



Interim Report

for the quarter ended 31 March 2011

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BOARD OF DIRECTORS AND AUDITORS

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

This Report is also available at www.fiatindustrial.com

Fiat Industrial S.p.A.

Registered Office: 250 Via Nizza, Turin, ITALY

Share Capital: €1,913,298,892.50

Turin Companies Register/Tax Code: 10352520018

BOARD OF DIRECTORS AND AUDITORS

BOARD OF DIRECTORS

Chairman

Sergio Marchionne

Directors

Alberto Bombassei ⁽²⁾

Gianni Coda

John Elkann ⁽¹⁾

Robert Liberatore ⁽¹⁾

Libero Milone ⁽²⁾

Giovanni Perissinotto

Guido Tabellini ⁽²⁾

John Zhao ⁽¹⁾

BOARD OF STATUTORY AUDITORS

Regular Auditors

Paolo Piccatti – Chairman

Valter Cantino

Lucio Pasquini

Alternate Auditors

Riccardo Rota

Vittorio Sansonetti

Giorgio Cavalitto

INDEPENDENT AUDITORS

Reconta Ernst & Young S.p.A.

(1) Member of the Nominating, Compensation and Sustainability Committee

(2) Member of the Internal Control Committee

FIAT INDUSTRIAL GROUP INTERIM REPORT

INTRODUCTION

During 2010, the Fiat Group initiated and completed a strategic project to separate the Agricultural and Construction Equipment (CNH) and Trucks and Commercial Vehicles (Iveco) activities, as well as the “Industrial & Marine” business line of FPT Powertrain Technologies (FPT Industrial), from the Automobile and Automobile-related Components and Production Systems activities, consisting of Fiat Group Automobiles, Maserati, Ferrari, Magneti Marelli, Teksid, Comau and the “Passenger & Commercial Vehicles” business line of FPT Powertrain Technologies.

Separation of those businesses, through the demerger from Fiat S.p.A. and transfer to Fiat Industrial S.p.A. (the “Demerger” – a *Partial and Proportional Demerger* pursuant to Article 2506-bis of the Civil Code), resulted in the creation of Fiat Industrial Group (consisting of CNH, Iveco and FPT Industrial) on 1 January 2011.

Pursuant to the Demerger, on 1 January 2011 the net assets of Fiat S.p.A. decreased by €3,750 million (including a €1,913 million reduction in share capital), while the net assets of Fiat Industrial S.p.A. increased by the same amount. As a consequence, shareholders of Fiat S.p.A. received, for no consideration, one share in Fiat Industrial S.p.A. for each share of the same class already held in Fiat S.p.A. Since 3 January 2011, Fiat S.p.A. and Fiat Industrial S.p.A. have been listed separately on the MTA and operate as independent companies, each with its own management and Board of Directors.

Financial information presented in this report for the demerged activities of Fiat Group (now forming Fiat Industrial Group) for the year ended 31 December 2010 (including information for Q1 2010) is based on historic data reported in the Fiat Group consolidated financial statements for 2010 (and for the first quarter of 2010) which has been aggregated. During those periods, the activities formed part of Fiat Group and were carried out by directly owned subsidiaries of Fiat S.p.A. For additional information on the basis of preparation of the abovementioned historic data, please refer to the Notes to the Consolidated Financial Statements.

The Interim Report for the quarter ended 31 March 2011 has been prepared in accordance with Legislative Decree 58/1998, as amended, and the “Regolamento Emittenti” issued by Consob.

This Report 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*. The accounting principles applied are consistent with those used for preparation of the Consolidated Financial Statements at 31 December 2010 for Fiat Group pre Demerger, except as otherwise stated under “Accounting principles, amendments and interpretations adopted from 1 January 2011” in the Notes to the Interim Consolidated Financial Statements.

The Interim Report is unaudited.

OPERATING PERFORMANCE

HIGHLIGHTS

(€ million)	1 st Quarter 2011	1 st Quarter 2010
Net revenues	5,338	4,474
Trading profit/(loss)	277	122
Operating profit/(loss)	277	121
Profit/(loss) before taxes	192	18
Profit/(loss) for the period	114	(34)
Profit/(loss) attributable to owners of the parent	107	(32)

(per share data in €)

Basic earnings per ordinary share	(1)	0.080	(0.025)
Basic earnings per preference share	(1)	0.093	(0.025)
Basic earnings per savings share	(1)	0.126	(0.025)
Diluted earnings per ordinary share	(1)	0.080	(0.025)
Diluted earnings per preference share	(1)	0.093	(0.025)
Diluted earnings per savings share	(1)	0.126	(0.025)

(1) Note 12 to the financial statements provides additional information on the calculation of basic and diluted earnings per share

(€ million)	31.03.2011	31.12.2010
Total assets	31,866	34,291
Net (debt)/cash	(12,066)	(12,179)
- of which: Net industrial (debt)/cash	(2,083)	(1,900)
Total equity	4,591	4,744
Equity attributable to owners of the parent	3,834	3,987
No. of employees at period end	63,617	62,123

Disclaimer

This report, and in particular the section entitled "Subsequent Events and 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: volatility and 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), many interrelated factors that affect consumer confidence and worldwide demand for capital goods and capital goods-related products; factors affecting the agricultural business including commodities prices, weather, floods, earthquakes or other natural disasters, governmental farm programs, production difficulties, including capacity and supply constraints and many other risks and uncertainties, most of which are outside of the Group's control.

GROUP RESULTS

(€ million)	1 st Quarter	
	2011	2010
Net revenues	5,338	4,474
Trading profit/(loss)	277	122
Operating profit/(loss)	277	121
Profit/(loss) before taxes	192	18
Profit/(loss) for the period	114	(34)

Results for Fiat Industrial Group for the first quarter of 2011

Net revenues

(€ million)	1 st Quarter		
	2011	2010	% change
Agricultural and Construction Equipment (CNH-Case New Holland)	3,019	2,575	17.2
Trucks and Commercial Vehicles (Iveco)	2,123	1,694	25.3
FPT Industrial	729	485	50.3
Eliminations and Other	(533)	(280)	-
Total for the Group	5,338	4,474	19.3

Group **revenues** for Q1 2011 totaled €5.3 billion, up 19.3% over the same period for the prior year. Significant increases were achieved over Q1 2010, when Group businesses were beginning to see initial signs of recovery: CNH achieved higher volumes and, in agricultural equipment, product mix improved; deliveries for Iveco increased in all major markets except Italy; and, FPT Industrial recorded positive sales performance.

Agricultural and Construction Equipment (CNH) posted revenues of €3.0 billion, up 17.2% year-over-year (+16.0% in USD terms). Agricultural Equipment sales were up 18%, with favorable trading conditions in North America, Europe, Africa, Middle East and CIS (EAME & CIS) and Asia Pacific (APAC) markets. Construction equipment sales (+20%) benefited from growth in Latin America and Asia, and an improvement in North America largely attributable to replacement of ageing fleets.

Trucks and Commercial Vehicles (Iveco) reported a 25.3% increase in revenues to €2.1 billion, reflecting the continued recovery in demand in most major markets, except for Italy. Total deliveries increased 27.8% to 34,392 vehicles, with the light segment up 28.4%, medium up 39.9%, and heavy up 33.6%. By region, deliveries increased 22.0% in Western Europe, 66.5% in Eastern Europe and 40.0% in Latin America.

FPT Industrial achieved revenues of €0.7 billion, up more than 50% on the back of strong volume increases, with demand higher from Group sectors and external customers.

Trading profit(loss)

	1 st Quarter		
(€ million)	2011	2010	Change
Agricultural and Construction Equipment (CNH-Case New Holland)	213	127	86
Trucks and Commercial Vehicles (Iveco)	71	3	68
FPT Industrial	3	(10)	13
Eliminations and Other	(10)	2	(12)
Total for the Group	277	122	155
Trading margin (%)	5.2	2.7	

Trading profit was €277 million (trading margin: 5.2%), up significantly over the €122 million figure for the first quarter of 2010 (trading margin: 2.7%), driven primarily by volume increases across all sectors.

CNH recorded a trading profit of €213 million (€127 million in Q1 2010), with trading margin growing to 7.1% (4.9% for Q1 2010), as a result of higher volumes, increased industrial utilization, improved product pricing, and better agricultural product mix.

Iveco reported a €71 million trading profit (€3 million in Q1 2010), with trading margin rising to 3.3%, reflecting substantially improved operating leverage on the back of higher volumes.

FPT Industrial posted a trading profit of €3 million, up from a €10 million loss for Q1 2010, with the improvement attributable to higher volumes.

Operating profit/(loss)

The first quarter closed with an **operating profit** of €277 million, compared with €121 million for Q1 2010, reflecting the significant improvement in trading profit.

Net gains on the disposal of investments totaled €20 million (zero for the first quarter of 2010) and included the impact of the acquisition by CNH of the 50% holding of its joint venture partner in L&T Case Equipment Private Limited in India.

For the first quarter of 2011, **restructuring costs** totaled €20 million (€1 million for Q1 2010) and related primarily to Iveco.

Profit/(loss) for the period

Net financial expense was €111 million for the quarter, compared to €108 million for the same period in 2010.

Investment income totaled €26 million, an increase over the €5 million figure for the first quarter of 2010, mainly attributable to improved results for joint venture companies.

Profit before taxes was €192 million, up from the €18 million figure for the first quarter of 2010. This improvement reflects the higher operating result (+€156 million) and an increase in investment income (+€21 million), net of a €3 million increase in net financial expense.

Income taxes totaled €78 million, compared with €52 million for Q1 2010 (which included of a one-off tax charge of €14 million). The effective tax rate is approximately 40%, in line with the full year forecast.

Net profit was €114 million for the quarter (net loss of €34 million for Q1 2010).

Net profit attributable to owners of the parent was €107 million, compared with a loss of €32 million for the first three months of 2010.

OPERATING PERFORMANCE BY SECTOR

Agricultural and Construction Equipment

	1 st Quarter	
(€ million)	2011	2010
Net revenues	3,019	2,575
% change	17.2	
Trading profit/(loss)	213	127
Change	86	
Trading margin (%)	7.1	4.9

CNH – Case New Holland had **revenues** of €3.0 billion for the quarter, up 17.2% compared to Q1 2010 (+16.0% in US dollar terms). Both Agricultural and Construction Equipment revenues grew over the first quarter of 2010, as a result of favorable trading conditions for agricultural equipment in North America, Europe, Africa, Middle East and CIS (EAME & CIS) and Asia Pacific (APAC) markets driven by increased prices in global agricultural commodities, as well as construction equipment demand in the Americas and APAC regions. The geographical distribution of revenues for the period was 40% North America, 33% EAME & CIS, 16% Latin America, and 11% APAC markets.

CNH's net sales in the Agricultural equipment business increased 18% for the quarter (+17% in US dollar terms) as a result of solid trading conditions in all regions except Latin America, as previously forecast. Net sales in the EAME & CIS markets increased substantially (+28% in US dollar terms), but were still below the levels experienced in 2007-2008. Net sales in the Construction equipment business grew 20% (+19% in US dollar terms), as a result of significant market improvements in Latin America and Asia, and better conditions in North America that were largely attributable to replacement of ageing fleets.

Worldwide agricultural industry unit sales increased 10% compared to the first quarter of 2010. Global tractor sales grew 10% and global combine sales increased 25% for the quarter. North American tractor sales were up 5% and combine sales up 37% on the back of continued strong demand from the large cash crop segments. Tractor sales in Latin America increased slightly 1% and combine sales decreased 2%. EAME & CIS markets improved for the quarter, with increases in both tractor +35% and combine sales +40%. APAC markets experienced a 7% increase in tractor sales and 6% for combines.

