	3 November 2006	13.37	14.349	3 November 2014
		5 April 2007	options on Fiat ordinary shares with physical delivery	3,750,000	–	3 November 2006	13.37	14.349	3 November 2014
		–	options on Fiat ordinary shares with physical delivery	10,670,000	–	26 July 2004	6.583	6.441	1 January 2016*
Relevant Executives		5 April 2007	options on Fiat ordinary shares with physical delivery	2,040,000	–	3 November 2006	13.37	14.349	3 November 2014
		–	options on Fiat ordinary shares with physical delivery	–	65,000	12 September 2002	10.397	10.6481	12 September 2010
Executives		5 April 2007	options on Fiat ordinary shares with physical delivery	4,491,250	–	3 November 2006	13.37	14.349	3 November 2014
		–	options on Fiat ordinary shares with physical delivery	–	780,000	12 September 2002	10.397	10.6481	12 September 2010
		31 March 2008	options on Fiat ordinary shares with physical delivery	956,530	–	BoD 23 July 2008 Comp. Cttee 22 July 2008	10.24	11.429	3 November 2014

\* Amendment approved by Shareholders at the General Meeting held on 27 March 2009