

Fiat Industrial Board of Directors Meeting: 2011 Annual Report and Calling of Annual General Meeting

The Board of Directors of Fiat Industrial S.p.A. met in Turin today to:

- approve the 2011 consolidated financial statements for Fiat Industrial Group which confirm trading profit of €1,686 million and net profit of €701 million as announced on February 1, 2012;
- approve the statutory accounts of Fiat Industrial S.p.A., which report net profit of €327 million for 2011 and, as already announced, the proposal to Shareholders for payment of a dividend of €0.185 per ordinary share, €0.185 per preference share and €0.2315 per savings share;
- call a General Ordinary and Extraordinary Meeting of Shareholders in Turin for April 5, 2012 (single call only) to vote on the following:
 - Proposal to approve the financial statements at December 31, 2011 and net income allocation;
 - Appointment of the Board of Directors:
 - Determination of the number of members and their compensation;
 - Appointment of the Board of Directors;
 - Incentive Plan and Related Resolutions:
 - Compensation Report;
 - Incentive Plan;
 - Authorization for the purchase and disposal of treasury shares;
 - Mandatory conversion of preference and savings shares into ordinary shares and related by-laws amendments.

As announced on February 1, the 2011 consolidated financial statements for Fiat Industrial Group reported a trading profit of €1,686 million. Consolidated Net profit was €701 million. For 2010, trading profit was €1,092 million and net profit was €378 million. Consolidated equity (including non-controlling interests) totaled €5,411 million (€4,744 million at December 31, 2010). Fiat Industrial S.p.A.'s statutory accounts for the year ended December 31, 2011 report a net profit of €327 million, mainly reflecting dividends received from investments (€450 million).

The Board, in due consideration of the requirements of law and the Company By-laws, voted to propose to Shareholders at the Annual General Meeting that they approve a dividend of €0.185 per ordinary share, €0.185 per preference share and €0.2315 per savings share, representing a total distribution, for all three classes of Fiat Industrial S.p.A. shares, of around €240 million.

That amount represents approximately 34% of 2011 consolidated net profit, in line with the announced dividend policy. The dividend will be payable from April 26, 2012, with coupon detachment on April 23, 2012.

In relation to the election of the new directors, in line with the recommendations of the Nominating, Compensation and Sustainability Committee, chaired by John Elkann, the Board proposed to set at eleven the number of directors, with a majority of independent directors and with a composition respecting the gender's diversity. Election of the directors is to take place using a system of candidate lists and the minimum percentage required to present a list, pursuant to recent communications issued by Consob, is 1% of the Company ordinary shares.

The Board of Directors of Fiat Industrial S.p.A. also voted, having been advised by the Nominating, Compensation and Sustainability Committee, to submit for the Shareholders' approval:

- The compensation policy of the Company;
- An equity-based incentive plan aimed at providing a long term based incentive with performance and retention components;
- The authorization for the purchase and disposal of own shares up to €500 million. The authorization will be used to serve the above mentioned incentive plan and for any other purposes admitted by the relevant laws. The proposal, if approved, will not imply any obligation to purchase.

The Board of Directors of Fiat Industrial S.p.A.– confirming the related proposal of the Board of Directors meeting held on October 27, 2011 – convened the extraordinary Shareholders' meeting to vote on the conversion of the Company's preference and savings shares into Fiat Industrial ordinary shares. If approved by the required Shareholders' meetings, the proposal will cause the conversion into ordinary shares of all the savings and preference shares. The proposed exchange ratio for the conversion is equal to 0.700 ordinary shares for each preference share and to 0.725 ordinary shares for each savings share.

The relevant proposals will be submitted respectively to the approval of the special meetings of the preference and savings shareholders that will be held on April 3, 2012.