In Q1 2011, CNH tractor market share was in line with the 10% overall market growth, as a result of a positive performance in Europe, as well as in North America for the important over 40 horsepower segment. Combine market share was down, with the exception of the APAC region; however, a recovery is expected in the remaining part of the year as a result of product availability for the distribution network, which was only achieved at the very end of the quarter.

Worldwide production of agricultural equipment was increased in the quarter in order to satisfy retail unit deliveries during the quarter and increase inventory levels to accommodate transition stocks for new product launches in the higher horsepower segment. Company and dealer inventories ended the period either in line with or below industry averages.

Global construction equipment industry unit sales rose 48% in the first quarter of 2011 compared to the prior year, with light equipment up 44% and heavy equipment up 51%. North American demand was up 48%, with volumes for light equipment increasing 47% and heavy equipment up 49%. EAME & CIS markets rose 53% as the industry rebuilt from the prior year's low levels. In Latin America, the market was up 39%, driven by strong demand from projects in both the public and private sectors. Industry sales in APAC markets rose 47% with continued strong demand in the heavy equipment segment in China.

First quarter market share was down in light equipment due to low inventory levels as a result of transitioning to new products; this is expected to be resolved over the remaining part of the year. In the heavy equipment segment, market share was stable.

CNH **trading profit** was €213 million for the quarter, compared to €127 million in Q1 2010, as a result of higher volume deliveries, increased industrial utilization, improved product pricing and favorable agricultural product mix.

In Europe, New Holland Agriculture launched the new CX5000 and CX6000 combines equipped with the ECOBlue SCR technology and now offers the industry's widest range of Tier 4A/Stage IIIB compliant products: 20 tractor and 9 combine models. For tractors the ECOBlue SCR solution means more efficient power generation, up to 10% lower fuel consumption and an increase of as much as 7% in maximum horsepower versus previous models. The brand also

introduced the new T4 PowerStar utility tractor range in Europe and North America, available with engines from 55 to 100 hp; a completely new cab that improves headroom, visibility and comfort; and a newly designed fully integrated loader to facilitate ease of operation. In the US, New Holland also released the Roll Belt 450 Utility round baler, which requires as little as 40 PTO hp to operate and is designed for small acreage farmers.

In Europe and North America, Case IH released the Tier 4A/Stage IIIB compliant Magnum 235-340 Series tractors with global armrest controls, now reaching up to 340 hp. Also in North America, Case IH began shipments of Tier 4A/Stage IIIB compliant Steiger 350–500 Series tractors with row crop frames and cab suspension and Farmall C Series tractors, as well as 3016 Pick Up Headers with wider belts for reduced seed loss and improved ground contour following, 3020 Flex Augers with the patented Terra-Flex cutter bar flex system and closer ground contour following, and Planter Bulk Fill Systems that accommodate different seed treatments.

During the first quarter of 2011, Case Construction expanded its compaction product line for soil and large-scale asphalt applications with 3 new DV Series double drum models and the PT240, Case's first pneumatic tire compactor. At ConExpo trade show in Las Vegas in March, the new B-Series motor grader made its debut with the 865B variable horsepower model. Also launched at the show was the new F Series wheel loaders, expanding the wheel loader line into a new size class. The largest models, 1021F and 1221F, are specifically engineered for quarry, aggregate and truck-loading applications.

New Holland Construction presented its new C-series crawler excavator, featuring Tier 4A/Stage IIIB compliant SCR engines that delivers a 10% increase in productivity in terms of cubic meters per hour and up to 10% lower fuel consumption in ECO mode compared to the B Series. Also introduced in the quarter were the new 200 Series Skid Steer and Compact Track Loaders. A total of 9 new models were presented to the public both in Europe and North America, including the patented vertical lift Super Boom design delivering best-in-class forward dump height and reach.

Trucks and Commercial Vehicles

	1 st Quarter	
(€ million)	2011	2010
Net revenues	2,123	1,694
% change	25.3	
Trading profit/(loss)	71	3
Change	68	
Trading margin (%)	3.3	0.2

Iveco reported €2.1 billion in **revenues** for the first quarter of 2011, up 25.3% year-over-year. The increase was primarily attributable to a recovery in demand in all major European markets, with the exception of Italy.

Iveco delivered a total of 34,392 vehicles worldwide, including buses and special vehicles, representing a 27.8% increase over the same period in 2010. Gains were recorded in all segments with light vehicles up 28.4%, medium vehicles up 39.9% and heavy vehicles up 33.6%. In Western Europe, 21,036 vehicles were delivered (+22.0%), with growth in most major markets: Germany (+17.8%), Spain (+55.3%), France (+39.1%), and the UK (+93.0%). Italy, however, was down 8.6% over the same period in 2010. Substantial increases were also recorded in both Eastern Europe (+66.5%) and Latin America (+40.0%).

In Western Europe, registrations for ≥3.5 ton trucks and commercial vehicles were up 25.8% over the first quarter of 2010, with a good recovery in nearly all markets, but remaining well below the 2007-2008 average. The most significant increase was in the heavy segment (+52.9%), with many operators undertaking fleet renewals that had been postponed due to the economic crisis. The light and medium segments also recorded growth of 16.1% and 14.0%, respectively. Registrations increased significantly in France (+36.1%), Germany (+31.1%), the UK (+31.5%) and Spain (+22.4%). Italy was an exception among the major markets, contracting 4.1% primarily due to weaker demand in the light segment.

Iveco's market share in Western Europe was 12.2% for the quarter, a decrease of 2 percentage points over Q1 2010. Share in the light segment fell 1.6 percentage points, reflecting increased demand for car-based models (vans) in nearly all principal markets. In the medium segment, there was a modest increase in share of 0.3 percentage points (to 24.9%), with particularly strong performance in France and Spain (+2.4 and +12.8 percentage points, respectively). Share fell 2.3 percentage points in the heavy segment, with a less favorable market mix attributable to continued weak trading conditions in Italy. There were, however, signs of a turnaround toward the end of the quarter in Germany, Spain, Austria and Switzerland, where Iveco registered an average 1 percentage point increase over March 2010.

Company and dealer inventory levels for new and used vehicles in Europe have been maintained at low levels.

Iveco closed the quarter with a **trading profit** of €71 million, compared to €3 million for the same period in 2010. The increase was primarily driven by higher volumes and improved pricing.

One of the most significant events during the quarter was the contract won, together with the French company Soframe (a member of the Lohr Group, based in Alsace), to supply the French army with multi-purpose military trucks. The contract is for a first delivery of 200 vehicles, valued at around €160 million, with the option for further deliveries of up to 2,400 units, valued at a total of around €800 million.

At the beginning of March, at the Samoter show in Verona (Italy), Iveco presented the new Astra RD40 rigid dumper, which adds a fully redesigned cabin and innovative technological solutions to the dumper range.

Iveco Irisbus presented the Magelys Pro to the international press, the latest in its family of specialist tour coaches.

In Brazil, Iveco launched a new version of the Trakker, an 8x4 vehicle equipped with a 420 hp Cursor 13 engine produced by FPT Industrial and automatic transmission for application in the mining and building sectors, both of which are undergoing significant expansion in Latin America.

Finally, following the contract signed on 18 December 2009 – valued at over €2 billion – for the supply of amphibious armored personnel carriers (VBTP-MR), being developed jointly with the Brazilian Army, Iveco announced the creation of a dedicated Defence Vehicle unit in Brazil. The new unit, Iveco Veículos de Defesa, will make an initial investment of €23 million to construct a manufacturing facility at the Iveco complex in Sete Lagoas (Minas Gerais), where an area of 18,000 square meters will be dedicated to the production of the new VBTP-MR.

FPT Industrial

	1 st Quarter	
(€ million)	2011	2010
Net revenues	729	485
% change	50.3	
Trading profit/(loss)	3	(10)
Change	13	
Trading margin (%)	0.4	(2.1)

FPT Industrial reported €729 million in **revenues** for Q1 2011, representing a 50.3% increase year-over-year, attributable to the sharp rise in sales to Group companies and external customers. Sales to external customers accounted for 34% of total revenues, in line with Q1 2010.

A total of 130,000 engines were sold during the quarter, up 48% over Q1 2010, mainly driven by deliveries of Cursor and F1 engines. By major customer, 34% of engines were sold to Iveco, 23% to CNH and 24% to Sevel (the Fiat JV in light commercial vehicles) with the remainder (19%) sold to other external customers. In addition, 17,800 transmissions (+21%) and 41,900 axles (+25%) were also delivered.

FPT Industrial closed the quarter with a **trading profit** of €3 million, compared to a €10 million loss for Q1 2010. The improvement was mainly due to the positive impact of volume increases.

During the first quarter of 2011, FPT Industrial obtained EPA10 certification (the US emissions standard) for the F1C engine, for Heavy and Medium Duty Vehicles.

FPT Industrial also began production of the two-stage, turbo-charged Cursor 13 for the Case IH Steiger and New Holland T9 Series tractors and further increased production of the Cursor 9 engine in China for application on the Case IH Magnum and New Holland T8 Series tractors.

CONSOLIDATED STATEMENT OF CASH FLOWS

Following is a summary statement of cash flows and related comments. A complete statement of cash flows is provided in the section "Interim Consolidated Financial Statements".

(€ million)	1 st Quarter 2011	1 st Quarter 2010
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,686	1,561
B) CASH FROM/(USED IN) OPERATING ACTIVITIES DURING THE PERIOD	233	309
C) CASH FROM/(USED IN) INVESTING ACTIVITIES	(689)	(71)
D) CASH FROM/(USED IN) FINANCING ACTIVITIES	334	(510)
Currency translation differences	(124)	44
E) NET CHANGE IN CASH AND CASH EQUIVALENTS	(246)	(228)
F) CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,440	1,333

During the first quarter of 2011, **operating activities** generated €233 million in cash. Income-related cash inflows of €365 million (calculated as net profit plus amortization and depreciation, dividends, changes in provisions and various items related to sales with buy-back commitments and operating leases, net of gains/losses on disposals and other non-cash items) were partially offset by cash absorption attributable to the seasonal increase in working capital of €132 million (calculated on a comparable scope of operations and at constant exchange rates).

Cash used in **investing activities** totaled €689 million.

Expenditure for tangible and intangible assets (including €85 million in capitalized development costs) totaled €159 million.

Investments in subsidiaries and associates, totaling €111 million, mainly related to €37 million in cash paid to acquire L&T - Case Equipment Private Limited, as well as payment of a liability to Fiat Group arising from the acquisition (in 2010) of the remaining 49% in Iveco Latin America, previously held by Fiat Group Automobiles.

The seasonal increase in receivables from financing activities (€267 million) relates primarily to dealer financing for CNH.

Cash generated by **financing activities** totaled approximately €334 million, with cash proceeds from new bond issues (totaling €2.2 billion) and bank loans being almost entirely offset by repayment to Fiat Group post Demerger of net financial payables outstanding at 31 December 2010 (totaling €2.8 billion).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2011

At 31 March 2011, **total assets** were €31,866 million, decreasing €3,055 million from the €34,921 million figure at 31 December 2010.

Non-current assets totaled €9,786 million, a decrease of €243 million from 31 December 2010, of which approximately €290 million was attributable to currency translation differences, mainly on intangible assets (€142 million, related primarily to CNH goodwill) and property, plant and equipment (approximately €60 million).

Current assets totaled €22,068 million, decreasing €2,813 million primarily as a result of the repayment of financial payables to Fiat Group post Demerger outstanding at 31 December 2010 (totaling €2,865 million).

