



FIAT CHRYSLER AUTOMOBILES

## Fiat Chrysler Automobiles N.V.

(Incorporated as a public limited liability company (*naamloze vennootschap*) under the laws of the Netherlands No. 60372958)

as Issuer and as Guarantor, in respect of Notes issued by

*Fiat Chrysler Finance Europe société anonyme, Fiat Chrysler Finance Canada Ltd. and Fiat Chrysler Finance North America, Inc.*

and

## Fiat Chrysler Finance Europe

*société anonyme*

(Incorporated with limited liability under the laws of the Grand-Duchy of Luxembourg;

*Registre de Commerce et des Sociétés de Luxembourg No. B-59500)*

as Issuer

and

## Fiat Chrysler Finance Canada Ltd.

(Incorporated with limited liability under the laws of the Province of Alberta, Canada)

as Issuer

and

## Fiat Chrysler Finance North America, Inc.

(Incorporated under the laws of the State of Delaware)

as Issuer

**€20,000,000,000**

### Global Medium Term Note Programme

Under the €20,000,000,000 Global Medium Term Note Programme (the “Programme”) described in this base prospectus (the “Base Prospectus”), Fiat Chrysler Automobiles N.V. (the “Company” or “FCA”), Fiat Chrysler Finance Europe *société anonyme* (“FCFE”), Fiat Chrysler Finance Canada Ltd. (“FCFC”) and Fiat Chrysler Finance North America, Inc. (“FCFNA”) (each an “Issuer” and together, the “Issuers”) may from time to time issue notes (the “Notes”) denominated in any currency agreed between the relevant Issuer and the relevant Dealer (as defined below). The payments of all amounts due in respect of Notes issued by FCFE, FCFC and FCFNA (the “Guaranteed Notes”) will be unconditionally and irrevocably guaranteed by FCA (in such capacity, the “Guarantor”).

An investment in Notes issued under the Programme involves certain risks. **For a discussion of these risks, see “Risk Factors” herein.**

The Base Prospectus has been approved by the Central Bank of Ireland (the “Central Bank”), as competent authority under Directive 2003/71/EC, as amended (the “Prospectus Directive”). The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC, as amended, and/or which are to be offered to the public in any member state of the European Economic Area. Application has been made to the Irish Stock Exchange for the Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list (the “Official List”) and trading on its regulated market. References in the Base Prospectus to the “Irish Stock Exchange” (and all related references) shall mean the regulated market of the Irish Stock Exchange. In addition, references in the Base Prospectus to the Notes being “*listed*” (and all related references) shall mean that such Notes have been admitted to listing on the Official List of the Irish Stock Exchange and admitted to trading on its regulated market or, as the case may be, a MiFID Regulated Market (as defined below). The regulated market of the Irish Stock Exchange is a regulated market for the purposes of Directive 2004/39/EC, as amended (each such regulated market being a “MiFID Regulated Market”). This document may be used to list Notes on the regulated market of the Irish Stock Exchange pursuant to the Programme. The Programme provides for Notes to be listed on such other or further stock exchange(s) as may be agreed between the relevant Issuer, the Guarantor and the relevant Dealer. Each Issuer may also issue unlisted Notes. The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €20,000,000,000 (or its equivalent in other currencies, subject to increase as provided herein). The Notes will be issued in such denominations (each a “Specified Denomination”) as may be agreed between the relevant Issuer and the relevant Dealer and as specified in the applicable Final Terms, save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant specified currency indicated in the applicable Final Terms (as defined below) (the “Specified Currency”) and save that the minimum denomination of each Note admitted to trading on a regulated market situated or operating within the European Economic Area (the “EEA”) and/or offered to the public in an EEA state in circumstances which require the publication of a prospectus under the Prospectus Directive will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under “*Terms and Conditions of the Notes*”) of Notes will be set out in final terms (the “Final Terms”) which, with respect to Notes to be listed on the Irish Stock Exchange, will be delivered to the Central Bank on or before the date of issue of the Notes of such Tranche. Copies of the Final Terms relating to Notes which are listed on the Irish Stock Exchange or offered in circumstances which require a prospectus to be published under the Prospectus Directive will be available free of charge, at the registered office of each Issuer, at the principal office of the Guarantor and at the specified office of each of the Paying Agents (as defined under “*Terms and Conditions of the Notes*”), as well as on FCA’s website at [www.fcagroup.com](http://www.fcagroup.com). FCA’s website and its content (except for any documents available at the links mentioned herein to the extent incorporated by reference herein) do not form part of the Base Prospectus.

Arranger

**UBS Investment Bank**

Dealers

Banca IMI  
BNP PARIBAS  
Citigroup  
Crédit Agricole CIB  
Deutsche Bank  
J.P. Morgan  
Morgan Stanley  
Santander Global Banking & Markets  
TD Securities  
UBS Investment Bank

Barclays  
BofA Merrill Lynch  
Commerzbank  
Credit Suisse  
Goldman Sachs International  
Mediobanca  
Natixis  
Société Générale Corporate & Investment Banking  
The Royal Bank of Scotland  
UniCredit Bank

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The Base Prospectus is a base prospectus for the purposes of Article 5.4 of the Prospectus Directive in relation to each Issuer.

FCA, in its capacity as an Issuer, accepts responsibility for the information contained in this document, with the exception of any information in respect of FCFE, FCFC and FCFNA. To the best of the knowledge of FCA, the information contained in this document in respect of which it accepts responsibility is in accordance with the facts and does not omit anything likely to affect the importance of such information.

FCA, in its capacity as a Guarantor, accepts responsibility only for the information contained in this document relating to itself and to the Guarantee (as defined under “*Terms and Conditions of the Notes*”). To the best of the knowledge of the Guarantor, the information contained in those parts of this document relating to itself and to the Guarantee is in accordance with the facts and does not omit anything likely to affect the importance of such information.

FCFE accepts responsibility for the information contained in this document, with the exception of any information in respect of FCFNA, FCFC and FCA when the latter is acting as an Issuer. To the best of the knowledge of FCFE, the information contained in this document in respect of which it accepts responsibility is in accordance with the facts and does not omit anything likely to affect the importance of such information.

FCFC accepts responsibility for the information contained in this document, with the exception of any information in respect of FCFNA, FCFE and FCA when the latter is acting as an Issuer. To the best of the knowledge of FCFC, the information contained in this document in respect of which it accepts responsibility is in accordance with the facts and does not omit anything likely to affect the importance of such information.

FCFNA accepts responsibility for the information contained in this document, with the exception of any information in respect of FCFE, FCFC and FCA when the latter is acting as an Issuer. To the best of the knowledge of FCFNA, the information contained in this document in respect of which it accepts responsibility is in accordance with the facts and does not omit anything likely to affect the importance of such information.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons unless the Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. See “*Form of the Notes*” for a description of the manner in which Notes will be issued. Registered Notes (as defined under “*Form of the Notes*”) are subject to certain restrictions on transfer, see “*Subscription and Sale, and Selling and Transfer Restrictions*”.

Copies of the Final Terms will be available at the registered office of each Issuer, at the principal office of the Guarantor (as applicable) and the specified office set out below of each of the Paying Agents.

Each of the Issuers and the Guarantor has confirmed to the Dealers that the statements contained in the Base Prospectus (including all documents that are incorporated by reference herein — see “*Documents Incorporated by Reference*”) relating (in the case of each Issuer) to such Issuer and (in the case of the Guarantor) to the Guarantor and the Guarantee are in every material respect true and accurate and not misleading; any opinions, predictions or intentions expressed in the Base Prospectus on the part of any Issuer or the Guarantor (as the case may be) are honestly held or made and are not misleading in any material respect; the Base Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing.

The data related to market shares or ranks in particular markets that is included in the section entitled “*The FCA Group*” beginning on page 111 hereof has been extracted from a variety of official, non-official and internal sources believed by each Issuer and the Guarantor to be reliable, including the following agencies: Italy—*Ministero dei Trasporti*; Brazil—*Associação Nacional dos Fabricantes de Veículos Automotores*; France—*Association Auxiliaire de l'Automobile*; Germany—*Kraftfahrt-Bundesamt (KBA)*; Spain—*Dirección General de Tráfico*; the United Kingdom—*Society of Motor Manufacturers and Traders*. Sales related to Chrysler’s brands represent sales to end-customers as reported by Chrysler dealer network. Each Issuer and the Guarantor confirms that such third-party information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

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The Notes may be issued on a continuing basis to one or more of the Dealers specified under “*Overview of the Programme*” and any additional Dealer appointed under the Programme from time to time by the Issuers (each a “Dealer” and together the “Dealers”), which appointment may be for a specific issue or on an ongoing basis.

References in the Base Prospectus to the “relevant Dealer” shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to purchase such Notes. References in the Base Prospectus to the “relevant Issuer” shall, in relation to an issue of Notes, be to the Issuer of such Notes.

The Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*” below). The Base Prospectus shall be read and construed on the basis that such documents are incorporated and form part of the Base Prospectus.

The Dealers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated by reference in the Base Prospectus or any other information provided by any Issuer or the Guarantor in connection with the Programme.

No Dealer accepts any liability in relation to the information contained or incorporated by reference in the Base Prospectus or any other information provided by any Issuer or the Guarantor in connection with the Programme.

No person is or has been authorised by any Issuer or by the Guarantor to give any information or to make any representation not contained in or not consistent with the Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by any Issuer, the Guarantor or any of the Dealers.

Neither the Base Prospectus nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by any Issuer, the Guarantor or any of the Dealers that any recipient of the Base Prospectus, or of any other information supplied in connection with the Programme or any Notes, should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the relevant Issuer and/or the Guarantor. In the absence of Final Terms, neither the Base Prospectus, nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of any of the Issuers, the Guarantor or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of the Base Prospectus, nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuers and/or the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuers or the Guarantor during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published audited annual financial statements and, if published later, the most recently published interim financial statements (if any) of the relevant Issuer and Guarantor when deciding whether or not to purchase any Notes.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. tax regulations; provided, however, that FCFNA may not issue Notes in bearer form. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended (the “Code”) and the regulations promulgated thereunder.

The Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of the Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuers, the Guarantor and the Dealers do not represent that the Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering.

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In particular, no action has, to date, been taken by any Issuer, the Guarantor or the Dealers which would permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither the Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with all applicable laws and regulations. Persons into whose possession the Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of the Base Prospectus and the offer or sale of Notes in the United States, Canada, Japan, Hong Kong, Singapore, the PRC (as defined below) and the European Economic Area, including Italy, the Netherlands and the United Kingdom. See “*Subscription and Sale, and Selling and Transfer Restrictions*”.

In making an investment decision, investors must rely on their own examination of the relevant Issuer and the Guarantor and the terms of the Notes being offered, including the merits and risks involved. The Notes have not been approved or disapproved by the United States Securities and Exchange Commission (the “SEC”) or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved the Base Prospectus or confirmed the accuracy or determined the adequacy of the information contained in the Base Prospectus. Any representation to the contrary is unlawful.

None of the Dealers, the Issuers or the Guarantor makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws.

Series of Notes (as defined under “*Terms and Conditions of the Notes*”) issued under the Programme may be rated or unrated. Where a series of Notes is rated, its rating will not necessarily be the same as the rating assigned to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to a relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009/EC, as amended (the “CRA Regulation”), will be disclosed in the Final Terms. In general, in accordance with the provisions of the CRA Regulation, European regulated investors are restricted from using a credit rating for regulatory purposes if such credit rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation.

## U.S. INFORMATION

The Base Prospectus may be distributed in the United States to QIBs (as defined under “*Form of the Notes*”) in connection with their consideration of the purchase of Notes being offered hereby. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part; nor may it be distributed, or any of its contents disclosed, to anyone other than the prospective investors to whom it is originally submitted.

Registered Notes may be offered or sold within the United States only to QIBs in transactions exempt from registration under the Securities Act. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it is being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A under the Securities Act (“Rule 144A”).

Each purchaser or holder of Notes represented by a Rule 144A Global Note (as defined under “*Form of the Notes*”) or any Notes issued in registered form in exchange or substitution therefor (together “*Legended Notes*”) will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in “*Subscription and Sale, and Selling and Transfer Restrictions*”. Unless otherwise stated, terms used in this paragraph have the meanings given to them in “*Form of the Notes*”.

## NOTICE TO POTENTIAL INVESTORS IN THE UNITED KINGDOM

This communication is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). The Notes are only available to, and any invitation, offer or

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agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

### **NOTICE TO NEW HAMPSHIRE RESIDENTS**

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

### **AVAILABLE INFORMATION**

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are “restricted securities” within the meaning of the Securities Act, the Issuers and the Guarantor have undertaken in a deed poll dated December 19, 2014 (the “Deed Poll”) to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, the relevant Issuer is neither a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

### **SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES**

FCFE, FCFC and FCA are corporations incorporated under the laws of the Grand-Duchy of Luxembourg, Alberta (Canada) and the Netherlands, respectively. It may not be possible for investors to effect service of process outside the Grand-Duchy of Luxembourg (in the case of FCFE), Canada (in the case of FCFC) or the Netherlands (in the case of FCA) or upon FCFE, FCFC or FCA or to enforce judgments against them obtained in courts outside the Grand-Duchy of Luxembourg (in the case of FCFE), Canada (in the case of FCFC) or the Netherlands (in the case of FCA) predicated upon civil liabilities of FCFE, FCFC or FCA, as the case may be, under laws other than those of Luxembourg (in the case of FCFE), Canada (in the case of FCFC) or the Netherlands (in the case of FCA), including any judgment predicated upon United States federal securities laws. There are doubts as to the enforceability in the Grand-Duchy of Luxembourg (in the case of FCFE), Canada (in the case of FCFC) and the Netherlands (in the case of FCA) in original actions or in actions for enforcement of judgments of United States courts of civil liabilities predicated solely upon the federal securities laws of the United States.

As there is no treaty between the United States and the Netherlands providing for the reciprocal recognition and enforcement of judgments (other than arbitration awards in civil and commercial matters), a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, would not be enforceable in the Netherlands. However, if the party in whose favour such judgment is rendered brings a new suit in a competent court in the Netherlands, that party may submit to a Dutch court the final judgment that has been rendered in the United States. If the Dutch court finds that the jurisdiction of the federal or state court in the United States has been based on grounds that are internationally acceptable, that proper legal procedures have been observed, that the judgment is final and does not contravene Dutch concepts of due process, to the extent that the Dutch court is of the opinion that reasonableness and fairness so require, the Dutch court would, in principle, under current practice, recognise the final judgment that has been rendered in the United States and generally grant the same claim without relitigation on the merits, unless the consequences of the recognition of such judgment contravene public policy in the Netherlands.

A valid judgment against FCFE with respect to the Notes obtained from a court of competent jurisdiction in the United States, which judgment remains in full force and effect after all appeals as may be taken in the relevant U.S. state or federal jurisdiction with respect thereto have been taken, may be entered and enforced through a court

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of competent jurisdiction of Luxembourg subject to compliance with the enforcement procedures (*exequatur*) set out in Article 678 *et seq.* of the Luxembourg *Nouveau Code de Procédure Civile* under the following conditions:

- the U.S. court awarding the judgment has jurisdiction to adjudicate the respective matter under its applicable laws, and such jurisdiction is recognised by Luxembourg private international and local law;
- the judgment is final and enforceable (*exécutoire*) in the jurisdiction where the decision is rendered;
- the U.S. court has applied the substantive law as designated by the Luxembourg conflict of laws rules;
- the U.S. court has acted in accordance with its own procedural laws;
- the judgment must not have been obtained by fraud (*fraude à la loi*) subsequent to an evasion of Luxembourg law and must have been granted in compliance with the rights of the defendant to appear, and if it appeared, to present a defense;
- the judgment does not contravene public policy as understood under the laws of Luxembourg or has been given in proceedings of a criminal or tax nature; and
- if an original action is brought in Luxembourg, Luxembourg courts may refuse to apply the designated law amongst others and notably if its application contravenes Luxembourg public policy. In an action brought in Luxembourg on the basis of U.S. federal or state securities laws, Luxembourg courts may not have the requisite power to grant the remedies sought.

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## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### Certain Defined Terms

The group consisting of FCA and its direct and indirect subsidiaries (the “Group” or the “FCA Group”) was formed as a result of the merger (the “Merger”) of Fiat S.p.A. (“Fiat”) into Fiat Investments N.V., a Dutch public limited liability company (*naamloze vennootschap*) established on April 1, 2014 for the purposes of carrying out the reorganisation of the Fiat Group. Fiat Investments N.V. was subsequently renamed Fiat Chrysler Automobiles N.V. on October 12, 2014, upon the completion of the Merger. The Group is the result of the acquisition by Fiat of all of the outstanding interests of Chrysler Group LLC<sup>1</sup> (“Chrysler” or the “Chrysler Group”), which was completed on January 21, 2014. Fiat previously consolidated the results of Chrysler on a line-by-line basis from June 1, 2011. The Group is also the result of the demerger of certain capital goods businesses of Fiat in favour of Fiat Industrial S.p.A. (“Fiat Industrial”) effective as of January 1, 2011. Accordingly, in this Base Prospectus:

- (a) references to the “Merger” are, as noted, to the merger of Fiat into FCA, pursuant to which FCA has succeeded to and assumed by operation of law all of the obligations, rights, interests and liabilities of Fiat, including all of the obligations, rights, interests and liabilities of Fiat pursuant to the guarantees it has issued in the past in the interests of its subsidiaries, effective as of October 12, 2014 as described in more detail under “*The FCA Group—History of the FCA Group—The Merger*” herein;
- (b) references to the “Group”, the “Fiat Group”, “Fiat”, “we”, “us”, “our” and the “Company”, refer to Fiat, together with its subsidiaries, as the context may require, prior to the Merger and references to the foregoing terms or to the “FCA Group” are to FCA, together with its subsidiaries, as the context may require, subsequent to the Merger;
- (c) references to “Chrysler” or to the “Chrysler Group” are to the group consisting of Chrysler Group LLC, a limited liability company formed on April 28, 2009 under Delaware (USA) law, with its corporate headquarters at 1000 Chrysler Drive, Auburn Hills, Michigan (USA), together with its direct and indirect subsidiaries consolidated into Chrysler Group LLC in accordance with U.S. GAAP or each of the abovementioned legal entities;
- (d) references to the “Demerger” are to the transaction pursuant to which Fiat transferred a portion of its assets and liabilities (and, in particular, the activities pertaining to the Agricultural and Construction Equipment, Trucks and Commercial Vehicles and to the “Industrial & Marine” division of the FPT Powertrain Technologies sector from the activities related to the Automobiles business as well as to the relevant Components and Production Systems) to Fiat Industrial (since renamed as CNH Industrial) in the form of a *scissione parziale proporzionale* (in accordance with Article 2506 of the Italian Civil Code) effective as of January 1, 2011;
- (e) references to the “Fiat Industrial Group” are to the group consisting of Fiat Industrial and its direct and indirect subsidiaries, as of and subsequent to the effective date of the Demerger and prior to the merger of Fiat Industrial and its majority-owned subsidiary, CNH Global N.V., into CNH Industrial N.V., with its registered office in Amsterdam, The Netherlands and its principal executive office at Cranes Farm Road, Basildon, Essex, SS14 3AD, United Kingdom (“CNH Industrial”);
- (f) references to the “CNH Industrial Group” are to the group consisting of CNH Industrial and its direct and indirect subsidiaries as of and subsequent to the effective date of the merger mentioned under (e) above;
- (g) references to the “Mass-Market Vehicles Segment” are the operating segment of the Group relating to the activities of “mass-market brands” passenger cars, light commercial vehicles and related parts and services (including Fiat, Fiat Professional, Abarth, Alfa Romeo, Lancia, Chrysler, Jeep, Dodge, Ram and Mopar brands) in the following regions: NAFTA, LATAM, APAC and EMEA, as described in more detail under “*The FCA Group*”.
- (h) references to (i) “NAFTA” means the United States, Canada and Mexico, (ii) “LATAM” means Central and South America (excluding Mexico), (iii) “APAC” means Asia and Pacific countries, and (iv) “EMEA” means the member countries of the European Union, Africa and the Middle East;

<sup>1</sup> Renamed FCA US LLC starting from December 15, 2014.

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- (i) references to the “Luxury Brands” or to the “Luxury Brands Segment” are to the operating segment including the activities of the following sectors of the Group together: Ferrari and Maserati;
  - (j) references to the “Components” or to the “Components Segment” are to the operating segment including the activities of the following sectors of the Group together: Magneti Marelli, Teksid and Comau;
  - (k) references to the “FCFE Group” are to the group consisting of FCFE, together with its consolidated subsidiaries — FCFNA and FCFC — following their acquisition by FCFE on December 15, 2011, as described in more detail under “*Fiat Chrysler Finance Europe S.A.*” herein; and
  - (l) references to the “Form F-4” are to the registration statement on Form F-4 filed by Fiat Investments N.V. with the SEC pursuant to Rule 424(b)(3) of the Securities Act on July 8, 2014 in connection with the Merger (file no. 333-197229).

### **Presentation of Financial Information**

The financial information incorporated by reference in this Base Prospectus and included under “*Selected Financial and Statistical Information Relating to the Group*”, “*Financial Review of the FCA Group*” and “*Financial Information Relating to the FCA Group*” has been extracted from:

- the audited consolidated financial statements of the Fiat Group as of and for the financial years ended December 31, 2013 and 2012 (the “Annual Consolidated Financial Statements”), prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”), as set forth in the Form F-4; and
- the unaudited interim consolidated financial statements of the FCA Group as of and for the nine months ended September 30, 2014 (the “Interim Consolidated Financial Statements”).

The Annual Consolidated Financial Statements have been extracted from the consolidated financial statements of the Fiat Group as reported in the Form F-4 because FCA (and by extension, the FCA Group) did not exist prior to April 1, 2014 and did not have independent operations prior to the completion of the Merger.

The Annual Consolidated Financial Statements and Interim Consolidated Financial Statements are incorporated by reference herein, as described under “*Documents Incorporated by Reference*” below.

On May 24, 2011, following the acquisition of an incremental 16% ownership interest in Chrysler (fully diluted), in addition to potential voting rights associated with options that became exercisable thereafter, Fiat acquired control of Chrysler and Chrysler’s financial results were consolidated by Fiat from June 1, 2011. Fiat and Chrysler continue to manage financial matters, including funding and cash management, separately.

The Merger did not have any impact on Fiat Group consolidated financial statements, which include Chrysler from June 1, 2011, and, following effectiveness of the Merger, the business of FCA is the same business as that of Fiat prior to the Merger. Between the time of incorporation and the effectiveness of the Merger on October 12, 2014, the activities of FCA consisted only of preparing for the Merger.

FCA prepares its consolidated financial statements in accordance with IFRS. Under IFRS, the Merger consisted of a reorganization of existing legal entities that does not give rise to any change of control and, therefore, is outside the scope of application of IFRS 3—*Business Combinations*. Accordingly, it has been accounted for as an equity transaction with no change in the accounting basis.

Consequently, no pro-forma consolidated financial information was required in connection with the Merger.

Potential investors must take into account that the Guaranteed Notes will be guaranteed only by FCA and that Chrysler and the companies of the Chrysler Group will have no obligations under any Notes issued by FCA, FCFE, FCFC or FCFNA, the Guaranteed Notes or the Guarantee. Similarly, neither Chrysler nor any company of the Chrysler Group will have any obligation under any Note issued or to be issued by FCA or by any company of the Group.

FCFC’s, FCFNA’s, FCFE’s and the FCFE Group’s financial information as of and for the financial years ended December 31, 2013 and December 31, 2012 included in this Base Prospectus under “*Financial Information*”



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*Relating to Fiat Chrysler Finance Canada Ltd.*”, “*Financial Information Relating to Fiat Chrysler Finance North America, Inc.*”, “*Financial Information Relating to Fiat Chrysler Finance Europe S.A.*” and “*Financial Information Relating to the FCFE Group*” have been derived, respectively, (i) from FCFC’s (previously known as Fiat Finance Canada Ltd.) audited financial statements as of and for the financial years ended December 31, 2013 and December 31, 2012, prepared in accordance with IFRS, (ii) from FCFNA’s (previously known as Fiat Finance North America, Inc.) audited financial statements as of and for the financial years ended December 31, 2013 and December 31, 2012, prepared in accordance with IFRS, (iii) from FCFE’s (previously known as Fiat Finance and Trade Ltd.) audited financial statements as of and for the years ended December 31, 2013 and December 31, 2012, prepared in accordance with Luxembourg GAAP, and (iv) from the FCFE Group’s audited consolidated financial statements as of and for the financial years ended December 31, 2013 and December 31, 2012, prepared in accordance with IFRS.

All references in the Base Prospectus to “U.S. dollars”, “U.S.\$” and “\$” refer to the currency of the United States of America, references to “CAN\$” refer to the currency of Canada, references to “Sterling” and “£” refer to the currency of the United Kingdom, references to “CNY”, “RMB” and “Renminbi” refer to the lawful currency of the PRC (as defined below), and references to “euro” and “€” refer to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended.

In this Base Prospectus, references to the “PRC” refer to the People’s Republic of China which, for the purposes of this Base Prospectus, shall exclude the Hong Kong Special Administrative Region of the PRC (“Hong Kong”), the Macau Special Administrative Region of the PRC and Taiwan.

In this Base Prospectus references to “CNY Notes” refer to Notes denominated in CNY or Renminbi deliverable in Hong Kong.

In this Base Prospectus references to “CMU Notes” refer to Notes denominated in any lawful currency which the Central Moneymarkets Unit Service (the “CMU Service”) operated by the Hong Kong Monetary Authority (the “HKMA”) accepts for settlement from time to time that are, or are intended to be, cleared through the CMU Service.

The language of the Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Certain totals in the tables included in this Base Prospectus may not add due to rounding.

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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The Base Prospectus contains certain forward-looking statements relating to the FCA Group and its activities that do not represent statements of fact but are rather based on current expectations and projections of the FCA Group in relation to future events, and which, by their nature, are subject to inherent risks and uncertainties. Earnings estimates and projections are based on specific knowledge of the sector, publicly available data, and past experience. Underlying the projections are assumptions concerning future events and trends that are subject to uncertainty and whose actual occurrence or non-occurrence could result in significant variations from the projected results. These forward-looking statements 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. Although each Issuer and the Guarantor believes that the expectations, estimates and projections reflected in its forward-looking statements are reasonable as of the date of this Base Prospectus, actual results may differ materially from those expressed in such statements as a result of a variety of factors, including: volatility in commodity prices, changes in general economic conditions, economic growth and other changes in business conditions, changes in government regulation (in each case, in the United States, Italy, the Netherlands, the United Kingdom or abroad), and many other factors, some of which are referred to in this Base Prospectus, and most of which are outside of the control of the Issuers, the Guarantor and/or the Group.

Any forward-looking statements contained in this Base Prospectus speak only as at the date of this Base Prospectus. Without prejudice to any requirements under applicable laws and regulations, each Issuer and the Guarantor expressly disclaims any obligation or undertaking to disseminate after the date of this Base Prospectus any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations or any change in events, conditions or circumstances on which any such forward-looking statements are based.

## STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the “Stabilising Manager(s)” (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment shall be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

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## OVERVIEW OF THE PROGRAMME

*This general description must be read as an introduction to the Base Prospectus and any decision to invest in any Notes should be based on a consideration of the Base Prospectus as a whole, including the documents incorporated by reference therein. The following general description does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The relevant Issuer, the Guarantor (where applicable) and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, in the case of listed Notes only and if appropriate, a Base Prospectus supplement will be published.*

This general description constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive.

Words and expressions defined in “*Form of the Notes*” and “*Terms and Conditions of the Notes*” shall have the same meanings in this general description.

Issuers:	Fiat Chrysler Automobiles N.V. Fiat Chrysler Finance Europe <i>société anonyme</i> Fiat Chrysler Finance Canada Ltd. Fiat Chrysler Finance North America, Inc.
Guarantor, in respect of Guaranteed Notes:	Fiat Chrysler Automobiles N.V.
Risk Factors:	There are certain factors that may affect the ability of each of the Issuers to fulfil its obligations under Notes issued under the Programme. These are set out under “ <i>Risk Factors</i> ” below. There are also certain factors that may affect the Guarantor’s ability to fulfil its obligations under the Guarantee, where applicable. These are also set out under “ <i>Risk Factors</i> ” below. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under “ <i>Risk Factors</i> ” and include the fact that the Notes may not be a suitable investment for all investors, certain risks relating to the structure of particular Series of Notes and certain market risks.
Description:	Global Medium Term Note Programme
Arranger:	UBS Limited
Dealers:	Banca IMI S.p.A. Banco Santander, S.A. Barclays Bank PLC BNP Paribas Citigroup Global Markets Limited Commerzbank Aktiengesellschaft Crédit Agricole Corporate and Investment Bank Credit Suisse Securities (Europe) Limited Deutsche Bank AG, London Branch Goldman Sachs International J.P. Morgan Securities plc Mediobanca-Banca di Credito Finanziario S.p.A. Merrill Lynch International Morgan Stanley & Co. International plc Natixis Société Générale The Royal Bank of Scotland plc The Toronto-Dominion Bank UBS Limited UniCredit Bank AG

## OVERVIEW OF THE PROGRAMME

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	and any other Dealers appointed in accordance with the Programme Agreement (as defined in “ <i>Subscription and Sale, and Selling and Transfer Restrictions</i> ”).
Certain Restrictions:	<p>Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “<i>Subscription and Sale, and Selling and Transfer Restrictions</i>”) including the following restriction applicable at the date of the Base Prospectus:</p> <p>Notes issued on terms such that they must be redeemed before their first anniversary will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent (see “<i>Subscription and Sale, and Selling and Transfer Restrictions</i>”).</p>
Issuing and Principal Paying Agent:	Citibank, N.A., London Branch.
Registrar:	Citigroup Global Markets Deutschland AG.
CMU Lodging and Paying Agent:	Citicorp International Limited.
Programme Size:	Up to €20,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuers and the Guarantor may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, any currency agreed between the relevant Issuer and the relevant Dealer.
Maturities:	Such maturities as may be agreed between the relevant Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer or the relevant Specified Currency. Notes issued by FCFNA may not have maturities of 183 days or less.
Issue Price:	Notes may be issued only on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	The Notes will be issued in bearer or registered form as described in “ <i>Form of the Notes</i> ”. FCFNA may not issue Bearer Notes (as defined under “ <i>Form of the Notes</i> ”). Registered Notes will not be exchangeable for Bearer Notes or vice versa.
Clearing Systems:	With respect to Notes (other than CMU Notes), Clearstream, Euroclear and/or DTC and any additional or alternative clearing system specified in the applicable Final Terms. With respect to CMU Notes, the CMU Service operated by the HKMA.
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the relevant Issuer and the relevant Dealer and on redemption and will be

## OVERVIEW OF THE PROGRAMME

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calculated on the basis of such Day Count Fraction (as defined in the “*Terms and Conditions of the Notes*”) as may be agreed between the relevant Issuer and the relevant Dealer.

