



Fiat S.p.A. – Registered Office in Turin, via Nizza 250
Capital Stock 6,377,257,130 euros
Entered in the Turin Company Register
Fiscal Code 00469580013

Illustrative Report

This Illustrative Report has the aim of providing information regarding the exercise, by the Board of Directors of Fiat S.p.A., of the power granted to it pursuant to Article 2443 of the Italian Civil Code for the capital increase to service the incentive plan. The capital increase is reserved for employees of the Company and/or its subsidiaries, within a limit of 1% of the capital stock. This Report is made available according to law concurrently with the minutes of the resolution.

The Stockholders Meeting of May 3, 2006 had stated the importance of a greater involvement of executives who hold key positions in pursuing objectives relating to the Company's and Group's operating performance, in order to promote retention and align their interests with those of stockholders, and authorized an Incentive Plan with a maximum of 20 million underlying Fiat ordinary shares based on the issuance by leading financial institutions of financial instruments linked to Fiat shares.

In view of current capital market conditions and on the basis of the recommendation of the Nominating and Compensation Committee, it was decided to provide the Company with an incentive plan based on stock options, which will be submitted pursuant to Article 114 bis of the Consolidated Law on Financial Intermediation to the Stockholders Meeting of the Company that will be called to approve the 2006 Financial Statements. The Plan will have a duration of eight years, with a four years lock up period, and will be based on a maximum of 20 million underlying Fiat ordinary shares (50% representing newly issued shares and 50% outstanding shares) offered at a strike price of € 13.37, equal to the arithmetical average of the official prices posted on the Borsa Italiana S.p.A.'s market in the thirty days preceding today's meeting.

Grantees of the plan are the Chief Executive Officer of Fiat S.p.A. Sergio Marchionne, for 10 million stock options corresponding to an equal number of ordinary shares, and for an additional 10 million stock options, more than 300 executives who have a significant impact on business results.

The Board therefore exercised the powers granted to it pursuant to Article 2443 of the Italian Civil Code for the capital increase to service the incentive plan. The capital increase is reserved to employees of the Company and/or its subsidiaries, within a limit of 1% of the capital stock, i.e. for a maximum of 50,000,000 (fifty million) euros through the issue of a maximum of 10,000,000 (ten million) ordinary shares with a par value of 5 (five) euros each, with the same characteristics as those outstanding, corresponding to 0.78% of the capital stock and 0.92% of the ordinary capital, at the abovementioned price of € 13.37. Execution of this capital increase is subject to the approval by the Stockholders Meeting of the incentive plan and the satisfaction of its conditions.

Turin, November 3, 2006

The Chairman of the Board of Directors

Luca Cordero di Montezemolo