Receivables from financing activities totaled €10,664 million at 31 March 2011, a decrease of €244 million over 31 December 2010 (increase of €216 million net of currency translation differences and write-downs).

Working capital (net of items relating to vehicles sold under buy-back commitments and vehicles no longer subject to lease agreements that are held in inventory) was a positive €1,316 million, representing a €163 million increase over the beginning of the period.

(€ million)		31.03.2011	31.12.2010	Change
Inventory	(a)	4,178	3,739	439
Trade receivables		1,802	1,839	(37)
Trade payables		(4,349)	(4,077)	(272)
Current taxes receivable/(payable) & Other current receivables/(payables)	(b)	(315)	(348)	33
Working capital		1,316	1,153	163

(a) Inventory is reported net of vehicles held for sale by Iveco that have been bought back (under buy-back commitments) or returned following expiry of a lease agreement

(b) Other current payables, included under current taxes receivable/(payable) & other current receivables/(payables), exclude the buy-back price payable to customers upon expiration of lease contracts and advanced payments from customers for vehicles sold under buy-back commitments, which is equal to the difference, at the contract date, between the initial sale price and the buy-back price. Recognition of such amounts is apportioned over the life of the contract

At 31 March 2011, trade receivables, other receivables and receivables from financing activities falling due after that date and sold without recourse – and, therefore, eliminated from the statement of financial position pursuant to the derecognition requirements of IAS 39 – totaled €1,208 million (€1,239 million at 31 December 2010). This amount includes financial receivables, mostly relating to the sales network, of €358 million (€390 million at 31 December 2010) sold to associate financial services companies (Iveco Finance Holdings Limited).

For the first quarter of 2011, working capital increased €132 million (on a comparable scope of operations and at constant exchange rates), principally due to seasonal inventory build by CNH and Iveco.

At 31 March 2011, consolidated **net debt** totaled €12,066 million, down €113 million over the €12,179 million figure at 31 December 2010. Excluding the impact of currency translation differences (approximately €374 million), cash from operating activities for the first quarter was more than offset by increases in the loan portfolios of Financial Services companies and capital expenditure.

(€ million)	31.03.2011	31.12.2010
Debt:	(15,522)	(18,695)
Asset-backed financing	(7,700)	(8,321)
Debt payable to Fiat Group post Demerger	-	(5,626)
Other debt	(7,822)	(4,748)
Financial receivables from Fiat Group post Demerger	-	2,865
Financial payables, net of financial receivables from Fiat Group post Demerger	(15,522)	(15,830)
Other financial assets	(a) 136	88
Other financial liabilities	(a) (184)	(147)
Liquidity:	3,504	3,710
Current securities	64	24
Cash and cash equivalents	3,440	3,686
Net (debt)/cash	(12,066)	(12,179)
Industrial Activities	(2,083)	(1,900)
Financial Services	(9,983)	(10,279)

(a) Includes assets and liabilities arising from the fair value recognition of derivate financial instruments

During the first three months of 2011, **debt** decreased €3,173 million (approximately €2.6 billion excluding currency translation differences), with repayment of financial payables outstanding at 31 December 2010 to Fiat Group post Demerger (totaling €5,626 million), partially offset by an increase in other debt following the issue of a dual-tranche bond, for a total principal amount of €2.2 billion, and new bank loans.

At 31 March 2011, **liquidity** (cash, cash equivalents and current securities) totaled €3.5 billion, a decrease of €0.2 billion over the €3.7 billion figure at year-end 2010.

Cash and cash equivalents included cash with a pre-determined use of €614 million (€684 million at 31 December 2010), primarily for servicing securitization vehicles (included under asset-backed financing).

INDUSTRIAL ACTIVITIES AND FINANCIAL SERVICES

The following tables provide a breakdown of the consolidated statements of income, financial position and cash flows between "Industrial Activities" and "Financial Services". The latter includes subsidiaries of CNH-Case New Holland and Iveco engaged in retail and dealer finance, leasing and rental activities.

Financial Services also includes Iveco Finance Holdings Limited (the joint venture between Iveco and Barclays), which is accounted for under the equity method.

Basis of analysis

The segmentation between Industrial Activities and Financial Services represents a sub-consolidation prepared on the basis of the core business activities carried out by each Group company.

Investments held by companies belonging to one segment in companies included in another segment are accounted for under the equity method. To provide a more meaningful presentation of net profit, the results of investments accounted for in this manner are classified in the income statement under result from intersegment investments.

The holding companies (Fiat Industrial S.p.A. and Fiat Netherlands Holding N.V.) are included under Industrial Activities.

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

Operating Performance by Activity

(€ million)	1 st Quarter 2011			1 st Quarter 2010		
	Consolidated	Industrial Activities	Financial Services	Consolidated	Industrial Activities	Financial Services
Net revenues	5,338	5,066	339	4,474	4,213	324
Cost of sales	4,446	4,252	261	3,827	3,626	264
Selling, general and administrative	479	444	35	407	379	28
Research and development	121	121	-	105	105	-
Other income/(expense)	(15)	(16)	1	(13)	(13)	-
TRADING PROFIT/(LOSS)	277	233	44	122	90	32
Gains/(losses) on disposal of investments	20	20	-	-	-	-
Restructuring costs	20	20	-	1	1	-
Other unusual income/(expense)	-	-	-	-	-	-
OPERATING PROFIT/(LOSS)	277	233	44	121	89	32
Financial income/(expense)	(111)	(111)	-	(108)	(108)	-
Result from investments (*)	26	22	4	5	8	(3)
PROFIT/(LOSS) BEFORE TAXES	192	144	48	18	(11)	29
Income taxes	78	59	19	52	45	7
PROFIT/(LOSS) FOR THE PERIOD	114	85	29	(34)	(56)	22
Result from intersegment investments	-	29	-	-	22	5
PROFIT/(LOSS) FOR THE PERIOD	114	114	29	(34)	(34)	27

(*) Includes income from investments as well as impairment (losses)/reversals on non-intersegment investments accounted for under the equity method

Industrial Activities

In the first quarter of 2011, **net revenues** for Industrial activities increased 20.2% over the same period in 2010, when Group businesses were experiencing initial signs of recovery. CNH-Case New Holland revenues increased 18.6% (+17.3% in US dollar terms) as a result of higher volumes, for the agricultural equipment segment, and a more favorable product mix. Iveco reported a 25.4% increase in revenues, reflecting higher deliveries in most major markets except for Italy. FPT Industrial's revenues increased 50.3% on the back of strong volume increases.

Industrial Activities reported a **trading profit** of €233 million compared with €90 million for the first quarter of 2010. The substantial improvement was primarily attributable to volume increases for all sectors.

Industrial Activities reported an **operating profit** of €233 million, compared to €89 million for Q1 2010. The €144 million improvement was attributable to the higher trading profit. During the quarter, a €20 million gain was recorded in relation to the acquisition by CNH of the 50% holding of its joint venture partner in L&T Case Equipment Private Limited in India. On the other hand, €20 million in restructuring costs were recognized for the quarter.

Financial Services

Net revenues for Financial Services totaled €339 million, up 4.6% over the same period in 2010.

(€ million)	1 st Quarter		
	2011	2010	% change
Agricultural and Construction Equipment (CNH-Case New Holland)	299	286	4.5
Trucks and Commercial Vehicles (Iveco)	40	38	5.3
Total	339	324	4.6

Financial Services for the Agricultural and Construction Equipment sector reported revenues of €299 million for the first quarter, an increase of 4.5% over the first quarter of 2010 (+3% in US dollar terms), reflecting an increase in the portfolio attributable to higher sales volumes for industrial activities and improved market penetration.

For the first quarter of 2011, Iveco Financial Services had revenues of €40 million, a 5.3% increase over the same period in 2010 primarily associated with higher sales of used vehicles.

Trading profit totaled €44 million for the first quarter of 2011, up €12 million over the same period in 2010.

(€ million)	1 st Quarter		
	2011	2010	Change
Agricultural and Construction Equipment (CNH-Case New Holland)	52	41	11
Trucks and Commercial Vehicles (Iveco)	(8)	(9)	1
Total	44	32	12

Trading profit for CNH-Case New Holland's Financial Services totaled €52 million, compared with €41 million for the first quarter of 2010, on the back of higher interest margins and growth of the portfolio.

Iveco's Financial Services businesses reported a trading loss of €8 million, compared with a €9 million loss for Q1 2010, reflecting risks provisions on the portfolio and losses associated with the resale of used vehicles. The cost of risk remains particularly high in Spain (rental activities) and Romania.

Statement of Financial Position by Activity

(€ million)	31.03.2011			31.12.2010		
	Consolidated	Industrial Activities	Financial Services	Consolidated	Industrial Activities	Financial Services
Intangible assets	3,502	3,407	95	3,567	3,466	101
Property, plant and equipment	3,797	3,793	4	3,856	3,852	4
Investments and other financial assets	700	2,002	231	737	2,076	227
Leased assets	460	23	437	492	22	470
Defined benefit plan assets	154	149	5	166	161	5
Deferred tax assets	1,173	1,084	89	1,211	1,115	96
Total non-current assets	9,786	10,458	861	10,029	10,692	903
Inventory	4,305	4,225	80	3,898	3,801	97
Trade receivables	1,802	1,777	99	1,839	1,810	112
Receivables from financing activities	10,664	3,260	11,423	10,908	1,841	11,501
Financial receivables from Fiat Group post Demerger	-	-	-	2,865	2,541	324
Current taxes receivable	581	526	55	618	477	141
Other current assets	1,076	872	241	955	741	231
Current financial assets:	200	110	92	112	70	42
Current securities	64	-	64	24	-	24
Other financial assets	136	110	28	88	70	18
Cash and cash equivalents	3,440	2,463	977	3,686	2,500	1,186
Total current assets	22,068	13,233	12,967	24,881	13,781	13,634
Assets held for sale	12	9	3	11	9	2
TOTAL ASSETS	31,866	23,700	13,831	34,921	24,482	14,539
Total assets adjusted for asset-backed financing transactions	24,166	23,573	6,258	26,600	24,377	6,323
Equity	4,591	4,591	1,533	4,744	4,744	1,566
Provisions:	4,160	4,108	52	4,275	4,241	34
Employee benefits	1,896	1,885	11	2,017	2,001	16
Other provisions	2,264	2,223	41	2,258	2,240	18
Debt:	15,522	7,697	11,844	18,695	8,659	12,470
Asset-backed financing	7,700	127	7,573	8,321	105	8,216
Debt payable to Fiat Group post Demerger	-	-	-	5,626	4,291	1,335
Other debt	7,822	7,570	4,271	4,748	4,263	2,919
Other financial liabilities	184	155	31	147	126	21
Trade payables	4,349	4,319	105	4,077	4,057	102
Current taxes payable	460	421	39	508	376	132
Deferred tax liabilities	80	53	27	52	48	4
Other current liabilities	2,520	2,356	200	2,423	2,231	210
Liabilities held for sale	-	-	-	-	-	-
TOTAL EQUITY AND LIABILITIES	31,866	23,700	13,831	34,921	24,482	14,539
Total equity and liabilities adjusted for asset-backed financing transactions	24,166	23,573	6,258	26,600	24,377	6,323

Net Debt by Activity

(€ million)	31.03.2011			31.12.2010		
	Consolidated	Industrial Activities	Financial Services	Consolidated	Industrial Activities	Financial Services
Debt:	(15,522)	(7,697)	(11,844)	(18,695)	(8,659)	(12,470)
Asset-backed financing	(7,700)	(127)	(7,573)	(8,321)	(105)	(8,216)
Debt payable to Fiat Group post Demerger	-	-	-	(5,626)	(4,291)	(1,335)
Other debt	(7,822)	(7,570)	(4,271)	(4,748)	(4,263)	(2,919)
Financial receivables from Fiat Group post Demerger	-	-	-	2,865	2,541	324
Intersegment financial receivables	-	3,196	823	-	1,774	660
Financial payables, net of intersegment balances and financial receivables from Fiat Group post Demerger	(15,522)	(4,501)	(11,021)	(15,830)	(4,344)	(11,486)
Other financial assets	(a) 136	110	28	88	70	18
Other financial liabilities	(a) (184)	(155)	(31)	(147)	(126)	(21)
Liquidity:	3,504	2,463	1,041	3,710	2,500	1,210
Current securities	64	-	64	24	-	24
Cash and cash equivalents	3,440	2,463	977	3,686	2,500	1,186
Net (debt)/cash	(12,066)	(2,083)	(9,983)	(12,179)	(1,900)	(10,279)

(a) Includes assets and liabilities arising from the fair value recognition of derivative financial instruments

Debt for Industrial Activities consists partially of funding raised by the central treasury to support the activities of the financial services companies (shown under intersegment financial receivables).

