



FIAT BOARD APPROVES THE DEMERGER OF ITS CAPITAL GOODS BUSINESSES

On April 21 2010 Fiat S.p.A announced its intention to separate its capital goods businesses by way of a demerger.

Today its Board of Directors approved a partial and proportional demerger pursuant to art. 2506 and ff. of the Italian Civil Code whereby Fiat S.p.A. intends to transfer to a newly incorporated company, Fiat Industrial S.p.A. certain assets (mainly shareholdings) in the truck, industrial & marine powertrain, agricultural and construction equipment businesses, as well as liabilities (financial debt). As a result of the Demerger, such businesses will be separated from the car business and relating components, which include Fiat Group Automobiles, Ferrari, Maserati, Magneti Marelli, Teksid, Comau and FPT Powertrain Technologies (passenger & commercial vehicles powertrain business).

As of the Demerger date - expected to be January 1, 2011 - shares of Fiat Industrial will be assigned to Fiat shareholders on a one to one ratio.

After the Demerger Fiat and Fiat Industrial will be separately listed on the Milan Stock Exchange and will operate as independent separately listed companies with their own management teams and boards of directors.

The Demerger will provide strategic and financial clarity to both businesses and enable them to strategically develop independently of each other. Additionally, the Board believes that the transaction would allow for the proper valuation in the capital markets of these two businesses.

The Demerger will be fully proportional (*i.e.*, each shareholder will receive a number of shares of the same class equal to the number of shares of such class held in Fiat at the completion date of the Demerger) and therefore as of the Demerger date the shareholders of Fiat Industrial will be the same shareholders of Fiat.

As a result of the Demerger the Total Equity of Fiat will be reduced by euro 3,750,346,053; such reduction (achieved through a correspondent reduction of the share capital and the other reserves) will not cause the cancellation of any shares but will result in a proportional decrease of the nominal value of each class of shares that, after the Demerger date, will be equal to euro 3.50.

Consequently, the share capital of Fiat Industrial will be increased by euro 1,913,178,892 and euro 1,837,167,161 will be attributed through the other reserves.



The number and classes of shares – and their rights - of Fiat Industrial will mirror exactly the number and classes and rights of shares of Fiat S.p.A. The nominal value of each class of shares of Fiat Industrial will be euro 1.50.

These new provisions will become effective as of the Demerger Date and therefore will not apply with respect to 2010 financial statements.

As Fiat owns treasury shares representing approximately 3% of Fiat capital stock and such shares will not be transferred to Fiat Industrial, after the Demerger Fiat will also hold approximately 3% of Fiat Industrial capital stock.

No material amendments will be made to Fiat existing incentive plans, except for any reference or entitlement to purchase or be granted Fiat S.p.A. shares which as a result of the demerger, will be changed to a combination of Fiat and Fiat Industrial shares; such plans will be serviced through treasury shares and shares of Fiat Industrial received pursuant to the Demerger.

Completion of the Demerger is subject to shareholders approval and other regulatory approvals (Consob and Italian Stock Exchange). The Board of Directors has authorized the Chairman and the CEO of Fiat to call the ordinary and extraordinary shareholders meeting to approve the Demerger and some amendments to the current by-laws that either arise from the Demerger (including the reduction of the aggregate amount currently available for the purchase of treasury shares) or are required by recently enacted corporate law regulations. Considering Fiat's shareholders base, it is expected that such shareholders' meeting will be duly convened with a full quorum on September 16, 2010.

The Demerger will be made at book value and will therefore have no effect on the consolidated results of the Group or on the statutory result of Fiat S.p.A. for the year ended December 31, 2010.

No shareholder withdrawal rights will be triggered as a result of the Demerger.

The Demerger Plan, the Board of Directors' Report and the Information Document will be made available publicly at the Company's headquarters and at the office of the Italian Stock Exchange S.p.A., as well as through publication on the website www.fiatgroup.com.

Finally, Fiat Industrial Group received a highly confident letter jointly signed by Barclays Capital, BNP Paribas, Citi, Crédit Agricole Corporate and Investment Bank, IntesaSanpaolo S.p.A., Société Générale Corporate & Investment Banking, The Royal Bank of Scotland plc, and Unicredit Corporate Banking S.p.A. for a new facility



of up to euro 4 bn. (to be available as a combined of a revolving credit facility and a term loan) which is expected to be finalized before the Demerger date.

Such facility will serve for general corporate purposes and working capital needs including the repayment after the Demerger date by Fiat Industrial of intercompany financing provided by Fiat up to and including the Demerger date.

Fiat Industrial currently is a wholly owned subsidiary of Fiat and, therefore, is a related party vis-à-vis Fiat within the meaning of Section 2, para. 1, lett. h) of Consob Regulation n. 11971/1999. If and to the extent required, the contents of the Information Document which will be published before the shareholders meeting called to approve the Merger shall be consistent with the contents required pursuant to Annex 3B, Scheme 4 of Consob Regulation n. 11971/1999.

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

Turin, 21 July 2010