### Floating Rate Notes:

Floating Rate Notes will bear interest at a rate determined:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or
- (ii) on the basis of the reference rate set out in the applicable Final Terms.

The margin (if any) relating to such floating rate will be agreed between the relevant Issuer and the relevant Dealer for each Series of Floating Rate Notes.

### Other provisions in relation to Floating Rate Notes:

Floating Rate Notes may have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the relevant Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the relevant Issuer and the relevant Dealer.

### Zero Coupon Notes:

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

### Redemption:

The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons as described in “*Terms and Conditions of the Notes—Redemption for Tax Reasons*”, or following an Event of Default) or that such Notes will be redeemable at the option of the relevant Issuer and/or the Noteholders (as defined under “*Terms and Conditions of the Notes*”) upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the relevant Issuer and the relevant Dealer.

Notes issued on terms such that they must be redeemed before their first anniversary may be subject to restrictions on their denomination and distribution. See “*Certain Restrictions*” above.

### Denomination of Notes:

Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer, save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency and save that the minimum denomination of each Note admitted to trading on a regulated market within the EEA will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

### Taxation:

All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Relevant Tax Jurisdiction, subject to Condition 8. In the event that any such deduction is made, the relevant Issuer or the Guarantor (with respect to the Guaranteed Notes) will, save in certain limited circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted.

## OVERVIEW OF THE PROGRAMME

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Change of Control:	If a Change of Control occurs, except in certain circumstances, the relevant Issuer will be required to offer to repurchase the Notes at a purchase price equal to 101 per cent. of their aggregate principal amount, plus accrued and unpaid interest, if any, to the date of purchase.
Negative Pledge:	The terms of the Notes will contain a negative pledge provision as further described in Condition 4.
Cross Default:	The terms of the Notes will contain a cross default provision as further described in Condition 10.
Status of the Notes:	The Notes and any related Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the relevant Issuer and (subject as aforesaid) rank and will rank <i>pari passu</i> without any preference among themselves, with all other present and future outstanding unsubordinated and unsecured obligations of the relevant Issuer (subject to mandatorily preferred obligations under applicable laws).
Guarantee:	The payment of principal and interest in respect of the Guaranteed Notes and any related Coupons has been irrevocably and unconditionally guaranteed by the Guarantor pursuant to the Guarantee. The obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Guarantor and (subject as aforesaid) rank and will rank <i>pari passu</i> (subject to mandatorily preferred obligations under applicable laws) with all other present and future outstanding unsecured and unsubordinated obligations of the Guarantor.
Listing and admission to trading:	<p>Application has been made to the Irish Stock Exchange for the Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the Official List and to trading on its regulated market.</p> <p>Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.</p> <p>The applicable Final Terms will state whether or not the relevant Notes are to be listed or admitted to trading and, if so, on which stock exchange(s).</p>
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, Canada, Japan, Hong Kong, Singapore, the PRC and the EEA (including the United Kingdom, the Netherlands and Italy) and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See “ <i>Subscription and Sale, and Selling and Transfer Restrictions</i> ”.

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## RISK FACTORS

*Each of the Issuers and the Guarantor believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and none of the Issuers or the Guarantor is in a position to express a view on the likelihood of any contingency occurring.*

*In addition, factors that are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*Each of the Issuers and the Guarantor believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of any Issuer or the Guarantor to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuers and the Guarantor based on information currently available to them or reasons which they may not currently be able to anticipate and none of the Issuers or the Guarantor represents that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in the Base Prospectus and reach their own views prior to making any investment decision.*

### **Factors that may affect the ability of the Issuers and the Guarantor to fulfil their obligations under the Notes**

***The Group's profitability depends on reaching certain minimum vehicle sales volumes. If vehicle sales deteriorate, results of operations and financial condition will suffer.***

The Group's success requires it to achieve certain minimum vehicle sales volumes. As is typical for an automotive manufacturer, the Group has significant fixed costs and, therefore, changes in vehicle sales volume can have a disproportionately large effect on profitability. For example, assuming constant pricing, mix and cost of sales per vehicle, that all results of operations were attributable to vehicle shipments and that all other variables remain constant, a 10 percent decrease in vehicle shipments would reduce earnings before interest and taxes ("EBIT") by approximately 40 percent, without accounting for actions and cost containment measures the Group may take in response to decreased vehicle sales. Further, a shift in demand away from the Group's minivans, larger utility vehicles and pick-up trucks in the NAFTA region towards passenger cars, whether in response to higher fuel prices or other factors, could adversely affect profitability in the NAFTA region. The Group's minivans, larger utility vehicles and pick-up trucks accounted for approximately 47 percent of the Group's total U.S. retail vehicle sales in 2013 (not including vans and medium duty trucks) and the profitability of this portion of the Group's portfolio is approximately 20 percent higher than that of the Group's overall U.S. retail portfolio on a weighted average basis. A shift in consumer preferences in the U.S. vehicle market away from minivans, larger utility vehicles and pick-up trucks and towards passenger cars could adversely affect profitability. For example, a shift in demand such that U.S. industry market share for minivans, larger utility vehicles and pick-up trucks deteriorated by 10 percentage points and U.S. industry market share for cars and smaller utility vehicles increased by 10 percentage points, whether in response to higher fuel prices or other factors, holding other variables constant, including the Group's market share of each vehicle segment, would have reduced the Group's EBIT by approximately 4 percent for 2013. This estimate does not take into account any other changes in market conditions or actions that the Group may take in response to shifting consumer preferences, including production and pricing changes. For additional information on factors affecting vehicle profitability, see "*Financial Review of the FCA Group*".

Moreover, the Group tends to operate with negative working capital as it generally receives payments from vehicle sales to dealers within a few days of shipment, whereas there is a lag between the time when parts and materials are received from suppliers and when the Group pays for such parts and materials; therefore, if vehicle sales decline the Group will suffer a significant negative impact on cash flow and liquidity as it continues to pay suppliers during a period in which it receives reduced proceeds from vehicle sales. If vehicle sales do not increase, or if they were to fall short of the Group's assumptions, due to financial crisis, renewed recessionary conditions, changes in consumer confidence, geopolitical events, inability to produce sufficient quantities of certain vehicles, limited access to financing or other factors, the Group's financial condition and results of operations would be materially adversely affected.



## RISK FACTORS

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*The businesses of the Group are affected by global financial markets and general economic and other conditions over which it has little or no control.*

The Group's results of operations and financial position may be influenced by various macroeconomic factors – including changes in gross domestic product, the level of consumer and business confidence, changes in interest rates for or availability of consumer and business credit, energy prices, the cost of commodities or other raw materials, the rate of unemployment and foreign currency exchange rates – within the various countries in which it operates.

Beginning in 2008, global financial markets have experienced severe disruptions, resulting in a material deterioration of the global economy. The global economic recession in 2008 and 2009, which affected most regions and business sectors, resulted in a sharp decline in demand for automobiles. Although more recently the Group has seen signs of recovery in certain regions, the overall global economic outlook remains uncertain.

In Europe, in particular, despite measures taken by several governments and monetary authorities to provide financial assistance to certain Eurozone countries and to avoid default on sovereign debt obligations, concerns persist regarding the debt burden of several countries. These concerns, along with the significant fiscal adjustments carried out in several countries, intended to manage actual or perceived sovereign credit risk, have led to further pressure on economic growth and to new periods of recession. For instance, European automotive industry sales have declined over the past several years following a period in which sales were supported by government incentive schemes, particularly those designed to promote sales of more fuel efficient and low emission vehicles. Prior to the global financial crisis, industry-wide sales of passenger cars in Europe were 16 million units in 2007. In 2013, following six years of sales declines, sales in that region had fallen to 12.3 million passenger cars. Similarly, sales of light commercial vehicles in Europe fell from 2.4 million units in 2007 to 1.6 million units in 2013. From 2011 to 2013, the Group's market share of the European passenger car market decreased from 7.0 percent to 6.0 percent, and the Group has reported losses and negative EBIT in each of the past three years in the Europe, Middle East and Africa, or EMEA, Segment. These ongoing concerns could have a detrimental impact on the global economic recovery, as well as on the financial condition of European institutions, which could result in greater volatility, reduced liquidity, widening of credit spreads and lack of price transparency in credit markets. Widespread austerity measures in many countries in which the Group operates could continue to adversely affect consumer confidence, purchasing power and spending, which could adversely affect the Group's financial condition and results of operations.

Following the consolidation of Chrysler from June 1, 2011, a majority of the Group's revenues have been generated in the NAFTA segment. Although economic recovery in North America has been slower and less robust than many economic experts predicted, vehicle sales in North America have experienced significant growth from the low vehicle sales volumes in 2009-2010. However, this recovery may not be sustained or may be limited to certain classes of vehicles. Since the recovery may be partially attributable to the pent-up demand and average age of vehicles in North America following the extended economic downturn, there can be no assurances that improvements in general economic conditions or employment levels will lead to corresponding increases in vehicle sales. As a result, North America may experience limited growth or decline in vehicle sales in the future.

In addition, slower expansion or recessionary conditions are being experienced in major emerging countries, such as China, Brazil and India. In addition to weaker export business, lower domestic demand has also led to a slowing economy in these countries. These factors could adversely affect the financial condition and results of operations of the Group.

In general, the automotive sector has historically been subject to highly cyclical demand and tends to reflect the overall performance of the economy, often amplifying the effects of economic trends. Given the difficulty in predicting the magnitude and duration of economic cycles, there can be no assurances as to future trends in the demand for products sold by the Group in any of the markets in which it operates.

In addition to slow economic growth or recession, other economic circumstances — such as increases in energy prices and fluctuations in prices of raw materials or contractions in infrastructure spending — could have negative consequences for the industry in which the Group operates and, together with the other factors referred to previously, could have a material adverse effect on the financial condition and results of operations of the Group.

## RISK FACTORS

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*The Group's future performance depends on its ability to expand to new markets as well as enrich the Group's product portfolio and offer innovative products in existing markets.*

The success of the Group's businesses depends, among other things, on its ability to maintain or increase its share in existing markets and/or to expand into new markets through the development of innovative, high-quality products that are attractive to customers and provide adequate profitability. Following the January 2014 acquisition of the approximately 41.5 percent interest in Chrysler that the Group did not already own, the Group announced its 2014-2018 Strategic Business Plan (the "Business Plan") on May 6, 2014. The Business Plan includes a number of product initiatives designed to improve the quality of product offerings and allows the Group to grow sales in existing markets and expand in new markets.

It generally takes two years or more to design and develop a new vehicle, and a number of factors may lengthen that schedule. Because of this product development cycle and the various elements that may contribute to consumers' acceptance of new vehicle designs, including competitors' product introductions, fuel prices, general economic conditions and changes in styling preferences, an initial product concept or design that the Group believes will be attractive may not result in a vehicle that will generate sales in sufficient quantities and at high enough prices to be profitable. A failure to develop and offer innovative products that compare favourably to those of the Group's principal competitors, in terms of price, quality, functionality and features, with particular regard to the upper-end of the product range, or delays in bringing strategic new models to the market, could impair the Group's strategy, which would have a material adverse effect on the Group's financial condition and results of operations. Additionally, the Group's high proportion of fixed costs, both due to its significant investment in property, plant and equipment as well as the requirements of its collective bargaining agreements, which limit its flexibility to adjust personnel costs to changes in demand for its products, may further exacerbate the risks associated with incorrectly assessing demand for its vehicles.

Further, if the Group determines that a safety or emissions defect, a mechanical defect or non-compliance with regulation exists with respect to a vehicle model prior to the retail launch, the launch of such vehicle could be delayed until it remedies the defect or non-compliance. The costs associated with any protracted delay in new model launches necessary to remedy such defect, and the cost of providing a free remedy for such defects or non-compliance in vehicles that have been sold, could be substantial.

*The automotive industry is highly competitive and cyclical and the Group may suffer from those factors more than some of its competitors.*

Substantially all of the Group's revenues are generated in the automotive industry, which is highly competitive, encompassing the production and distribution of passenger cars, light commercial vehicles and components and production systems. The Group faces competition from other international passenger car and light commercial vehicle manufacturers and distributors and components suppliers in Europe, North America, Latin America and the Asia Pacific region. These markets are all highly competitive in terms of product quality, innovation, pricing, fuel economy, reliability, safety, customer service and financial services offered, and many of the Group's competitors are better capitalised with larger market shares.

Competition, particularly in pricing, has increased significantly in the automotive industry in recent years. Global vehicle production capacity significantly exceeds current demand, partly as a result of lower growth in demand for vehicles. This overcapacity, combined with high levels of competition and weakness of major economies, has intensified and may further intensify pricing pressures.

The Group's competitors may respond to these conditions by attempting to make their vehicles more attractive or less expensive to customers by adding vehicle enhancements, providing subsidised financing or leasing programmes, or by reducing vehicle prices whether directly or by offering option package discounts, price rebates or other sales incentives in certain markets. In addition, manufacturers in countries which have lower production costs have announced that they intend to export lower-cost automobiles to established markets. These actions have had, and could continue to have, a negative impact on the Group's vehicle pricing, market share, and results of operations.

In the automotive business, sales to end-customers are cyclical and subject to changes in the general condition of the economy, the readiness of end-customers to buy and their ability to obtain financing, as well as the possible introduction of measures by governments to stimulate demand. The automotive industry is also subject to the constant renewal of product offerings through frequent launches of new models. A negative trend in the automotive business or the Group's inability to adapt effectively to external market conditions coupled with more

## RISK FACTORS

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limited capital than many principal competitors could have a material adverse impact on the financial condition and results of operations of the Group.

***The Group may be unsuccessful in efforts to expand the international reach of some of its brands that the Group believes have global appeal and reach.***

The Group's growth strategies reflected in the Business Plan will require it to make significant investments, including to expand several brands believed to have global appeal into new markets. Such strategies include expanding sales of the Jeep brand globally, most notably through localised production in Asia and Latin America and reintroduction of the Alfa Romeo brand in North America and other markets throughout the world. Further, efforts of the Group to increase its sales of Luxury Brand vehicles include a significant expansion of Maserati brand vehicles to cover all segments of the luxury vehicle market. This will require significant investments in production facilities and in distribution networks in these markets. If the Group is unable to introduce vehicles that appeal to consumers in these markets and achieve its brand expansion strategies, the Group may be unable to earn a sufficient return on these investments and this could have a material adverse effect on the financial condition and results of operations of the Group.

***FCA's current credit rating is below investment grade and any further deterioration may significantly affect the Group's funding and prospects.***

The Group's ability to access the capital markets or other forms of financing and the related costs depend, among other things, on the Group's credit ratings. Following downgrades of FCA's predecessor company Fiat by the major rating agencies, FCA is currently rated below investment grade, with the following corporate credit ratings:

- (a) B1 with a stable outlook from Moody's France S.A.S. ("Moody's");
- (b) BB- with a stable outlook from Standard & Poor's Credit Market Services Italy S.r.l. ("Standard & Poor's"); and
- (c) BB- with stable outlook from Fitch Ratings España S.A.U. ("Fitch").

In the case of Moody's, the rating on the notes issued by FCFE and FCFNA (previously named Fiat Finance and Trade Ltd., *société anonyme* and Fiat Finance North America, Inc., respectively) is B2 (rated by Moody's France S.A.S.), while in the case of Standard & Poor's and Fitch, the ratings on the notes issued by FCFE and FCFNA are the same as the respective corporate credit ratings. The rating agencies review these ratings regularly and, accordingly, new ratings may be assigned to FCA or members of the Group in the future. It is not currently possible to predict the timing or outcome of any ratings review. Any downgrade may increase the Group's cost of capital and potentially limit its access to sources of financing, which may cause a material adverse effect on the Group's business prospects, earnings and financial position.

In addition, the ratings agencies may separately review and rate Chrysler on a stand-alone basis and it is possible that FCA's credit ratings may not benefit from any improvements in Chrysler's credit ratings or that a deterioration in Chrysler's credit ratings could result in a negative rating review of FCA.

The credit ratings included in this Base Prospectus have been issued, for the purposes of the CRA Regulation, by Standard & Poor's, Moody's and Fitch. Standard & Poor's, Moody's and Fitch are each established in the European Union and registered under the CRA Regulation, as set out in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority. The European Securities and Markets Authority's website and its content do not form part of the Base Prospectus.

The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to a relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the Final Terms. In general, in accordance with the provisions of the CRA Regulation, European regulated investors are restricted from using a credit rating for regulatory purposes if such credit rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation.

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***The Group may not be able to realise anticipated benefits from any acquisitions and challenges associated with strategic alliances may have an adverse impact on the Group's results of operations.***

The Group may engage in acquisitions or enter into, expand or exit from strategic alliances which could involve risks that may prevent the Group from realising the expected benefits of the transactions or the achievement of strategic objectives. Such risks could include:

- technological and product synergies, economies of scale and cost reductions not occurring as expected;
- unexpected liabilities;
- incompatibility in processes or systems;
- unexpected changes in laws or regulations;
- inability to retain key employees;
- inability to source certain products;
- increased financing costs and inability to fund such costs;
- significant costs associated with terminating or modifying alliances; and
- problems in retaining customers and integrating operations, services, personnel, and customer bases.

If problems or issues were to arise among the parties to one or more strategic alliances for managerial, financial or other reasons, or if such strategic alliances or other relationships were terminated, the Group's product lines, businesses, financial position and results of operations could be adversely affected.

***The Group may not achieve the expected benefits from the integration of the Group's operations.***

The January 2014 acquisition of the approximately 41.5 percent interest in Chrysler not already owned by the Group and the related integration of the two businesses is intended to provide the Group with a number of long-term benefits, including allowing new vehicle platforms and powertrain technologies to be shared across a larger volume, as well as procurement benefits and global distribution opportunities, particularly the extension of brands into new markets. The integration is also intended to facilitate penetration of key brands in several international markets where the Group believes products would be attractive to consumers, but where they currently do not have significant market penetration.

The ability to realise the benefits of the integration is critical for the Group to compete with other automakers. If the Group is unable to convert the opportunities presented by the integration into long-term commercial benefits, either by improving sales of vehicles and service parts, reducing costs or both, the Group's financial condition and results of operations may be materially adversely affected.

***The Group may be exposed to shortfalls in the Group's pension plans.***

The Group's defined benefit pension plans are currently underfunded. As of December 31, 2013, the Group's defined benefit pension plans were underfunded by approximately €4.2 billion (€4.0 billion of which relates to Chrysler's defined benefit pension plans). The Group's pension funding obligations may increase significantly if the investment performance of plan assets does not keep pace with benefit payment obligations. Mandatory funding obligations may increase because of lower than anticipated returns on plan assets, whether as a result of overall weak market performance or particular investment decisions, changes in the level of interest rates used to determine required funding levels, changes in the level of benefits provided for by the plans, or any changes in applicable law related to funding requirements. The Group's defined benefit plans currently hold significant investments in equity and fixed income securities, as well as investments in less liquid instruments such as private equity, real estate and certain hedge funds. Due to the complexity and magnitude of certain investments, additional risks may exist, including significant changes in investment policy, insufficient market capacity to complete a particular investment strategy and an inherent divergence in objectives between the ability to manage risk in the short term and the ability to quickly rebalance illiquid and long-term investments.

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To determine the appropriate level of funding and contributions to its defined benefit plans, as well as the investment strategy for the plans, the Group is required to make various assumptions, including an expected rate of return on plan assets and a discount rate used to measure the obligations under defined benefit pension plans. Interest rate increases generally will result in a decline in the value of investments in fixed income securities and the present value of the obligations. Conversely, interest rate decreases will generally increase the value of investments in fixed income securities and the present value of the obligations.

Any reduction in the discount rate or the value of plan assets, or any increase in the present value of obligations, may increase pension expenses and required contributions and, as a result, could constrain liquidity and materially adversely affect the Group's financial condition and results of operations. If the Group fails to make required minimum funding contributions, it could be subject to reportable event disclosure to the U.S. Pension Benefit Guaranty Corporation, as well as interest and excise taxes calculated based upon the amount of any funding deficiency. With ownership in Chrysler now equal to 100 percent, the Group may become subject to certain U.S. legal requirements making it secondarily responsible for a funding shortfall in certain of Chrysler's pension plans in the event these pension plans were terminated and Chrysler were to become insolvent.

### *The Group may not be able to provide adequate access to financing for dealers and retail customers.*

The Group's dealers enter into wholesale financing arrangements to purchase vehicles to hold in inventory and facilitate retail sales, and retail customers use a variety of finance and lease programmes to acquire vehicles.

Unlike many of its competitors, the Group does not own and operate a controlled finance company dedicated solely to its mass-market operations in the U.S. and certain key markets in Europe. Instead it has elected to partner with specialised financing services providers through joint ventures and commercial agreements. The Group's lack of a controlled finance company in these key markets may increase the risk that dealers and retail customers will not have access to sufficient financing on acceptable terms which may adversely affect the Group's vehicle sales in the future. Furthermore, many of the Group's competitors are better able to implement financing programmes designed to maximise vehicle sales in a manner that optimises profitability for them and their finance companies on an aggregate basis. Since the Group's ability to compete depends on access to appropriate sources of financing for dealers and retail customers, its lack of a controlled finance company in those markets could adversely affect its results of operations.

In other markets, the Group relies on controlled finance companies, joint ventures and commercial relationships with third parties, including third party financial institutions, to provide financing to its dealers and retail customers. Finance companies are subject to various risks that could negatively affect their ability to provide financing services at competitive rates, including:

- the performance of loans and leases in their portfolio, which could be materially affected by delinquencies, defaults or prepayments;
- wholesale auction values of used vehicles;
- higher than expected vehicle return rates and the residual value performance of vehicles they lease; and
- fluctuations in interest rates and currency exchange rates.

Any financial services provider, including the Group's joint ventures and controlled finance companies, will face other demands on its capital, including the need or desire to satisfy funding requirements for dealers or customers of the Group's competitors as well as liquidity issues relating to other investments. Furthermore, they may be subject to regulatory changes that may increase their costs, which may impair their ability to provide competitive financing products to Group dealers and retail customers.

To the extent that a financial services provider is unable or unwilling to provide sufficient financing at competitive rates to the Group's dealers and retail customers, such dealers and retail customers may not have sufficient access to financing to purchase or lease the Group's vehicles. As a result, the Group's vehicle sales and market share may suffer, which would adversely affect the Group's financial condition and results of operations.

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### ***Vehicle sales depend heavily on affordable interest rates for vehicle financing.***

In certain regions, financing for new vehicle sales has been available at relatively low interest rates for several years due to, among other things, expansive government monetary policies. To the extent that interest rates rise generally, market rates for new vehicle financing are expected to rise as well, which may make the Group's vehicles less affordable to retail customers or steer consumers to less expensive vehicles that tend to be less profitable for the Group, adversely affecting the Group's financial condition and results of operations. Additionally, if consumer interest rates increase substantially or if financial service providers tighten lending standards or restrict their lending to certain classes of credit, the Group's retail customers may not desire to or be able to obtain financing to purchase or lease its vehicles. Furthermore, because the Group's customers may be relatively more sensitive to changes in the availability and adequacy of financing and macroeconomic conditions, the Group's vehicle sales may be disproportionately affected by changes in financing conditions relative to the vehicle sales of Group competitors.

### ***Limitations on the Group's liquidity and access to funding may limit its ability to execute its business plan and improve its financial condition and results of operations.***

The Group's future performance will depend on, among other things, its ability to finance debt repayment obligations and planned investments from operating cash flow, available liquidity, the renewal or refinancing of existing bank loans and/or facilities and possible access to capital markets or other sources of financing. Although the Group has measures in place that are designed to ensure that adequate levels of working capital and liquidity are maintained, declines in sales volumes could have a negative impact on the cash-generating capacity of its operating activities. The Group could, therefore, find itself in the position of having to seek additional financing and/or having to refinance existing debt, including in unfavourable market conditions, with limited availability of funding and a general increase in funding costs. Any limitations on the Group's liquidity, due to decreases in vehicle sales, the amount of or restrictions in its existing indebtedness, conditions in the credit markets, general economic conditions or otherwise, may adversely impact the Group's ability to execute its business plan and impair its financial condition and results of operations. In addition, any actual or perceived limitations of the Group's liquidity may limit the ability or willingness of counterparties, including dealers, customers, suppliers and financial service providers, to do business with the Group, which may adversely affect its financial condition and results of operations.

### ***The Group's ability to achieve cost reductions and to realise production efficiencies is critical to maintaining its competitiveness and long-term profitability.***

The Group is continuing to implement a number of cost reduction and productivity improvement initiatives in automobile operations, for example, by increasing the number of vehicles that are based on common platforms, reducing dependence on sales incentives offered to dealers and consumers, leveraging purchasing capacity and volumes and implementing World Class Manufacturing ("WCM") principles. WCM principles are intended to eliminate waste of all types, and improve worker efficiency, productivity, safety and vehicle quality as well as worker flexibility and focus on removing capacity bottlenecks to maximise output when market demand requires without having to resort to significant capital investments. As part of the Group's Business Plan, it plans to continue efforts to extend WCM programmes into all of its production facilities and benchmark across all of the Group's facilities around the world, which is supported by Chrysler's January 2014 memorandum of understanding with the United Automobile, Aerospace and Agricultural Implement Workers of America (the "UAW"). The Group's future success depends upon its ability to implement these initiatives successfully throughout its operations. While some productivity improvements are within its control, others depend on external factors, such as commodity prices, supply capacity limitations, or trade regulation. These external factors may make it more difficult to reduce costs as planned, and the Group may sustain larger than expected production expenses, materially affecting its business and results of operations. Furthermore, reducing costs may prove difficult due to the need to introduce new and improved products in order to meet consumer expectations.

### ***The Group's business operations may be impacted by various types of claims, lawsuits, and other contingent obligations.***

The Group is involved in various product liability, warranty, product performance, asbestos, personal injury, environmental claims and lawsuits, governmental investigations, antitrust, intellectual property, tax and other legal proceedings including those that arise in the ordinary course of its business. The Group estimates such potential claims and contingent liabilities and, where appropriate, records provisions to address these contingent liabilities. The ultimate outcome of the legal matters pending against the Group is uncertain, and although such claims, lawsuits and other legal matters are not expected individually to have a material adverse effect on its financial

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condition or results of operations, such matters could have, in the aggregate, a material adverse effect on its financial condition or results of operations. Furthermore, the Group could, in the future, be subject to judgments or enter into settlements of lawsuits and claims that could have a material adverse effect on its results of operations in any particular period. While the Group maintains insurance coverage with respect to certain claims, it may not be able to obtain such insurance on acceptable terms in the future, if at all, and any such insurance may not provide adequate coverage against any such claims.

***Product recalls and warranty obligations may result in direct costs, and loss of vehicle sales could have material adverse effects on the Group's business.***

From time to time, the Group has been required to recall vehicles to address performance, compliance or safety-related issues. The costs the Group incurs to recall vehicles typically include the cost of replacement parts and labour to remove and replace parts, and may substantially depend on the nature of the remedy and the number of vehicles affected. Product recalls may also harm the Group's reputation and may cause consumers to question the safety or reliability of its products.

Any costs incurred, or lost vehicle sales, resulting from product recalls could materially adversely affect the Group's financial condition and results of operations. Moreover, if the Group faces consumer complaints, or receives information from vehicle rating services that calls into question the safety or reliability of one of its vehicles and the Group does not issue a recall, or if it does not do so on a timely basis, its reputation may also be harmed and it may lose future vehicle sales.

The Group is also obligated under the terms of its warranty agreements to make repairs or replace parts in its vehicles at its expense for a specified period of time. Therefore, any failure rate that exceeds the Group's assumptions may result in unanticipated losses.

***Failure to maintain adequate financial and management processes and controls could lead to errors in the financial reporting, which could harm the Group's business reputation.***

The Group continuously monitors and evaluates changes in its internal controls over financial reporting. In support of a drive toward common global systems, the Group is extending the current finance, procurement, and capital project and investment management systems to new areas of operations. As appropriate, the Group continues to modify the design and documentation of internal control processes and procedures relating to the new systems to simplify and automate many of its previous processes. The Group's management believes that the implementation of these systems will continue to improve and enhance internal controls over financial reporting. Failure to maintain adequate financial and management processes and controls could lead to errors in the Group's financial reporting, which could harm its business reputation.

***A disruption in the Group's information technology could compromise confidential and sensitive information.***

The Group depends on its information technology and data processing systems to operate its business, and a significant malfunction or disruption in the operation of its systems, or a security breach that compromises the confidential and sensitive information stored in those systems, could disrupt the Group's business and adversely impact its ability to compete.

The Group's ability to keep its business operating effectively depends on the functional and efficient operation of information, data processing and telecommunications systems, including vehicle design, manufacturing, inventory tracking and billing and payment systems. The Group relies on these systems to make a variety of day-to-day business decisions as well as to track transactions, billings, payments and inventory. Such systems are susceptible to malfunctions and interruptions due to equipment damage, power outages, and a range of other hardware, software and network problems. Those systems are also susceptible to cybercrime, or threats of intentional disruption, which are increasing in terms of sophistication and frequency. For any of these reasons, the Group may experience systems malfunctions or interruptions. Although the Group's systems are diversified, including multiple server locations and a range of software applications for different regions and functions, and the Group is currently undergoing an effort to assess and ameliorate risks to its systems, a significant or large-scale malfunction or interruption of any one of its computer or data processing systems could adversely affect the ability to manage and keep the Group's operations running efficiently, and damage its reputation if it is unable to track transactions and deliver products to dealers and customers. A malfunction that results in a wider or sustained disruption to the Group's business could have a material adverse effect on its business, financial condition and results of operations.