Intersegment financial receivables for Financial Services companies, however, represent loans or advances to industrial companies – for receivables sold to financial services companies that do not meet the derecognition requirements of IAS 39 – as well as liquidity deposited temporarily with the central treasury.

At 31 March 2011, Cash and cash equivalents included cash with a pre-determined use of €614 million (€684 million at year-end 2010), primarily for the Financial Services companies and allocated to servicing securitization vehicles (included under asset-backed financing).

Net debt for Financial Services companies at 31 March 2011 was down €296 million over 31 December 2010, primarily due to currency translation differences (€423 million) and cash generated by operating activities (€127 million), which were partially offset by an increase in the lending portfolio (€260 million).

Change in Net Industrial Debt

(€ million)	1 st Quarter 2011	1 st Quarter 2010
Net industrial (debt)/cash at beginning of period	(1,900)	(1,315)
Profit/(loss) for the period	114	(34)
Amortization and depreciation (net of vehicles sold under buy-back commitments or leased)	164	162
Change in provisions for risks and future charges and similar	(31)	(40)
Cash from/(used in) operating activities during the period before change in working capital	247	88
Change in working capital	(141)	66
Cash from/(used in) operating activities during the period	106	154
Investments in property, plant and equipment and intangible assets (net of vehicles sold under buy-back commitments or leased)	(159)	(119)
Cash from/(used in) operating activities, net of capital expenditures	(53)	35
Change in consolidation scope and other changes	(74)	52
Net industrial cash flow	(127)	87
Capital increases and dividends	(7)	400
Currency translation differences	(49)	10
Change in net industrial debt	(183)	497
Net industrial (debt)/cash at end of period	(2,083)	(818)

During the first three months of 2011, **net industrial debt** increased €183 million to €2,083 million.

Net of the change in working capital, cash from operating activities was €247 million, which was more than offset by cash used in investing activities (€159 million), the seasonal increase in working capital (€141 million) as well as “Change in consolidation scope and other changes” and currency translation differences, which were a negative €74 million and €49 million, respectively.

Statement of Cash Flows by Activity

(€ million)	1 st Quarter 2011			1 st Quarter 2010		
	Consolidated	Industrial Activities	Financial Services	Consolidated	Industrial Activities	Financial Services
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,686	2,500	1,186	1,561	415	1,146
B) CASH FROM/(USED IN) OPERATING ACTIVITIES:						
Profit/(loss) for the period	114	114	30	(34)	(34)	27
Amortization and depreciation (net of vehicles sold under buy-back commitments or leased)	165	164	1	163	162	1
(Gains)/losses on disposal of non-current assets (net of vehicles sold under buy-back commitments) and other non-cash items	26	(44)	40	49	(27)	49
Dividends received	3	3	-	5	5	-
Change in provisions	10	(10)	20	(3)	1	(4)
Change in deferred taxes	25	-	25	(48)	(34)	(14)
Changes relating to buy-back commitments (a)	-	20	(20)	19	15	4
Changes relating to operating leases (b)	22	-	22	34	-	34
Change in working capital	(132)	(141)	9	124	66	58
TOTAL	233	106	127	309	154	155
C) CASH FROM/(USED IN) INVESTING ACTIVITIES:						
Investments in:						
Property, plant and equipment and intangible assets (net of vehicles sold under buy-back commitments or leased)	(159)	(159)	-	(119)	(119)	-
Unconsolidated subsidiaries and other investments	(111)	(111)	-	1	(33)	-
Proceeds from the sale of non-current assets (net of vehicles sold under buy-back commitments)	3	3	-	3	3	-
Net change in receivables from financing activities	(267)	(7)	(260)	(11)	(14)	3
Change in other current securities	(42)	-	(42)	(8)	-	(8)
Other changes	(113)	(432)	319	63	(106)	169
TOTAL	(689)	(706)	17	(71)	(269)	164
D) CASH FROM/(USED IN) FINANCING ACTIVITIES:						
Change in net financial payables to Fiat Group post Demerger	(2,761)	(1,750)	(1,011)	-	-	-
Net change in financial payables and other financial assets/liabilities	3,102	2,394	708	(910)	(370)	(540)
Increase in share capital	-	-	-	400	400	34
Dividends paid	(7)	(7)	-	-	-	-
TOTAL	334	637	(303)	(510)	30	(506)
Currency translation differences	(124)	(74)	(50)	44	(25)	69
E) NET CHANGE IN CASH AND CASH EQUIVALENTS	(246)	(37)	(209)	(228)	(110)	(118)
F) CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,440	2,463	977	1,333	305	1,028

(a) Cash generated from the sale of vehicles under buy-back commitments, net of amounts included in Profit/(loss) for the period, are included under operating activities in a single line item, which includes changes in working capital, capital expenditure, depreciation and impairment losses. The item also includes gains and losses arising from the sales of vehicles transferred under buy-back commitments before the end of the agreement and without repossession of the vehicle

(b) Cash from operating leases is included under operating activities in a single line item, which includes capital expenditure, depreciation, write-downs and changes in inventory

Industrial Activities

For the first quarter of 2011, Industrial Activities absorbed cash and cash equivalents totaling €37 million. In particular:

- **Operating activities** generated cash of €106 million. Income-related cash inflows (net profit plus amortization and depreciation), net of gains/(losses) on disposal and other non-cash items, changes in provisions, deferred taxes, items relating to vehicles sold under buy-back commitments or leased, and dividends received, of €247 million were partly offset by the seasonal increase in working capital which, on a comparable scope of operations and at constant exchange rates, amounted to €141 million.
- **Investing activities** absorbed a total of €706 million in cash, including investments in tangible and intangible assets and equity interests (€270 million), as well as changes in financial payables/receivables with the Group's financial services companies.
- **Financing activities** generated cash of €637 million, with cash proceeds from new bond issues (totaling €2.2 billion) and bank loans being almost entirely offset by repayment to Fiat Group post Demerger of net financial payables outstanding at 31 December 2010 (totaling €2.8 billion).

Financial Services

Cash and cash equivalents for Financial Services totaled €977 million at 31 March 2011, down €209 million over 31 December 2010.

Changes in cash were attributable to:

- Operating activities, which generated €127 million in cash, principally from income-related cash inflows (net profit plus amortization and depreciation), net of gains/losses and other non-cash items, changes in provisions, deferred taxes, items related to vehicles leased or sold under buy-back commitments, and dividends received.
- Investing activities (including changes in financial receivables from/payables to Group industrial companies), which generated €17 million in cash.
- Financing activities, which absorbed a total of €303 million in cash, principally as a result of the increase in CNH's loan portfolio for financing to dealers.

* * * * *

GROUP EMPLOYEES

At 31 March 2011, the Group had 63,617 employees, an increase of 1,494 over the 62,123 figure at 31 December 2010.

The increase was partially attributable to changes in scope of operations (approx. 900 employees over the end of 2010) resulting from the acquisition of full control, by CNH, of the 50/50 joint venture L&T Case Equipment Private Limited in India (approximately 600 employees), in addition to the transfer of R&D activities and personnel from Fiat Group companies to all three sectors in Italy, and the acquisition of a dealer by Iveco in Australia.

The remaining difference is attributable to higher employment, primarily in the USA, associated with the increase in production levels for CNH, in addition to a more modest increase in headcount for CNH in Belgium related primarily to seasonal demand. The increase in headcount was partially offset by a fall in employee numbers in Spain resulting from the termination of activities of Componentes Mecanicos S.A., part of FPT Industrial.

SIGNIFICANT EVENTS IN Q1

From 1 January 2011 (the effective date of the demerger of activities from Fiat S.p.A. to Fiat Industrial), Fiat Industrial began operations as a separate and independent entity. On January 3rd, shares in Fiat Industrial S.p.A. began trading on the Mercato Telematico Azionario managed by Borsa Italiana S.p.A.

On January 5th, Moody's Investors Service assigned Fiat Industrial S.p.A. a Ba1 Corporate Family Rating and a short-term "Not Prime" rating, with stable outlook. On February 24th, Standard & Poor's Rating Services confirmed Fiat Industrial's long-term rating of BB+ with negative outlook, assigned on 4 November 2010, and a short-term B rating.

At the end of March, CNH Global N.V. acquired full ownership of L&T – Case Equipment Private Limited, a 50/50 joint venture established in 1999 with Larsen & Toubro Limited to manufacture and sell construction and building equipment in India. The company, which employs more than 600 people, operates a production facility in Pithampur in Madhya Pradesh and has a distribution network of 56 dealers and 144 outlets. This investment is an important step in CNH's long-term commitment to consolidating its construction equipment business in India and other export markets, and to developing a manufacturing base in India fully integrated in the CNH worldwide industrial footprint.

SUBSEQUENT EVENTS AND OUTLOOK

No significant events have occurred subsequent to 31 March 2011.

* * * * *

The 2011 targets for Fiat Industrial Group are confirmed as follows:

- Revenues of approximately €22 billion;
- Trading profit between €1.2 and €1.4 billion;
- Net profit at around €0.6 billion;
- Net industrial debt between €1.8 and €2.0 billion;
- Capex of around €1.4 billion.