Should the proposed conversions obtain the approval of the extraordinary shareholders meeting and of the special meeting of the holders of the relevant class of shares, holders of preference shares and savings shares who did not participate in the approval of the proposed conversions (*i.e.*, holders who did not attend the meetings or voted against the proposed resolution or abstained) will be entitled to exercise withdrawal rights for a fifteen-day period following the registration of such resolutions with the Register of Enterprises. The consideration to be paid to the withdrawing shareholders shall be equal to €4.156 for each preference share and to €4.336 for each savings share.

The effectiveness of each of the conversions is conditional upon the aggregate cash amount required to be paid to withdrawing shareholders pursuant to article 2437-quater of the Italian Civil Code not exceeding: (i) as far as the Conversion of preference shares is concerned, €56 million and (ii) as far as the Conversion of savings shares is concerned, €44 million. In any event, the total consideration connected with the exercise of the withdrawal rights, will not exceed €100 million.

Should conversion of one or both classes of shares be approved, for technical reasons the par value of the remaining class of shares would be increased. The new par value will be determined dividing the share capital of the Company for the number of the outstanding shares post conversion; rounding to the euro cent will be made through utilization of the share premium reserve for an amount not exceeding €6.1 million. As a consequence, should conversion of both classes of shares be approved, the par value of the ordinary share would be increased from €1.50 to €1.57. Should only conversion of preference shares occur, par value of ordinary shares and savings shares would increase from €1.50 to €1.54; conversely, should only conversion of savings shares occur, par value of ordinary shares and preference shares would increase from €1.50 to €1.53.



A disclosure document relating to the conversion will be published within the legally required time period.

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

Turin, February 22, 2012

INCOME STATEMENT of FIAT INDUSTRIAL S.p.A.

Unaudited

(figures in €)	2011	2010
Dividends and other income from investments	450,000,000	-
Other operating income	9,942,586	-
Personnel costs	(10,525,906)	-
Other operating costs	(18,561,992)	(6,161,222)
Financial income/(expense)	(138,987,812)	1,889
PROFIT/(LOSS) BEFORE TAXES	291,866,876	(6,159,333)
Income taxes	35,120,797	-
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	326,987,673	(6,159,333)
Profit/(loss) from discontinued operations	-	-
PROFIT/(LOSS)	326,987,673	(6,159,333)

STATEMENT OF COMPREHENSIVE INCOME of FIAT INDUSTRIAL S.p.A.

Unaudited

(€ thousand)	2011	2010
PROFIT/(LOSS) (A)	326,988	(6,159)
Other comprehensive income/(loss)	-	-
Income tax relating to components of Other comprehensive income/(loss)	-	-
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX (B)	-	-
TOTAL COMPREHENSIVE INCOME (A)+(B)	326,988	(6,159)

STATEMENT OF FINANCIAL POSITION of FIAT INDUSTRIAL S.p.A.

Unaudited

(figures in €)	At 31 December 2011	At 31 December 2010
ASSETS		
Non-current assets		
Intangible assets	459,334	-
Property, plant and equipment	18,266	-
Investments	5,777,600,463	-
Other financial assets	6,207,000	-
Deferred tax assets	-	-
Total non-current assets	5,784,285,063	-
CURRENT ASSETS		
Trade receivables	320,141	-
Current financial receivables	-	4,483,501
Other current receivables	81,400,555	394,345
Cash and cash equivalents	-	-
Total current assets	81,720,696	4,877,846
TOTAL ASSETS	5,866,005,759	4,877,846
EQUITY AND LIABILITIES		
Equity		
Share capital	1,913,298,892	120,000
Share premium reserve	462,265,468	-
Legal reserve	214,937,498	-
Other reserves and retained profit	1,159,964,194	6,159,333
Profit/(loss)	326,987,673	(6,159,333)
Total equity	4,077,453,725	120,000
NON-CURRENT LIABILITIES		
Provisions for employee benefits and other non-current provisions	1,686,127	-
Non-current debt	6,207,000	-
Deferred tax liabilities	-	-
Total non-current liabilities	7,893,127	-
Current liabilities		
Provisions for employee benefits and other current provisions	5,666,835	-
Trade payables	4,178,998	4,594,719
Current debt	1,719,542,438	-
Other debt	51,270,636	163,127
Total Current Liabilities	1,780,658,907	4,757,846
TOTAL EQUITY AND LIABILITIES	5,866,005,759	4,877,846

STATEMENT OF CASH FLOWS of FIAT INDUSTRIAL S.p.A.