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In addition to supporting the its operations, the Group uses its systems to collect and store confidential and sensitive data, including information about its business, customers and employees. As its technology continues to evolve, the Group anticipates that it will collect and store even more data in the future, and that its systems will increasingly use remote communication features that are sensitive to both wilful and unintentional security breaches. Much of the Group's value is derived from its confidential business information, including vehicle design, proprietary technology and trade secrets, and to the extent the confidentiality of such information is compromised, the Group may lose its competitive advantage and its vehicle sales may suffer. The Group also collects, retains and uses personal information, including data it gathers from customers for product development and marketing purposes, and data it obtains from employees. In the event of a breach in security that allows third parties access to this personal information, the Group is subject to a variety of ever-changing laws on a global basis that require it to provide notification to the data owners, and that subject the Group to lawsuits, fines and other means of regulatory enforcement. The Group's reputation could suffer in the event of such a data breach, which could cause consumers to purchase their vehicles from its competitors. Ultimately, any significant compromise in the integrity of the Group's data security could have a material adverse effect on its business.

***The Group may not be able to adequately protect its intellectual property rights, which may harm its business.***

The Group's success depends, in part, on its ability to protect its intellectual property rights. If the Group fails to protect its intellectual property rights, others may be able to compete against it using intellectual property that is the same as or similar to its own. In addition, there can be no guarantee that the Group's intellectual property rights are sufficient to provide it with a competitive advantage against others who offer similar products. Despite its efforts, the Group may be unable to prevent third parties from infringing its intellectual property and using its technology for competitive advantage. Any such infringement and use could adversely affect the Group's business, financial condition or results of operations.

The laws of some countries in which the Group operates does not offer the same protection of its intellectual property rights as do the laws of the U.S. or Europe. In addition, effective intellectual property enforcement may be unavailable or limited in certain countries, making it difficult for the Group to protect its intellectual property from misuse or infringement there. The Group's inability to protect its intellectual property rights in some countries may harm its business, financial condition or results of operations.

***The Group is subject to risks relating to international markets and exposure to changes in local conditions.***

The Group is subject to risks inherent to operating globally, including those related to:

- exposure to local economic and political conditions;
- import and/or export restrictions;
- multiple tax regimes, including regulations relating to transfer pricing and withholding and other taxes on remittances and other payments to or from subsidiaries;
- foreign investment and/or trade restrictions or requirements, foreign exchange controls and restrictions on the repatriation of funds. In particular, current regulations limit the Group's ability to access and transfer liquidity out of Venezuela to meet demands in other countries and also subject it to increased risk of devaluation or other foreign exchange losses. In December 2010 and February 2013, the Venezuelan government announced devaluations of the official Venezuelan Bolivar ("VEF") to U.S. dollar exchange rate, which resulted in devaluation of the Group's VEF denominated balances. In March 2014, the Venezuelan government introduced an additional auction-based foreign exchange system, referred to as the SICAD II rate. The SICAD II rate has ranged from 49 to 51.9 VEF to U.S. dollar in the period since its introduction until September 30, 2014. The SICAD II rate is expected to be used primarily for imports and has been limited to amounts of VEF that can be exchanged into other currencies, such as the U.S. dollar. As a result of the recent exchange agreement between the Central Bank of Venezuela and the Venezuelan government and the limitations of the SICAD II rate, the Group believes any future remittances of dividends would be transacted at the SICAD I rate. As a result, the Group determined that the SICAD I rate, and not the SICAD II rate, is the most appropriate rate to use, which was 12.0 VEF to U.S. dollar at September 30, 2014; and
- the introduction of more stringent laws and regulations.



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Unfavourable developments in any one or a combination of these areas (which may vary from country to country) could have a material adverse effect on the Group's financial condition and results of operations. For further information see "*Financial Review of the FCA Group—Recent Developments—Venezuela*".

***The Group's success largely depends on the ability of its current management team to operate and manage effectively.***

The Group's success largely depends on the ability of its senior executives and other members of management to effectively manage the Group and individual areas of the business. In particular, the Chief Executive Officer, Sergio Marchionne, is critical to the execution of the Group's new strategic direction and implementation of the 2014-2018 Business Plan. Although Mr. Marchionne has indicated his intention to remain as the Group's Chief Executive Officer through the period of the Group's 2014-2018 Business Plan, if the Group were to lose his services or those of any other senior executives or other key employees this could have a material adverse effect on its business prospects, earnings and financial position. The Group has developed succession plans that it believes are appropriate in the circumstances, although it is difficult to predict with any certainty that the Group will replace these individuals with persons of equivalent experience and capabilities. If the Group is unable to find adequate replacements or to attract, retain and incentivise senior executives, other key employees or new qualified personnel its business, financial condition and results of operations may suffer.

***Developments in emerging market countries may adversely affect the Group's business.***

The Group operates in a number of emerging markets, both directly (e.g., Brazil and Argentina) and through joint ventures and other cooperation agreements (e.g., Turkey, India, China and Russia). The Group's Business Plan provides for expansion of existing sales and manufacturing presence in the Group's LATAM and APAC regions. In recent years the Group has been the market leader in Brazil, which has provided a key contribution to its financial performance. Its exposure to other emerging countries has increased in recent years, as have the number and importance of such joint ventures and cooperation agreements. Economic and political developments in Brazil and other emerging markets, including economic crises or political instability, have had and could have in the future material adverse effects on the Group's financial condition and results of operations. Further, in certain markets in which the Group or its joint ventures operate, government approval may be required for certain activities, which may limit its ability to act quickly in making decisions on its operations in those markets.

Maintaining and strengthening the Group's position in these emerging markets is a key component of its global growth strategy in its Business Plan. However, with competition from many of the largest global manufacturers as well as numerous smaller domestic manufacturers, the automotive market in these emerging markets is highly competitive. As these markets continue to grow, the Group anticipates that additional competitors, both international and domestic, will seek to enter these markets and that existing market participants will try to aggressively protect or increase their market share. Increased competition may result in price reductions, reduced margins and the Group's inability to gain or hold market share, which could have a material adverse effect on its financial condition and results of operations.

***The Group's reliance on joint ventures in certain emerging markets may adversely affect the development of its business in those regions.***

The Group intends to expand its presence in emerging markets, including China and India, through partnerships and joint ventures. For instance, in 2010, the Group entered into a joint venture with Guangzhou Automobile Group Co., Ltd (the "GAC Group") for the production of engines and vehicles in China for the Chinese market, as well as securing exclusive distribution of its Fiat brand vehicles in China. It have also entered into a joint venture with TATA Motors Limited for the production of certain of its vehicles, engines and transmissions in India.

The Group's reliance on joint ventures to enter or expand its presence in these markets may expose it to risk of conflict with its joint venture partners and the need to divert management resources to overseeing these shareholder arrangements. Further, as these arrangements require cooperation with third party partners, these joint ventures may not be able to make decisions as quickly as the Group would if it were operating on its own or may take actions that are different from what it would do on a standalone basis in light of the need to consider its partners' interests. As a result, the Group may be less able to respond timely to changes in market dynamics, which could have an adverse effect on its financial condition and results of operations.

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***Laws, regulations and governmental policies, including those regarding increased fuel economy requirements and reduced greenhouse gas emissions, may have a significant effect on how the Group does business and may adversely affect its results of operations.***

In order to comply with government regulations related to fuel economy and emissions standards, the Group must devote significant financial and management resources, as well as vehicle engineering and design attention, to these legal requirements. The Group expects the number and scope of these regulatory requirements, along with the costs associated with compliance, to increase significantly in the future and these costs could be difficult to pass through to customers. As a result, it may face limitations on the types of vehicles it produces and sells and where it can sell them, which could have a material adverse impact on the Group's financial condition and results of operations.

Government initiatives to stimulate consumer demand for products sold by the Group, such as changes in tax treatment or purchase incentives for new vehicles, can substantially influence the timing and level of the Group's revenues. The size and duration of such government measures are unpredictable and outside of the Group's control. Any adverse change in government policy relating to those measures could have material adverse effects on its business prospects, financial condition and results of operations.

***The financial resources required to develop and commercialise vehicles incorporating sustainable technologies for the future are significant, as are the barriers that limit the mass-market potential of such vehicles.***

The Group's product strategy is driven by the objective of achieving sustainable mobility by reducing the environmental impact of vehicles over their entire life cycle. It therefore intends to continue investing capital resources to develop new sustainable technology. The Group aims to increase the use of alternative fuels, such as natural gas, by continuing to offer a complete range of dual-fuel passenger cars and commercial vehicles. Additionally, it plans to continue developing alternative propulsion systems, particularly for vehicles driven in urban areas (such as the zero-emission Fiat 500e).

In many cases, technological and cost barriers limit the mass-market potential of sustainable natural gas and electric vehicles. In certain other cases the technologies that the Group plans to employ are not yet commercially practical and depend on significant future technological advances by it and by suppliers. There can be no assurance that these advances will occur in a timely or feasible manner, that the funds budgeted or expended for these purposes will be adequate, or that the Group will be able to obtain rights to use these technologies. Further, its competitors and others are pursuing similar technologies and other competing technologies and there can be no assurance that they will not acquire similar or superior technologies sooner than the Group will or on an exclusive basis or at a significant price advantage.

***Labour laws and collective bargaining agreements with the Group's labour unions could impact its ability to increase the efficiency of its operations.***

Substantially all of the Group's production employees are represented by trade unions, are covered by collective bargaining agreements and/or are protected by applicable labour relations regulations that may restrict our ability to modify operations and reduce costs quickly in response to changes in market conditions. These and other provisions in the Group's collective bargaining agreements may also impede its ability to restructure its business successfully to compete more effectively, especially with those automakers whose employees are not represented by trade unions or are subject to less stringent regulations, which could have a material adverse effect on the Group's financial condition and results of operations.

***The Group depends on its relationships with suppliers.***

The Group purchases raw materials and components from a large number of suppliers and depends on services and products provided by companies outside the Group. Close collaboration between an original equipment manufacturer ("OEM") and its suppliers is common in the automotive industry, and although this offers economic benefits in terms of cost reduction, it also means that the Group depends on its suppliers and is exposed to the possibility that difficulties, including those of a financial nature, experienced by those suppliers (whether caused by internal or external factors) could have a material adverse effect on the Group's financial condition and/or results of operations.

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### *The Group faces risks associated with increases in costs, disruptions of supply or shortages of raw materials.*

The Group uses a variety of raw materials in its business including steel, aluminium, lead, resin and copper, and precious metals such as platinum, palladium and rhodium, as well as energy. The prices for these raw materials fluctuate, and market conditions can affect the Group's ability to manage its cost of sales over the short term. It seeks to manage this exposure, but it may not be successful in managing exposure to these risks. Substantial increases in the prices for raw materials would increase its operating costs and could reduce profitability if the increased costs cannot be offset by changes in vehicle prices or countered by productivity gains. In particular, certain raw materials are sourced from a limited number of suppliers and from a limited number of countries. The Group cannot guarantee that it will be able to maintain arrangements with these suppliers that assure access to these raw materials, and in some cases this access may be affected by factors outside of its control and the control of its suppliers. For instance, natural or man-made disasters or civil unrest may have severe and unpredictable effects on the price of certain raw materials in the future.

As with raw materials, the Group is also at risk for supply disruption and shortages in parts and components for use in its vehicles for many reasons including, but not limited to, tight credit markets or other financial distress, natural or man-made disasters, or production difficulties. The Group will continue to work with suppliers to monitor potential disruptions and shortages and to mitigate the effects of any emerging shortages on its production volumes and revenues. However, there can be no assurances that these events will not have an adverse effect on its production in the future, and any such effect may be material.

Any interruption in the supply or any increase in the cost of raw materials, parts, components and systems could negatively impact the Group's ability to achieve its vehicle sales objectives and profitability. Long-term interruptions in supply of raw materials, parts, components and systems may result in a material impact on vehicle production, vehicle sales objectives, and profitability. Cost increases which cannot be recouped through increases in vehicle prices, or countered by productivity gains, may result in a material impact on the Group's financial condition and/or results of operations.

### *The Group is subject to risks associated with exchange rate fluctuations, interest rate changes, credit risk and other market risks.*

The Group operates in numerous markets worldwide and is exposed to market risks stemming from fluctuations in currency and interest rates. The exposure to currency risk is mainly linked to the differences in geographic distribution of its manufacturing activities and commercial activities, resulting in cash flows from sales being denominated in currencies different from those connected to purchases or production activities.

The Group uses various forms of financing to cover funding requirements for its industrial activities and for providing financing to its dealers and customers. Moreover, liquidity for industrial activities is also principally invested in variable-rate or short-term financial instruments. The Group's financial services businesses normally operate a matching policy to offset the impact of differences in rates of interest on the financed portfolio and related liabilities. Nevertheless, changes in interest rates can affect net revenues, finance costs and margins.

The Group seeks to manage risks associated with fluctuations in currency and interest rates through financial hedging instruments. Despite such hedges being in place, fluctuations in currency or interest rates could have a material adverse effect on its financial condition and results of operations. For example, the weakening of the Brazilian Real against the Euro in 2013 impacted the results of operations of the Group's LATAM segment.

The Group's financial services activities are also subject to the risk of insolvency of dealers and retail customers, as well as unfavourable economic conditions in markets where these activities are carried out. Despite its efforts to mitigate such risks through the credit approval policies applied to dealers and retail customers, there can be no assurances that it will be able to successfully mitigate such risks, particularly with respect to a general change in economic conditions. Dealers and customers for which the Group provides financing are subject to specific assessments of their creditworthiness pursuant to customary procedures.

### *FCA is a holding company, which creates structural subordination risks for the holders of the Notes.*

FCA is organised as a holding company that conducts essentially all of its operations through its subsidiaries and depends primarily on the earnings and cash flows of, and the distribution of funds from, these subsidiaries to meet its debt obligations, including its obligations under the Notes issued by it and its guarantee obligations with respect to the Guaranteed Notes. Generally, creditors of a subsidiary, including trade creditors, secured creditors and

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creditors holding indebtedness and guarantees issued by the subsidiary, and preferred shareholders, if any, of the subsidiary, will be entitled to the assets of that subsidiary before any of those assets can be distributed to shareholders upon liquidation or winding up. As a result, FCA's obligations under the Notes issued by it and under the Guarantee of the Guaranteed Notes will effectively be subordinated to the prior payment of all the debts and other liabilities, including the right of trade creditors and preferred shareholders, if any, of FCA's direct and indirect subsidiaries. FCA's subsidiaries have other liabilities, including contingent liabilities, which could be substantial. See also "*Risks Related to the Notes Generally—The Notes do not restrict the amount of debt which the Issuers and the Guarantor may incur*".

***The Guarantor's Guarantee of the Notes may be limited by applicable laws or subject to certain procedures that could limit or prevent the Guarantor from making payments under the Guarantee.***

The Guarantee provides the holders of the Guaranteed Notes with a direct claim against the Guarantor. However, the enforcement of the Guarantee against FCA would be subject to certain defences generally available in connection with guarantees. These laws and defences include those that relate to fraudulent conveyance or transfer, bankruptcy claw-back, corporate purpose, conflicts of interest, or similar laws, regulations or defences affecting the rights of creditors generally. In addition, in order for a Guarantee to be enforceable under Dutch law, the Guarantor's directors must determine that the granting of the Guarantee is in the Guarantor's best corporate interest (*vennootschappelijk belang*), that the Guarantor benefits, either directly or indirectly, from the granting of the Guarantee, and that the granting of the Guarantee is contemplated and permitted by the Guarantor's articles of association and corporate objectives.

***FCA intends to operate so as to be treated as exclusively resident in the United Kingdom for tax purposes, but the relevant tax authorities may treat it as also being tax resident elsewhere.***

FCA is not a company incorporated in the U.K. Therefore, whether it is resident in the U.K. for tax purposes will depend on whether its "central management and control" is located (in whole or in part) in the U.K. The test of "central management and control" is largely a question of fact and degree based on all the circumstances, rather than a question of law. Nevertheless, the decisions of the U.K. courts and the published practice of Her Majesty's Revenue & Customs, or HMRC, suggest that FCA, a group holding company, is likely to be regarded as having become U.K.-resident on this basis from incorporation and remaining so if, as FCA intends, (i) at least half of the meetings of its Board of Directors are held in the U.K. with a majority of directors present in the U.K. for those meetings; (ii) at those meetings there are full discussions of, and decisions are made regarding, the key strategic issues affecting FCA and its subsidiaries; (iii) those meetings are properly minuted; (iv) at least some of the directors of FCA, together with supporting staff, are based in the U.K.; and (v) FCA has permanent staffed office premises in the U.K.

Even if FCA is resident in the U.K. for tax purposes on this basis, as expected, it would nevertheless not be treated as U.K.-resident if (a) it were concurrently resident in another jurisdiction (applying the tax residence rules of that jurisdiction) that has a double tax treaty with the U.K. and (b) there is a tie-breaker provision in that tax treaty which allocates exclusive residence to that other jurisdiction.

Residence of FCA for Italian tax purposes is largely a question of fact based on all circumstances. A rebuttable presumption of residence in Italy may apply under Article 73(5-bis) of the Italian Consolidated Tax Act, or CTA. However, FCA intends to set up and maintain its management and organizational structure in such a manner that it should be deemed resident in the U.K. from its incorporation for the purposes of the Italy-U.K. tax treaty. The result of this is that FCA should not be regarded as an Italian tax resident either for the purposes of the Italy-UK tax treaty or for Italian domestic law purposes. Because this analysis is highly factual and may depend on future changes in FCA's management and organizational structure, there can be no assurance regarding the final determination of FCA's tax residence. Should FCA be treated as an Italian tax resident, it would be subject to taxation in Italy on its worldwide income and may be required to comply with withholding tax and/or reporting obligations provided under Italian tax law, which could result in additional costs and expenses.

Even if its "central management and control" is in the U.K. as expected, FCA will be resident in the Netherlands for Dutch corporate income tax and Dutch dividend withholding tax purposes on the basis that it is incorporated there. Nonetheless, FCA will be regarded as solely resident in either the U.K. or the Netherlands under the Netherlands-U.K. tax treaty if the U.K. and Dutch competent authorities agree that this is the case. FCA has applied for a ruling from the U.K. and Dutch competent authorities that it should be treated as resident solely in the U.K. The outcome of that application cannot be guaranteed and it is possible that the U.K. and Dutch competent authorities may fail to reach an agreement. FCA anticipates, however, that, so long as the factors listed

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in the third preceding paragraph are present at all material times, the possibility that the U.K. and Dutch competent authorities will rule that FCA should be treated as solely resident in the Netherlands is remote. If there is a change over time to the facts upon which a ruling issued by the competent authorities is based, the ruling may be withdrawn or cease to apply.

FCA therefore expects to continue to be treated as resident in the U.K. and subject to U.K. corporation tax.

Unless and until the U.K. and the Dutch competent authorities rule that FCA should be treated as solely resident in the U.K. for the purposes of the Netherlands-U.K. double tax treaty, the Netherlands will be allowed to levy tax on FCA as a Dutch-tax-resident taxpayer.

***The existence of a permanent establishment in Italy for FCA after the Merger is a question of fact based on all the circumstances.***

Whether FCA has maintained a permanent establishment in Italy after the Merger (an “Italian P.E.”) is largely a question of fact based on all the circumstances. FCA believes that, on the understanding that it should be a U.K.-resident company under the Italy-U.K. tax treaty, it is likely to be treated as maintaining an Italian P.E. because it intends to maintain sufficient employees, facilities and activities in Italy to qualify as maintaining an Italian P.E. Should this be the case (i) the embedded gains on FCA’s assets connected with the Italian P.E. will not be taxed as a result of the Merger; (ii) Fiat’s tax-deferred reserves will not be taxed, inasmuch as they are booked in the Italian P.E.’s financial accounts; and (iii) an Italian fiscal unit, or Fiscal Unit, could be maintained with respect to Fiat’s Italian subsidiaries whose shareholdings are part of the Italian P.E.’s net worth. Because this analysis is highly factual, there can be no assurance regarding FCA’s maintaining an Italian P.E. after the Merger.

***The Merger will likely result in the immediate charge of an Italian Exit Tax with respect to capital gains on assets that are expected to be transferred out of the Italian P.E. in connection with the Merger.***

The Merger should qualify as a cross-border merger transaction for Italian tax purposes. Italian tax laws provide that such a cross-border merger is tax-neutral with respect to those Fiat assets that remain connected with the Italian P.E., but will result in the realization of capital gains or losses on those Fiat assets that will not be connected with the Italian P.E. (giving rise to an “Italian Exit Tax”).

Under a recently enacted Italian law (Article 166 (2-*quater*) of the CTA), companies which cease to be Italian-resident and become tax-resident in another EU Member State may apply to suspend any Italian Exit Tax under the principles of the Court of Justice of the European Union case C-371/10, National Grid Indus BV. Italian rules implementing Article 166 (2-*quater*), issued in August 2013, excluded cross-border merger transactions from the suspension of the Italian Exit Tax. As a result, the Merger will result in the immediate charge of an Italian Exit Tax in relation to those Fiat assets that will not be connected with the Italian P.E. Whether or not the Italian implementing rules are deemed compatible with EU law is unlikely to be determined before the payment of the Italian Exit Tax is due. Capital gains on certain assets of the Group that are expected to be transferred out of the Italian P.E. in connection with the Merger will be realized for Italian tax purposes. However, Fiat expects that such gains may be largely offset by tax losses available to the Group.

***The continuation of the Fiscal Unit in the hands of the Italian P.E. and the tax treatment of the carried-forward tax losses of such Fiscal Unit is uncertain and subject to a mandatory ruling request.***

According to Article 124(5) of the CTA, a mandatory ruling request should be submitted to the Italian tax authorities, in order to ensure the continuity, via the Italian P.E., of the Fiscal Unit currently in place between Fiat and Fiat’s Italian subsidiaries. Fiat has filed a ruling request with the Italian tax authorities in respect of the Merger. Depending on the outcome of the ruling, it is possible that the carried-forward tax losses generated by the Fiscal Unit would become restricted losses and they could not be used to offset the future taxable income of the Fiscal Unit. It is also possible that FCA would not be able to offset the Fiscal Unit’s carried-forward tax losses against any capital gains on Fiat’s assets that are not connected with the Italian P.E., despite the continuity of the Fiscal Unit. In the case that the carried-forward tax losses become restricted losses and are not able to be used to offset the future taxable income of the Fiscal Unit or in the case that the carried-forward tax losses would not be able to offset any capital gains on Fiat’s assets, the recoverability of such carried-forward tax losses may be reassessed. The outcome of any reassessment could result in a derecognition of such carried-forward tax losses, which may adversely affect our financial condition or results of operations.

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*The Merger is not expected to result in any significant operational cost savings or synergies.*

As part of the Merger, the business and operations of Fiat were assumed by FCA, but they remained substantially unchanged. Therefore, FCA and Fiat do not expect that the Merger will result in any significant operational cost savings or synergies.

### **Risks Relating to the Proposed Separation of Ferrari**

*No assurance can be given that the separation will occur.*

No assurance can be given as to whether and when the separation of Ferrari will occur. FCA may determine to delay or abandon the separation at any time for any reason or for no reason.

*The terms of the proposed separation of Ferrari and Ferrari's stand-alone capital structure have not been determined.*

The terms of the proposed separation of Ferrari and Ferrari's stand-alone capital structure have not yet been determined. Our preliminary plans are described under the caption "*Financial Review of the FCA Group—Significant Recent Events—Spin-Off of Ferrari S.p.A.*". However, the final structure and terms of the separation may not coincide with the terms set forth in this Base Prospectus.

*The Group may be unable to achieve some or all of the benefits that it expects to achieve from its separation from Ferrari.*

The Group may not be able to achieve the financial and other benefits that it expects will result from the separation of Ferrari. The anticipated benefits of the separation are based on a number of assumptions, some of which may prove incorrect. For example, there can be no assurance that the separation of Ferrari will enable the Group to strengthen its capital base sufficiently to offset the loss of the earnings power and potential of Ferrari.

### **Risks Related to the Group's Indebtedness**

*The Group has significant outstanding indebtedness, which may limit its ability to obtain additional funding on competitive terms and limit its financial and operating flexibility.*

The extent of the Group's indebtedness could have important consequences on its operations and financial results, including:

- it may not be able to secure additional funds for working capital, debt service requirements or general corporate purposes;
- it may not be able to obtain additional sources of financing for capital expenditures, with particular respect to financial resources required to develop and commercialize vehicles incorporating sustainable technologies for the future which require material financial resources;
- it may need to use a portion of its projected future cash flow from operations to pay principal and interest on its indebtedness, which may reduce the amount of funds available to the Group for other purposes;
- it may be more financially leveraged than some of its competitors, which may put it at a competitive disadvantage; and
- it may not be able to adjust rapidly to changing market conditions, which may make it more vulnerable to a downturn in general economic conditions or its business.

These risks may be exacerbated by volatility in the financial markets, particularly those resulting from perceived strains on the finances and creditworthiness of several governments and financial institutions, particularly in the Eurozone.

Among the anticipated benefits of the corporate reorganisation announced in January 2014 is the expected reduction in funding costs over time due to anticipated improved debt capital markets positioning of the combined entity. However, the Group may not recognise these benefits for some time as it expects to maintain its existing capital structure until it becomes cost effective to modify this structure in light of the Group's existing long-term

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obligations. However, certain of the circumstances and risks described may delay or reduce the expected cost savings from the future funding structures and the expected cost savings may not be achieved in full or at all.

Even after the January 2014 acquisition of the approximately 41.5 percent interest in Chrysler that the Group did not already own, Chrysler continues to manage financial matters, including funding and cash management, separately. Additionally, FCA has not provided guarantees or security or undertaken any other similar commitment in relation to any financial obligation of Chrysler, nor does it have any commitment to provide funding to Chrysler in the future.

However, certain bonds issued by FCA's predecessor Fiat and its subsidiaries include covenants that may be affected by circumstances related to Chrysler, and those obligations previously undertaken by Fiat have now been assumed by FCA. In particular, these bonds include cross-default clauses which may accelerate the relevant issuer's obligation to repay its bonds in the event that Chrysler fails to pay certain debt obligations on maturity or is otherwise subject to an acceleration in the maturity of any of those obligations. Chrysler is a "Material Subsidiary" and certain of its subsidiaries may become material subsidiaries of Fiat within the meaning of those bonds. Therefore, these cross-default provisions could require early repayment of those bonds in the event Chrysler's debt obligations are accelerated or are not repaid at maturity. There can be no assurance that the obligation to accelerate the repayment by Chrysler of its debts will not arise or that it will be able to pay its debt obligations when due at maturity.

In addition, one of Fiat's existing revolving credit facilities (now assumed by FCA), expiring in July 2016, provides some limits on FCA's ability to provide financial support to Chrysler.

### ***Restrictive covenants in the Group's debt agreements could limit its financial and operating flexibility.***

The indentures governing certain of the Group's outstanding public indebtedness, and other credit agreements to which companies in the Group are a party, contain covenants that restrict the ability of companies in the Group to, among other things:

- incur additional debt;
- make certain investments;
- enter into certain types of transactions with affiliates;
- sell certain assets or merge with or into other companies;
- use assets as security in other transactions; and
- enter into sale and leaseback transactions.

### ***Restrictions arising out of Chrysler's debt instruments may hinder the Group's ability to manage its operations on a consolidated, global basis.***

Chrysler is party to credit agreements for certain senior credit facilities and an indenture for two series of secured senior notes. These debt instruments include covenants that restrict Chrysler's ability to pay dividends or enter into sale and leaseback transactions, make certain distributions or purchase or redeem capital stock, prepay other debt, encumber assets, incur or guarantee additional indebtedness, incur liens, transfer and sell assets or engage in certain business combinations, enter into certain transactions with affiliates or undertake various other business activities.

In particular, in January 2014, Chrysler paid a distribution of U.S.\$1.9 billion (€1.4 billion) to its members. With certain exceptions, further distributions will be limited to 50 percent of Chrysler's cumulative consolidated net income (as defined in the agreements) from the period from January 1, 2012 until the end of the most recent fiscal quarter, less the amount of the January 2014 distribution.

These restrictive covenants could have an adverse effect on the Group's business by limiting its ability to take advantage of financing, mergers and acquisitions, joint ventures or other corporate opportunities. In particular, the senior credit facilities contain, and future indebtedness may contain, other and more restrictive covenants. These agreements also restrict Chrysler from prepaying certain of its indebtedness or imposing limitations that make

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prepayment impractical. The senior credit facilities require Chrysler to maintain borrowing base collateral coverage and a minimum liquidity threshold. A breach of any of these covenants or restrictions could result in an event of default on the indebtedness and the other indebtedness of Chrysler or result in cross-default under certain of its indebtedness.

If Chrysler is unable to comply with these covenants, its outstanding indebtedness may become due and payable and creditors may foreclose on pledged properties. In this case, Chrysler may not be able to repay its debt and it is unlikely that it would be able to borrow sufficient additional funds. Even if new financing is made available to Chrysler in such circumstances, it may not be available on acceptable terms.

Compliance with certain of these covenants could also restrict Chrysler's ability to take certain actions that its management believes are in Chrysler's and the Group's best long-term interests.

Should Chrysler be unable to undertake strategic initiatives due to the covenants provided for by the above instruments, the Group's business prospects, financial condition and results of operations could be impacted.