Capital expenditure programs are expected to increase substantially over the abnormally low levels of 2010 with a return to normalized levels of capital commitment across sectors.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

at 31 March 2011

CONSOLIDATED INCOME STATEMENT

(€ million)	Note	1 st Quarter 2011	1 st Quarter 2010
Net revenues	(1)	5,338	4,474
Cost of sales	(2)	4,446	3,827
Selling, general and administrative costs	(3)	479	407
Research and development costs	(4)	121	105
Other income (expenses)	(5)	(15)	(13)
TRADING PROFIT/(LOSS)		277	122
Gains (losses) on the disposal of investments	(6)	20	-
Restructuring costs	(7)	20	1
Other unusual income (expenses)	(8)	-	-
OPERATING PROFIT/(LOSS)		277	121
Financial income (expenses)	(9)	(111)	(108)
Result from investments:	(10)	26	5
Share of the profit/(loss) of investees accounted for using the equity method		31	5
Other income (expenses) from investments		(5)	-
PROFIT/(LOSS) BEFORE TAXES		192	18
Income taxes	(11)	78	52
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		114	(34)
Profit/(loss) from discontinued operations		-	-
PROFIT/(LOSS) FOR THE PERIOD		114	(34)
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the parent		107	(32)
Non-controlling interests		7	(2)

(in €)			
BASIC EARNINGS/(LOSS) PER ORDINARY SHARE	(12)	0.080	(0.025)
BASIC EARNINGS/(LOSS) PER PREFERENCE SHARE	(12)	0.093	(0.025)
BASIC EARNINGS/(LOSS) PER SAVINGS SHARE	(12)	0.126	(0.025)
DILUTED EARNINGS/(LOSS) PER ORDINARY SHARE	(12)	0.080	(0.025)
DILUTED EARNINGS/(LOSS) PER PREFERENCE SHARE	(12)	0.093	(0.025)
DILUTED EARNINGS/(LOSS) PER SAVINGS SHARE	(12)	0.126	(0.025)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ million)	Note	1 st Quarter 2011	1 st Quarter 2010
PROFIT/(LOSS) FOR THE PERIOD (A)		114	(34)
Gains/(losses) on cash flow hedges	(23)	63	(28)
Gains/(losses) on fair value of available-for-sale financial assets	(23)	-	-
Gains/(losses) on exchange differences on translating foreign operations	(23)	(289)	294
Share of Other comprehensive income of entities accounted for using the equity method	(23)	(29)	29
Income tax relating to components of Other comprehensive income	(23)	(12)	8
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX (B)		(267)	303
TOTAL COMPREHENSIVE INCOME (A)+(B)		(153)	269
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent		(128)	232
Non-controlling interests		(25)	37

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ million)	Note	At 31 March 2011	At 31 December 2010
ASSETS			
Intangible assets	(13)	3,502	3,567
Property, plant and equipment	(14)	3,797	3,856
Investments and other financial assets:	(15)	700	737
Investments accounted for using the equity method		648	679
Other investments and financial assets		52	58
Leased assets	(16)	460	492
Defined benefit plan assets		154	166
Deferred tax assets	(11)	1,173	1,211
Total Non-current assets		9,786	10,029
Inventories	(17)	4,305	3,898
Trade receivables	(18)	1,802	1,839
Receivables from financing activities	(18)	10,664	10,908
Financial receivables from post-Demerger Fiat Group	(18)	-	2,865
Current tax receivables	(18)	581	618
Other current assets	(18)	1,076	955
Current financial assets:		200	112
Current securities	(19)	64	24
Other financial assets	(20)	136	88
Cash and cash equivalents	(21)	3,440	3,686
Total Current assets		22,068	24,881
Assets held for sale	(22)	12	11
TOTAL ASSETS		31,866	34,921
Total assets adjusted for asset-backed financing transactions		24,166	26,600

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(CONTINUED)

(€ million)	Note	At 31 March 2011	At 31 December 2010
EQUITY AND LIABILITIES			
Equity:	(23)	4,591	4,744
Issued capital and reserves attributable to owners of the parent		3,834	3,987
Non-controlling interest		757	757
Provisions:	(24)	4,160	4,275
Employee benefits		1,896	2,017
Other provisions		2,264	2,258
Debt:	(25)	15,522	18,695
Asset-backed financing		7,700	8,321
Debt payable to post-Demerger Fiat Group		-	5,626
Other debt		7,822	4,748
Other financial liabilities	(20)	184	147
Trade payables	(26)	4,349	4,077
Current tax payables		460	508
Deferred tax liabilities	(11)	80	52
Other current liabilities	(27)	2,520	2,423
Liabilities held for sale		-	-
TOTAL EQUITY AND LIABILITIES		31,866	34,921
Total equity and liabilities adjusted for asset-backed financing transactions		24,166	26,600

CONSOLIDATED STATEMENT OF CASH FLOWS

(€ million)	Note	1 st Quarter 2011	1 st Quarter 2010
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	(21)	3,686	1,561
B) CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES DURING THE PERIOD:			
Profit/(loss) for the period		114	(34)
Amortisation and depreciation (net of vehicles sold under buy-back and operating lease)		165	163
(Gains) losses from disposal of non-current assets (net of vehicles sold under buy-back)		(20)	(1)
Other non-cash items		46	50
Dividends received		3	5
Change in provisions		10	(3)
Change in deferred income taxes		25	(48)
Change in items due to buy-back commitments	(a)	-	19
Change in operating lease items	(b)	22	34
Change in working capital		(132)	124
TOTAL		233	309
C) CASH FLOWS FROM (USED IN) INVESTMENT ACTIVITIES:			
Investments in:			
Property, plant and equipments and intangible assets (net of vehicles sold under buy-back commitment and operating lease)		(159)	(119)
Investments in consolidated subsidiaries and other investments		(111)	1
Proceeds from the sale of non-current assets (net of vehicles sold under buy-back)		3	3
Net change in receivables from financing activities		(267)	(11)
Change in other current securities		(42)	(8)
Other changes		(113)	63
TOTAL		(689)	(71)
D) CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:			
Bonds issued		2,200	-
Issuance of other medium-term borrowings		1,372	184
Repayment of other medium-term borrowings		(504)	(228)
Net change in net financial payables to the post-Demerger Fiat Group		(2,761)	-
Net change in other financial payables and other financial assets/liabilities		34	(866)
Capital increase		-	400
Dividends paid		(7)	-
TOTAL		334	(510)
Translation exchange differences		(124)	44
E) TOTAL CHANGE IN CASH AND CASH EQUIVALENTS		(246)	(228)
F) CASH AND CASH EQUIVALENTS AT END OF PERIOD	(21)	3,440	1,333
(a) Cash generated from the sale of vehicles under buy-back commitments, net of amounts included in Profit/(loss) for the period, are included under operating activities in a single line item, which includes changes in working capital, capital expenditure, depreciation and impairment losses. The item also includes gains and losses arising from the sale of vehicles transferred under buy-back commitments before the end of the agreement and without repossession of the vehicle			
(b) Cash from operating leases is included under operating activities in a single line item, which includes capital expenditure, depreciation, write-downs and changes in inventory			

STATEMENT OF CHANGES IN EQUITY

(€ million)	Share capital	Capital reserves	Earnings reserves	Cash flow hedge reserve	Cumulative translation adjustment reserve	Available for sale financial assets reserve	Cumulative share of OCI of entities consolidated under the equity method	Non-controlling interests	Total
AT 1 JANUARY 2010	-	-	5,233	(24)	(117)	(1)	(18)	718	5,791
Changes in equity for Q1 2010									
Capital increase	-	-	400	-	-	-	-	-	400
Purchase and sale of shares in subsidiaries from/to non-controlling interests	-	(3)	-	-	-	-	-	-	(3)
Total comprehensive income for the year	-	-	(32)	(18)	256	-	26	37	269
Other changes	-	-	91	-	-	-	-	(83)	8
AT 31 MARCH 2010	-	(3)	5,692	(42)	139	(1)	8	672	6,465

(€ million)	Share capital	Capital reserves	Earnings reserves	Cash flow hedge reserve	Cumulative translation adjustment reserve	Available for sale financial assets reserve	Cumulative share of OCI of entities consolidated under the equity method	Non-controlling interests	Total
AT 1 JANUARY 2011	1,913	457	1,276	(25)	335	-	31	757	4,744
Changes in equity for Q1 2011									
Dividends accrued or/and distributed	-	-	-	-	-	-	-	(7)	(7)
Purchase and sale of shares in subsidiaries from/to non-controlling interests	-	(5)	-	-	-	-	-	20	15
Total comprehensive income for the year	-	-	107	47	(256)	-	(26)	(25)	(153)
Other changes	-	-	(20)	-	-	-	-	12	(8)
AT 31 MARCH 2011	1,913	452	1,363	22	79	-	5	757	4,591

NOTES

FOREWORD

During 2010, the Fiat Group initiated and completed a strategic project to separate the Agricultural and Construction Equipment (CNH) and Trucks and Commercial Vehicles (Iveco) activities, as well as the "Industrial & Marine" business line of FPT Powertrain Technologies (FPT Industrial), from the Automobile and Automobile-related Components and Production Systems activities, consisting of Fiat Group Automobiles, Maserati, Ferrari, Magneti Marelli, Teksid, Comau and the "Passenger & Commercial Vehicles" business line of FPT Powertrain Technologies.

Separation of those businesses, through the demerger from Fiat S.p.A. and transfer to Fiat Industrial S.p.A. (the "Demerger" – a *Partial and Proportional Demerger* pursuant to Article 2506-*bis* of the Civil Code), resulted in the creation of Fiat Industrial Group (consisting of CNH, Iveco and FPT Industrial) on 1 January 2011.

Pursuant to the Demerger, on 1 January 2011 the net assets of Fiat S.p.A. decreased by €3,750 million (including a €1,913 million reduction in share capital), while the net assets of Fiat Industrial S.p.A. increased by the same amount. As a consequence, shareholders of Fiat S.p.A. received, for no consideration, one share in Fiat Industrial S.p.A. for each share of the same class already held in Fiat S.p.A. Since 3 January 2011, Fiat S.p.A. and Fiat Industrial S.p.A. have been listed separately on the MTA and operate as independent companies, each with its own management and Board of Directors.

METHOD OF PREPARATION OF COMPARATIVE DATA FOR 2010

As the Demerger is considered a "business combination involving entities or businesses under common control", it is outside the scope of application of IFRS 3 and IFRIC 17 and has been recognised without adjusting the carrying amounts of assets and liabilities. Accordingly assets and liabilities are accounted for at their net book value. As a consequence, the financial statement information presented herein pertaining to the operations of the Demerged Fiat Industrial Group for the year ended 31 December 2010 (including that relating to the first quarter of 2010) is based on the financial statements historically included in the consolidated financial statements of the Fiat Group for that year and for the first quarter of 2010. Those amounts have been presented as combined financial statements because the operations have been carried out during the periods considered within the Fiat Group through entities that were directly controlled by Fiat S.p.A.

In this document the Fiat Industrial Group's historical combined statements of financial position as of 31 December 2010 are reported together with the Fiat Industrial Group's historical combined income statement, the historical combined statement of comprehensive income, the historical combined statement of cash flows and the related Notes, which for the sake of simplicity are also denoted the "Historical Combined Financial Statements" of Fiat Industrial Group. These Historical Combined Financial Statements include the financial statements of entities owned directly or indirectly by Fiat S.p.A. until 31 December 2010 which then became part of Fiat Industrial S.p.A. from 1 January 2011, together with the specific assets and liabilities and corresponding portion of the equity of Fiat S.p.A. relating to the partial and proportional demerger to Fiat Industrial S.p.A.

The method used to allocate operations to the Fiat Industrial Group was as follows:

- Assets and liabilities attributable to the operations transferred to the Fiat Industrial Group have been identified and recognised in the historical combined financial statements by adjusting equity.
- Income and expenses attributable to operations have been allocated on a basis consistent with the allocation of the assets and liabilities that generated them. Expenses do not include the additional corporate overheads that will be incurred when the Fiat Industrial Group becomes an independent listed Group. These expenses, though, are not expected to be significant.
- Cash flows relating to these operations have been allocated on a basis consistent with the assumption used to allocate assets and liabilities.
- All the items resulting from transactions between companies remaining in the post-Demerger Fiat Group and companies transferring to the Fiat Industrial Group have been included in the historical combined financial statements as items relating to third parties; moreover, given their size, receivables and payables of a financial nature (meaning those resulting from transactions with the treasury companies and financial service companies of the post-Demerger Fiat Group) have been stated in specific line items of the statement of financial position.

- In the cases where, if possible, the companies transferring to the Fiat Industrial Group had elected to take part in national tax consolidations with other companies of the Fiat Group, the current and deferred taxes presented in the historical combined financial statements for 2009 and 2010 have been calculated by additionally taking into account the effects resulting from the participation by those companies in the respective national consolidations within the Fiat Group.