Unaudited

(€ thousand)	2011	2010
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	-	-
B) CASH FROM/(USED IN) OPERATING ACTIVITIES:		
Profit/(loss) for the period	326,988	(6,159)
Depreciation & Amortization	17	-
Change in provisions for employee benefits and other provisions	7,353	-
Change in working capital	(30,636)	4,364
TOTAL	303,722	(1,795)
C) CASH FROM/(USED IN) INVESTING ACTIVITIES:		
Investments in:		
Recapitalisation of subsidiaries	(800,000)	-
Acquisitions	(254)	-
Other (investments)/disposals, net	(494)	-
TOTAL	(800,748)	-
D) CASH FROM/(USED IN) FINANCING ACTIVITIES:		
Change in current financial assets	217,484	(4,484)
Repayment of non-current debt	(1,050,000)	-
Change in current debt	1,329,542	-
Contributions to share capital and reserves	-	6,279
TOTAL	497,026	1,795
E) NET CHANGE IN CASH AND CASH EQUIVALENTS	-	-
F) CASH AND CASH EQUIVALENTS AT END OF THE YEAR	-	-

CONSOLIDATED INCOME STATEMENT

Unaudited

(€ million)	2011	2010
Net revenues	24,289	21,342
Cost of sales	20,038	17,979
Selling, general and administrative costs	2,002	1,793
Research and development costs	505	418
Other income/(expenses)	(58)	(60)
TRADING PROFIT/(LOSS)	1,686	1,092
Gains/(losses) on the disposal of investments	26	3
Restructuring costs	95	58
Other unusual income/(expenses)	12	(20)
OPERATING PROFIT/(LOSS)	1,629	1,017
Financial income/(expenses)	(546)	(505)
Result from investments:	86	64
Share of the profit/(loss) of investees accounted for using the equity method	97	70
Other income/(expenses) from investments	(11)	(6)
PROFIT/(LOSS) BEFORE TAXES	1,169	576
Income taxes	468	198
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	701	378
Profit/(loss) from discontinued operations	-	-
PROFIT/(LOSS)	701	378
PROFIT/(LOSS) ATTRIBUTABLE TO:		
Owners of the parent	624	341
Non-controlling interests	77	37
(in euros)		
BASIC EARNINGS/(LOSS) PER ORDINARY SHARE	0.487	0.265
BASIC EARNINGS/(LOSS) PER PREFERENCE SHARE	0.487	0.265
BASIC EARNINGS/(LOSS) PER SAVINGS SHARE	0.533	0.311
DILUTED EARNINGS/(LOSS) PER ORDINARY SHARE	0.487	0.265
DILUTED EARNINGS/(LOSS) PER PREFERENCE SHARE	0.487	0.265
DILUTED EARNINGS/(LOSS) PER SAVINGS SHARE	0.533	0.311

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Unaudited

(€ million)	2011	2010
PROFIT/(LOSS) (A)	701	378
Gains/(Losses) on cash flow hedges	(43)	5
Gains/(Losses) on fair value of available-for-sale financial assets	-	1
Gains/(Losses) on exchange differences on translating foreign operations	(66)	501
Share of other comprehensive income of entities consolidated by using the equity method	21	54
Income tax relating to components of Other comprehensive income	6	(4)
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX (B)	(82)	557
TOTAL COMPREHENSIVE INCOME (A)+(B)	619	935
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent	549	842
Non-controlling interests	70	93