***Substantially all of the assets of Chrysler and its U.S. subsidiary guarantors are unconditionally pledged as security under its senior credit facilities and secured senior notes and could become subject to lenders' contractual rights if an event of default were to occur.***

Chrysler and several of its U.S. subsidiaries are obligors or guarantors under Chrysler's senior credit facilities and secured senior notes. The obligations under the senior credit facilities and secured senior notes are secured by senior and junior priority, respectively, security interests in substantially all of the assets of Chrysler and its U.S. subsidiary guarantors. The collateral includes 100 percent of the equity interests in Chrysler's U.S. subsidiaries, 65 percent of the equity interests in its non-U.S. subsidiaries held directly by Chrysler and its U.S. subsidiary guarantors, all personal property and substantially all of Chrysler's U.S. real property other than its Auburn Hills, Michigan headquarters. An event of default under Chrysler's senior credit facilities and/or secured senior notes could trigger its lenders' or noteholders' contractual rights to enforce their security interest in these assets.

### **Risks Related to Notes Generally**

***The Notes may not be a suitable investment for all investors.***

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in the Base Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes may be complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing



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conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

***The terms and conditions of the Notes are subject to modification and waiver.***

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

***Pursuant to the EU Savings Directive, payments on the Notes made or collected through certain EU member states may be subject to withholding.***

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "Savings Directive"), each member state of the European Union is required to provide to the tax authorities of another member state details of payments of interest or other similar income paid by a person within its jurisdiction to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entity established in, that other member state. However, for a transitional period, Austria and Luxembourg will (unless during such period they elect otherwise) instead operate a withholding system in relation to such payments. Under such a withholding system, the beneficial owner of the interest payment must be allowed to elect that certain provision of information procedures should be applied instead of withholding. The rate of withholding is 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to exchange of information procedures relating to interest and other similar income. Luxembourg has abolished the withholding system in favour of automatic exchange of information effective January 1, 2015.

A number of non-EU countries and certain dependent or associated territories of certain member states have adopted similar measures to the Savings Directive.

On March 24, 2014 the Council of the European Union adopted a directive amending the Savings Directive (the "Amending Directive") which, when implemented, will broaden the scope of the rules described above. The member states will have until January 1, 2016 to adopt national legislation necessary to comply with the Amending Directive (which national legislation must apply from January 1, 2017). The changes made under the Amending Directive include extending the scope of the Savings Directive to payments made to, or secured for, certain other entities and legal arrangements (including trusts and partnerships), where certain conditions are satisfied. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

If a payment under a Note were to be made by a person in a member state or another country or territory which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive or any law implementing or complying with, or introduced in order to conform to the Savings Directive, neither the relevant Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts under the terms of such Note as a result of the imposition of such withholding tax. The relevant Issuer and the Guarantor are, however, required to maintain a Paying Agent in a member state that is not obliged to withhold or deduct tax pursuant to the Savings Directive or any law implementing or complying with, or introduced in order to conform to the Savings Directive.

Investors who are in any doubt as to their position should consult their professional advisers.

***Bearer Notes may be traded in amounts that are not integral multiples of their Specified Denomination.***

In relation to any issue of bearer Notes which have denominations consisting of a minimum Specified Denomination and one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case, a holder who, as a result of such trading, holds an amount which is less than the minimum Specified Denomination in its account with the relevant clearing system at the relevant time may not receive a definitive bearer Note in respect of such holding (should definitive bearer Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to the minimum Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination which is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

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### *Laws may restrict certain investments in the Notes.*

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

### *The Notes do not restrict the amount of debt which the Issuers and the Guarantor may incur.*

The terms and conditions relating to the Notes do not contain any restriction on the amount of indebtedness which the Issuers and the Guarantor may from time to time incur. In the event of any insolvency or winding-up of the Issuers or the Guarantor (where applicable), the Notes will rank equally with other unsecured senior indebtedness of the relevant Issuer and the Guarantor and, accordingly, any increase in the amount of unsecured senior indebtedness of the Issuers or the Guarantor in the future may reduce the amount recoverable by Noteholders. In addition, the Notes are unsecured and, save as provided in Condition 4 (*Negative Pledge*), do not contain any restriction on the giving of security by the Issuers or the Guarantor over present and future indebtedness. Where security has been granted over assets of the Issuers or the Guarantor to secure indebtedness, in the event of any insolvency or winding-up of the Issuers or the Guarantor, such indebtedness will rank in priority over the Notes and other unsecured indebtedness of the Issuers or the Guarantor in respect of such assets. In relation to the assets and indebtedness of FCA's subsidiaries, see also "*Risk Factors—FCA is a holding company, which creates structural subordination risks for the holders of the Notes*".

### **Risks that May Be Related to Particular Series of Notes**

Different types of Notes may be issued under the Programme. A number of these Notes may have features which present particular risks for potential investors. Set out below is a description of the most common such features:

#### *Notes subject to optional redemption by the Issuer.*

An optional redemption feature of Notes is likely to limit their market value. During any period when the relevant Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The relevant Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### *Fixed/Floating Rate Notes.*

Fixed/Floating Rate Notes bear interest at a rate that may convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. When an Issuer has the right to effect such conversion, this will affect the secondary market and the market value of the Notes since an Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If an Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then-prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If an Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then-prevailing rates on its Notes.

#### *Notes issued at a substantial discount or premium.*

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

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### **Risks Related to the Market Generally**

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

***Investors may not have access to a liquid secondary market into which to sell their Notes.***

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar instruments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of the Notes.

***Investors will face the risks of exchange rate fluctuations and possible exchange controls.***

The relevant Issuer will pay principal and interest on the Notes and the Guarantor will make any payments under the Guarantee (where applicable) in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. Appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the relevant Issuer or the Guarantor to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

***Investors will face interest-rate risks.***

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

***Credit ratings may not reflect all risks.***

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

### **Risks related to Notes denominated in Renminbi**

***The Renminbi is not freely convertible and there are significant restrictions on the remittance of the Renminbi into and outside the PRC.***

The Renminbi is not freely convertible at present. The government of the PRC (the "PRC Government") continues to regulate conversion between the Renminbi and foreign currencies, despite significant reduction in control by it in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. Participating banks in Hong Kong, Singapore and Taiwan have been permitted to engage in the settlement of current account trade transactions in Renminbi.

On October 13, 2011, the People's Bank of China (the "PBoC") promulgated the "Administrative Measures on Renminbi Settlement of Foreign Direct Investment" (外商直接投资人民币结算业务管理办法) (the "PBoC FDI Measures") as part of the implementation of the PBoC's detailed foreign direct investment ("FDI") accounts administration system. The system covers almost all aspects in relation to FDI, including capital injections,

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payments for the acquisition of PRC domestic enterprises, repatriation of dividends and other distributions, as well as Renminbi denominated cross-border loans. On June 14, 2012, the PBoC further issued the implementing rules for the PBoC FDI Measures. Under the PBoC FDI Measures, special approval for FDI and shareholder loans from the PBoC, which was previously required, is no longer necessary. In some cases however, post-event filing with the PBoC is still necessary.

On December 3, 2013, the Ministry of Commerce of the PRC (“MOFCOM”) promulgated the “Circular on Issues Concerning Cross-border Renminbi Direct Investment” (商务部关于跨境人民币直接投资有关问题的公告) (the “MOFCOM Circular”), which became effective on January 1, 2014. The MOFCOM Circular replaced the “Notice on Issues Concerning Cross-border Direct Investment in Renminbi” (商务部关于跨境人民币直接投资有关问题的通知) promulgated by MOFCOM on October 12, 2011 (the “2011 MOFCOM Notice”). Pursuant to the MOFCOM Circular, written approval from the appropriate office of MOFCOM and/or its local counterparts specifying “Renminbi Foreign Direct Investment” and the amount of capital contribution is required for each FDI. The MOFCOM Circular also clearly prohibits FDI funds from being used for any investments in securities and financial derivatives (except for investments in PRC listed companies by strategic investors) or for entrustment loans in the PRC.

The MOFCOM Circular and the PBoC FDI Measures will be subject to interpretation and application by the relevant authorities in the PRC.

There is no assurance that the PRC Government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that the pilot schemes introduced in Hong Kong, Singapore and Taiwan will not be discontinued, or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules. In the event that any regulatory restrictions inhibit the ability of the relevant Issuer or the Guarantor, as the case may be, to repatriate funds outside the PRC to meet its obligations under the CNY Notes, the relevant Issuer or the Guarantor, as the case may be, will need to source Renminbi offshore to finance such obligations under the CNY Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

Investors may be required to provide certifications and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong.

For further details in respect of the remittance of Renminbi into and outside the PRC (including the MOFCOM Circular and the PBoC FDI Measures), see “*Remittance of Renminbi into and outside the PRC*” below.

***There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the CNY Notes and the ability of the relevant Issuer or Guarantor to source Renminbi outside the PRC to service the CNY Notes.***

As a result of the restrictions imposed by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited. Currently, licensed banks in Singapore and Hong Kong may offer limited Renminbi-denominated banking services to Singapore residents, Hong Kong residents and specified business customers. The PBoC, the central bank of the PRC, has also established Renminbi clearing and settlement mechanisms for participating banks in Hong Kong, Singapore, Taiwan, London, Frankfurt, Seoul, Paris, Sydney, Toronto, Doha and Luxembourg through settlement agreements on the clearing of Renminbi business (the “Settlement Agreements”) with Bank of China (Hong Kong) Limited in Hong Kong, Industrial and Commercial Bank of China, Singapore Branch in Singapore, Bank of China, Taipei Branch in Taiwan, China Construction Bank (London) Limited in London, Bank of China, Frankfurt Branch in Frankfurt, Bank of Communications, Seoul Branch in Seoul, Bank of China, Paris Branch in Paris, Industrial and Commercial Bank of China Limited, Luxembourg Branch in Luxembourg, Bank of China (Australia) in Sydney, Industrial and Commercial Bank of China (Canada) in Toronto and Industrial and Commercial Bank of China Limited, Qatar Branch (each, a “Renminbi Clearing Bank”).

However, the current size of Renminbi-denominated financial assets outside the PRC is limited. Renminbi business participating banks do not have direct Renminbi liquidity support from the PBoC. They are only allowed to square their open positions with the relevant Renminbi Clearing Bank after consolidating the Renminbi trade

## RISK FACTORS

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position of banks outside Hong Kong, Singapore and Taiwan that are in the same bank group of the participating banks concerned with their own trade position, and the relevant Renminbi Clearing Bank only has access to onshore liquidity support from the PBoC for the purpose of squaring open positions of participating banks for limited types of transactions. The relevant Renminbi Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In each case, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreements will not be terminated or amended in the future so as to have the effect of restricting the availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the CNY Notes. To the extent the relevant Issuer or the Guarantor, as the case may be, is required to source Renminbi outside the PRC to service the CNY Notes, there is no assurance that it will be able to source such Renminbi on satisfactory terms, if at all. If the Renminbi is not available in certain circumstances as described in the CNY Notes, the relevant Issuer or the Guarantor, as the case may be, can make payments under the CNY Notes in U.S. dollars or another specified currency.

***Investment in the CNY Notes is subject to exchange rate risks and the relevant Issuer or the Guarantor may make payments of interest and principal in U.S.dollars in certain circumstances.***

The value of the Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by changes in the PRC, by international political and economic conditions and by many other factors. In addition, although the primary obligation of the relevant Issuer or the Guarantor, as the case may be, is to make all payments of interest and principal with respect to the CNY Notes in Renminbi, in the event access to Renminbi in Hong Kong becomes restricted to the extent that, by reason of Inconvertibility, Non-transferability or Illiquidity (each as defined in “*Terms and Conditions of the Notes*”), the relevant Issuer or the Guarantor, as the case may be, is unable to pay interest or principal in Renminbi in Hong Kong, the terms of the CNY Notes allow the relevant Issuer or the Guarantor, as the case may be, to make payment in U.S. dollars or another specified currency at the prevailing spot rate of exchange, all as provided for in more detail in “*Terms and Conditions of the Notes—Condition 6(h) (Payments—Payment of Alternative Currency Equivalent)*”. As a result, the value of these Renminbi payments in U.S. dollar or other foreign currency terms may vary with the prevailing exchange rates in the market place. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of the investment in U.S. dollars or other applicable foreign currency terms, as the case may be, will decline.

***Payments in respect of the CNY Notes will only be made to investors in the manner specified in the CNY Notes.***

Investors may be required to provide certification and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong. Except in the limited circumstances stipulated in “*Terms and Conditions of the Notes—Condition 6(h) (Payments—Payment of Alternative Currency Equivalent)*”, all payments to investors in respect of the CNY Notes will be made solely (i) for so long as the CNY Notes are represented by a Global Note, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and procedures of the relevant clearing systems, or (ii) for so long as the CNY Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations of the relevant clearing systems. Other than as described in the “*Terms and Conditions of the Notes*”, none of the Issuers nor the Guarantor can be required to make payment by any other means (including in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

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## DOCUMENTS INCORPORATED BY REFERENCE

The information contained in certain pages of the documents referred to in paragraphs (a), (b), (f) and (g) below and the documents referred to in paragraph (c), (d) and (e) below have been filed with the Central Bank and shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- (a) the audit report and audited annual financial statements (including a consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, and notes to the consolidated financial statements) of the Fiat Group as of and for the financial years ended December 31, 2013, 2012 and 2011.

The Fiat Group's audited consolidated financial statements and audit report thereon as of and for the financial years ended December 31, 2013, 2012 and 2011 are set out at pages F-44 through F-183 and at pages F-42 and F-43, respectively, of the Form F-4, are available at the link below:

[http://www.fcagroup.com/it-IT/investor\\_relations/merger\\_of\\_fiat\\_spa\\_with\\_and\\_into\\_FCA\\_NV/Documents/Bookmarked\\_FCA\\_Prospectus.pdf](http://www.fcagroup.com/it-IT/investor_relations/merger_of_fiat_spa_with_and_into_FCA_NV/Documents/Bookmarked_FCA_Prospectus.pdf)

- (b) the unaudited interim consolidated financial statements (including interim consolidated income statement, interim consolidated statement of comprehensive income, interim consolidated statement of financial position, interim consolidated statement of cash flows, interim consolidated statement of changes in equity and notes to the interim consolidated financial statements) of the FCA Group as of and for the nine months ended September 30, 2014 and 2013.

The FCA Group's unaudited interim consolidated financial statements as of and for the nine months ended September 30, 2014 and 2013 are set out on pages 31 to 74 of the FCA Group's Interim Report for the quarter and nine months ended September 30, 2014, which is available at the link below:

[http://www.fcagroup.com/en-US/investor\\_relations/financial\\_information\\_reports/quarterly\\_reports/quarterly\\_reports/FCA\\_Q3\\_2014\\_Interim\\_Report.pdf](http://www.fcagroup.com/en-US/investor_relations/financial_information_reports/quarterly_reports/quarterly_reports/FCA_Q3_2014_Interim_Report.pdf)

- (c) the report of independent auditors and audited annual financial statements (including the statement of financial position and the related statements of comprehensive income, statements of changes in stockholder's equity and statements of cash flows, and the related notes to the financial statements) of FCFC (previously known as Fiat Finance Canada Ltd.) as of and for the financial years ended December 31, 2013 and 2012.

FCFC's audited financial statements and the report of independent auditors thereon as of and for the financial year ended December 31, 2013:

[http://www.fcagroup.com/it-IT/investor\\_relations/financial\\_reports/obbligazioni/financial\\_statements/FiatDocuments/Bilanci%20degli%20Emittenti/FIAT%20FINANCE%20CANADA%20LTD%202013.pdf?redirectFromFiatspa=1](http://www.fcagroup.com/it-IT/investor_relations/financial_reports/obbligazioni/financial_statements/FiatDocuments/Bilanci%20degli%20Emittenti/FIAT%20FINANCE%20CANADA%20LTD%202013.pdf?redirectFromFiatspa=1)

FCFC's audited financial statements and the report of independent auditors thereon as of and for the financial year ended December 31, 2012:

[http://www.fcagroup.com/it-IT/investor\\_relations/financial\\_reports/obbligazioni/financial\\_statements/FiatDocuments/Bilanci%20degli%20Emittenti/FFC%20-%202012%20Financial%20Statements.PDF?redirectFromFiatspa=1](http://www.fcagroup.com/it-IT/investor_relations/financial_reports/obbligazioni/financial_statements/FiatDocuments/Bilanci%20degli%20Emittenti/FFC%20-%202012%20Financial%20Statements.PDF?redirectFromFiatspa=1)

## DOCUMENTS INCORPORATED BY REFERENCE

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- (d) the audit report and audited annual financial statements (including statements of financial position, statements of income, statements of comprehensive income, statements of changes in stockholder's equity, statements of cash flows and notes to the financial statements) of FCFNA (previously known as Fiat Finance North America, Inc.) as of and for the financial years ended December 31, 2013 and 2012.

FCFNA's audited financial statements and audit report thereon as of and for the financial year ended December 31, 2013:

[http://www.fcagroup.com/it-IT/investor\\_relations/financial\\_reports/obbligazioni/financial\\_statements/FiatDocuments/Bilanci%20degli%20Emittenti/FIAT%20FINANCE%20NORTH%20AMERICA%20INC%202013.pdf?redirectFromFiatspa=1](http://www.fcagroup.com/it-IT/investor_relations/financial_reports/obbligazioni/financial_statements/FiatDocuments/Bilanci%20degli%20Emittenti/FIAT%20FINANCE%20NORTH%20AMERICA%20INC%202013.pdf?redirectFromFiatspa=1)

FCFNA's audited financial statements and audit report thereon as of and for the financial year ended December 31, 2012:

[http://www.fcagroup.com/it-IT/investor\\_relations/financial\\_reports/obbligazioni/financial\\_statements/FiatDocuments/Bilanci%20degli%20Emittenti/FFNA%20-%202012%20Financial%20Statements.PDF?redirectFromFiatspa=1](http://www.fcagroup.com/it-IT/investor_relations/financial_reports/obbligazioni/financial_statements/FiatDocuments/Bilanci%20degli%20Emittenti/FFNA%20-%202012%20Financial%20Statements.PDF?redirectFromFiatspa=1)

- (e) the audit report and audited annual financial statements (including a consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and notes to the consolidated financial statements) of the FCFE Group, as well as audited annual statutory stand-alone financial statements of FCFE (previously known as Fiat Finance & Trade Ltd., *société anonyme*), including the audit report thereon, as of and for the financial years ended December 31, 2013 and 2012;

FCFE Group's audited consolidated financial statements and audit report thereon as of and for the financial year ended December 31, 2013:

[http://www.fcagroup.com/it-IT/investor\\_relations/financial\\_reports/obbligazioni/financial\\_statements/FiatDocuments/Bilanci%20degli%20Emittenti/Fiat%20Finance%20and%20Trade%20Ltd%20S.A.-Consolidated%20Financial%20Statements-311213.pdf?redirectFromFiatspa=1](http://www.fcagroup.com/it-IT/investor_relations/financial_reports/obbligazioni/financial_statements/FiatDocuments/Bilanci%20degli%20Emittenti/Fiat%20Finance%20and%20Trade%20Ltd%20S.A.-Consolidated%20Financial%20Statements-311213.pdf?redirectFromFiatspa=1)

FCFE Group's audited consolidated financial statements and audit report thereon as of and for the financial year ended December 31, 2012:

[http://www.fcagroup.com/it-IT/investor\\_relations/financial\\_reports/obbligazioni/financial\\_statements/FiatDocuments/Bilanci%20degli%20Emittenti/FFT%20-%202012%20Consolidated%20Financial%20Statements.PDF?redirectFromFiatspa=1](http://www.fcagroup.com/it-IT/investor_relations/financial_reports/obbligazioni/financial_statements/FiatDocuments/Bilanci%20degli%20Emittenti/FFT%20-%202012%20Consolidated%20Financial%20Statements.PDF?redirectFromFiatspa=1)

FCFE's audited stand-alone financial statements and audit report thereon as of and for the financial year ended December 31, 2013:

[http://www.fcagroup.com/it-IT/investor\\_relations/financial\\_reports/obbligazioni/financial\\_statements/FiatDocuments/Bilanci%20degli%20Emittenti/FIAT%20FINANCE%20AND%20TRADE%20LTD%20S.A.-Annual%20Accounts-311213%20%20SIGNED.PDF?redirectFromFiatspa=1](http://www.fcagroup.com/it-IT/investor_relations/financial_reports/obbligazioni/financial_statements/FiatDocuments/Bilanci%20degli%20Emittenti/FIAT%20FINANCE%20AND%20TRADE%20LTD%20S.A.-Annual%20Accounts-311213%20%20SIGNED.PDF?redirectFromFiatspa=1)

FCFE's audited stand-alone financial statements and audit report thereon as of and for the financial year ended December 31, 2012:

[http://www.fcagroup.com/it-IT/investor\\_relations/financial\\_reports/obbligazioni/financial\\_statements/FiatDocuments/Bilanci%20degli%20Emittenti/FFT%20-%202012%20Stand-Alone%20Financial%20Statements.PDF?redirectFromFiatspa=1](http://www.fcagroup.com/it-IT/investor_relations/financial_reports/obbligazioni/financial_statements/FiatDocuments/Bilanci%20degli%20Emittenti/FFT%20-%202012%20Stand-Alone%20Financial%20Statements.PDF?redirectFromFiatspa=1)

## DOCUMENTS INCORPORATED BY REFERENCE

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- (f) the terms and conditions set out on pages 54 to 91 of the base prospectus dated March 14, 2014 relating to the Programme under the heading “*Terms and Conditions of the Notes*” available on FCA’s website at the link below:

[http://www.fcagroup.com/it-IT/investor\\_relations/financial\\_reports/obbligazioni/FiatDocuments/Global%20Medium%20Term%20Note%20Programme/245816\\_1\\_Fiat%20S.p.A.%20-%20GMTN%20Programme%20-%202014%20Update%20-%20Base%20Prospectus.pdf?redirectFromFiatspa=1](http://www.fcagroup.com/it-IT/investor_relations/financial_reports/obbligazioni/FiatDocuments/Global%20Medium%20Term%20Note%20Programme/245816_1_Fiat%20S.p.A.%20-%20GMTN%20Programme%20-%202014%20Update%20-%20Base%20Prospectus.pdf?redirectFromFiatspa=1)

- (g) the terms and conditions set out on pages 50 to 87 of the base prospectus dated March 19, 2013 relating to the Programme under the heading “*Terms and Conditions of the Notes*” available on FCA’s website at the link below:

[http://www.fcagroup.com/it-IT/investor\\_relations/financial\\_reports/obbligazioni/FiatDocuments/Global%20Medium%20Term%20Note%20Programme/ATT00729.pdf?redirectFromFiatspa=1](http://www.fcagroup.com/it-IT/investor_relations/financial_reports/obbligazioni/FiatDocuments/Global%20Medium%20Term%20Note%20Programme/ATT00729.pdf?redirectFromFiatspa=1)

Non-incorporated parts of a document referred to in (a) to (g) above are either not relevant for an investor or are covered elsewhere in this Base Prospectus.

Each Issuer and the Guarantor will provide, without charge, to each person to whom a copy of the Base Prospectus has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded. Requests for such documents should be directed to any Issuer or the Guarantor at its address set out at the end of the Base Prospectus. The Base Prospectus is available on FCA’s website at <http://www.fcagroup.com>. Copies of the documents incorporated by reference herein may be physically inspected at the offices of the Paying Agent in Ireland for the life of the Base Prospectus and will also be available on FCA’s website at the links referred to above. FCA’s website, as well as its content (except for the documents available at the links mentioned above to the extent incorporated by reference herein), do not form part of the Base Prospectus.

Each Issuer and the Guarantor will, in connection with the listing of the Notes on the Irish Stock Exchange, so long as any Notes remain outstanding and listed on such exchange, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus, prepare a supplement to the Base Prospectus in accordance with Article 16 of the Prospectus Directive or publish a new Base Prospectus as may be required under the Prospectus Directive for use in connection with any subsequent issue of the Notes to be listed on the Irish Stock Exchange. Any statement contained in this Base Prospectus or in any information or in any of the documents incorporated by reference in, and forming part of, this Base Prospectus shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement provided that such modifying or superseding statement is made by way of a supplement to this Base Prospectus pursuant to Article 16 of the Prospectus Directive.

If the terms of the Programme are modified or amended in a manner that would make the Base Prospectus, as so modified or amended, inaccurate or misleading, a new base prospectus will be prepared.



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## FORM OF THE NOTES

The Notes of each Series will be in either bearer form (“Bearer Notes”), with or without interest coupons (“Coupons”) attached, or registered form (“Registered Notes”), without Coupons attached; provided, however, that FCFNA may not issue Bearer Notes. Bearer Notes will be issued outside the United States in reliance on Regulation S under the Securities Act (“Regulation S”) and Registered Notes will be issued both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A.

### **Bearer Notes**

FCFNA may not issue Bearer Notes.

Each Tranche of Bearer Notes will be initially issued in the form of either a temporary bearer global note (a “Temporary Bearer Global Note”) or a permanent bearer global note (a “Permanent Bearer Global Note” and, together with a Temporary Bearer Global Note, the “Bearer Global Notes” and each a “Bearer Global Note”) as indicated in the applicable Final Terms, which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depository (the “Common Depository”) for Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking, *société anonyme* (“Clearstream”) or, in respect of Bearer Global Notes representing CMU Notes, to a sub-custodian nominated by the HKMA as operator of the CMU Service. In the case of each Tranche of Bearer Notes, the applicable Final Terms will specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (“TEFRA C”) or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (“TEFRA D”) are applicable in relation to the Notes or, if the Notes do not have a maturity of more than one year, that neither TEFRA C nor TEFRA D are applicable. Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Note due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only to the extent that a certification (in a form to be provided) to the effect that the beneficial owners of interests in such Bearer Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by (in the case of the Notes other than CMU Notes) Euroclear and/or Clearstream or (in case of CMU Notes) the CMU Lodging and Paying Agent and (in the case of a Temporary Bearer Global Note delivered to the Common Depository for Euroclear and Clearstream) Euroclear and/or Clearstream, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the “Exchange Date”) which is, in respect of each Tranche in respect of which a Temporary Bearer Global Note is issued, 40 days after the Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) definitive Bearer Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and in the case of definitive Bearer Notes, subject to such notice period as is specified in the applicable Final Terms). Such interests will only be exchangeable (i) in the case of Notes issued by FCFC, against certification of non-Canadian residence, and (ii) in each case, against certification of beneficial ownership as described above unless such certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused. The CMU Service may require that any such exchange for a Permanent Bearer Global Note is made in whole and not in part, and in such event no such exchange will be effected until all relevant account holders (as set out in a CMU Instrument Position Report (as defined in the rules of the CMU Service) or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU Service) have so certified. The CMU Service may require the issue and deposit of such Permanent Bearer Global Note with its sub-custodian without permitting the withdrawal of the Temporary Bearer Global Note so exchanged, although any interests exchanged thereon shall have been properly effected in its records.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note issued in exchange for a Temporary Bearer Global Note, or issued pursuant to TEFRA C, will be made through Euroclear and/or Clearstream against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for certification.

## FORM OF THE NOTES

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In respect of a Bearer Global Note held through the CMU Service, payments of principal, interest (if any) or any other amounts will be made to the person(s) for whose account(s) interests in the relevant Bearer Global Note are credited (as set out in a CMU Instrument Position Report or in any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU Service) and, save in the case of final payment, no presentation of the relevant Bearer Global Note shall be required for such purpose.

The applicable Final Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, interest coupons and talons attached either (a) upon not less than 60 days' written notice from Euroclear and/or Clearstream (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Principal Paying Agent as described therein and/or (in the case of CMU Notes) from the relevant accountholders therein to the CMU Lodging and Paying Agent as described therein, or (b) only upon the occurrence of an Exchange Event.

For these purposes, "Exchange Event" means that (i) an Event of Default (as defined in Condition 10) has occurred and is continuing, (ii) the relevant Issuer has been notified that both Euroclear and Clearstream and, in the case of CMU Notes, the CMU Service have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the relevant Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note in definitive form. The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) and/or (in the case of CMU Notes), the relevant accountholders therein, may give notice to the Principal Paying Agent or, as the case may be, the CMU Lodging and Paying Agent, requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the relevant Issuer may also give notice to the Principal Paying Agent or, as the case may be, the CMU Lodging and Paying Agent, requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent or, as the case may be, the CMU Lodging and Paying Agent.

The following legend will appear on all Bearer Notes which have an original maturity of more than one year, and on all interest coupons relating to all such Notes:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE".

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes or Coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes or Coupons.

Notes which are represented by a Bearer Global Note will only be transferable, and payment in respect of them will only be made, in accordance with the rules and procedures for the time being of Euroclear, Clearstream or the CMU Service, as the case may be.

### Registered Notes

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global note in registered form, without Coupons (a "Regulation S Global Note"), which will (i) be deposited with the Common Depositary and registered in the name of a nominee of the Common Depositary for Euroclear and Clearstream or (ii) be deposited with a sub-custodian for and registered in the name of the HKMA as operator of the CMU Service, as specified in the applicable Final Terms.

Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each such Tranche of Notes, beneficial interests in a Regulation S Global Note of such Tranche may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 and may not be held otherwise than through Euroclear, Clearstream or the CMU Service and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

## FORM OF THE NOTES

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The Registered Notes of each Tranche may only be initially offered and sold in the United States or to U.S. persons in private transactions to “qualified institutional buyers” within the meaning of Rule 144A under the Securities Act (“QIBs”). The Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form, without Coupons (a “Rule 144A Global Note” and, together with a Regulation S Global Note, the “Registered Global Notes”), which will be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company (“DTC”).

Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

Each Rule 144A Global Note will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of any provision to the contrary, be made to the person shown on the Register (as defined in Condition 6(d)) as the registered holder of the Registered Global Notes. None of the Issuers, the Guarantor, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of any provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6(d)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, “Exchange Event” means that (i) an Event of Default has occurred and is continuing, (ii) DTC has notified the relevant Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available, (iii) DTC has ceased to constitute a clearing agency registered under the Exchange Act or the relevant Issuer has been notified that both Euroclear and Clearstream and, in the case of CMU Notes, the CMU Service have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available or (iv) the relevant Issuer has or will become subject to adverse tax consequences which would not be required were the Notes represented by the Registered Global Notes in definitive form. The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, (a) DTC, Euroclear and/or Clearstream, as the case may be (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar or, (b) in the case of CMU Notes, the relevant accountholders therein, may give notice to the CMU Lodging and Paying Agent, requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iv) above, the relevant Issuer may also give notice to the Registrar or, as the case may be, the CMU Lodging and Paying Agent, requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar or, as the case may be, the CMU Lodging and Paying Agent.