If the combined companies had actually operated as a single group, separate from the Fiat Group in the first quarter of 2010, they would not necessarily have obtained the results of an economic, balance sheet and financial nature represented below.

SIGNIFICANT ACCOUNTING POLICIES

Accounting policies

This Quarterly report has 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 IFRS Interpretations Committee, formerly the Standing Interpretations Committee ("SIC") and then the International Financial Reporting Interpretations Committee ("IFRIC").

In particular, this Quarterly report has 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 of the pre-Demerged Fiat Group at 31 December 2010, other than those discussed in the following paragraph Accounting principles, amendments and interpretations adopted from 1 January 2011.

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 the 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 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 adopted from 1 January 2011

The Group adopted the following accounting principle from 1 January 2011.

On 4 November 2009, the IASB issued a revised version of IAS 24 - *Related Party Disclosures* that simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. Application of this amendment is not expected to have any significant effects on the measurement of items in the Group's financial statements and will only have limited effects on the disclosures for related party transactions provided in the 2011 half-year financial report.

Standards, amendments and interpretations effective from 1 January 2011 but not applicable to the Group

The following amendments, improvements and interpretations have also been issued and are effective from 1 January 2011; these relate to matters that were not applicable to the Group at the date of these interim consolidated financial statements but which may affect the accounting for future transactions or arrangements:

- Amendment to IAS 32 – *Financial Instruments: Presentation, Classification of Rights Issues*
- Amendment to IFRIC 14 - *Prepayments of a Minimum Funding Requirement*
- IFRIC 19 – *Extinguishing Financial Liabilities with Equity Instruments*
- Improvements to IAS/IFRS (2010).

Accounting principles and amendments not yet applicable and not early adopted by the Group

On 12 November 2009, the IASB issued a new standard IFRS 9 – *Financial Instruments* that was amended on 28 October 2010. The new standard, having an effective date for mandatory adoption of 1 January 2013, represents the completion of the first part of a project to replace IAS 39 and introduces new requirements for the classification and measurement of financial assets and financial liabilities and for the derecognition of financial assets. The new standard uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. The most significant effect of the standard regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss. Under the new standard these changes are recognised in Other comprehensive income and are not subsequently reclassified to the Income statement.

On 7 October 2010, the IASB issued amendments to IFRS 7 – *Financial Instruments: Disclosures*. Entities are required to apply the amendments for annual periods beginning on or after 1 July 2011. The amendments will allow users of financial statements to improve their understanding of transfers of financial assets, including an understanding of the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of a transfer transaction is undertaken at the end of a reporting period.

On 20 December 2010, the IASB issued amendments to IFRS 1 – *First-time Adoption of International Financial Reporting Standards*. The first amendment replaces references to a fixed date of “1 January 2004” with the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.

On 20 December 2010, the IASB issued amendments to IAS 12 – *Income Taxes* that require an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. As a result of the amendments, SIC-21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* no longer applies. These amendments are effective from 1 January 2012.

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

SCOPE OF CONSOLIDATION

There have been no significant changes in the scope of consolidation during the first quarter of 2011.

On 31 March 2011, CNH Global N.V. increased its interest to 100% in L&T – Case Equipment Private Limited (subsequently renamed Case New Holland Construction Equipment India Private Limited), an equally held joint venture established in 1999 with Larsen & Toubro Limited to manufacture and sell construction and building equipment in India, for which the Group has accordingly applied the acquisition method, consolidating the subsidiary on a line-by-line basis from 31 March 2011; the application of this method is still temporary and it cannot be excluded that changes to the items to which the purchase price has been allocated may arise from additional analyses.

OTHER INFORMATION

Other sections of this Report provide information on significant events occurred since the end of the quarter and business outlook.

COMPOSITION AND PRINCIPAL CHANGES

1. Net revenues

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

(€ million)	1 st Quarter 2011	1 st Quarter 2010
Agricultural and Construction Equipment	3,015	2,573
Trucks and Commercial Vehicles	2,074	1,668
FPT Industrial	249	166
Other operating business operations	-	67
Total Net revenues	5,338	4,474

2. Cost of sales

Cost of sales comprises the following:

(€ million)	1 st Quarter 2011	1 st Quarter 2010
Interest cost and other financial charges from financial services companies	157	185
Other cost of sales	4,289	3,642
Cost of sales	4,446	3,827

3. Selling, general and administrative costs

Selling costs amount to €236 million in the first quarter of 2011 (€209 million in the first quarter of 2010) and comprise mainly marketing, advertising and sales personnel costs.

General and administrative costs amount to €243 million in the first quarter of 2011 (€198 million in the first quarter of 2010) 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 first quarter of 2011 Research and development costs amount to €121 million (€105 million in the first quarter of 2010) and comprise all research and development costs not recognised as assets amounting to €82 million (€66 million in the first quarter of 2010) and the amortisation of capitalised development costs of €39 million (€39 million in the first quarter of 2010). During the period the Group incurred new expenditure for capitalised development costs of €85 million (€69 million in the first quarter of 2010).

5. Other income (expenses)

Other expenses for the first quarter of 2011 amounts to €15 million (other expenses of €13 million for the first quarter of 2010) and consist of trading income which is not attributable to the typical sales and services operations of the Group, net of miscellaneous operating costs not ascribable to specific functional areas, such as post retirement benefits (health service costs), indirect taxes and duties, and accruals to miscellaneous provisions.

6. Gains (losses) on the disposal of investments

In the first quarter of 2011 this item consists of gains of €20 million (zero in the first quarter of 2010) which include the accounting effects arising from the increase to 100% of the Group's interest in the joint venture Case New Holland Construction Equipment India Private Limited.

7. Restructuring costs

The net balance on this item for the first quarter of 2011 amounts to €20 million (€1 million in the first quarter of 2010) and mainly relates to the Trucks and Commercial Vehicles sector.

8. Other unusual income (expenses)

In the first quarter of 2011 and 2010, this item amounted to zero.

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 €176 million (€193 million in the first quarter of 2010) and the Interest cost and other financial charges from financial services companies included in Cost of sales for €157 million (€185 million in the first quarter of 2010).

Reconciliation to the income statement is provided at the foot of each column of the following table.

(€ million)	1 st Quarter 2011	1 st Quarter 2010
Financial income:		
Interest earned and other financial income	20	6
Interest income from customers and other financial income of financial services companies	176	193
Interest income receivable from post-Demerger Fiat Group	-	7
Total financial income	196	206
of which:		
Financial income, excluding financial services companies (a)	20	13
Interest and other financial expenses:		
Interest expense and other financial expenses	232	152
Interest expense payable to post-Demerger Fiat Group	-	67
Write-downs of financial assets	44	51
Interest costs on employee benefits	17	18
Total interest and other financial expenses	293	288
Net (income) expenses from derivative financial instruments and exchange losses	(5)	18
Total interest and other financial expenses, net income (expenses) from derivative financial instruments and exchange losses	288	306
of which:		
Interest and other financial expenses, effects resulting from derivative financial instruments and exchange differences, excluding financial services companies (b)	131	121
Net financial income (expenses) excluding financial services companies (a) – (b)	(111)	(108)

Net financial expenses for the first quarter of 2011, excluding the financial services companies, amounted to €111 million, (€108 million in the first quarter of 2010).

10. Result from investments

In the first quarter of 2011 this item consists of: a net gain of €31 million arising from the Group's interest in companies accounted for using the equity method (net gain of €5 million in the first quarter of 2010), the write-downs connected with the loss in value of financial assets and any reinstatement of value, accruals to provisions against investments and dividend income.

The Result from investments in the first quarter of 2011 is a gain amounting to €26 million (a gain of €5 million in the first quarter of 2010) and mainly consists of entities of Agricultural and Construction equipment sector for €20 million (€7 million in the first quarter of 2010) and entities of Trucks and Commercial Vehicles sector Companies for €5 million (€-2 million in the first quarter of 2010).

11. Income taxes

Income taxes consist of the following:

(€million)	1 st Quarter 2011	1 st Quarter 2010
Current taxes:		
IRAP	6	5
Other taxes	45	105
Total current taxes	51	110
Deferred taxes for the period	27	(58)
Taxes relating to prior periods	-	-
Total Income taxes	78	52

The increase in the charge for income taxes in the first quarter of 2011 with respect to the same period of 2010 is due mainly to an increase in the taxable profits of the foreign companies.

Net deferred tax assets at 31 March 2011 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:

(€million)	At 31 March 2011	At 31 December 2010
Deferred tax assets	1,173	1,211
Deferred tax liabilities	(80)	(52)
Total	1,093	1,159

12. Earnings/(loss) per share

Basic earnings per share are calculated by dividing the profit/(loss) attributable to owners of the parent entity assignable to the various classes of shares by the number of Fiat Industrial S.p.A. ordinary, preference and savings shares outstanding at 31 March 2011 and at 1 January 2011 (this latter being considered representative of the number of shares outstanding during 2010 and at the end of the year). Account has also been taken of the fact that the three classes of shares (ordinary, preference and savings shares) have different dividend rights (as discussed in Note 23). Profit or loss for the period attributable to each class of share is determined in accordance with the share's contractual dividend rights. For this purpose in the first quarter of 2011 the Profit attributable to owners of the parent entity has been adjusted by the amount of the preference dividends attributable to savings shares declared in the period equal to €0.093 per share. In order to determine earnings per share, the amount obtained has been divided by the weighted average number of outstanding shares. In the first quarter of 2010, the loss attributable to the owners of the parent was equally allocated to all three classes of share.

The following table shows the Profit or loss attributable to owners of the parent and the Profit or loss attributable to each class of share and the weighted average number of outstanding shares for the Group for the two years presented:

		1 st Quarter 2011				1 st Quarter 2010			
		Ordinary shares	Preference shares	Savings shares	Total	Ordinary shares	Preference shares	Savings shares	Total
Profit/(loss) attributable to owners of the parent	€ million				107				(32)
Theoretical preference share dividend for the period	€ million	-	10	7	17	-	-	-	-
Profit/(loss) attributable to all classes of shares	€ million	87	-	3	90	(27)	(3)	(2)	(32)
Profit/(loss) attributable to each class of shares	€ million	87	10	10	107	(27)	(3)	(2)	(32)
Average number of shares outstanding	thousand	1,092,327	103,292	79,913	1,275,532	1,092,327	103,292	79,913	1,275,532
Basic earnings/(loss) per share	€	0.080	0.093	0.126		(0.025)	(0.025)	(0.025)	

The figures used to calculate diluted earnings per share are the same as those used to calculate basic earnings per share.

13. Intangible assets

(€ million)	Net of amortisation at 31 December 2010	Additions	Amortisation	Foreign exchange effects and other changes	Net of amortisation at 31 March 2011
Goodwill	1,848	-	-	(55)	1,793
Development costs	1,235	85	(39)	(21)	1,260
Other	484	7	(22)	(20)	449
Total Intangible assets	3,567	92	(61)	(96)	3,502

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 €1,739 million, companies in the Trucks and Commercial Vehicles sector for €52 million, and companies in the FPT Industrial sector for €2 million. In particular, the Foreign exchange effects and other changes column includes goodwill of €45 million arising from the line-by-line consolidation of Case New Holland Construction Equipment India Private Limited.

Foreign exchange losses of €142 million in the first quarter of 2011 principally reflect changes in the Euro/US Dollar rate.