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Unaudited

(€ million)	At 31 December 2011	At 31 December 2010
ASSETS		
Intangible assets	3,909	3,567
Property, plant and equipment	4,177	3,856
Investments and other financial assets:	666	737
Investments accounted for using the equity method	614	679
Other investments and financial assets	52	58
Leased assets	558	492
Defined benefit plan assets	215	166
Deferred tax assets	1,167	1,211
Total Non-current assets	10,692	10,029
Inventories	4,865	3,898
Trade receivables	1,562	1,839
Receivables from financing activities	13,946	10,908
Financial receivables from Fiat Group post Demerger	-	2,865
Current tax receivables	685	618
Other current assets	1,053	955
Current financial assets:	186	112
Current securities	68	24
Other financial assets	118	88
Cash and cash equivalents	5,639	3,686
Total Current assets	27,936	24,881
Assets held for sale	15	11
TOTAL ASSETS	38,643	34,921
Total assets adjusted for asset-backed financing transactions	29,164	26,600

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(CONTINUED)

Unaudited

(€ million)	At 31 December 2011	At 31 December 2010
EQUITY AND LIABILITIES		
Equity:	5,411	4,744
Issued capital and reserves attributable to owners of the parent	4,555	3,987
Non-controlling interest	856	757
Provisions:	4,540	4,275
Employee benefits	2,070	2,017
Other provisions	2,470	2,258
Debt:	20,217	18,695
Asset-backed financing	9,479	8,321
Debt payable to Fiat Group post Demerger	-	5,626
Other debt	10,738	4,748
Other financial liabilities	157	147
Trade payables	5,052	4,077
Current tax payables	660	508
Deferred tax liabilities	111	52
Other current liabilities	2,495	2,423
Liabilities held for sale	-	-
TOTAL EQUITY AND LIABILITIES	38,643	34,921
Total equity and liabilities adjusted for asset-backed financing transactions	29,164	26,600

CONSOLIDATED STATEMENT OF CASH FLOWS

Unaudited

(€ million)	2011	2010
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	3,686	1,561
B) CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES DURING THE YEAR		
Profit/(loss)	701	378
Amortisation and depreciation (net of vehicles sold under buy-back commitments and operating lease)	666	665
(Gains)/losses on disposal of:		
Property plant and equipment and intangible assets (net of vehicles sold under buy-back commitments)	(1)	2
Investments	(26)	(3)
Other non-cash items	289	193
Dividends received	57	32
Change in provisions	178	122
Change in deferred income taxes	101	30
Change in items due to buy-back commitments	40	40
Change in operating lease items	(12)	26
Change in working capital	333	1,070
TOTAL	2,326	2,555
C) CASH FLOWS FROM/(USED IN) INVESTMENT ACTIVITIES:		
Investments in:		
Property, plant and equipment and intangible assets (net of vehicles sold under buy-back commitments and operating lease)	(993)	(872)
Entities consolidated on a line-by-line basis	(99)	(20)
Other equity investments	(5)	(7)
Proceeds from the sale of:		
Property, plant and equipment and intangible assets (net of vehicles sold under buy-back)	10	10
Other investments	1	32
Net change in receivables from financing activities	(1,152)	335
Change in other current securities	(47)	18
Other changes	19	76
TOTAL	(2,266)	(428)
D) CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES:		
Bonds issued	2,557	1,132
Repayment of bonds	-	(377)
Issuance of other medium-term borrowings	1,974	832
Repayment of other medium-term borrowings	(1,231)	(830)
Net change in net financial payables to the Fiat Group post Demerger	(2,761)	(3,221)
Net change in other financial payables and other financial assets/liabilities	1,332	1,281
Capital increase	-	1,156
Dividends paid	(8)	(93)
(Purchase)/sale of ownership interests in subsidiaries	(1)	-
TOTAL	1,862	(120)
Translation exchange differences	31	118
E) TOTAL CHANGE IN CASH AND CASH EQUIVALENTS	1,953	2,125
F) CASH AND CASH EQUIVALENTS AT END OF THE YEAR	5,639	3,686