### Transfer of Interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear, Clearstream or the CMU Service, in each case to the extent applicable. Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions. See “*Subscription and Sale, and Selling and Transfer Restrictions*”.

### General

Pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Notes*”), the Principal Paying Agent or, as the case may be, the CMU Lodging and Paying Agent shall arrange that, when a Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CMU instrument number, a CUSIP

## FORM OF THE NOTES

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and CINS number which are different from the common code, ISIN, CMU instrument number, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a Bearer Global Note or a Regulation S Global Note held on behalf of Euroclear, Clearstream or the CMU Service each person (other than Euroclear, Clearstream or the CMU Service) who is for the time being shown in the records of Euroclear, Clearstream or the CMU Service, as applicable, as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream or the CMU Service, as applicable, as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the relevant Issuer, the Guarantor and their agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Regulation S Global Note shall be treated by the relevant Issuer, the Guarantor and their agents as the holder of such nominal amount of such Notes in accordance with, and subject to the terms of, the relevant Global Note, and the expressions “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly.

Notwithstanding the above, if a Note (whether in global or definitive form) is held through the CMU Service, any payment that is made in respect of such Note shall be made at the direction of the bearer or the registered holder to the person(s) for whose account(s) interests in such Note are credited as being held through the CMU Service in accordance with prevailing CMU rules and procedures at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU Service in a relevant CMU Instrument Position Report or any other relevant notification by the CMU Service (which notification, in either case, shall be conclusive evidence of the records of the CMU Service as to the identity of any accountholder and the principal amount of any Note credited to its account, save in the case of manifest error) and such payments shall discharge the obligation of the relevant Issuer in respect of that payment under such Note.

So long as DTC or its nominee is the registered owner or holder of a Rule 144A Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Rule 144A Global Note for all purposes under the Agency Agreement and such Notes except to the extent that in accordance with DTC’s published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Any reference herein to Euroclear and/or Clearstream and/or DTC and/or the CMU Service shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

A Note may be accelerated automatically by the holder thereof in certain circumstances described in Condition 10. In such circumstances, if any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then, unless within the period of seven days commencing on the relevant due date, payment in full of the amount due in respect of the Global Note, is received by the bearer or the registered holder, as the case may be, in accordance with the provisions of the Global Note, holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream and/or DTC and/or the CMU Service, as the case may be, will become entitled to proceed directly against the relevant Issuer on the basis of statements of account provided by Euroclear, Clearstream, DTC and/or the CMU Service on and subject to the terms of a deed of covenant (the “Deed of Covenant”) dated December 19, 2014 and executed by the Issuers. In addition, holders of interests in such Global Note credited to their accounts with DTC may require DTC to deliver definitive Notes in registered form in exchange for their interest in such Global Note in accordance with DTC’s standard operating procedures.

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## APPLICABLE FINAL TERMS

*Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.*

[Date]

[FIAT CHRYSLER AUTOMOBILES N.V./  
FIAT CHRYSLER FINANCE EUROPE *société anonyme*/  
FIAT CHRYSLER FINANCE CANADA LTD./  
FIAT CHRYSLER FINANCE NORTH AMERICA, INC.]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
[Guaranteed by Fiat Chrysler Automobiles N.V.]  
under the €[20,000,000,000]  
Global Medium Term Note Programme

### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [*current date*] [and the supplement[s] dated [ ] (together, the “Base Prospectus”) [which together constitute] [which constitutes] a base prospectus for the purposes of Directive 2003/71/EC, as amended (the “Prospectus Directive”)<sup>†</sup>. This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4 of the Prospectus Directive]<sup>†</sup> and must be read in conjunction with such Base Prospectus. Full information on the Issuer [and the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus and these Final Terms are available for viewing at [http://www.fcagroup.com/en-US/investor\\_relations/fiatspa\\_debit\\_rating/obbligazioni/Pages/programme\\_term.aspx](http://www.fcagroup.com/en-US/investor_relations/fiatspa_debit_rating/obbligazioni/Pages/programme_term.aspx) and copies may be obtained from the Issuer [and the Guarantor] at [its/their respective] [principal] [and] [registered] office[s]. FCA’s website, as well as its content (except for any documents available at the links referred to in the Base Prospectus to the extent incorporated by reference therein) do not form part of the Base Prospectus or of these Final Terms.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the Base Prospectus dated [*original date*] [and the supplement[s] dated [*date*]] which are incorporated by reference in the Base Prospectus dated [*current date*]. This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4 of Directive 2003/71/EC]<sup>†</sup>, as amended (the “Prospectus Directive”) and must be read in conjunction with the Base Prospectus dated [*current date*] [and the supplement[s] dated [ ] (together, the “Base Prospectus”) [which together constitute] [which constitutes] a base prospectus for the purposes of the Prospectus Directive]<sup>†</sup>, including the Conditions incorporated by reference in the Base Prospectus. Full information on the Issuer [and the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus, including the Conditions incorporated by reference in the Base Prospectus. The Base Prospectus and the Final Terms are available for viewing at [http://www.fcagroup.com/en-US/investor\\_relations/fiatspa\\_debit\\_rating/obbligazioni/Pages/programme\\_term.aspx](http://www.fcagroup.com/en-US/investor_relations/fiatspa_debit_rating/obbligazioni/Pages/programme_term.aspx) and copies may be obtained from the Issuer [and the Guarantor] at [its/their respective] [principal] [and] [registered] office[s]. FCA’s website, as well as its content (except for any documents available at the links referred to in the Base Prospectus to the extent incorporated by reference therein) do not form part of the Base Prospectus or of these Final Terms.]

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<sup>†</sup> Delete where the Notes are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive.

## APPLICABLE FINAL TERMS

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*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs (in which case the subparagraphs of the paragraphs which are not applicable can be deleted. Italics denote directions for completing the Final Terms.)]*

*[If the Notes must be redeemed before the first anniversary of their date of issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]*

1. (i) Issuer: [Fiat Chrysler Automobiles N.V./Fiat Chrysler Finance Europe *société anonyme*/Fiat Chrysler Finance Canada Ltd./Fiat Chrysler Finance North America, Inc.]
- (ii) Guarantor: [Fiat Chrysler Automobiles N.V./Not Applicable]
2. (i) Series Number: [ ]
- (ii) Tranche Number: [ ]
- (iii) Date on which the Notes will be consolidated and form a single Series: [The Notes will be consolidated and form a single Series with *[provide issue amount/ISIN/maturity date/issue date of earlier Tranches]* on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 23 below, which is expected to occur on or about *[date]*]/[Not Applicable]
3. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount:
  - (i) Series: [ ]
  - (ii) Tranche: [ ]
5. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued Interest from *[insert date]* (if applicable)]
6. (i) Specified Denominations: [ ]

*(In the case of Registered Notes, this means the minimum integral amount in which transfers can be made)*

*(Notes must have a minimum denomination of €100,000 or equivalent. Where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:*

*“[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].”.)*

*(N.B. If an issue of Notes is (i) NOT admitted to trading on a European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive, the €100,000 minimum denomination is not required)*

## APPLICABLE FINAL TERMS

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- (ii) Calculation Amount: [ ] (*If only one Specified Denomination, insert the Specified Denomination.*)  
(Applicable to Notes in definitive form.)  
*If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. (i) Issue Date: [ ]  
(ii) Interest Commencement Date: [Specify/Issue Date/Not Applicable]  
*(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
8. Maturity Date: [Fixed rate – specify date or for Floating rate Notes – Interest Payment Date falling in or nearest to [specify month and year]]  
*(N.B. for certain Fixed Rate Notes, including Notes denominated in Renminbi, where the Interest Payment Dates are subject to modification it will be necessary to use the second option.)*
9. Interest Basis: [[ ] per cent. Fixed Rate]  
[[ ]-month [LIBOR/EURIBOR/CNH HIBOR] +/- [ ] per cent. Floating Rate]  
[Zero Coupon]  
(see paragraph[s] [16], [17], [18] below)
10. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount.
11. Change of Interest Basis: [For the period from (and including) the Interest Commencement Date, up to (but excluding) [date], paragraph [16/17] applies, and for the period from (and including) [date], up to (and including) the Maturity Date, paragraph [16/17] applies/Not Applicable]
12. Alternative Currency Equivalent: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs. Where Notes are denominated in Renminbi, it is expected that this paragraph will be marked “Applicable”. If so, the sub-paragraphs below should be completed.)*
- (i) Alternative Currency: [ ]
- (ii) Alternative Currency Calculation Agent: [ ]
- (iii) Rate Calculation Jurisdiction: [ ]  
*(N.B. This shall be Eurozone where the Specified Currency is Euro or Hong Kong where the Specified Currency is Renminbi)*
- (iv) Rate Calculation Business Days: [ ]

## APPLICABLE FINAL TERMS

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- (N.B. This shall be “two” where the Specified Currency is Renminbi)
- [(v) RMB Spot Rate: [] /Not Applicable] [*Include an RMB Spot Rate only where the Notes are denominated in Renminbi and the default RMB Spot Rate is not applicable*]
- [(vi) Spot Rate Screen Page: [] [*Delete where the Notes are denominated in Renminbi and sub-paragraphs (v) is marked “Not Applicable”*]
- [(vii) Non-deliverable Spot Rate Screen Page: [] [*Delete where the Notes are denominated in Renminbi and sub-paragraphs (v) is marked “Not Applicable”*]
- [(viii) Spot Rate Calculation Time: [] [*Delete where the Notes are denominated in Renminbi and sub-paragraphs (v) is marked “Not Applicable”*]
13. Put/Call Options: [Investor Put]  
[Issuer Call]  
(see paragraph[s] [19] and [20] below)
14. [Date [board of directors’] approval for issuance of Notes [and Guarantee] obtained] [] [and [] respectively]  
*(N.B. Only relevant where board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)*
15. Method of distribution: [Syndicated/Non-syndicated]

### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. Fixed Rate Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [] in each year up to and including the Maturity Date/[specify other]  
*(N.B. This will need to be amended in the case of long or short coupons)*  
*(N.B. For certain Renminbi denominated Fixed Rate Notes, the Interest Payment Dates are subject to modification and the following words should be added:*  
*“provided that if any Interest Payment Date falls on a day which is not a Business Day, the Interest Payment Date will be the next succeeding Business Day unless it would thereby fall in the next calendar month in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day. For these purposes, “Business Day” means a day, other than a Saturday or a Sunday on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and currency deposits) in Hong Kong and [...]”.)*



## APPLICABLE FINAL TERMS

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- (iii) Fixed Coupon Amount(s):  per Calculation Amount  
*(Applicable to Notes in definitive form)* *(N.B. For Renminbi denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate:*  
*“Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005 being rounded upwards in the case of Renminbi denominated Fixed Rate Notes”.)*
- (iv) Broken Amount(s):  per Calculation Amount payable on the Interest Payment Date falling  in/on  /[Not Applicable]  
*(Applicable to Notes in definitive form)*
- (v) Day Count Fraction: 30 / 360 / Actual/Actual (ICMA)/*[for Renminbi denominated Fixed Rate Notes – Actual/365(Fixed)]*
- (vi) Determination Date(s):  in each year/[Not Applicable]  
*[Insert interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.] (N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration.)*  
*(N.B. Only relevant where Fixed Day Count Fraction is Actual/Actual (ICMA))]*
17. Floating Rate Note Provisions: Applicable/Not Applicable  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Specified Period(s)/Specified Interest Payment Date(s):  [, subject to adjustment in accordance with the Business Day Convention set out in (ii) below/not subject to adjustment, as the Business Day Convention in (ii) below is specified to be Not Applicable]
- (ii) Business Day Convention: Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
- (iii) Additional Business Centre(s):
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: Screen Rate Determination/ISDA Determination]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):

## APPLICABLE FINAL TERMS

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- (vi) Screen Rate Determination:
- Reference Rate: [ ]-month [LIBOR/EURIBOR/CNH HIBOR]
  - Interest Determination Date(s): [ ]  
*[(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling, euro LIBOR or CNH HIBOR), first day of each Interest Period if Sterling LIBOR, the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR or the second Hong Kong business day prior to the start of each Interest Period if CNH HIBOR)]*
  - Relevant Screen Page: [ ]  
*(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (vii) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]  
*(N.B. The first day of the Interest Period)*
- (viii) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
- (ix) Margin(s): [+/-] [ ] per cent. per annum
- (x) Minimum Rate of Interest: [ ] per cent. per annum
- (xi) Maximum Rate of Interest: [ ] per cent. per annum
- (xii) Day Count Fraction: [Actual/365 or Actual/Actual  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
  
Actual/360  
30/360, 360/360 or Bond Basis  
30E/360 or Eurobond Basis]
18. Zero Coupon Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Accrual Yield: [ ] per cent. per annum
  - (ii) Reference Price: [ ]

## APPLICABLE FINAL TERMS

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- (iii) Day Count Fraction in relation to [30/360]  
Early Redemption Amounts and [Actual/360]  
late payment in accordance with [Actual/365]  
Conditions 7(e)(iii) and (h):

### PROVISIONS RELATING TO REDEMPTION

19. Issuer Call: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount: [As set out in Condition 7(c)/[ ] per Calculation Amount]
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [ ] per Calculation Amount
- (b) Maximum Redemption Amount: [ ] per Calculation Amount
20. Investor Put: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s): [ ] per Calculation Amount
21. Final Redemption Amount: [ ] per Calculation Amount
22. Early Redemption Amount of each note [ ] per Calculation Amount  
payable on redemption for taxation reasons  
or on event of default:

### GENERAL PROVISIONS APPLICABLE TO THE NOTES

23. Form of Notes: [Bearer Notes\*:  
[TEFRA D:  
Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event].  
[Temporary Bearer Global Note exchangeable for definitive Notes on and after the Exchange Date.]]  
[TEFRA C:  
[Permanent Bearer Global Note exchangeable for definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]\*\*]  
*(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Base Prospectus and the Notes*

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\* Not applicable where FCFNA is the Issuer.

\*\* Not applicable where FCFC is the Issuer.

*themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: “[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]”. Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Bearer Global Note exchangeable for definitive Notes)*

[Registered Notes:

[Regulation S Global Note ([U.S.\$/[ ] [ ] nominal amount) [registered in the name of a nominee of a common depositary for Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme*/registered in the name of the Hong Kong Monetary Authority as operator of the Central Moneymarkets Unit Service]]

[Rule 144A Global Note ([U.S.\$/[ ] [ ] nominal amount) (*specify nominal amounts*)]

24. Additional Financial Centre(s):

[Not Applicable/[give details]]

*(Note that this item relates to the place of payment and not Interest Period end dates to which item 17(iii) relates)*

25. Talons for future Coupons to be attached to definitive Bearer Notes (and dates on which such Talons mature):

[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made. The Talon will mature on the Specified Interest Payment Date falling on [month] [year] (*insert the [25th] Specified Interest Payment Date*)/No.]

## **LISTING AND ADMISSION TO TRADING APPLICATION**

These Final Terms comprise the final terms required for issue and admission to trading on the regulated market of the Irish Stock Exchange of the Notes described herein pursuant to the €20,000,000,000 Global Medium Term Note Programme of Fiat Chrysler Finance Europe *société anonyme*, Fiat Chrysler Finance Canada Ltd. and Fiat Chrysler Finance North America, Inc. as Issuers and Fiat Chrysler Automobiles N.V. as Issuer and Guarantor.

## **RESPONSIBILITY**

[Each of the] [The] Issuer [and the Guarantor] accept[s] responsibility for the information contained in these Final Terms. [[*Relevant third party information*] has been extracted from [ ]. [Each of the] [The] Issuer [and the Guarantor] confirm[s] that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

[Signed on behalf of the Guarantor:

By: .....

By:.....

*Duly authorised*

*Duly authorised]*

**PART B – OTHER INFORMATION**

**1. LISTING AND ADMISSION TO TRADING**

- (i) Listing: [Irish Stock Exchange Ltd./(*specify*)/None]
- (ii) Admission to trading: [Application [has been]/[will be] made [to the Irish Stock Exchange/(*specify*)] for the Notes to be admitted [to the Official List/(*specify*) and trading on [its regulated market/(*specify*)] on [ ] with effect from [ ].]
- [Not Applicable.]
- (iii) Estimate of total expenses related to admission to trading: [ ]

**2. RATINGS**

Ratings: [The Notes to be issued [have been]/[are expected to be]/[have not been] rated[:][.]]

[S&P: [ ]]  
[Moody's [ ]]  
[Fitch [ ]]

[[*EU established/EU-registered CRA*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009/EC, as amended (the “CRA Regulation”), and is included in the list of registered and certified credit ratings agencies published on the website of the European Securities and Markets Authority (“ESMA”) in accordance with the CRA Regulation. The ESMA’s website and its content do not form part of the Base Prospectus or of these Final Terms.]

[[*Non-EU established/EU-certified CRA*] is not established in the European Union but has been certified under the CRA Regulation and is included in the list of registered and certified credit rating agencies published on the web site of the ESMA. The ESMA’s website and its content do not form part of the Base Prospectus or these Final Terms.]

[[*Non-EU established CRA/non-EU certified CRA*] is not established in the European Union and is not registered or certified under the CRA Regulation.]

In general, and subject to certain exceptions, European regulated investors are restricted from using a credit rating for regulatory purposes if such credit rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation.

Subject to the fulfilment of the conditions set out in Article 4(3) of the CRA Regulation, a credit rating agency established in the European Union and registered in accordance with the CRA Regulation (an “EU CRA”) may endorse (for regulatory purposes in the European Union) credit ratings issued outside the European Union where (i) the credit rating activities resulting in the issuing of the credit rating are undertaken in whole or in part by a credit

rating agency or credit rating agencies belonging to the same group (a “non-EU CRA”); and (ii) the EU CRA has verified and is able to demonstrate on an ongoing basis to ESMA that the conduct of the credit rating activities by the non-EU CRA resulting in the issuing of the credit rating to be endorsed fulfils requirements which are “at least as stringent as” the requirements of the CRA Regulation.

[On *[date of decision]*, ESMA announced that it considers the regulatory framework for credit rating agencies established in *[country of non-EU established CRA/non-EU certified CRA]* to be “as stringent as” the requirements of the CRA Regulation. *[EU-established/EU-registered affiliate of non-EU established/non-EU certified CRA]* currently endorses credit ratings issued by *[non-EU established/non-EU certified CRA]* for regulatory purposes in the European Union. *[EU-established/EU-registered affiliate of non-EU established/non-EU certified CRA]* has been registered under the CRA Regulation and appears on the list of registered credit rating agencies on ESMA’s website. The ESMA’s website and its content do not form part of the Base Prospectus or of these Final Terms. There can be no assurance that *[EU-established/EU-registered affiliate of non-EU established/non-EU certified CRA]* will continue to endorse credit ratings issued by *[non-EU established/non-EU certified CRA]*.]

In addition, subject to the fulfilment of the conditions set out in Article 5 and elsewhere in the CRA Regulation, credit ratings that are related to entities established or financial instruments issued in countries outside the European Union and that are issued by a credit rating agency established in a country outside the European Union may only be used for regulatory purposes within the European Union without being endorsed under Article 4(3) of the CRA Regulation if (amongst other requirements) the European Commission has adopted an equivalence decision in accordance with Article 5(6) of the CRA Regulation, recognising the legal and supervisory framework of the relevant country as equivalent to the requirements of the CRA Regulation.

[On *[date of decision]*, the European Commission passed Implementing Decision *[decision number]* which provided that the legal and supervisory framework for credit rating agencies in *[country in which non-EU established/EU certified CRA is established]* shall be considered equivalent to the requirements of the CRA Regulation.]

*(The above disclosure should be amended to reflect (i) the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating; and/or (ii) the credit rating agency issuing the credit rating, in each case in accordance with the applicable requirements of the CRA Regulation.)*

### 3. NOTIFICATION

[The *[name of competent authority in home member state]* *[has been requested to provide/has provided – include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues]* the *[names of competent authorities of host*

## APPLICABLE FINAL TERMS

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*member states*] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the provisions of the Prospectus Directive and Commission Regulation (EC) No. 809/2004.]

### 4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

*[Need to include a description of any interest, including a conflicting interest, that is material to the issue, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:*

“Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer [and the Guarantor] and [its/their] affiliates in the ordinary course of business”. *[Amend as appropriate if there are other interests]*”

*[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]*

### 5. YIELD (Fixed Rate Notes only)

Indication of yield: [ ]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

### 6. DISTRIBUTION

(i) If syndicated, name of Managers: [Not Applicable/*give names*]

(ii) Stabilisation Manager(s) (if any): [Not Applicable/*give name(s)*]

(iii) If non-syndicated, name of relevant Dealer: [Not Applicable/*give name*]

(iv) U.S. selling restrictions: [Reg. S Compliance Category:]

[TEFRA D/TEFRA C/TEFRA not applicable]

[[Not] Rule 144A Eligible]

### 7. OPERATIONAL INFORMATION

(i) ISIN Code: [ ]

(ii) Common Code: [ ]

(iii) CUSIP: [Not Applicable/[ ]]

(iv) CINS: [Not Applicable/[ ]]

(v) CMU Instrument Number: [Not Applicable/[ ]]

(vi) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): [DTC/Not Applicable/*give name(s), address(es) and number(s)*]

[The Notes will be cleared through the Central Moneymarkets Unit Service.]

(vii) Delivery: Delivery [against/free of] payment

**APPLICABLE FINAL TERMS**

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- (viii) Names and addresses of Paying Agent(s): *[give name(s) and address(es)]*
- (ix) Names and addresses of additional Paying Agent(s), if any: *[Not Applicable/give name(s) and address(es)]*
- (x) Name and address of Registrar: *[Not Applicable/give name and address]*



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## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange (if any) and agreed by the relevant Issuer, the Guarantor (in case of Guaranteed Notes) and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to any Tranche of Notes shall complete the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to “Applicable Final Terms” for a description of the content of the Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a Series (as defined below) of Notes issued pursuant to the Agency Agreement (as defined below). References herein to the “Issuer” shall be references to the party specified as such in the applicable Final Terms (as defined below).

References herein to the “Notes” shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Notes represented by a global Note (a “Global Note”), units of each Specified Denomination in the Specified Currency;
- (ii) any Global Note;
- (iii) any definitive Notes in bearer form (“Bearer Notes”) issued in exchange for a Global Note in bearer form; and
- (iv) any definitive Notes in registered form (“Registered Notes”) (whether or not issued in exchange for a Global Note in registered form).

The Notes and the Coupons (as defined below) have the benefit of an Amended and Restated Agency Agreement (such Amended and Restated Agency Agreement as amended and/or supplemented and/or restated from time to time, the “Agency Agreement”) dated December 19, 2014 and made between (*inter alia*) the Issuers, Fiat Chrysler Automobiles N.V. in its capacity as Guarantor (as defined below), Citibank, N.A., London office, as issuing and principal paying agent and agent bank (the “Principal Paying Agent”, which expression shall include any successor principal paying agent) and as exchange agent (the “Exchange Agent”, which expression shall include any successor exchange agent), and Citicorp International Limited as lodging and paying agent with respect to the CMU Notes (the “CMU Lodging and Paying Agent”, which expression shall include any successor lodging and paying agent) and the other paying agents named therein (together with the Principal Paying Agent and the CMU Lodging and Paying Agent, the “Paying Agents”, which expression shall include any additional or successor paying agents), Citigroup Global Markets Deutschland AG, as registrar (the “Registrar”, which expression shall include any successor or alternative registrar) and as transfer agent and the other transfer agents named therein (together with the Registrar, the “Transfer Agents”, which expression shall include any additional or successor transfer agents).

For the purposes of these Terms and Conditions (the “Conditions”), all references to the Principal Paying Agent shall, with respect to a Series of Notes to be held in the CMU Service (as defined below), be deemed to be a reference to the CMU Lodging and Paying Agent (other than in relation to the determination of interest and other amounts payable in respect of the Notes) and all such references shall be construed accordingly.

Interest bearing definitive Bearer Notes have interest coupons (“Coupons”) and, in the case of Bearer Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons (“Talons”) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Registered Notes and Global Notes do not have Coupons or Talons attached on issue.

The Final Terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note and complete these Conditions and, in the case of a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, may specify other

## TERMS AND CONDITIONS OF THE NOTES

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terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purpose of this Note. References to the “applicable Final Terms” are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

The payment of all amounts in respect of Notes issued by Fiat Chrysler Finance Europe *société anonyme*, Fiat Chrysler Finance Canada Ltd. and Fiat Chrysler Finance North America, Inc. (the “Guaranteed Notes”) shall be unconditionally and irrevocably guaranteed by Fiat Chrysler Automobiles N.V. (in such capacity, the “Guarantor”) pursuant to a guarantee (such guarantee as modified and/or supplemented and/or restated from time to time, the “Guarantee”) dated December 19, 2014 executed by the Guarantor. Under the Guarantee, Fiat Chrysler Automobiles N.V. has guaranteed the due and punctual payment of all amounts due under such Guaranteed Notes.

The original of the Guarantee is held by the Principal Paying Agent on behalf of the Noteholders and the Couponholders, in each case of the Guaranteed Notes, at its specified office. References herein to the Guarantor shall only be relevant where the Issuer is one of Fiat Chrysler Finance Europe *société anonyme*, Fiat Chrysler Finance Canada Ltd. or Fiat Chrysler Finance North America, Inc.

Any reference to “Noteholders” or “holders” in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below.

Any reference herein to “Couponholders” shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, “Tranche” means Notes which are identical in all respects (including as to listing) and “Series” means a Tranche of Notes together with any further Tranche or Tranches of Notes which (i) are expressed to be consolidated and form a single series and (ii) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

The Noteholders and the Couponholders are entitled to the benefit of the deed of covenant (such deed of covenant as modified and/or supplemented and/or restated from time to time, the “Deed of Covenant”) dated December 19, 2014 and made (*inter alia*) by the Issuer. The original of the Deed of Covenant is held by the Common Depository for Euroclear (as defined below) and Clearstream (as defined below).

Copies of the Agency Agreement, the Guarantee, a deed poll (such deed poll as modified and/or supplemented and/or restated from time to time, the “Deed Poll”) dated December 19, 2014 and made (*inter alia*) by the Issuer and the Guarantor (where applicable) and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Principal Paying Agent, the Registrar, the CMU Lodging and Paying Agent and the other Paying Agents and Transfer Agents (such agents and the Registrar being together referred to as the “Agents”). Copies of the applicable Final Terms are obtainable during normal business hours at the specified office of each of the Agents save that, if this Note is an unlisted Note of any Series, the applicable Final Terms will only be obtainable by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes and identity. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Guarantee (where applicable), the Deed Poll, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated; provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

In these Conditions, “euro” means the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended.

### 1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form or in registered form as specified in the applicable Final Terms and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis specified in the applicable Final Terms.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Conditions are not applicable.

Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the Guarantor (where applicable) and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Bearer Global Note or a Regulation S Global Note (as defined in Condition 2) held on behalf of Euroclear Bank S.A./N.V. (“Euroclear”) and/or Clearstream Banking, *société anonyme* (“Clearstream”), and/or the Hong Kong Monetary Authority (“HKMA”) as operator of the Central Moneymarkets Unit Service (the “CMU Service” or “CMU”), each person (other than Euroclear, Clearstream, or the CMU Service) who is for the time being shown in the records of Euroclear, of Clearstream or of the CMU Service as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream or the CMU Service as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor (where applicable) and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or, as the case may be, the registered holder of the relevant Regulation S Global Note shall be treated by the Issuer, the Guarantor (where applicable) and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly. Payment in respect of Notes represented by a Global Note will only be made, in accordance with the rules and procedures for the time being of DTC (as defined below), Euroclear, Clearstream or the CMU Service, as the case may be.

Notwithstanding the above, if a Note (whether in global or definitive form) is held through the CMU Service, any payment that is made in respect of such Note shall be made at the direction of the bearer or the registered holder to the person(s) for whose account(s) interests in such Note are credited as being held through the CMU Service in accordance with prevailing CMU rules and procedures at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU Service in a relevant “CMU Instrument Position Report” (as defined in the rules of the CMU Service) or any other relevant notification by the CMU Service (which notification, in either case, shall be conclusive evidence of the records of the CMU Service as to the identity of any accountholder and the principal amount of any Note credited to its account, save in the case of manifest error) and such payments shall discharge the obligation of the relevant Issuer in respect of that payment under such Note.

For so long as The Depository Trust Company (“DTC”) or its nominee is the registered owner or holder of a Rule 144A Global Note (as defined in Condition 2), DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Rule 144A Global Note for all purposes under the Agency Agreement and the Notes except to the extent that in accordance with DTC’s published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear, Clearstream or the CMU Service, as the case may be. References to DTC, Euroclear, Clearstream and/or the CMU Service shall, whenever the context so permits,

## TERMS AND CONDITIONS OF THE NOTES

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be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms.

Fiat Chrysler Finance North America, Inc. may not issue Bearer Notes.

### 2. TRANSFERS OF REGISTERED NOTES

(a) **Transfers of interests in Registered Global Notes:** Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear, Clearstream or the CMU Service, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be exchangeable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear, Clearstream, or the CMU Service, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.

(b) **Transfers of Registered Notes in definitive form:** Subject as provided in paragraphs (e), (f) and (g) below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (i) the holder or holders must (a) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (b) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request.

Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (such initial regulations being set out in Schedule 9 to the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations) authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

(c) **Registration of transfer upon partial redemption:** In the event of a partial redemption of Notes under Condition 7, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

(d) **Costs of registration:** Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

(e) **Transfers of interests in Regulation S Global Notes:** Prior to the expiry of the applicable Distribution Compliance Period (as defined below), transfers by the holder of, or of a beneficial interest in, a Regulation S Global Note to a transferee in the United States or who is a U.S. person will only be made:

- (i) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate (a “Transfer Certificate”), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or
- (ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

In the case of (i) above, such transferee may take delivery through a Legended Note in global or definitive form. After expiry of the applicable Distribution Compliance Period (i) beneficial interests in Regulation S Global Notes may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC; and (ii) such certification requirements will no longer apply to such transfers.

