



Disclosure Document relating to the 2008 Incentive Plan

Approved by the Board of Directors on 26 February 2008
and by Shareholders at the Annual General Meeting on 31 March 2008

Fiat S.p.A.
Registered Office: 250 via Nizza, Turin, ITALY
Share Capital: €6,377,262,975 (*fully paid in*)
Turin Companies Register/Tax Code: 00469580013

Foreword

On February 26, 2008 the Board of Directors resolved to submit to the approval of the General Shareholders Meeting an incentive plan that will give Fiat the flexibility to grant a maximum aggregate amount of 4 million financial instruments either in the form of stock options or of stock appreciation rights to be awarded periodically through the end of 2010. The plan is intended for executives in key positions who either are being recruited, promoted or were hired since the November 3, 2006 plan assignment or others who may warrant additional awards and is structured similarly to the 2006 plan in terms of performance criteria, vesting period and the period available for exercise.

This report has been prepared in accordance with the requirements for the information document contained in the schedule attached to the Issuer Regulations published by Consob, the Italian securities market regulator.

Grantees

Grantees of this plan are executives, identified by the Chief Executive Officer among employees of the Company or its subsidiaries, who hold or will hold key positions with a significant impact on business results, and who either are being recruited, promoted or were hired since the November 3, 2006 stock option plan assignment. In addition, the grantees may be executives who have taken on higher responsibilities since the November 2006 grant and others who may warrant a higher award.

Terms and conditions of the plan are the same for all grantees.

Members of the Board of Directors, including the Chief Executive, are excluded from this plan.

Reasons for the adoption of the Plan

The adoption of incentive plans based on the granting of financial instruments enables the Company to attract and retain executives that hold key positions in the business, while at the same time involving them in pursuing objectives relating to the Group's operating performance. These plans also give these individuals an economic incentive linked to increases in the value of the Group. The definition of incentive policies for key executives and related instruments are also a fundamental, sound element of corporate governance and company management in an increasingly competitive and mobile global labour market.

With this aim, the Board of Directors, consistent with the recommendations of the Compensation Committee and in view of current capital market conditions, considers it essential to strengthen retention of executives, while aligning their interests with those of stockholders in order to increase shareholder value in the medium and long-term through incentives that, being based on the granting of financial instruments reflecting the Company's market value, contribute to develop confidence in the growth of the Group's value and promote management's identification with the Group.

This plan is consistent with the objectives set for executives in the stock option plan of 3 November 2006 in terms of timescale, achievement of predetermined performance criteria, vesting period and exercise period. In both cases profitability objectives and the vesting and exercise periods are linked to the consolidated results targets set out in the Group's plan for the period 2007 – 2010 that was announced to the financial community during the Fiat Investors & Analysts Day held at the end of 2006.

The tax effects of the benefits of the plan will be borne by beneficiaries in accordance with the laws and regulations prevailing at the time in the jurisdictions where the executives reside.

Given its specific characteristics the incentive plan does not have support from specific funds.

Approval process and timetable for granting the instruments

On February 26, 2008 the Board of Directors, on the basis of the recommendation of the Compensation Committee that met the day before, resolved to submit for approval to the

Shareholders Meeting an incentive plan pursuant to Article 114 bis of Legislative Decree no. 58/98. The plan will give Fiat the flexibility to grant a maximum aggregate amount of 4 million financial instruments either in the form of stock options or of stock appreciation rights. The official price posted on the Italian Stock Exchange for Fiat ordinary shares was equal to 14.053 euros and 14.335 euros on February 25 and on February 26, 2008, respectively.

Following the approval at the Shareholders Meeting the Board of Directors will be able to grant the financial instruments referred to, in whole or in part and on one or more occasions, by selecting from time to time the form of stock options or stock appreciation rights which it considers to be the most appropriate. The plan is administered by Fiat S.p.A. in the person of the Chief Executive Officer, who within the limits of the overall amount, is entrusted with determining the number of instruments to be granted and selecting the beneficiaries and informing the Compensation Committee thereof. The strike price will be equal to the arithmetical average of the official prices posted on the Italian Stock Exchange in the thirty calendar days prior to the grant date.

Information on the implementation of the plan, in terms of types and quantity of financial instruments granted, vesting period and strike price will be communicated to the market on the grant date in compliance with applicable laws and regulations.

Terms and conditions of the financial instruments to be granted

The incentive plan will give Fiat the flexibility to grant a maximum aggregate amount of 4 million financial instruments either in the form of stock options or of stock appreciation rights to be awarded periodically through the end of 2010. The total number of 4 million financial instruments may therefore be reached through the grant of stock options or stock appreciation rights or of a number of both types of financial instruments such as not to exceed the maximum amount set.

Stock appreciation rights entitle beneficiaries compensation based on the increase in the company's ordinary stock price. Each stock appreciation right will give right to a compensation – to be settled in cash (also through the prior sale of ordinary shares) or in ordinary shares – equal to the difference between the company's ordinary stock official price posted on the Italian Stock Exchange on the exercise date and the strike price.

Stock options provide its beneficiaries with the right to purchase one Fiat ordinary share for each exercised option at a price equal to the strike price. The transaction is settled through physical delivery of the Fiat ordinary shares. The price must be paid in cash by the employee upon the purchase of the underlying shares.

The stock appreciation rights and the stock options will have a vesting period with equal annual quotas (pro rated if assigned during the year). The right of exercise will be subject to the achievement of annual performance criteria and to the permanence of an employment agreement with the Group until the date of approval of the 2010 Consolidated Financial Statements, excepting retirement. These financial instruments will be exercisable starting from 2011, on the date of approval of the Group consolidated financial statements for fiscal 2010, and will expire in November 2014. The strike price, for both types of financial instruments, will be equal to the arithmetical average of the official prices posted on the Italian Stock Exchange in the month preceding the grant date and can be modified, by the Board of Directors, as a result of transactions affecting the Company's capital stock through the use of the adjustment index determined by Aiaf. As an alternative and if it leads to the same final result the adjustment can be made to the number of financial instruments, leaving the strike price unaltered.

In the case of stock options or stock appreciation rights settled in ordinary shares, the plan will be serviced with treasury shares without the issuance of new shares and will not therefore have dilutive effects. Stock appreciation rights and stock options will be in the name of the owner and non-transferable, except situations involving the rights of succession, while the ordinary shares arising will not be liable to any restrictions other than those provided by laws

and regulations on the use of inside information. In this respect the Board of Directors may regulate the periods immediately prior to the company's main deadlines.

The costs of implementing the plan cannot at present be determined. Said costs, which will be calculated by using valuation models based on market parameters, will be a function of the number and type of instruments granted, the mentioned vesting conditions, the strike price and the price of Fiat ordinary shares. This calculation will be made at the grant date with the amount arising being accounted on a pro rated basis over the vesting period.

Finally, in addition to this incentive plan, other stock option plans have been granted to directors and executives. Such plans were approved by the Company starting from 1999 for a total of 34,382,000 options outstanding as of February 26, 2008, 3,919,500 of which are already exercisable. 10,000,000 of the options will be serviced with newly issued shares and the remainder with ordinary shares coming from purchases on the market. This latter amount is currently completely covered by shares owned by the Company. Detailed information on these plans is provided in the disclosure document issued in September 2007, which is available in the Investor Relations section of the website **www.fiatgroup.com**, in the Report on Operations and in the Notes to the Consolidated and Statutory Financial Statements, as prescribed by the relevant laws and regulations and International Financial Reporting Standards (IFRS), respectively.