14. Property, plant and equipment

(€ million)	Net of depreciation at 31 December 2010	Additions	Depreciation	Foreign exchange effects	Disposals and other changes	Net of depreciation at 31 March 2011
Property, plant and equipment	2,985	67	(104)	(58)	24	2,914
Assets sold with a buy-back commitment	871	141	(31)	(2)	(96)	883
Total Property plant and equipment	3,856	208	(135)	(60)	(72)	3,797

Additions of €208 million in the first quarter of 2011 mainly refer to the sectors CNH - Case New Holland and Trucks and Commercial Vehicles. Foreign exchange losses of €60 million in the first quarter of 2011 arise principally from the appreciation of the Euro against the US Dollar and the Brazilian Real.

15. Investments and other financial assets

(€ million)	At 31 March 2011	At 31 December 2010
Investments	655	691
Non-current financial receivables	44	46
Other securities	1	-
Total Investments and other financial assets	700	737

Changes in Investments are as follows:

(€ million)	At 31 December 2010	Revaluations (write-downs)	Changes in the scope of consolidation	Other Changes	At 31 March 2011
Investments	691	26	(19)	(43)	655

At 31 March 2011 the item Investments totals €655 million (€691 million at 31 December 2010) and includes, amongst others, the following investments (€ million): Naveco (Nanjing Iveco Motor Co.) Ltd. 149 (150 at 31 December 2010), Iveco Finance Holdings Limited 118 (115 at 31 December 2010), Kobelco Construction Machinery Co. Ltd. 116 (124 at 31 December 2010), Turk Traktor Ve Ziraat Makineleri A.S. 85 (79 at 31 December 2010) and CNH Capital Europe S.a.S. 68 (66 at 31 December 2010).

Other changes consisting of a net decrease of €43 million mainly comprise foreign exchange losses of €28 million.

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 loss in value in investments accounted for under the cost method.

16. Leased assets

(€ million)	Net of depreciation at 31 December 2010	Additions	Depreciation	Foreign exchange effect	Disposals and other changes	Net of depreciation at 31 March 2011
Leased assets	492	55	(24)	(24)	(39)	460

17. Inventories

(€ million)	At 31 March 2011	At 31 December 2010
Raw materials, supplies and finished goods	4,291	3,886
Gross amount due from customers for contract works	14	12
Total Inventories	4,305	3,898

Inventories at 31 March 2011 include assets in the Trucks and Commercial Vehicles and Agricultural and Construction Equipment sectors which are no longer subject to operating lease arrangements or buy-back commitments and are held for sale for a total amount of €127 million (€159 million at 31 December 2010). Excluding these amounts, Inventories rose by €439 million during the first quarter of 2011.

The amount due from customers for contract work mainly relates to the Trucks and Commercial Vehicles sector and can be analysed as follows:

(€ million)	At 31 March 2011	At 31 December 2010
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	14	12
Less: Progress billings	-	-
Construction contracts, net of advances on contract work	14	12
Gross amount due from customers for contract work as an asset	14	12
Less: Gross amount due to customers for contract work as a liability included in Other current liabilities	-	-
Construction contracts, net of advances on contract work	14	12

At 31 March 2011 and at 31 December 2010, the amount of retentions by customers on contract work in progress was not significant.

18. Current receivables and Other current assets

(€ million)	At 31 March 2011	At 31 December 2010
Trade receivables	1,802	1,839
Receivables from financing activities	10,664	10,908
Financial receivables from post-Demerger Fiat Group	-	2,865
Current tax receivables	581	618
Other current assets:		
Other current receivables	906	797
Accrued income and prepaid expenses	170	158
Total other current assets	1,076	955
Total Current receivables and Other current assets	14,123	17,185

Other receivables include amounts due from the tax authorities, security deposits and miscellaneous receivables.

Receivables from financing activities include the following:

(€ million)	At 31 March 2011	At 31 December 2010
Retail financing	5,824	6,219
Finance leases	769	812
Dealer financing	4,043	3,857
Financial receivables from companies under joint control, associates and unconsolidated subsidiaries	3	-
Other	25	20
Total Receivables from financing activities	10,664	10,908

Receivables from financing activities decreased by €244 million over the period. Excluding translation exchange losses of €460 million arising mainly from trends in Euro/US Dollar, Euro/Canadian Dollar, Euro/Australian Dollar, Euro/Brazilian Real rates, this item increased by €216 million mainly as the result of an increase in Dealer financing in the CNH – Case New Holland sector in North America.

19. Current securities

At 31 March 2011 Current securities include mainly short-term or marketable securities which represent temporary investments, but which do not satisfy all the requirements for being classified as cash equivalents.

20. Other financial assets and Other financial liabilities

These items include the measurement at fair value of derivative financial instruments at 31 March 2011.

In particular, the overall change in other financial assets (from €88 million at 31 December 2010 to €136 million at 31 March 2011), and in other financial liabilities (from €147 million at 31 December 2010 to €184 million at 31 March 2011), is mainly due to the changes in exchange rates and interest rates over the period.

As this item consists principally of hedging instruments, the change in their value is compensated for 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 31 March 2011, this item includes approximately €614 million (€684 million at 31 December 2010) of restricted cash whose use is primarily limited to the repayment of the debt relating to securitisations classified as Asset-backed financing.

22. Assets held for sale

Assets held for sale at 31 March 2011 include certain buildings and factories of the Agricultural and Construction Equipment sector, already classified as held for sale at 31 December 2010.

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

(€ million)	At 31 March 2011	At 31 December 2010
Property, plant and equipment	12	11
Total Assets	12	11

23. Equity

Consolidated shareholders' equity at 31 March 2011 decreased by €153 million over 31 December 2010, mainly due to foreign exchange losses of €318 million arising on the translation into euros of the financial statements of subsidiaries denominated in currencies other than euro, partially offset by the profit for the period of €114 million and by an increase of €51 million in the cash flow hedge reserve.

Share capital

Share capital, fully paid-in, amounts to €1,913 million at 31 March 2011 and consists of 1,275,532,595 shares as follows:

- 1,092,327,485 ordinary shares;
- 103,292,310 preference shares;
- 79,912,800 savings shares;

All with a par value of €1.5 each.

Each share confers the right to share pro rata in any earnings allocated for distribution and any surplus assets remaining upon a winding-up, subject to the right of priority of the preference and savings shares, as described in the following.

Each ordinary share confers the right to vote without any restrictions whatsoever. Each preference share confers the right to vote only on matters which are reserved for an Extraordinary Meeting of Shareholders and on resolutions concerning Procedures for General Meetings. No voting rights are attached to savings shares.

Net profit reported in the annual financial statements shall be allocated as follows:

- to the legal reserve, 5% of net profit until the amount of such reserve is equivalent to one-fifth of share capital;
- to savings shares, a dividend of up to €0.093 per share;
- further allocations to the legal reserve, allocations to the extraordinary reserve and/or retained profit reserve as may be resolved by Shareholders;
- to preference shares, a dividend of up to €0.093 per share;
- to ordinary shares, a dividend of up to €0.0465 per share;
- to savings shares and ordinary shares, in equal amounts, an additional dividend of up to €0.0465 per share;
- to each ordinary, preference and savings share, in equal amounts, any remaining net profit which Shareholders may resolve to distribute.

When the dividend paid to savings shares in any year amounts to less than €0.093, the difference shall be added to the preferred dividend to which they are entitled in the following two years.

In the event of a change to the par value of shares, the amounts stated above shall be adjusted on a pro rata basis.

Where the Board of Directors sees fit in relation to the operating results and within the conditions established by law, it may authorize the payment of interim dividends during the year.

In the event that the savings shares are delisted, any bearer shares shall be converted into registered shares and shall have the right to a higher dividend increased by €0.0525, rather than €0.0465, with respect to the dividend received by the ordinary and preference shares.

In the event that the ordinary shares are delisted, the higher dividend received by the savings shares with respect to the dividend received by ordinary and preference shares shall be increased by €0.06 per share.

In the event of a winding-up, the Company's assets shall be distributed in the following order of priority: repayment of savings shares up to their par value; repayment of preference shares up to their par value; repayment of ordinary shares up to their par value; any balance remaining, in an equal pro rata amount to shares of all three classes.

Policies and processes for managing capital

Italian laws and regulations regarding the share capital and reserves of a joint stock corporation establish the following:

- the minimum share capital is €120,000;
- any change in the amount of share capital must be approved in a general meeting by shareholders who may delegate powers to the Board of Directors to increase share capital up to a predetermined amount for a maximum period of five years; the general meeting of shareholders is also required to adopt suitable measures when share capital decreases by more than one third as the result of ascertained losses and to reduce share capital if, by the end of the following year, such losses have not fallen by at least one third. If as the consequence of a loss of more than one third of capital this then falls below the legal minimum, shareholders in general meeting are required to approve a decrease and simultaneous increase of capital to an amount not less than this minimum or must change a company's legal form;
- as discussed previously the share in profits due to each class of share is determined by the bylaws of Fiat Industrial S.p.A.;
- an additional paid-in capital reserve is established if a company issues shares at a price exceeding their nominal value. This reserve may not be distributed until the legal reserve has reached one fifth of share capital;
- a company may not purchase treasury shares for an amount exceeding the distributable profits and available reserves stated in its most recently approved financial statements. Any purchase must be approved by shareholders in general meeting and in no case may the nominal value of the shares acquired exceed one fifth of share capital.

The dividend policy for 2011, a year of transition, consists of distributing an expected 25% of consolidated profit with a minimum payout of €100 million. The Board of Directors will establish a dividend policy for subsequent years during 2011.

The objectives identified by the Group for managing capital are to create value for shareholders as a whole, safeguard business continuity and support the growth of the Group. As a result, the Group endeavours to maintain an adequate level of capital that at the same time enables it to obtain a satisfactory economic return for its shareholders and guarantee economic access to external sources of funds, including by means of achieving an adequate rating.

The Group constantly monitors the evolution of the ratio between debt and equity and in particular the level of net debt and the generation of cash from its industrial activities.

In order to reach these objectives the Group is aiming at a continuous improvement in the profitability of the business in which it operates. Further, in general, it may sell part of its assets to reduce the level of its debt, while the Board of Directors may make proposals to Shareholders in general meeting to reduce or increase share capital or, where permitted by law, to distribute reserves. In this context the Group may also purchase treasury shares within the limits authorised by Shareholders in general meeting following the same reasoning of creating value, with the objectives of financial equilibrium and an improvement in rating. In this respect in order to provide the Company with the necessary operating flexibility for an adequate period in December 2010 the Shareholders of Fiat Industrial S.p.A. passed a resolution for the purchase of treasury shares, subject to the Demerger becoming effective, valid for eighteen months and up to a maximum of €1 billion.

Consequently having shareholder authorisation taken effect retained earnings have been reduced by €1 billion in order to establish a reserve for treasury shares of the same amount. This authorisation does not constitute an obligation to repurchase. Once the Company decides to buy back its own shares details of the Programme will be publicly disclosed in advance in accordance with applicable regulations, and any transactions carried out will be reported on a daily basis to the market and the regulatory authorities.