- (f) **Transfers of interests in Legended Notes:** Transfers of Legended Notes or beneficial interests therein may be made:

- (i) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, that the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream; or
- (ii) to a transferee who takes delivery of such interest through a Legended Note where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or
- (iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any state of the United States,

and, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the legend, the Registrar shall deliver only Legended Notes or refuse to remove such legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

- (g) **Exchanges and transfers of Registered Notes generally:** Holders of Registered Notes in definitive form may exchange such Notes for interests in a Registered Global Note of the same type at any time.
- (h) **Definitions:** In these Conditions, the following expressions shall have the following meanings:

“Distribution Compliance Period” means the period that ends 40 days after the completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue);

## TERMS AND CONDITIONS OF THE NOTES

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“Legended Note” means Registered Notes (whether in definitive form or represented by a Registered Global Note) sold in private transactions to QIBs in accordance with the requirements of Rule 144A;

“QIB” means a “qualified institutional buyer” within the meaning of Rule 144A;

“Regulation S” means Regulation S under the Securities Act;

“Regulation S Global Note” means a Registered Global Note representing Notes sold outside the United States in reliance on Regulation S;

“Rule 144A” means Rule 144A under the Securities Act;

“Rule 144A Global Note” means a Registered Global Note representing Notes sold in private transactions to QIBs in accordance with the requirements of Rule 144A; and

“Securities Act” means the United States Securities Act of 1933, as amended.

### 3. STATUS OF THE NOTES AND THE GUARANTEE

- (a) **Status of the Notes:** The Notes and any related Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and (subject as aforesaid) rank and will rank *pari passu* without any preference among themselves, with all other present and future outstanding unsubordinated and unsecured obligations of the Issuer (subject to mandatorily preferred obligations under applicable laws).
- (b) **Status of the Guarantee:** The payment of principal and interest in respect of the Guaranteed Notes and any related Coupons has been irrevocably and unconditionally guaranteed by the Guarantor pursuant to the Guarantee. The obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Guarantor and (subject as aforesaid) rank and will rank *pari passu* (subject to mandatorily preferred obligations under applicable laws) with all other present and future outstanding unsecured and unsubordinated obligations of the Guarantor.

### 4. NEGATIVE PLEDGE

- (a) **Negative Pledge:** So long as any of the Notes remains outstanding (as defined in the Agency Agreement) neither the Issuer nor the Guarantor (where applicable) will (unless previously authorised by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders) create or have outstanding any mortgage, charge, pledge, lien, encumbrance or other security interest (“Lien”) (other than a Permitted Lien) upon the whole or any part of its undertaking or assets (including uncalled capital), present or future, to secure any Quoted Indebtedness (as defined below) or any Qualifying Guarantee of such Quoted Indebtedness, unless in any such case the same security (or such other security as may be approved by an Extraordinary Resolution of the Noteholders) shall forthwith be extended equally and rateably to the Notes (or, in the case of a Lien securing any Quoted Indebtedness that is subordinated or junior in right of payment to the Notes or the Guarantee (where applicable), secured by a Lien on such property, assets or proceeds that is senior in priority to such Lien).

For the purpose of these Conditions and the Guarantee (where applicable):

- (i) the “FCA Group” means Fiat Chrysler Automobiles N.V. and its direct and indirect subsidiaries consolidated in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, including all interpretations issued by the IFRS Interpretations Committee (“IFRS”) as adopted by the European Union; and
- (ii) “Financial Services Subsidiary” means a subsidiary of FCA:
  - (A) which carries on no material business other than the offer and sale of financial services products to customers of Members of the FCA Group (and other related

support activities incidental to the offer and sale of such financial services products including, without limitation, input financing and the purchase and sale of equipment in connection with eqpower.com and rental business activities) in any of the following areas:

- (1) retail financing for the purchase, contract hire or lease of new or old equipment manufactured by a Member of the FCA Group or any other manufacturer whose products are from time to time sold through the dealer network of a Member of the FCA Group;
  - (2) other retail and wholesale financing programmes reasonably related thereto, including, without limitation, financing to the dealer network of any Member of the FCA Group;
  - (3) insurance and credit card products and services reasonably related thereto, together with the underwriting, marketing, servicing and other related support activities incidental to the offer and sale of such financial services products; and
  - (4) licensed banking activities; or
- (B) a holding company of a Financial Services Subsidiary which carries on no material business or activity other than holding shares in that Financial Services Subsidiary and/or activities described in paragraph (A) above;
- (iii) “Indebtedness” means any indebtedness (whether principal, premium or interest) for or in respect of (A) any notes, bonds, debenture stock, loan stock or other securities, (B) any Loan Financing, or (C) any liability under or in respect of any banker’s acceptance or banker’s acceptance credit; *provided*, that (x) Indebtedness of a Member of the FCA Group to any other Member of the FCA Group and (y) Indebtedness that qualifies as Non-recourse Securitisation Debt shall, in each case, not be deemed to be Indebtedness for purposes of this Condition 4(a) or any other purpose of these Conditions or the Guarantee (where applicable);
- (iv) “Industrial Subsidiary” means each subsidiary of FCA other than a Financial Services Subsidiary;
- (v) “Loan Financing” means any money borrowed from (A) a bank, financial institution, hedge fund, pension fund, or insurance company or (B) any other entity having as its principal business the lending of money and/or investing in loans, in each case other than public or quasi-public entities or international organisations with a public or quasi-public character;
- (vi) “Member of the FCA Group” means each of Fiat Chrysler Automobiles N.V. and any direct or indirect subsidiaries it fully consolidates on a line-by-line basis in accordance with IFRS as adopted by the European Union;
- (vii) “Non-recourse Securitisation” means any securitisation, asset backed financing or transaction having similar effect under which an entity (or entities in related transactions) on commercially reasonable terms:
- (A) acquires receivables for principally cash consideration or uses existing receivables; and
  - (B) issues any notes, bonds, commercial paper, loans or other securities (whether or not listed on a recognised stock exchange) to fund the purchase of or otherwise backed by those receivables and/or any shares or other interests referred to in Condition 4(a)(ix)(C)(ii) and the payment obligations in respect of such notes, bonds, commercial paper, loans or other securities:
    - (1) are secured on those receivables; and

- (2) are not guaranteed by any Member of the FCA Group (other than as a result of any Lien which is granted by any Member of the FCA Group as permitted by Condition 4(a)(ix)(C)(ii) or as to the extent of any Standard Securitisation Undertakings);
- (viii) “Non-recourse Securitisation Debt” means any Indebtedness incurred by a Securitisation Entity pursuant to a securitisation of receivables where the recourse in respect of that Indebtedness to the Issuer or the Guarantor (where applicable) is limited to:
- (A) those receivables and/or related insurance and/or any Standard Securitisation Undertakings; and
- (B) if those receivables comprise all or substantially all of the business or assets of such Securitisation Entity, the shares or other interests of any Member of the FCA Group in such Securitisation Entity,
- provided* that any Indebtedness not qualifying as Non-recourse Securitisation Debt solely because the extent of recourse to any Member of the FCA Group with respect to such Indebtedness is greater than that provided in clauses (A) and (B) above shall only not qualify as Non-recourse Securitisation Debt with respect to the extent of such additional recourse;
- (ix) “Permitted Liens” means:
- (A) Liens existing on the Issue Date; or
- (B) Liens arising by operation of law, by contract having an equivalent effect, from rights of set-off arising in the ordinary course of business between either the Issuer or the Guarantor (where applicable) and any of their respective suppliers or customers, or from rights of set-off or netting arising by operation of law (or by contract having similar effect) by virtue of the provision to the Issuer or the Guarantor (where applicable) of clearing bank facilities or overdraft facilities; or
- (C) any Lien over:
- (1) the receivables of a Securitisation Entity (and any bank account to which such proceeds are deposited) which are subject to a Non-recourse Securitisation as security for Non-recourse Securitisation Debt raised by such Securitisation Entity in respect of such receivables; and/or
- (2) the shares or other interests owned by any Member of the FCA Group in any Securitisation Entity as security for Non-recourse Securitisation Debt raised by such Securitisation Entity *provided* that the receivables or revenues which are the subject of the relevant Non-recourse Securitisation comprise all or substantially all of the business of such Securitisation Entity; or
- (D) any Liens on assets acquired by a Member of the FCA Group after the Issue Date, *provided* that (i) such Lien was existing or agreed to be created at or before the time the relevant asset was acquired by a Member of the FCA Group, (ii) such Lien was not created in contemplation of such acquisition, and (iii) the principal amount then secured does not exceed the principal amount of the committed financing then secured (whether or not drawn), with respect to such assets at the time the relevant asset was acquired by a Member of the FCA Group; or
- (E) any Lien created to secure all or any part of the purchase price, or to secure Quoted Indebtedness incurred or assumed to pay all or any part of the purchase price or cost of construction, of property (or any improvement thereon) acquired or constructed by the Issuer or the Guarantor (where applicable) after the Issue Date, *provided*, that (i) any such Lien shall extend solely to the item or items of property (or improvement thereon) so acquired or constructed and (ii) the principal amount of Quoted Indebtedness secured by any such Lien shall at no time exceed an amount equal to the



fair market value of such property (or any improvement thereon) at the time of such acquisition or construction; or

- (F) any Lien securing Quoted Indebtedness incurred to refinance other indebtedness itself secured by a Lien included in clauses (A), (B), (D) or (E) above, but only if the principal amount of the Quoted Indebtedness is not increased and only the same assets are secured as were secured by the prior Lien; or
  - (G) any Lien provided in favour of any bank or governmental (central or local), intergovernmental or supranational body, agency, department or other authority securing any Quoted Indebtedness of the Issuer or the Guarantor (where applicable) under a loan scheme operated by (or on behalf of) Banco Nacional de Desenvolvimento Economico e Social, Finame, Banco de Minas Gerais, a member country of the OECD, Argentina, Brazil, China, India, South Africa or any supranational entity (such as the European Bank for Reconstruction and Development or the International Finance Corporation) where the provision of such Lien is required for the relevant loan; or
  - (H) (i) any Lien created on the shares of capital stock of a subsidiary, and (ii) any Lien created on the assets of a subsidiary of the type described in Condition 4(a)(ix)(E) other than shares of capital stock of a subsidiary;
- (x) “Qualifying Guarantee” means a direct or indirectly guarantee in respect of any Indebtedness or a direct or indirect indemnity against the consequences of a default in the payment of any Indebtedness, other than, in each case, by endorsement of negotiable instruments, letters of credit or reimbursement agreements in the ordinary course of business;
  - (xi) “Quoted Indebtedness” means any indebtedness in the form of, or represented by, bonds, notes, debentures, loan stock or other securities and which at the time of issue is, or is capable of being, quoted, listed or ordinarily dealt in on any stock exchange or over-the-counter market or other securities market (whether or not initially distributed by means of a private placement);
  - (xii) “Securitisation Entity” means any special purpose vehicle created for the sole purpose of carrying out, or otherwise used solely for the purpose of carrying out a Non-recourse Securitisation or any other Industrial Subsidiary which is effecting Non-recourse Securitisations; and
  - (xiii) “Standard Securitisation Undertakings” means representations, warranties, covenants and indemnities entered into by any Member of the Group from time to time which are customary in relation to Non-recourse Securitisations, including any performance undertakings with respect to servicing obligations or undertakings with respect to breaches of representations or warranties.
- (b) **Reports:** If FCA ceases to be listed on the New York Stock Exchange or any other stock exchange in the United States of America or the European Economic Area, FCA will furnish to the Noteholders so long as the Notes are outstanding, English language annual and quarterly reports containing financial information substantially similar in scope to that provided in the annual and quarterly reports published in the Netherlands in the financial year ended immediately prior to such cessation. For the avoidance of doubt, FCA shall not be required to provide any U.S GAAP reconciled financial information in any reports it is required to provide pursuant to this Condition 4(b).

So long as the Notes are listed on the Irish Stock Exchange, any reports FCA provides pursuant to this Condition 4(b) will also be made available in Ireland through the office of the Paying Agent in Dublin.

5. INTEREST

- (a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest from and including the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest payable in arrears on the Interest Payment Date(s) in each year and on the Maturity Date if that does not fall on an Interest Payment Date.

If the Notes are in definitive form except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

Except in the case of Notes in definitive form where a Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (i) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (ii) in the case of Fixed Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise rounded in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

In these Conditions:

“Day Count Fraction” means, in respect of the calculation of an amount of interest, in accordance with this Condition 5(a):

- (i) if “**Actual/Actual (ICMA)**” is specified in the applicable Final Terms:
  - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “Accrual Period”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
  - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and
    - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;

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- (ii) if “**30/360**” is specified in the applicable Final Terms, the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (such number of days being calculated on the basis of 12 30-day months) divided by 360; and
- (iii) if “**Actual/365 (Fixed)**” is specified in the applicable Final Terms, the actual number of days in the Fixed Interest Period divided by 365;

“Determination Period” means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

“Fixed Interest Period” means the period from (and including) an Interest Payment Date or the Interest Commencement Date to (but excluding) the next (or first) Interest Payment Date; and

“sub-unit” means with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

(b) **Interest on Floating Rate Notes:**

- (i) *Interest Payment Dates:* Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrears on either:
  - (A) the Specified Interest Payment Date(s) (each an “Interest Payment Date”) in each year specified in the applicable Final Terms; or
  - (B) if no express Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each an “Interest Payment Date”) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a “Business Day Convention” is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 5(b)(i)(B) above, the “**Floating Rate Convention**”, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis*; or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (1) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (2) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the “**Following Business Day Convention**”, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the “**Modified Following Business Day Convention**”, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

- (D) the “**Preceding Business Day Convention**”, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, “Business Day” means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro or Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively); or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the “TARGET2 System”) is open; or (3) in relation to any sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets in Hong Kong are open for general business and settlement of payments in Renminbi.

- (ii) *Rate of Interest*: The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

- (A) ISDA Determination for Floating Rate Notes

Where “ISDA Determination” is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), “ISDA Rate” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2000 ISDA Definitions, as amended and updated as at the Issue Date of the first Tranche of the Notes, published by the International Swaps and Derivatives Association, Inc. (the “ISDA Definitions”) and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A), “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity” and “Reset Date” have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

- (B) Screen Rate Determination for Floating Rate Notes

Where “Screen Rate Determination” is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or

- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR, EURIBOR or CNH HIBOR, as specified in the applicable Final Terms) which appears on the Relevant Screen Page as at 11:00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) or at approximately 11:15 a.m. (Hong Kong time) or if, at or around that time it is notified that the fixing will be published at 2:30 p.m. (Hong Kong time), then as of 2:30 p.m. (Hong Kong time) (in the case of CNH HIBOR) (such time, the “**Specified Time**”) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement provides that, if the Relevant Screen Page is not available or if, in the case of (1) above, no offered quotation appears or, in the case of (2) above, fewer than three offered quotations appear, in each case as at the Specified Time, the Principal Paying Agent shall request the principal London office of each of the Reference Banks in the London inter-bank market (in the case of a determination of LIBOR), the principal Euro-zone office of each of the Reference Banks in the Euro-zone inter-bank market (in the case of a determination of EURIBOR), or the principal Hong Kong office of four major banks in the Hong Kong inter-bank market (in the case of a determination of CNH HIBOR) to provide the Principal Paying Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Principal Paying Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Principal Paying Agent.

The Agency Agreement further provides that, if on any Interest Determination Date one only or none of the Reference Banks provides the Principal Paying Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Principal Paying Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Principal Paying Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR), the Eurozone inter-bank market (if the Reference Rate is EURIBOR) or the principal Hong Kong office of four major banks dealing in Renminbi in the Hong Kong inter-bank market (if the Reference Rate is CNH HIBOR), in each case selected by the Principal Paying Agent or as specified in the applicable Final Terms, plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Principal Paying Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is of are in the opinion of the relevant Issuer suitable for the purpose) informs the Principal Paying Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR), the Eurozone inter-bank market (if the Reference Rate is EURIBOR) or the principal Hong Kong office of four major banks dealing in Renminbi in the Hong Kong inter-bank market (if the Reference Rate is CNH HIBOR), in each case selected by the Principal Paying Agent or as specified in the applicable Final

Terms, plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

- (iii) *Minimum and/or maximum Rate of Interest:* If the applicable Final Terms specify a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specify a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

- (iv) *Determination of Rate of Interest and calculation of Interest Amounts:* The Principal Paying Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Principal Paying Agent will calculate the amount of interest (the “**Interest Amount**”) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

“Day Count Fraction” means, in respect of the calculation of an amount of interest for any Interest Period:

- (A) if “**Actual/365**” or “**Actual/Actual**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (B) if “**Actual/365 (Fixed)**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (C) if “**Actual/365 (Sterling)**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

- (D) if “**Actual/360**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
  - (E) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
  - (F) if “**30E/360**” or “**Eurobond Basis**” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of an Interest Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).
- (v) *Linear Interpolation:* Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Principal Paying Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

As used herein:

“Designated Maturity” means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

- (vi) *Notification of Rate of Interest and Interest Amounts:* The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed with notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression “London Business Day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.
- (vii) *Certificates to be final:* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(b) by the Principal Paying Agent shall (in the absence of wilful default, bad faith, negligence or manifest error) be binding on the Issuer, the Guarantor (where applicable), the Principal Paying Agent, the other Agents and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer,

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the Guarantor (where applicable), the Noteholders or the Couponholders shall attach to the Principal Paying Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

- (c) **Accrual of interest:** Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:
- (i) the date on which all amounts due in respect of such Note have been paid; and
  - (ii) the date on which the full amount of the monies payable in respect of such Note has been received by the Principal Paying Agent or the Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 14.

### 6. PAYMENTS

- (a) Method of payment

Subject as provided below:

- (i) payments in a Specified Currency other than euro and Renminbi will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively);
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque; and
- (iii) payments in Renminbi will be made by a transfer to a Renminbi account maintained by or on behalf of the payee with a bank in Hong Kong.

Without prejudice to the provisions of Condition 8, payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in any jurisdiction, including (without limitation) any obligations pursuant to such laws or regulations to make a withholding or deduction for or on account of any taxes, duties or assessments of whatever nature, including, for the avoidance of doubt, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, the regulations thereunder, any official interpretations thereof, or any agreement, law, regulation or other official guidance implementing an intergovernmental approach thereto, and neither the Issuer nor the Guarantor (where applicable) will be liable to pay any additional amounts in the event of any such withholding or deduction.

- (b) **Presentation of definitive Bearer Notes and Coupons:** Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only (i) in the case of a definitive Bearer Note not held in the CMU Service, against presentation and surrender of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America or its possessions) or (ii) in the case of a definitive Bearer Note held in the CMU Service, to the person(s) for whose account(s) interest in the relevant definitive Bearer Note are credited as being held with the CMU Service in accordance with the prevailing CMU rules and procedures at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU Service in a relevant CMU Instrument Position Report or any relevant notification by the CMU Service, which notification shall be conclusive evidence of the records of the CMU Service (save in the case of



manifest error) and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

Fixed Rate Notes in definitive bearer form not held in the CMU Service (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive bearer form not held in the CMU Service becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "Long Maturity Note" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

- (c) **Payments in respect of Bearer Global Notes:** Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes and otherwise in the manner specified in the relevant Global Note (i) in the case of a Bearer Global Note lodged with the CMU Service, to the person(s) for whose account(s) interests in the relevant Bearer Global Note are credited as being held by the CMU Service in accordance with the prevailing CMU rules and procedures at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU Service in a relevant CMU Instrument Position Report or any relevant notification by the CMU, which notification shall be conclusive evidence of the records of the CMU Service (save in the case of manifest error) and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment, or (ii) in the case of a Bearer Global Note not lodged with the CMU Service, against presentation or surrender, as the case may be, of such Bearer Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global Note in bearer form, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be prima facie evidence that the payment in question has been made.
- (d) **Payments in respect of Registered Notes:** Payments of principal in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the "Register") (i) where in global form, at the close of the business day (being for this purpose, in respect of Notes clearing through Euroclear and Clearstream, a day on which Euroclear and Clearstream are open for business and, in respect of Notes clearing through the CMU Service, a day on which the CMU Service is open for business)

before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date (the “Principal Record Date”). Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Notes held by a holder is less than U.S.\$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, “Designated Account” means the account (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account and, in the case of a payment in Renminbi, means the Renminbi account maintained by or on behalf of the payee with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth business day before the due date for payment) maintained by a holder with a Designated Bank and identified as such in the Register and “Designated Bank” means (in the case of payment in a Specified Currency other than euro and Renminbi) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively), (in the case of a payment in euro) any bank which processes payments in euro, and (in the case of a payment in Renminbi) a bank in Hong Kong that settles payments in Renminbi.

Payments of interest in respect of each Registered Note (whether or not in global form) will be made (A) in the case of payments of interest in a Specified Currency other than Renminbi, by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the relevant due date (or, if the relevant due date is not a business day in the city where the specified office of the Registrar is located, on the following such business day) to the holder (or the first named of joint holders) of the Registered Note appearing in the Register at his address shown in the Register on the Interest Record Date (as defined below) and at his risk; or (B) in the case of payments of interest in Renminbi, by transfer to the registered account of the payee, in each case (i) where in global form, at the close of the business day (being for this purpose, in respect of Notes clearing through Euroclear and Clearstream, a day on which Euroclear and Clearstream are open for business and, in respect of Notes clearing through the CMU Service, a day on which the CMU Service is open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifth day (in the case of Renminbi) or on the fifteenth day (in the case of a Specified Currency other than Renminbi, whether or not such fifteenth day is a business day) before the relevant due date (the “Interest Record Date” and each of the Principal Record Date and the Interest Record Date, a “Record Date”). Upon application of the holder to the specified office of the Registrar (1) not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, or (2) where such Registered Note is in global form, on the Interest Record Date, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption will be made in the same manner as payment of the principal amount of such Registered Note.

In the case of definitive Registered Notes or Registered Notes in global form held through the CMU Service, payments of principal and interest in respect of such Notes will be made at the direction of the registered holder to the person(s) for whose account(s) interests in such Registered Note are credited as being held through the CMU Service in accordance with prevailing CMU rules and procedures at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU Service in a relevant CMU Instrument Position Report or any other relevant notification by the CMU Service (which notification, in either case, shall be conclusive evidence of the records of the CMU Service as to the identity of any accountholder and the principal amount of any Note credited to its account, save in the case of manifest error) and such payments shall discharge the obligation of the relevant Issuer in respect of that payment under such Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No

commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for payment in such Specified Currency for conversion into U.S. dollars in accordance with the provisions of the Agency Agreement.

None of the Issuer, the Guarantor (where applicable) or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

- (e) **General provisions applicable to payments:** The holder of a Global Note (if the Global Note is not lodged with the CMU Service) or (if the Global Note is lodged with the CMU Service) the person(s) for whose account(s) interests in such Global Note are credited as being held through the CMU in accordance with the prevailing CMU rules and procedures as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Instrument Position Report or any other relevant notification by CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU save in the case of manifest error), shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or, as the case may be, the Guarantor (where applicable) will be discharged by payment to, or to the order of, the holder of such Global Note or such other person(s) for whose account(s) interests in such Global Note are credited as being held in the CMU Service, as the case may be, in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, DTC or the CMU Service as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream, DTC, or the CMU Service as the case may be, for his share of each payment so made by the Issuer or, as the case may be, the Guarantor (where applicable) to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if: (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due; (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantor (where applicable), adverse tax consequences to the Issuer or the Guarantor (where applicable).

- (f) **Payment Day:** If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "Payment Day" means any day which (subject to Condition 9) is:
- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
    - (A) in the case of Notes in definitive form only;
    - (B) the relevant place of presentation
    - (C) in the case of CMU Notes, Hong Kong;
    - (D) any Additional Financial Centre specified in the applicable Final Terms; and

- (E) where the Issuer is FCA, London, where the Issuer is FCFE, Luxembourg, where the Issuer is FCFC, Toronto, and where the Issuer is FCFNA, New York City;
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro or Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively); (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open; or (3) in relation to any sum payable in Renminbi, a day on which (i) commercial banks and foreign exchange markets in Hong Kong are open for general business and settlement of payments in Renminbi; and (ii) if a Registered Note representing the Notes is lodged with the CMU Service, the CMU Service is operating; and
- (iii) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.
- (g) **Interpretation of principal and interest:** Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:
- (i) any additional amounts which may be payable with respect to principal under Condition 8;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7(e)); and
- (vi) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8.

- (h) **Payment of Alternative Currency Equivalent:** Notwithstanding the foregoing, where Alternative Currency Equivalent is specified in the applicable Final Terms as being applicable to a Series of Notes, if by reason of Inconvertibility, Non-transferability or Illiquidity the relevant Issuer or, in the case of Guaranteed Notes, the Guarantor, as the case may be, is unable to satisfy payments of principal or interest in respect of Notes when due in the Specified Currency, the relevant Issuer or, in the case of Guaranteed Notes, the Guarantor, as the case may be, shall, on giving to Noteholders, in accordance with Condition 14, not less than five nor more than 30 days' irrevocable notice prior to the due date for payment that it will make payment in the Alternative Currency, settle any such payment in the Alternative Currency on the due date at the Alternative Currency Equivalent of any such amount. Any payment made in the Alternative Currency under such circumstances will constitute valid payment in satisfaction of the relevant Issuer's or Guarantor's (as the case may be) obligations for such payment, and will not constitute a default in respect of the Notes. Notwithstanding the foregoing, if the relevant Inconvertibility, Non-transferability or Illiquidity event occurs within five days before the relevant due date for payment then such notice shall be given as soon as practicable and whether on or prior to the due date for payment.

As used herein:

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“Alternative Currency” means the currency specified as such in the applicable Final Terms (or any lawful successor currency to that currency);

“Alternative Currency Calculation Agent” means (i) in the case of CMU Notes denominated in Renminbi, Citicorp International Limited (or any lawful successor thereto) unless otherwise specified in the applicable Final Terms; and (ii) in the case of all other Notes, the Alternative Currency Calculation Agent specified in the applicable Final Terms (or any lawful successor thereto);

“Alternative Currency Equivalent” means in respect of an amount denominated in the Specified Currency such amount converted into the Alternative Currency using the Spot Rate or, where the Specified Currency is Renminbi and the Alternative Currency is U.S. dollars, the RMB Spot Rate, in each case for the relevant Rate Calculation Date, all as determined by the Alternative Currency Calculation Agent;

“Governmental Authority” means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of the Specified Currency Jurisdiction;

“Illiquidity” means, with respect to the payment of any sum, foreign exchange markets for the Specified Currency becoming illiquid as a result of which it is impossible (as determined by the relevant Issuer or, in the case of Guaranteed Notes, the Guarantor, acting in good faith and in a commercially reasonable manner (and in the case of Notes denominated in Renminbi, following consultation with two independent foreign exchange dealers of international repute active in the Renminbi exchange market in Hong Kong reasonably selected by the relevant Issuer or (in the case of Guaranteed Notes) the Guarantor, as the case may be)), or commercially impracticable for the relevant Issuer or (in the case of Guaranteed Notes) the Guarantor, as the case may be, to obtain a sufficient amount of the Specified Currency in order to satisfy its obligation to pay such sum in respect of the Notes or (in the case of Guaranteed Notes) under the Guarantee, as the case may be;

“Inconvertibility” means, with respect to the payment of any sum, the occurrence of any event that makes it impossible or commercially impracticable for the relevant Issuer, or (in the case of Guaranteed Notes) the Guarantor, as the case may be, to convert any amount due in the foreign exchange markets for the Specified Currency, other than where such impossibility or impracticability is due solely to the failure of the relevant Issuer, or (in the case of Guaranteed Notes) the Guarantor, as the case may be, to comply with any law, rule or regulation enacted by any relevant Governmental Authority (unless such law, rule or regulation becomes effective on or after the date on which agreement is reached to issue the first Tranche of a Series of Notes and it is impossible or commercially impracticable for the relevant Issuer, or (in the case of Guaranteed Notes) the Guarantor, as the case may be, due to an event beyond its control, to comply with such law, rule or regulation);

“Non-deliverable Spot Rate Screen Page” means the relevant screen page specified as such in the applicable Final Terms;

“Non-transferability” means, with respect to the payment of any sum, the occurrence of any event that makes it impossible or commercially impracticable for the relevant Issuer or (in the case of Guaranteed Notes) the Guarantor, as the case may be, to transfer the Specified Currency in respect of such sum between accounts inside the Specified Currency Jurisdiction or between an account inside the Specified Currency Jurisdiction and an account outside the Specified Currency Jurisdiction, other than where such impossibility or impracticability is due solely to the failure of the relevant Issuer or (in the case of Guaranteed Notes) the Guarantor, as the case may be, to comply with any law, rule or regulation enacted by any relevant Governmental Authority (unless such law, rule or regulation becomes effective on or after the date on which agreement is reached to issue the first Tranche of a Series of Notes) and it is impossible or commercially impracticable for the relevant Issuer, or (in the case of Guaranteed Notes) the Guarantor, as the case may be, due to an event beyond its control, to comply with such law, rule or regulation;

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“Rate Calculation Business Day” means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for general business (including dealings in foreign exchange) in the Rate Calculation Jurisdiction;

“Rate Calculation Date” means (i) the day which is the number of Rate Calculation Business Days specified in the applicable Final Terms (which shall be two Rate Calculation Business Days where the Specified Currency is Renminbi) before the due date of the relevant amount under these Conditions or (ii) if the relevant Spot Rate is not available on such day, the last preceding Rate Calculation Business Day on which the relevant Spot Rate was most recently available, as determined by the Alternative Currency Calculation Agent;

“Rate Calculation Jurisdiction” means the jurisdiction(s) specified in the applicable Final Terms, which shall be the Eurozone where the Specified Currency is euro or Hong Kong where the Specified Currency is Renminbi;

“RMB Spot Rate”, for a Rate Calculation Date, means the spot Renminbi/U.S. dollar exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement on the due date for payment, as determined by the Alternative Currency Calculation Agent at or around 11.00 a.m. (Hong Kong time) on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Alternative Currency Calculation Agent will determine the spot rate at or around 11.00 a.m. (Hong Kong time) on the Rate Calculation Date as the most recently available Renminbi/U.S. dollar official fixing rate for settlement on the due date for payment reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate;

“Specified Currency Jurisdiction” means (i) other than in the case of euro or Renminbi, the primary jurisdiction for which the Specified Currency is the lawful currency, (ii) in the case of euro, the Eurozone or (iii) in the case of Renminbi, Hong Kong;

“Spot Rate”, for a Rate Calculation Date, means the spot exchange rate for the purchase of the Alternative Currency with the Specified Currency in the over-the-counter foreign exchange market for the Specified Currency for settlement on the due date for payment in the Specified Currency Jurisdiction for settlement as a “spot” foreign exchange transaction in such market, as determined by the Alternative Currency Calculation Agent at or around the Spot Rate Calculation Time specified in the applicable Final Terms (Specified Currency Jurisdiction time or, in the case of euro, Central European time) on a deliverable basis by reference to the Spot Rate Screen Page (the “Spot Rate Screen Page”) as specified in the applicable Final Terms, or if no such rate is available, on a non-deliverable basis by reference to the Non-deliverable Spot Rate Screen Page (the “Non-deliverable Spot Rate Screen Page”) as specified in the applicable Final Terms. Unless specified otherwise in the applicable Final Terms, if neither rate is available, the Alternative Currency Calculation Agent will determine the Spot Rate in its discretion on the Rate Calculation Date at or around the Spot Rate Calculation Time (Specified Currency Jurisdiction time or, in the case of euro, Central European time) taking into consideration all available information which the Alternative Currency Calculation Agent deems relevant, including, without limitation, pricing information obtained from any other deliverable or non-deliverable foreign exchange market for the purchase of the Alternative Currency with the Specified Currency for settlement on the due date for payment as a “spot” foreign exchange transaction in or in relation to the relevant market; and

“Spot Rate Screen Page” means the relevant screen page specified as such in the applicable Final Terms.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6(h) by the relevant Issuer, the Guarantor (where applicable) or the Alternative Currency Calculation Agent, as the case may be, will (in the absence of wilful default, bad faith or manifest error) be binding on the relevant Issuer, the Guarantor (where applicable), the Agents and all Noteholders and (in the

absence of wilful default or bad faith) no liability to the relevant Issuer, the Guarantor (where applicable), the Agents and all Noteholders shall attach to the Alternative Adjudication Currency Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

### 7. REDEMPTION AND PURCHASE

- (a) **Redemption at maturity:** Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date.
- (b) **Redemption for tax reasons:**
- (i) The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Principal Paying Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if:
- (A) either the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 or the Guarantor (where applicable) would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws, regulations or rulings of the Relevant Tax Jurisdiction or any change in the application or official interpretation of such laws, regulations or rulings, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (B) such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantor (where applicable) taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor (in the case of Guaranteed Notes) would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 7(b), the Issuer or, as the case may be, the Guarantor (where applicable) shall deliver to the Principal Paying Agent a certificate signed by one Director of the Issuer or, as the case may be, one Director of the Guarantor (where applicable) stating that the Issuer or, as the case may be, the Guarantor (where applicable) is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer or, as the case may be, the Guarantor (where applicable) so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor (where applicable) has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 7(b) will be redeemed at their Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

“Relevant Tax Jurisdiction” shall mean, in the case of payment by the Issuer, the Netherlands and the United Kingdom (*where the Issuer is FCA*), the Grand-Duchy of Luxembourg (*where the Issuer is FCFE*), Canada (*where the Issuer is FCFC*) or the United States of America (*where the Issuer is FCFNA*) or any political subdivision or any authority thereof or therein having power to tax and, in the case of payment by the Guarantor (in the case of Guaranteed Notes), shall also include the Netherlands and the United Kingdom and any political subdivision or any authority thereof or therein having power to tax.

- (c) **Redemption at the option of the Issuer (“Issuer Call”):** If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given:

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- (i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 14; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Principal Paying Agent and, in the case of a redemption of Registered Notes, the Registrar,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) described below or as otherwise specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount at least equal to the Minimum Redemption Amount and not greater than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed ("Redeemed Notes") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream and/or DTC and/or the CMU Service, as the case may be, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "Selection Date"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes or represented by a Global Note shall in each case bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding and Notes outstanding represented by such Global Note, respectively, bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that, if necessary, appropriate adjustments shall be made to such nominal amounts to ensure that each represents an integral multiple of the Specified Denomination. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days prior to the Selection Date.

The Optional Redemption Amount will either be the amount specified in the applicable Final Terms or, if "As set out in Condition 7(c)" is specified as being applicable in the applicable Final Terms, an amount equal to 100 per cent. of the principal amount of such Notes together (if appropriate) with interest accrued to (but excluding) the date of redemption, plus the Applicable Premium.

In these Conditions:

**"Applicable Premium"** means, with respect to the relevant Note(s) on any redemption date, the greater of:

- (i) 1.0 per cent. of the principal amount of such Note(s); or
- (ii) the excess of:
  - (A) the present value at such redemption date of (i) the principal amount of such Note(s) at maturity plus (ii) all required interest payments due on such Note(s) through the Maturity Date indicated in the relevant Final Terms, (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Bund Rate as of such redemption date plus 0.50 per cent.; over
  - (B) the principal amount of such Note(s), if greater.

**"Bund Rate"** means, with respect to any relevant date, the rate per annum equal to the equivalent yield to maturity as of such date of the Comparable German Bund Issue, (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such relevant date, where:

- (i) **"Comparable German Bund Issue"** means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to the Maturity Date indicated in the relevant Final Terms,



and that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes, and of a maturity most nearly equal to the Maturity Date indicated in the relevant Final Terms; *provided*, however, that, if the period from such redemption date to the Maturity Date indicated in the relevant Final Terms is less than one year, a fixed maturity of one year shall be used;

- (ii) **“Comparable German Bund Price”** means, with respect to any relevant date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations or, if the Issuer obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;
  - (iii) **“Reference German Bund Dealer”** means any dealer of German Bundesanleihe securities appointed by the Issuer; and
  - (iv) **“Reference German Bund Dealer Quotations”** means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Issuer of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by such Reference German Bund Dealer at or about 3.30 p.m. Frankfurt time, on the third business day (being for this purpose a day on which banks are open for business in Frankfurt and London) preceding the relevant date.
- (d) **Redemption at the option of the Noteholders (“Investor Put”):** If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than 15 nor more than 30 days’ notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, in whole (but not, in the case of a Bearer Note in definitive form, in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount (each as specified in the applicable Final Terms) together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. Registered Notes may be redeemed under this Condition 7(d) in any multiple of their lowest Specified Denomination.

If this Note is in definitive form, to exercise the right to require redemption of this Note, the holder of this Note must deliver this Note at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a “Put Notice”) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2(b).

Any Put Notice given by a holder of any Note pursuant to this Condition 7(d) shall be irrevocable except where prior to the due date for redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7(d) and instead to declare such Note forthwith due and payable pursuant to Condition 10.

- (e) **Early Redemption Amounts:** For the purpose of paragraph (b) above and Condition 10, each Note will be redeemed at its Early Redemption Amount calculated as follows:
  - (i) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;

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- (ii) in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (iii) in the case of a Zero Coupon Note, at an amount (the “Amortised Face Amount”) calculated in accordance with the following formula:

Early Redemption Amount =  $RP \times (1 + AY)^y$  where:

“**RP**” means the Reference Price;

“**AY**” means the Accrual Yield expressed as a decimal; and

“**y**” is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

- (f) **Purchases:** The Issuer, the Guarantor (where applicable) or any of their respective subsidiaries may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Noteholders alike. Such Notes may be held, reissued, resold or, at the option of the Issuer or the Guarantor (where applicable), surrendered to any Paying Agent and/or the Registrar for cancellation.
- (g) **Cancellation:** All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to paragraph (f) above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.
- (h) **Late payment on Zero Coupon Notes:** If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (e)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:
  - (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
  - (ii) the date on which the full amount of the monies payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent or the Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 14.
- (i) **Repurchase at the Option of Noteholders—Change of Control:** If a Change of Control occurs, the holder of any Note will have the right to require the Issuer thereof to repurchase all (but not, in the case of a Bearer Note in definitive form, any part) of such Note pursuant to a Change of Control Offer. Registered Notes may be repurchased under this Condition 7(i) in any multiple of their lowest

Specified Denomination. In the Change of Control Offer, the relevant Issuer will offer a payment in cash equal to 101 per cent. of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest, if any, to the date of purchase (the “Change of Control Payment”). Within thirty (30) days following any Change of Control, the Issuer will give notice to each holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase Notes on the payment date specified in the notice (the “Change of Control Payment Date”), which date will be no earlier than 30 days and no later than 60 days from the date such notice is given to Noteholders in accordance with Condition 14.

The Issuer will comply with any applicable securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with this provision, the relevant Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this provision by virtue of such compliance.

On the Change of Control Payment Date, the relevant Issuer will, to the extent lawful:

- (i) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;
- (ii) deposit with the Principal Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and
- (iii) deliver or cause to be delivered for cancellation the Notes properly accepted together with an officers’ certificate of the relevant Issuer stating the aggregate principal amount of Notes or portions of Notes being purchased by the relevant Issuer.

If the Note is in definitive form, to exercise the right to require repurchase of the Note the holder of the Note must deliver this Note at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar, within the notice period, accompanied by a duly completed and signed acceptance notice in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (an “Acceptance Notice”) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2(b).

Any Acceptance Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except where prior to the due date for redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead declare such Note forthwith due and payable pursuant to Condition 10.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth herein applicable to a Change of Control Offer made by the Issuer and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer.

In these Conditions, the following expressions shall have the following meanings:

“Change of Control” means the occurrence of both (i) an event described in clauses (A) or (B) below and (ii) a Rating Decline:

- (A) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any “person” (as that term is used in Section

13(d) of the Exchange Act), other than one or more Related Parties, becomes the beneficial owner, directly or indirectly, of more than 50 per cent. of the Voting Stock of FCA measured by voting power rather than number of shares; or

- (B) the stockholders of the Guarantor (where applicable) or the Issuer approve any plan of liquidation or dissolution of the Guarantor (where applicable) or the Issuer, as the case may be, other than in connection with a merger, consolidation or other form of combination while the Issuer or Guarantor (where applicable) is solvent, with another company where such company, in the case of the Issuer, assumes all obligations of the Issuer under the Notes and, in the case of the Guarantor (where applicable), assumes all obligations of the Guarantor under the Guarantee and where such merger, consolidation or other combination does not have the effect of or result in an event described in paragraph (A) above;

“Change of Control Offer” means the offer to repurchase the Notes following a Change of Control as further described above;

“Person” means any individual, group, company, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organisation, limited liability company or government or other entity;

“Rating Date” means (i) the date one business day (being for this purpose a day on which banks are open for business in London) prior to the occurrence of an event specified in clause (A) or (B) of the definition of Change of Control or, if applicable, and only with respect to the type of transaction specified in clause (A) of the definition of Change of Control, the date one business day before the first public announcement of a definitive agreement with respect to such transaction and (ii) in the event that a Rating Agency has announced a Rating Decline of the Notes within 90 days prior to the occurrence of an event specified in clause (A) or (B) of the definition of Change of Control or, if applicable, and only with respect to the type of transaction specified in clause (A) of the definition of Change of Control, within 90 days before the first public announcement of a definitive agreement with respect to such transaction, and the official statement issued by a Rating Agency announcing the Rating Decline refers to such event or transaction as a reason for such downgrade, the date one business day prior to such announcement by a Rating Agency;

“Rating Agency” means Moody’s or Standard & Poor’s (each as herein defined), or, if either such entity ceases to rate the Notes for reasons outside of the control of the Guarantor (where applicable) or the relevant Issuer, the equivalent investment grade credit rating from any other “nationally recognised statistical rating organisation” within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act;

“Rating Decline” means the occurrence on any date within the 60-day period following the occurrence of the event specified in clauses (A) or (B) of the definition of a Change of Control (which period shall be extended so long as during such period any rating of the Notes is under publicly announced consideration for possible downgrade by a Rating Agency, *provided* that such extension shall not be for more than 30 days) of: (i) in the event the Notes are rated by any Rating Agency on the Rating Date below investment grade, the rating of the Notes by such Rating Agency within such period being at least one rating category below the rating of the Notes by such Rating Agency on the Rating Date, (ii) in the event the Notes are rated by any Rating Agency on the Rating Date as investment grade, the rating of the Notes within such period by such Rating Agency being (1) at least two rating categories below the rating of the Notes by such Rating Agency on the Rating Date or (2) below investment grade or (iii) the Notes not being rated by any Rating Agency. In determining how many rating categories the rating of the Notes has decreased, gradation will be taken in account (e.g., with respect to Standard & Poor’s, a decline in a rating from BB+ to BB, or from BB to BB-, will constitute a decrease of one rating category);

“Related Party” means (i) each of the owners and beneficial holders of interests in Giovanni Agnelli & C. S.a.p.az. (at the Issue Date and each of their spouses, heirs, legatees, descendants and blood relatives to the third degree, (ii) Giovanni Agnelli & C. S.a.p.az. or (iii) any Person directly or indirectly under the Control of Giovanni Agnelli & C. S.a.p.az. For the purposes of this definition, the term “Control” means (1) the direct or indirect ownership (beneficial or otherwise) of more than

50 per cent. of the Voting Stock of a Person measured by voting power rather than number of shares or (2) the power to appoint or remove all or the majority of the directors or other equivalent officers of a Person; and

“Voting Stock” of any Person as of any date means the capital stock of such Person that is at the time entitled to vote in the election of the board of directors of such Person.

### 8. TAXATION

All amounts payable in respect of the Notes and Coupons by the Issuer or the Guarantor (where applicable), as the case may be, will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed, withheld or levied by or on behalf of the Relevant Tax Jurisdiction (as defined in Condition 7(b)), unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantor (where applicable) will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction except as follows:

- (a) Where the Issuer is FCA or where payment is made pursuant to the Guarantee (in which case no additional amounts shall be paid in circumstances where the conditions set forth in (i) to (vii) of this Condition 8(a) apply, nor in circumstances where the conditions related to the relevant Issuer in this Condition 8 apply):

No such additional amounts shall be payable with respect to any Note or Coupon:

- (i) presented for payment in the Netherlands or the United Kingdom; or
- (ii) presented for payment by, or by a third party on behalf of, a holder who is liable to those taxes or duties in respect of that Note or Coupon by reason of his having some connection with the Relevant Tax Jurisdiction other than the mere holding of the Note or Coupon or the receipt of principal or interest in respect of it; or
- (iii) presented for payment by a holder who is able to avoid the withholding by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (iv) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to additional amounts on presenting it for payment on the last day of such 30-day period assuming that day to have been a Payment Day; or
- (v) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC (as the same may be amended from time to time) or any law implementing or complying with, or introduced in order to conform to or as a consequence of, such Directive; or
- (vi) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a member state of the European Union; or
- (vii) presented for payment for or on account of any tax, assessment or other governmental charge that would not have been imposed but for a failure by the holder or beneficial owner, or any financial institution (other than any Paying Agent) through which the holder or beneficial owner holds any Note or through which payment on the Note is made, to enter into or comply with an agreement described in Section 1471(b)(1) of the Code and the regulations thereunder or otherwise comply with Sections 1471 through 1474 of the Code, the regulations thereunder, any official interpretations thereof or any agreement, law, regulation, or other official guidance implementing an intergovernmental approach thereto.

(b) Where the Issuer is FCFE:

No such additional amounts shall be payable with respect to any Note or Coupon:

- (i) presented for payment in Luxembourg; or
- (ii) presented for payment by, or by a third party on behalf of, a holder who is liable to those taxes or duties in respect of that Note or Coupon by reason of his having some connection with the Relevant Tax Jurisdiction other than the mere holding of the Note or Coupon or the receipt of principal or interest in respect of it; or
- (iii) presented for payment by a holder who is able to avoid the withholding by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (iv) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to additional amounts on presenting it for payment on the last day of such 30-day period assuming that day to have been a Payment Day; or
- (v) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC (as the same may be amended from time to time) or any law implementing or complying with, or introduced in order to conform to or as a consequence of, such Directive; or
- (vi) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a member state of the European Union; or
- (vii) presented for payment for or on account of any tax, assessment or other governmental charge that would not have been imposed but for a failure by the holder or beneficial owner, or any financial institution (other than any Paying Agent) through which the holder or beneficial owner holds any Note or through which payment on the Note is made, to enter into or comply with an agreement described in Section 1471(b)(1) of the Code and the regulations thereunder or otherwise comply with Sections 1471 through 1474 of the Code, the regulations thereunder, any official interpretations thereof, or any agreement, law, regulation, or other official guidance implementing an intergovernmental approach thereto.

(c) Where the Issuer is FCFC:

No such additional amounts shall be payable with respect to any Note or Coupon:

- (i) presented for payment in Canada;
- (ii) presented for payment by, or by a third party on behalf of, a holder who is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with the Relevant Tax Jurisdiction other than the mere holding or use or ownership of such Note or Coupon or deemed holding or use outside Canada or ownership as a non-resident of Canada of such Note or Coupon;
- (iii) presented for payment by, or by a third party on behalf of, a holder in respect of whom such taxes or duties are required to be withheld or deducted by reason of the holder being a person with whom FCFC is not dealing at arm's length (within the meaning of the *Income Tax Act* (Canada) (the "Act")) or by reason of the holder being a "specified shareholder" (as defined in subsection 18(5) of the Act) of FCFC or not dealing at arm's length with any such "specified shareholder" of FCFC (within the meaning of the Act);
- (iv) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day;

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- (v) presented for payment by, or by a third party on behalf of, a holder in respect of whom any such taxes or duties would not have been so imposed but for the failure of such holder to comply with any requirement under relevant income tax treaties or Canadian statutes and regulations (or any administrative practice in Canada) to claim or establish entitlement to exemption from or reduction of such taxes or duties;
  - (vi) presented for payment in respect of any taxes or duties required to be withheld by any Paying Agent from any payment in respect of any Note or Coupon, if such payment can be made without such withholding by any other Paying Agent;
  - (vii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC (as the same may be amended from time to time) or any law implementing or complying with, or introduced in order to conform to, such Directive; or
  - (viii) presented for payment for or on account of any tax, assessment or other governmental charge that would not have been imposed but for a failure by the holder or beneficial owner, or any financial institution (other than any Paying Agent) through which the holder or beneficial owner holds any Note or through which payment on the Note is made, to enter into or comply with Part XVIII of the Act, an agreement described in Section 1471(b)(1) of the Code and the regulations thereunder or otherwise comply with Sections 1471 through 1474 of the Code, the regulations thereunder, any official interpretations thereof or any agreement, law, regulation, or other official guidance implementing an intergovernmental approach thereto.
- (d) Where the Issuer is FCFNA:

No such additional amounts shall be payable with respect to any Note:

- (i) presented for payment for or on account of any tax assessment or other governmental charge that would not have been imposed but for (x) the existence of any present or former connection between such holder (or between a fiduciary, settlor or beneficiary of, or a person holding a power over, such holder, if such holder is an estate or a trust, or a member or shareholder of such holder, if such holder is a partnership or a corporation) and the Relevant Tax Jurisdiction (other than the mere receipt of such payment or the holding of such Note), including, without limitation, such holder (or such fiduciary, settlor, beneficiary, person holding a power, member or shareholder) being or having been a citizen or resident thereof or being or having been engaged in trade or business or present therein or having or having had a permanent establishment therein or (y) (where the Relevant Tax Jurisdiction is the United States) such holder's past or present status as a personal holding company or private foundation or other tax-exempt organisation with respect to the United States or as a corporation that accumulates earnings to avoid United States federal income tax;
- (ii) presented for payment for or on account of any estate, inheritance, gift, sales, transfer or personal property tax or any similar tax, assessment or other governmental charge;
- (iii) presented for payment for or on account of any tax, assessment or other governmental charge that would not have been imposed but for the presentation by the holder of a Note for payment more than 30 days after the Relevant Date;
- (iv) presented for payment for or on account of any tax, assessment or other governmental charge that is payable otherwise than by deduction or withholding from a payment on a Note;
- (v) presented for payment for or on account of any tax, assessment or other governmental charge required to be deducted or withheld by any Paying Agent from a payment on a Note, if such payment can be made without such deduction or withholding by any other Paying Agent;
- (vi) presented for payment for or on account of any tax, assessment or other governmental charge that would not have been imposed but for a failure to comply with any applicable certification, documentation, information or other reporting requirement concerning the

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nationality, residence, identity or connection with the United States of the holder or beneficial owner of a Note if, without regard to any tax treaty, such compliance is required by statute or regulation of the United States as a precondition to relief or exemption from such tax, assessment or other governmental charge;

- (vii) presented for payment for or on account of any tax, assessment or other governmental charge that would not have been imposed but for a failure by the holder or beneficial owner, or any financial institution (other than any Paying Agent) through which the holder or beneficial owner holds any Note or through which payment on the Note is made, to enter into or comply with an agreement described in Section 1471(b)(1) of the Code and the regulations thereunder or otherwise comply with Sections 1471 through 1474 of the Code, the regulations promulgated thereunder, any official interpretation thereof, or any agreement, law, regulation, or other official guidance implementing an intergovernmental approach thereto;
- (viii) presented for payment for or on account of any tax, assessment or other governmental charge imposed on a holder that actually or constructively owns 10 per cent. or more of the combined voting power of all classes of stock of the Issuer or that is a controlled foreign corporation related to the Issuer through stock ownership; or
- (ix) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC (as amended from time to time) or any law implementing or complying with, or introduced in order to conform to, such Directive;

nor shall such additional amounts be paid with respect to a payment on a Note to a holder that is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner would not have been entitled to the additional amounts had such beneficiary, settlor, member or beneficial owner been the holder of such Note.

As used in these Conditions, “Relevant Date”, in respect of any payment, means the date on which that payment first becomes due but, if the full amount of the monies payable has not been received by the Principal Paying Agent on or before the due date, it means the date on which, the full amount of those monies having been so received, notice to that effect has been duly given to the relevant Noteholders in accordance with Condition 14.

### 9. PRESCRIPTION

The Notes (whether in bearer or registered form) and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6(b) or any Talon which would be void pursuant to Condition 6(b).

### 10. EVENTS OF DEFAULT

If any of the following events (each an “Event of Default”) shall occur:

- (i) there is a default for more than 14 days after the date when due in the payment of principal or interest (if any) due in respect of the Notes; or
- (ii) there is default in the performance of any other obligation under the Agency Agreement, the Notes or the Guarantee (where applicable) (a) which is incapable of remedy or (b) which, being a default capable of remedy, continues for 30 days after written notice of such default has been given through the Principal Paying Agent by the holder of any Note to the Issuer and the Guarantor (where applicable); or



- (iii) any final order shall be made by any competent court or other authority or resolution passed by the Issuer or the Guarantor (where applicable) for the dissolution or winding-up of the Issuer or the Guarantor (where applicable) or for the appointment of a liquidator, receiver or trustee of the Issuer or the Guarantor (where applicable) or of all or a substantial part of their respective assets, provided that there shall be no Event of Default in the case of an order or a resolution passed by the Issuer or the Guarantor (where applicable) for the liquidation or dissolution of the Issuer or the Guarantor (where applicable), as the case may be, to the extent that (a) such an order or resolution is in connection with a merger, consolidation or any other form of combination while the Issuer or Guarantor (where applicable) is solvent, with another company and such company, in the case of the Issuer, assumes all obligations of the Issuer under the Notes and, in the case of the Guarantor (where applicable), assumes all obligations of the Guarantor under the Guarantee, or (b) the Issuer has made a Change of Control Offer and repurchased the Notes from Noteholders following a Change of Control; or
- (iv) the Issuer or the Guarantor (where applicable) shall stop payment or shall be unable to, or shall admit to creditors generally its inability to pay its debts as they fall due, or shall be finally adjudicated or found bankrupt or insolvent, or shall enter into any composition or other arrangement with its creditors generally or, where FCFE is the Issuer, the Issuer shall apply for controlled management (*gestion contrôlée*) or reprieve from payment (*sursis de paiement*); or
- (v) the Issuer or the Guarantor (where applicable) ceases, or threatens to cease, to carry on business unless such cessation, or threatened cessation, is in connection with a merger, consolidation or any other form of combination with another company and such company in the case of the Issuer, assumes all obligations of the Issuer under the Notes, and in the case of the Guarantor (where applicable), assumes all obligations of the Guarantor under the Guarantee; or
- (vi) in the case of Guaranteed Notes only, the Issuer ceases to be controlled directly or indirectly by the Guarantor, for which purpose the Guarantor shall be deemed to control the Issuer only if the Guarantor directly or indirectly, through one or more companies controlled by it within the meaning of this definition, (a) owns more than 50 per cent. of the voting share capital of the Issuer; or (b) has power to appoint or remove more than 50 per cent. of the board of directors (or other similar senior supervisory body) of the Issuer; or
- (vii) there shall have occurred a default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness of the relevant Issuer, the Guarantor (where applicable) or any Material Subsidiary (as defined below in this Condition 10) (or the payment of which is guaranteed by the relevant Issuer, the Guarantor (where applicable) or any such Material Subsidiary) which default (A) is caused by a failure to pay the principal, interest or premium, if any, of any such Indebtedness (including without limitation a such failure under any called but unpaid guarantee issued or given by the Issuer, the Guarantor (where applicable) or any such Material Subsidiary in respect of any such Indebtedness) whether in the case of a repayment at maturity, a mandatory prepayment or otherwise, in each case after any applicable grace period provided in such Indebtedness or guarantee on the date of such failure (each such failure being a “payment default”), which payment default has not been validly waived in accordance with the terms of such Indebtedness or guarantee and applicable law, *provided* that the amount unpaid pursuant to such payment default, together with the amount unpaid pursuant to any other such payment default that has not been so waived or has not been otherwise validly cured aggregates €100,000,000 or (B) results in the acceleration of such Indebtedness prior to its express maturity, and such acceleration has not been validly waived in accordance with the terms of such Indebtedness and applicable law, *provided* that the principal amount of such Indebtedness so accelerated, together with the principal amount of any such other Indebtedness the maturity of which has been so accelerated and has not been waived or otherwise validly cured, aggregates €250,000,000; or

- (viii) in the case of Guaranteed Notes only, the Guarantee shall be held in any judicial proceeding (in each case being a judgment or order from which no further appeal or judicial review is permissible under applicable law) to be unenforceable or invalid or shall cease for any reason to be in full force and effect or the Guarantor shall deny or disaffirm its obligations under the Guarantee, as the case may be,

then any holder of a Note may, by written notice to the Issuer at the specified office of the Principal Paying Agent, effective upon the date of receipt thereof by the Principal Paying Agent, declare any Notes held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 7(e)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

For the purposes of this Condition 10, the term “Material Subsidiary” means (A) Fiat Group Automobiles S.p.A. (renamed Fiat Chrysler Automobiles Italy S.p.A. starting from December 15, 2014) (and any other person Controlled by FCA which Fiat Group Automobiles S.p.A. (now Fiat Chrysler Automobiles Italy S.p.A.) is consolidated or merged with or into or to whom all or substantially all of the assets of such entity is sold, assigned, transferred, leased or otherwise disposed of); (B) Chrysler Group LLC (renamed FCA US LLC starting from December 15, 2014) (and any other person Controlled by FCA which Chrysler Group LLC (now FCA US LLC) is consolidated or merged with or into or to whom all or substantially all of the assets of such entity is sold, assigned, transferred, leased or otherwise disposed of); (C) any Member of the FCA Group the total assets of which on a stand-alone basis (excluding intra-Group items and as determined from the entity’s most recent IFRS financial data used by FCA in the preparation of its most recent audited consolidated financial statements) constitutes five per cent. or more of the consolidated total assets of the FCA Group (as determined from FCA’s most recent audited consolidated financial statements prepared in accordance with IFRS); (D) any Treasury Subsidiary or (E) any entity under the direct or indirect Control of FCA that directly or indirectly Controls a subsidiary that meets the requirements of the preceding clauses (A), (B), (C) or (D), *provided* that if any such entity Controls such a subsidiary only pursuant to the aggregate ownership test specified in the proviso to clause (1) of the definition of “Control”, “Controls” or “Controlled” below, then, and only then, the Issuer and the Guarantor (where applicable) shall have the right to designate which such entities shall be deemed to so Control such a subsidiary *provided* that, in each case, such designated entities Control in the aggregate more than 50 per cent. of the relevant subsidiary’s Voting Stock. For purposes of this definition of “Material Subsidiary”, (i) the term “Control”, “Controls” or “Controlled” means (1) the direct or indirect ownership (beneficial or otherwise) of more than 50 per cent. of the Voting Stock of a Person measured by voting power rather than number of shares, *provided* that to the extent that no single entity directly owns more than 50 per cent. of the Voting Stock of a Person, entities with aggregate direct or indirect ownership of more than 50 per cent. of the Voting Stock of a Person will be deemed to Control such Person or (2) the power to appoint or remove all or the majority of the directors or other equivalent officers of a Person and (ii) no Financial Services Subsidiary shall be considered or deemed to be a Material Subsidiary. Notwithstanding the foregoing, a subsidiary shall be considered or deemed to be a Material Subsidiary only to the extent that such is located or domiciled in an OECD Country (or, to the extent that the Organisation for Economic Co-operation and Development or a successor organisation no longer exists, the countries that were members of the relevant organisation on the date such organisation ceased to exist).

For purposes of this Condition 10, the term “OECD Country” means a country that is member of the Organisation for Economic Co-operation and Development or any successor organisation at the time of the occurrence of a payment default or acceleration specified in clause (vii) of this Condition 10 (or, to the extent that the Organisation for Economic Co-operation and Development or a successor organisation no longer exists, at the time the relevant organisation ceased to exist).

For purposes of this Condition 10, “Treasury Subsidiary” means (A) each of Fiat Chrysler Finance Europe *société anonyme*, Fiat Chrysler Finance North America, Inc., and Fiat Chrysler Finance Canada Ltd. and (B) any other subsidiary of FCA the primary purpose of which is borrowing funds, issuing securities or incurring Indebtedness. For the avoidance of doubt, “Treasury Subsidiary” does not, and shall not be deemed to, include any Financial Services Subsidiary.