Other comprehensive income

The amount of Other comprehensive income can be analysed as follows:

(€ million)	1 st Quarter 2011	1 st Quarter 2010
Gains/(Losses) on cash flow hedges arising during the period	53	(54)
Reclassification adjustment for gains/(losses) on cash flow hedges included in income statement	10	26
Gains/(Losses) on cash flow hedges	63	(28)
Gains/(Losses) on fair value of available-for-sale financial assets arising during the period	-	-
Reclassification adjustment for gains/(losses) on fair value of available-for-sale financial assets included in income statement	-	-
Gains/(Losses) on fair value of available-for-sale financial assets	-	-
Gains/(Losses) on exchange differences on translating foreign operations	(289)	294
Share of Other comprehensive income of entities consolidated by using the equity method arising during the period	(29)	29
Reclassification adjustment for the share of Other comprehensive income of entities consolidated by using the equity method	-	-
Share of Other comprehensive income of entities consolidated by using the equity method	(29)	29
Income tax relating to components of Other comprehensive income	(12)	8
Total Other comprehensive income for the year, net of tax	(267)	303

The income tax effect relating to Other comprehensive income can be analysed as follows:

(€ million)	1 st Quarter 2011			1 st Quarter 2010		
	Before tax amount	Tax (expense) benefit	Net-of-tax amount	Before tax amount	Tax (expense) benefit	Net-of-tax amount
Gains/(Losses) on cash flow hedges	63	(12)	51	(28)	8	(20)
Gains/(Losses) on fair value of available-for-sale financial assets	-	-	-	-	-	-
Gains/(Losses) on exchange differences on translating foreign operations	(289)	-	(289)	294	-	294
Share of Other comprehensive income of entities consolidated by using the equity method	(29)	-	(29)	29	-	29
Total Other comprehensive income	(255)	(12)	(267)	295	8	303

24. Provisions

(€ million)	At 31 March 2011	At 31 December 2010
Employee benefits	1,896	2,017
Other provisions:		
Warranty provision	702	702
Restructuring provision	83	93
Investment provision	10	23
Other risks	1,469	1,440
Total Other provisions	2,264	2,258
Total Provisions	4,160	4,275

The decrease of €115 million in provisions mainly arises from translation differences, in particular those resulting from changes in the exchange rate between the Euro and the US Dollar.

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 €2,264 million at 31 March 2011 (€2,258 million at 31 December 2010) and include provisions for contractual, commercial and legal risks.

25. Debt

(€ million)	At 31 March 2011	At 31 December 2010
Asset-backed financing	7,700	8,321
Other debt:		
Bonds	4,070	2,053
Borrowings from banks	3,480	2,368
Payables represented by securities	102	117
Debt payable to post-Demerger Fiat Group	-	5,626
Other	170	210
Total Other debt	7,822	10,374
Total Debt	15,522	18,695

Debt decreased by €3,173 million over the quarter to 31 March 2011. Excluding translation differences which led to a reduction in debt of €585 million, the remaining decrease of €2,588 million is mainly due to the repayment of outstanding debt payable to the post Demerger Fiat Group at 31 December 2010, partially offset by the issue of new bonds and an increase in Borrowings from banks.

More specifically the following bonds were issued during the first quarter of 2011:

- A bond issued at 100 by Fiat Industrial Finance Europe S.A. as part of the Global Medium Term Notes Programme, having a nominal value of €1,000 million, falling due in 2015 and bearing fixed interest at a rate of 5.250%.
- A bond issued at 100 by Fiat Industrial Finance Europe S.A. as part of the Global Medium Term Notes Programme, having a nominal value of €1,200 million, falling due in 2018 and bearing fixed interest at a rate of 6.250%.

The principal bond issues outstanding at 31 March 2011 are as follows:

	Currency	Face value of outstanding bonds (in million)	Coupon	Maturity	Outstanding amount (€million)
Global Medium Term Notes:					
Fiat Industrial Finance Europe S.A. (1)	EUR	1,000	5.250%	11 March 2015	1,000
Fiat Industrial Finance Europe S.A. (1)	EUR	1,200	6.250%	9 March 2018	1,200
Total Global Medium Term Notes					2,200
Other bonds:					
Case New Holland Inc.	USD	1,000	7.750%	1 September 2013	704
CNH America LLC	USD	254	7.250%	15 January 2016	179
Case New Holland Inc.	USD	1,500	7.875%	1 December 2017	1,056
Total Other bonds					1,939
Hedging effect and amortised cost valuation					(69)
Total Bonds					4,070

(1) Bond listed on the Irish Stock Exchange.

The unaudited prospectuses and offering circulars, or their abstracts, relating to the above-mentioned principal bond issues are available on the Group's website at www.fiatindustrial.com under "Investor Relations – Financial Reports". Most of the bonds issued by the Group impose covenants on the issuer and, in certain cases, on Fiat Industrial S.p.A. as guarantor, which is standard international practice for similar bonds issued by companies in the same industry sector as the Group. Such covenants include: (i) negative pledge clauses which require that bonds benefit from any existing or future pledges of assets of the issuer and/or Fiat Industrial S.p.A. granted in connection with other bonds or debt securities having the same ranking; (ii) *pari passu* clauses, under which no obligations ranking senior to the bonds in question may be assumed; (iii) periodic disclosure obligations; (iv) for certain bond issues, cross-default clauses which require immediate repayment of the bonds under certain events of default on other financial instruments issued by the Group; and, (v) other clauses that are generally applicable to securities of a similar type.

The Group intends to repay the issued bonds in cash at due date by utilising available liquid resources. In addition, the companies in the 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 buy backs, if made, depend upon market conditions, the financial situation of the Group and other factors which could affect such decisions.

Committed credit lines expiring after twelve months amount to approximately €2.8 billion, of which approximately €1.2 billion was utilised at 31 March 2011.

Finally, financial payables secured with mortgages and other liens on assets of the Group amount to €89 million at 31 March 2011 (€88 million at 31 December 2010); this amount includes balances of €47 million (€45 million at 31 December 2010) due to creditors for assets acquired under finance leases.

26. Trade payables

Trade payables of €4,349 million at 31 March 2011 increased by €272 million from the amount at 31 December 2010.

27. Other current liabilities

Other payables include €1,008 million of amounts payable to customers relating to buy-back agreements (€1,010 million at 31 December 2010), accrued expenses and deferred income of €351 million (€340 million at 31 December 2010).

28. Guarantees granted, commitments and contingent liabilities

Guarantees granted

At 31 March 2011 the Group had outstanding guarantees granted on the debt or commitments of third parties or unconsolidated subsidiaries jointly controlled and associated entities totalling €685 million (€655 million at 31 December 2010).

In addition, at 31 March 2011 the transfer was in the process of being formalised of certain guarantees issued by Fiat S.p.A. on behalf of Banco CNH Capital S.A. - Brazil for loans made by Banco Nacional de Desenvolvimento Econômico e Social (BNDES) and by Agência Especial de Financiamento Industrial (FINAME) to Banco CNH Capital S.A. for a total of €737 million. Against these guarantees agreements have been reached with creditors concerning the transfer of those guarantee obligations to Fiat Industrial S.p.A. and Fiat S.p.A. has also obtained an indemnity from Fiat Industrial S.p.A. in respect of the commitments relating to the guarantees given.

Other commitments and important contractual rights

Iveco Finance Holdings Limited

Since 2005, Financial Services activities for Iveco in Western Europe have been managed by Iveco Finance Holdings Limited (IFHL), the joint venture with Barclays Group in which Iveco holds a 49% stake and Barclays a 51% stake. This joint venture provides support for the sector's European sales activities through dealer and end customer financing in France, Germany, Italy and the United Kingdom, and Barclays provides funding up to a maximum of €3.5 billion. The agreements relating to this joint venture contain provisions that are standard for such contracts in relation to management of the company, covenants and default clauses. Under the agreements signed in 2010, the parties stipulated that the joint venture would terminate on 31 May 2012. As is usual for contracts of this type, on that date Iveco will acquire from Barclays Group, and Barclays Group will sell, the interest it holds in that joint venture for a consideration based on the book value of equity. In addition, Iveco is responsible for ensuring repayment of any funding provided to the joint venture by Barclays which is outstanding at that date (which could take place through replacement funding from one or more new lenders or other mechanism). Iveco is evaluating strategic options in relation to this joint venture, including the potential selection of new partners.

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 31 March 2011 amounting to €1,208 million (€1,239 million at 31 December 2010, with due dates beyond that date), which refer to trade receivables and other receivables for €1,010 million (€1,021 million at 31 December 2010) and receivables from financing for €198 million (€218 million at 31 December 2010). The amount includes receivables, mostly due from the sales network, of €358 million (€390 million at 31 December 2010) sold to associate financial services companies (Iveco Finance Holdings Limited, controlled by Barclays).

29. Information by business sector

The Income statement by business sector for the first quarter of 2011 and 2010 is as follows:

(€ million)	1 st Quarter 2011						1 st Quarter 2010					
	CNH	Iveco	FPT Industrial	Other Operating Segments	Unallocated items & adjustments	Fiat Industrial Group	CNH	Iveco	Industrial	FPT	Other Operating Segments	Unallocated items & adjustments
Segment revenues	3,019	2,123	729	1	(534)	5,338	2,575	1,694	485	64	(344)	4,474
Revenues from transactions with other operating segments (*)	(4)	(49)	(480)	(1)	534	-	(2)	(26)	(319)	3	344	-
Revenues from external customers	3,015	2,074	249	-	-	5,338	2,573	1,668	166	67	-	4,474
Trading profit/(loss)	213	71	3	(7)	(3)	277	127	3	(10)	1	1	122
Unusual income/(expense)	18	(18)	-	-	-	-	(1)	-	-	-	-	(1)
Operating profit/(loss)	231	53	3	(7)	(3)	277	126	3	(10)	1	1	121
Financial income/(expense)					(111)	(111)					(108)	(108)
Interest in profit/(loss) of joint ventures and associates accounted for by the equity method	20	10	-	-	1	31	7	(2)	-	-	-	5
Other profit/(loss) from investments	-	(5)	-	-	-	(5)	-	-	-	-	-	-
Result from investments	20	5	-	-	1	26	7	(2)	-	-	-	5
Profit/(loss) before taxes						192						18
Income taxes					78	78					52	52
Profit/(loss) from Continuing Operations						114						(34)

(*) Revenues from transactions with other operating segments 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.

The Total Assets by business sector at 31 March 2011 and at 31 December 2010 is as follows:

(€ million)	At 31 March 2011						At 31 December 2010					
	CNH	Iveco	FPT Industrial	Other Operating Segments	Unallocated items & adjustments	Fiat Industrial Group	CNH	Iveco	Industrial	FPT	Other Operating Segments	Unallocated items & adjustments
Segment assets	19,027	7,108	1,840	6,740	(7,243)	27,472	19,356	7,214	1,744	5,855	(6,258)	27,911
Tax assets					1,754	1,754					1,829	1,829
Receivables from financing activities, Non-current Other receivables and Securities of industrial companies					67	67					70	70
Cash and cash equivalents, Current securities and Other financial assets of industrial companies					2,573	2,573					5,111	5,111
Total Treasury assets					2,640	2,640					5,181	5,181
Total unallocated assets					4,394	4,394					7,010	7,010
Total Assets						31,866						34,921

30. 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 Euro were as follows:

	1 st Quarter 2011		At 31 December 2010 ⁽ⁱ⁾	1st Quarter 2010	
	Average	At 31 March		Average	At 31 March
US dollar	1.368	1.421	1.336	1.383	1.348
Pound sterling	0.854	0.884	0.861	0.888	0.890
Swiss franc	1.287	1.301	1.250	1.463	1.428
Polish zloty	3.946	4.011	3.975	3.987	3.867
Brazilian real	2.280	2.306	2.218	2.492	2.404
Argentine peso	5.487	5.750	5.303	5.306	5.216

31. Other information

During the first quarter of 2011, the Group had an average number of employees of 62,697, compared to an average of 61,266 during the first quarter of 2010.

The managers responsible for preparing the Company's financial reports, Monica Ciceri and Camillo Rossotto, declare, pursuant to paragraph 2 of Article 154-bis of Legislative Decree 58/98, that the accounting information contained in this document corresponds to the results documented in the books, accounting and other records of the company.