### 11. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes or Coupons) or the Registrar

(in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

### 12. AGENTS

The names of the initial Agents and their initial specified offices are set out below. If any additional Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer and/or the Guarantor (where applicable) is/are entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

- (a) there will at all times be a Principal Paying Agent, a Registrar and, in the case of CMU Notes, a CMU Lodging and Paying Agent;
- (b) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent, which may be the Principal Paying Agent (in the case of Bearer Notes) or, in the case of CMU Notes, a CMU Lodging and Paying Agent and a Transfer Agent, which may be the Registrar (in the case of Registered Notes), with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange;
- (c) each of the Issuer and the Guarantor (where applicable) will ensure that it maintains a Paying Agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC (as amended from time to time) or any law implementing or complying with, or introduced in order to conform to such Directive; and
- (d) there will at all times be a Paying Agent in a jurisdiction within Europe, other than (i) the jurisdiction in which the relevant Issuer or the Guarantor (in the case of Guaranteed Notes) is incorporated, and (ii) the United Kingdom where FCA is the Issuer or a payment is made pursuant to the Guarantee by the Guarantor (in the case of Guaranteed Notes).

In addition, the Issuer and/or the Guarantor (in the case of Guaranteed Notes) shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6(e). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency or where an Agent is an FFI and does not become, or ceases to be, a Participating FFI or a Registered Deemed-Compliant FFI, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and the Guarantor (where applicable) and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

As used herein:

“FFI” (a “foreign financial institution”) means an FFI as defined in U.S. Treasury Regulations section 1.1471-1(b)(42);

“Participating FFI” means a participating FFI as defined in U.S. Treasury Regulations section 1.1471-1(b)(85); and

“Registered Deemed-Compliant FFI” means a registered deemed-compliant FFI as described in U.S. Treasury Regulations section 1.1471-5(f)(1).

**13. EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

**14. NOTICES**

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London; provided, however that in the case of Bearer Notes cleared through the CMU Service, notices will be deemed to be validly given if published in a leading daily newspaper of general circulation in Hong Kong. It is expected that such publication will be made in the Financial Times in London or, in the case of Bearer Notes cleared through the CMU Service, either The Standard or the South China Morning Post in Hong Kong. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange on which the Bearer Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange and the rules of that stock exchange so require, such notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of (i) Euroclear and/or Clearstream and/or DTC, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream and/or DTC for communication by them to the holders of the Notes or (ii) the CMU Service, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU Service on the first business day preceding the date of despatch of such notice as holding interests in the relevant Global Note. In addition, for so long as any Notes are listed or admitted to trading on a stock exchange and the rules of that stock exchange so require, such notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and/or Clearstream and/or DTC and/or the CMU Service.

All notices to the Noteholders will be deemed to be validly given if filed with the Companies Announcements Office of the Irish Stock Exchange.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream and/or DTC and/or in the case of Notes lodged with the CMU Service, by delivery by such holder or such notice to the CMU Lodging and Paying Agent in Hong Kong, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream and/or DTC, and/or the CMU Service, as the case may be, may approve for this purpose.

**15. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER**

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or Noteholders holding not less than five per cent. in nominal amount of the Notes

for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be one or more persons holding or representing not less than three-quarters in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than a clear majority in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders.

The Principal Paying Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to:

- (a) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Notes, the Coupons or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (b) any modification of the Notes, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

Where the Issuer is FCFE, the provisions of articles 86 to 94-8 of the Luxembourg law of August 10, 1915 on commercial companies, as amended, are hereby excluded.

### 16. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue so that the same shall be consolidated and form a single Series with the outstanding Notes.

### 17. RIGHTS OF THIRD PARTIES

The Notes confer no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

### 18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

- (a) **Governing law:** The Agency Agreement, the Guarantee (where applicable), the Deed of Covenant, the Deed Poll, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Guarantee (where applicable), the Deed of Covenant, the Deed Poll, the Notes and the Coupons are governed by, and shall be construed in accordance with, English law.
- (b) **Submission to jurisdiction:** Subject to Condition 18(d), the courts of England have jurisdiction to settle any disputes which may arise out of or in connection with the Notes and/or the Coupons, including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons (a "Dispute") and, accordingly, each of the Issuer and any Noteholders and Couponholders in relation to any Dispute submits to the jurisdiction of such courts.

- (c) For the purposes of this Condition 18, the Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any suit, action or proceedings (together referred to as “Proceedings”) in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any jurisdiction.
- (d) To the extent allowed by law, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) Proceedings against the Issuer in any other court of competent jurisdiction, and (ii) concurrent Proceedings in one or more jurisdictions.
- (e) **Appointment of Process Agent:** The Issuer appoints Fiat Chrysler Finance Europe *société anonyme*, UK branch at its registered office for the time being in England as its agent for service of process, and undertakes that, in the event of Fiat Chrysler Finance Europe *société anonyme*, UK branch ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

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## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be used to finance the activities of the Group.

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## REMITTANCE OF RENMINBI INTO AND OUTSIDE THE PRC

The following is a general description of certain currency controls in the PRC and is based on the law and relevant interpretations thereof in effect as at the date of this Base Prospectus, all of which are subject to change, and does not constitute legal advice. It does not purport to be a complete analysis of all applicable currency controls in the PRC relating to the Notes. Prospective holders of the Notes who are in any doubt as to PRC currency controls are advised to consult their own professional advisers.

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to controls imposed under PRC law.

### Current Account Items

Under PRC foreign exchange control regulations, current account item refers to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers.

Since July 2009, the PRC has commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and the Macau Special Administrative Regions of China (“Macau”). On June 17, 2010, the PRC Government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Program of Renminbi Settlement of Cross-Border Trades (关于扩大跨境贸易人民币结算试点有关问题的通知) (the “Renminbi Settlement Circular”), pursuant to which (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts was expanded to cover 20 provinces and cities and (iii) the restriction on designated offshore districts was lifted. Accordingly, any enterprises in the designated pilot districts and offshore enterprises are entitled to use Renminbi to settle imports and exports of goods and services and other current account items between them. Renminbi remittance for exports of goods from the PRC may only be effected by approved pilot enterprises in designated pilot districts in the PRC. In August 2011, the PRC Government further expanded Renminbi cross-border trade settlement nationwide. Currently, participating banks in Hong Kong, Singapore, Taiwan, London, Frankfurt, Seoul, Paris, Luxembourg, Sydney, Toronto and Doha have been permitted to engage in the settlement of Renminbi trade transactions.

On July 5, 2013, the PBoC issued the Circular on the Simplification of Renminbi Cross-border Business Processes and the Improvement of Relevant Policies (关于简化跨境人民币业务流程和完善有关政策的通知) (the “2013 PBoC Circular”), pursuant to which on the basis of three principles of “know your customer”, “know your business”, and “due diligence”, PRC banks can directly handle the cross-border settlement upon the PRC enterprises presenting the payment instruction (except for enterprises on the key regulatory list of regulating Renminbi cross-border settlement in export goods trade). PRC banks may also allow PRC enterprises to make/receive payments under current account items prior to the relevant PRC bank’s verification of underlying transactions (noting that verification of underlying transactions is usually a precondition for cross-border remittance).

The Renminbi Settlement Circular and the 2013 PBoC Circular will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying the Renminbi Settlement Circular and the 2013 PBoC Circular and impose conditions for settlement of current account items. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the use of Renminbi for payment of transactions categorised as current account items, then such settlement will need to be made subject to the specific requirements or restrictions set out in such regulations.

### Capital Account Items

Under PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of the relevant PRC authorities.

Settlements for capital account items are generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) are required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or relevant PRC parties



are also generally required to make capital item payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency. That said, the relevant PRC authorities may grant approval for a foreign entity to make a capital contribution or a shareholder's loan to a foreign invested enterprise with Renminbi lawfully obtained by it outside the PRC and for the foreign invested enterprise to service interest and principal repayment to its foreign investors outside the PRC in Renminbi on a trial basis. The foreign invested enterprise may be required to complete a registration and verification process with the relevant PRC authorities before such Renminbi remittances.

On April 7, 2011, the State Administration of Foreign Exchange ("SAFE") promulgated the Circular on Issues Concerning the Capital Account Items in connection with Cross-Border Renminbi (the "SAFE Circular"), which became effective on May 1, 2011. According to the SAFE Circular, in the event that foreign investors intend to use cross-border Renminbi (including Renminbi inside and outside the PRC held in the capital accounts of non-PRC residents) to make a contribution to an onshore enterprise or make payment for the transfer of an equity interest of an onshore enterprise by a PRC resident, such onshore enterprise shall be required to submit the relevant prior written consent of the MOFCOM to the relevant local branches of SAFE of such onshore enterprise and register for a foreign invested enterprise status. Further, the SAFE Circular clarifies that the foreign debts borrowed, and the external guarantee provided, by an onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt and external guarantee regime. Furthermore, according to the 2013 PBoC Circular, upon enforcement of external guarantees in Renminbi provided by non-financial enterprises in the PRC, PRC banks may provide RMB settlement services (i.e. remittance of enforcement proceeds) directly. Non-financial enterprises in the PRC can (through PRC banks) extend loans in Renminbi to entities within the same group outside the PRC under Renminbi cash pooling arrangements. However, SAFE has not amended its positions under the SAFE Circular, nor has it issued any regulations to confirm the positions in the 2013 PBoC Circular. Therefore, there remain potential inconsistencies between the provisions of the SAFE Circular and the provisions of the 2013 PBoC Circular and it is unclear how SAFE will deal with such inconsistencies in practice.

On October 13, 2011, PBoC promulgated the PBoC FDI Measures, pursuant to which, PBoC special approval for RMB FDI and shareholder loans, which is required by an earlier circular of PBoC is no longer necessary. The PBoC FDI Measures provide that, among others, foreign invested enterprises are required to conduct registrations with the local branch of PBoC within ten working days after obtaining the business licences for the purpose of Renminbi settlement, and a foreign investor is allowed to open Renminbi special accounts for designated usage in relation to making an equity investment in a PRC enterprise or receiving Renminbi proceeds from distribution (dividends or otherwise) by its PRC subsidiaries. The PBoC FDI Measures also state that the foreign debt quota of a foreign invested enterprise constitutes its Renminbi debt and foreign currency debt from its offshore shareholders, offshore affiliates and offshore financial institutions, and a foreign invested enterprise may open a Renminbi account (人民币一般存款户口) to receive its Renminbi proceeds borrowed offshore by submitting the Renminbi loan contract to the commercial bank and make repayments of principal of and interest on such debt in Renminbi by submitting certain documents as required to the commercial bank.

The SAFE Circular and the PBoC FDI Measures will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

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## FIAT CHRYSLER FINANCE EUROPE S.A.

### BUSINESS AND INCORPORATION

Fiat Chrysler Finance Europe S.A. (“FCFE”) was formed as a company with limited liability (*société anonyme*) under the laws of the Grand-Duchy of Luxembourg on June 18, 1997, for an unlimited duration. FCFE was originally named Fiat Finance and Trade Ltd., but its name was changed effective October 29, 2014. Its registered office is at 24, Boulevard Royal, L-2449 Luxembourg, Grand-Duchy of Luxembourg, its telephone number is + 352 26 20 56 21 and it is registered in the Luxembourg trade and company register (*Registre de Commerce et des Sociétés de Luxembourg*) under number B-59500. The articles of incorporation of FCFE have been published in the *Mémorial C, Journal Officiel du Grand-Duché de Luxembourg, Recueil Spécial des Sociétés et Associations* under number C. 384 of July 17, 1997. The articles were modified on October 9, 1997 (published in the *Mémorial C* under number 635 of November 13, 1997), on December 31, 1998 (published in the *Mémorial C* under number 237 of April 6, 1999), on June 25, 1999 (published in the *Mémorial C* under number 705 of September 22, 1999), on November 27, 2000 (published in the *Mémorial C* under number 514 of July 7, 2001), on November 12, 2004 (published in the *Mémorial C* under number 118 of February 9, 2005) and on January 27, 2006 (published in the *Mémorial C* under number 792 of April 20, 2006). The articles of incorporation of FCFE were last amended pursuant to a deed of amendment dated October 29, 2014 to reflect, among other things, the change of the name of FCFE from “Fiat Finance and Trade Ltd”. to “Fiat Chrysler Finance Europe” Such amendment and the coordinated articles of incorporation of FCFE have been filed with the Luxembourg Register of Commerce and Companies. Such amendment has been published in the *Mémorial C, Journal Officiel du Grand-Duché de Luxembourg, Recueil des Sociétés et Associations* under number 3428 of November 18, 2014.

FCFE, which is approximately 40% owned by FCA and approximately 60% owned by Fiat Chrysler Finance S.p.A., which in turn is a wholly owned subsidiary of FCA, is the central treasury vehicle for the FCA Group in the international financial markets. Its object, according to Article 3 of its articles of incorporation, is the holding of participations in other companies and/or enterprises and the direct and/or indirect financing of such entities or entities being members of its group.

Effective on December 15, 2011, FCFE acquired (i) the entire (aggregate 100%) stakes in FCFNA previously held by Fiat and by Fiat Chrysler Finance S.p.A., and (ii) the entire (100%) stake in FCFC previously held by Fiat Chrysler Finance S.p.A. As a result of these acquisitions, FCFE became the parent company of a group of companies formed by FCFE and its direct subsidiaries, FCFNA and FCFC (the “FCFE Group”), and beginning from the financial year ended December 31, 2011, it started to prepare consolidated financial statements in accordance with IFRS.

The registered share capital of FCFE is €251,494,000, represented by 13,416 shares without a nominal value.

### Directors

FCFE is managed by a board of directors comprising three members. The names of the directors are listed below:

<u>NAME</u>	<u>POSITION ON BOARD</u>
Leonardo Cecchetti	Chairman
Jacques Loesch	Director
Marella Moretti	Director

The business address for the board of directors is 24, Boulevard Royal, L-2449 Luxembourg, Grand-Duchy of Luxembourg. The directors of FCFE do not hold any relevant positions outside the FCA Group and/or FCFE that are significant with respect to FCFE, and there are no potential conflicts of interest of the members of the board of directors between their duties to FCFE and their private interests and/or other duties.

FCFE’s independent auditors for the financial years ended December 31, 2013 and December 31, 2012 were Ernst & Young S.A.

There are no recent events particular to FCFE which are to a material extent relevant to the evaluation of FCFE’s solvency.

FCFE is in compliance with those corporate governance laws of the Grand-Duchy of Luxembourg to which it may be subject, if any.

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## FINANCIAL INFORMATION RELATING TO THE FCFE GROUP

The following financial information has been extracted from the audited consolidated financial statements of the FCFE Group as of December 31, 2013 and 2012 and for the financial years then ended, prepared in accordance with IFRS.

### CONSOLIDATED INCOME STATEMENT

	Year ended December 31,	
	2013	2012
	(figures in €) (audited)	
Revenue from services .....	936,077	1,269,122
Personnel costs .....	(1,490,135)	(1,832,102)
Other operating costs.....	(2,866,069)	(2,627,924)
Amortisation and depreciation .....	(220,045)	(131,557)
Financial income .....	765,586,012	682,925,117
Financial expenses.....	(838,588,923)	(727,821,299)
Net gain on derivative financial instruments.....	78,977,384	49,790,943
<b>PROFIT BEFORE TAXES.....</b>	<b>2,334,301</b>	<b>1,572,300</b>
Income taxes .....	(987,542)	(742,215)
<b>PROFIT FOR THE YEAR.....</b>	<b>1,346,759</b>	<b>830,085</b>

### CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Year ended December 31,	
	2013	2012
	(figures in €) (audited)	
<b>PROFIT FOR THE YEAR.....</b>	<b>1,346,759</b>	<b>830,085</b>
<b>OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS</b>		
Translation reserves.....	(8,403,060)	(2,929,557)
Cash flow hedges (net of tax) .....	554,544	(2,773,827)
Income recognised in the cash flow hedge reserve (net effect) .....	13,647,177	3,866,078
Transfer from cash flow hedge reserve (net effect) .....	(13,092,634)	(6,639,905)
<b>TOTAL OTHER COMPREHENSIVE INCOME/(LOSS) .....</b>	<b>(7,848,516)</b>	<b>(5,703,384)</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS).....</b>	<b>(6,501,757)</b>	<b>(4,873,299)</b>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at December 31,	
	2013	2012
	(figures in €) (audited)	
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Non-current loans .....	536,866,296	116,357,889
Tangible assets.....	142,545	207,732
Intangible assets .....	476,965	325,148
Deferred tax assets .....	7,341,406	8,072,526
<b>Total non-current assets .....</b>	<b><u>544,827,212</u></b>	<b><u>124,963,295</u></b>
<b>CURRENT ASSETS</b>		
Current loans .....	9,998,303,306	8,438,217,501
Derivative financial instruments .....	204,612,474	285,822,746
Prepayments .....	36,986,960	20,707,624
Current tax receivables .....	885,014	810,917
Cash and cash equivalents.....	3,709,866,377	3,670,884,395
<b>Total current assets .....</b>	<b><u>13,950,654,131</u></b>	<b><u>12,416,443,183</u></b>
<b>TOTAL ASSETS .....</b>	<b><u>14,495,481,343</u></b>	<b><u>12,541,406,478</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital .....	251,494,000	251,494,000
Legal reserve .....	13,380,000	13,319,000
Reserves.....	(8,625,676)	(2,667,160)
Retained earnings .....	22,282,843	22,887,085
<b>Total equity.....</b>	<b><u>278,531,167</u></b>	<b><u>285,032,925</u></b>
<b>NON-CURRENT LIABILITIES</b>		
Non-current borrowings .....	9,564,737,450	8,867,391,701
<b>Total non-current liabilities .....</b>	<b><u>9,564,737,450</u></b>	<b><u>8,867,391,701</u></b>
<b>CURRENT LIABILITIES</b>		
Current borrowings .....	4,597,668,885	3,293,984,595
Derivative financial instruments .....	52,516,703	89,169,740
Trade and other payables.....	1,457,216	5,136,637
Current tax payable .....	569,922	690,880
<b>Total current liabilities .....</b>	<b><u>4,652,212,726</u></b>	<b><u>3,388,981,852</u></b>
<b>TOTAL EQUITY AND LIABILITIES .....</b>	<b><u>14,495,481,343</u></b>	<b><u>12,541,406,478</u></b>

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended December 31,	
	2013	2012
	(figures in €)	
	(audited)	
<b>Operating activities</b>		
Profit before tax.....	<b>2,334,301</b>	<b>1,572,301</b>
Adjustments to reconcile profit before tax to net cash flows:		
Valuation gain on financial assets and financial liabilities at fair value through profit or loss.....	(227,198,586)	(324,253,167)
Valuation loss on financial assets and financial liabilities at fair value through profit or loss.....	240,757,131	325,656,591
Finance income.....	(849,064,325)	(756,885,251)
Finance expense.....	829,531,306	750,587,067
Depreciation and amortisation of tangible and intangible asset.....	220,045	131,557
Working capital adjustments:		
Decrease/(increase) in prepayments.....	(16,279,337)	6,971,641
Decrease/(increase) in other receivables.....	—	912,014
(Decrease)/increase in trade and other payables.....	(3,679,422)	1,156,855
Income tax paid.....	(1,481,707)	(1,585,522)
<b>Net cash flow generated by/(used in) operating activities.....</b>	<b>(24,860,594)</b>	<b>4,264,086</b>
<b>Investing activities</b>		
Loans granted.....	(1,980,594,212)	(775,525,819)
Interest received.....	842,463,529	837,450,997
Purchase of equipment and other tangible/intangible assets.....	306,675	4,844
<b>Net cash flow generated by/(used in) investing activities.....</b>	<b>(1,137,824,008)</b>	<b>61,930,022</b>
<b>Financing activities</b>		
Proceeds from Bonds issued.....	2,865,170,819	2,534,573,747
Repayments of Bonds issued.....	(1,000,000,000)	(1,454,632,040)
Proceeds from other borrowings.....	135,859,220	77,818,856
Repayments of other borrowings.....	—	(254,608,103)
	<b>2,001,030,039</b>	<b>903,152,460</b>
Interest paid.....	(818,174,715)	(743,824,968)
<b>Net cash flow generated by/(used in) financing activities.....</b>	<b>1,182,855,324</b>	<b>159,327,492</b>
Effect of exchange rate adjustments on cash and bank balances.....	18,811,260	14,659,543
Net increase in cash and cash equivalents.....	20,170,722	225,521,600
Cash and cash equivalents at the beginning of the year.....	3,670,884,395	3,430,703,252
<b>Cash and cash equivalents at the end of the year/period.....</b>	<b>3,709,866,377</b>	<b>3,670,884,395</b>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(figures in € thousand)  
(audited)

	Issued Capital	Legal Reserve	Foreign Currency Translation Reserve	Cash Flow Hedge Reserve	Other Reserve	Retained Earnings	Total Equity
<b>As at January 1, 2012</b> .....	<b>251,494</b>	<b>13,226</b>	<b>10,114</b>	<b>(7,393)</b>	<b>253</b>	<b>22,212</b>	<b>289,906</b>
Allocation of prior year result ..	—	93	—	—	62	(155)	—
Profit for the period .....	—	—	—	—	—	830	830
Other comprehensive income .....	—	—	(2,930)	(2,774)	—	—	(5,704)
Total comprehensive income .....	—	—	(2,930)	(2,774)	—	830	(4,874)
<b>As at December 31, 2012</b> .....	<b>251,494</b>	<b>13,319</b>	<b>7,184</b>	<b>(10,167)</b>	<b>315</b>	<b>22,887</b>	<b>285,032</b>
Allocation of prior year result ..	—	61	—	—	1,890	(1,951)	—
Profit for the year .....	—	—	—	—	—	1,347	1,347
Other comprehensive income .....	—	—	(8,403)	555	—	—	(7,848)
Total comprehensive income .....	—	—	(8,403)	555	—	1,347	(6,501)
<b>As at December 31, 2013</b> .....	<b>251,494</b>	<b>13,380</b>	<b>(1,219)</b>	<b>(9,612)</b>	<b>2,205</b>	<b>22,283</b>	<b>278,531</b>

## FINANCIAL INFORMATION RELATING TO FIAT CHRYSLER FINANCE EUROPE S.A.

The following financial information has been extracted from the audited annual financial statements of FCFE as of December 31, 2013 and 2012 and for the years then ended, prepared in accordance with Luxembourg GAAP:

### BALANCE SHEET

	As at December 31,	
	2013	2012
	(figures in €) (audited)	
<b>ASSETS</b>		
<b>FIXED ASSETS</b>		
Intangible assets.....	474,790	321,783
Tangible assets		
<i>Other fixtures and fittings, tools and equipment</i> .....	88,796	161,953
Financial assets .....	165,244,409	165,244,409
<b>TOTAL FIXED ASSETS</b> .....	<b>165,807,995</b>	<b>165,728,145</b>
<b>CURRENT ASSETS</b>		
Debtors		
Amounts owed by affiliated undertakings		
<i>Becoming due and payable after less than one year</i> .....	9,391,666,217	7,950,091,974
<i>Becoming due and payable after more than one year</i> .....	245,371,843	—
Other debtors		
<i>Becoming due and payable after less than one year</i> .....	625,179	824,087
Investments		
<i>Other investments</i> .....	308,512,499	539,695,820
Cash at bank and in hand .....	2,912,601,134	2,313,549,213
<b>TOTAL CURRENT ASSETS</b> .....	<b>12,858,776,872</b>	<b>10,804,161,094</b>
<b>ACCRUALS AND PREPAYMENTS</b> .....	<b>116,229,406</b>	<b>109,965,859</b>
<b>TOTAL ASSETS</b> .....	<b>13,140,814,273</b>	<b>11,079,855,098</b>

**BALANCE SHEET (continued)**

(figures in €)

	<b>As at December 31,</b>	
	<b>2013</b>	<b>2012</b>
	(figures in €) (audited)	
<b>LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
Subscribed capital.....	251,494,000	251,494,000
Reserves		
Legal reserve .....	13,380,000	13,319,000
Other reserves .....	2,205,500	315,500
Profit or loss brought forward .....	21,613,941	22,348,435
Result for the financial year .....	1,145,705	1,216,507
<b>TOTAL SHAREHOLDERS' EQUITY .....</b>	<b>289,839,146</b>	<b>288,693,442</b>
<b>PROVISIONS</b>		
Provisions for taxation .....	522,626	543,178
<b>NON SUBORDINATED DEBTS</b>		
Debtore loans		
Non-convertible loans		
<i>Becoming due and payable after less than one year</i> .....	2,534,495,986	1,325,945,328
<i>Becoming due and payable after more than one year</i> .....	8,495,611,926	7,790,399,602
Amounts owed to credit institutions		
<i>Becoming due and payable after less than one year</i> .....	115,391,245	75,012,894
<i>Becoming due and payable after more than one year</i> .....	—	40,000,000
Amounts owed to affiliated undertakings		
<i>Becoming due and payable after less than one year</i> .....	1,661,929,558	1,530,146,299
Other creditors		
<i>Becoming due and payable after less than one year</i> .....	65,211	36,514
<b>TOTAL NON SUBORDINATED DEBTS. ....</b>	<b>12,807,493,926</b>	<b>10,761,540,637</b>
<b>TAX AND SOCIAL SECURITY DEBTS. ....</b>	<b>321,207</b>	<b>306,310</b>
<b>ACCRUALS AND DEFERRED INCOME.....</b>	<b>42,637,368</b>	<b>28,771,531</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY .....</b>	<b>13,140,814,273</b>	<b>11,079,855,098</b>



PROFIT AND LOSS ACCOUNTS

	Year ended December 31,	
	2013	2012
	(figures in €) (audited)	
<b>CHARGES</b>		
Other external charges .....	1,187,302	1,521,431
<b>Staff costs</b>		
Wages and salaries .....	737,510	987,080
Social security costs .....	137,503	123,328
	<u>875,013</u>	<u>1,110,408</u>
<b>Value adjustments</b>		
On formation expenses and on tangible and intangible fixed assets .....	197,038	108,117
<b>Other operating charges</b> .....	240,398	187,153
<b>Interest payable and similar charges</b>		
Concerning affiliated undertakings .....	20,267,700	38,041,229
Other interest payable and similar charges .....	721,789,597	651,216,938
	<u>742,057,297</u>	<u>689,258,167</u>
Tax on profit or loss .....	507,811	490,658
Other taxes (Net Wealth Tax).. .....	475,421	—
Profit for the financial year .....	1,145,705	1,216,507
<b>TOTAL CHARGES</b> .....	<u><b>746,685,985</b></u>	<u><b>693,892,441</b></u>
<b>INCOME</b>		
<b>Income from financial current assets</b>		
Derived from affiliated undertakings .....	731,462,374	648,496,850
Other income .....	5,098,833	16,210,609
	<u>736,561,207</u>	<u>664,707,459</u>
<b>Other interests and other financial income</b>		
Derived from affiliated undertakings .....	280,879	589,135
Other interest receivable and similar income .....	9,843,899	28,595,847
	<u>10,124,778</u>	<u>29,184,982</u>
<b>TOTAL INCOME</b> .....	<u><b>746,685,985</b></u>	<u><b>693,892,441</b></u>

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# FIAT CHRYSLER FINANCE CANADA LTD.

## BUSINESS AND INCORPORATION

Fiat Chrysler Finance Canada Ltd. (“FCFC”) was incorporated on May 2, 1991 under the Business Corporations Act of the Province of Alberta, Canada with corporate access number 204927990 and began operations on May 6, 1991 for an unlimited duration. FCFC was originally named Fiat Finance Canada Ltd., but its name was changed to Fiat Chrysler Finance Canada Ltd. effective November 14, 2014. Its registered office is at 855 – 2nd Street SW, Suite 3500, Calgary, Alberta T2P 4J8, Canada, and its telephone number is +1 212 207-0910.

FCFC is a wholly owned subsidiary of FCFE, which in turn is approximately 40% owned by FCA and approximately 60% owned by Fiat Chrysler Finance S.p.A. The sole shareholder of Fiat Chrysler Finance S.p.A. is FCA. FCFC performs cash management, investment and corporate finance services and provides working capital financing for FCA Group companies in Canada.

The authorised share capital of FCFC is an unlimited number of common shares without nominal or par value. The issued capital is CAN\$ 10,099,885 represented by 493 common shares.

Effective on December 14, 2011, FCFE acquired (i) the entire (aggregate 100%) stakes in FCFNA previously held by Fiat and by Fiat Chrysler Finance S.p.A., and (ii) the entire (100%) stake in FCFC previously held by Fiat Chrysler Finance S.p.A. As a result of these acquisitions, FCFE became the parent company of the FCFE Group, of which FCFC forms a part, and beginning from the financial year ended December 31, 2011, FCFE started to prepare consolidated financial statements in accordance with IFRS.

### Directors

FCFC has a board of directors comprising five members. The names of the directors are listed below:

<b>Name</b>	<b>Position on Board</b>
Stefano Luigi Salvini	President, CEO, Secretary and Director
J. David A. Jackson	Assistant Secretary and Director
Paul K. Tamaki	Director
David J. Toswell	Vice President and Director
Enrico Zecchini	Director

The business address for the board of directors is 855 – 2nd Street SW, Suite 3500, Calgary, Alberta T2P 4J8.

The directors of FCFC do not hold any relevant positions outside the FCA Group and/or FCFC which are significant with respect to FCFC nor do there exist any potential conflicts of interest between their duties to FCFC and their private interests and/or other duties.

FCFC’s independent auditors for the financial years ended December 31, 2013 and December 31, 2012 were Ernst & Young LLP.

There are no recent events particular to FCFC which are to a material extent relevant to the evaluation of FCFC’s solvency.

FCFC is in compliance with those corporate governance laws of the province of Alberta, and any federal laws applicable therein, to which it may be subject, if any.

## FINANCIAL INFORMATION RELATING TO FIAT CHRYSLER FINANCE CANADA LTD.

The following financial information has been extracted from the audited annual financial statements of FCFC as of December 31, 2013 and 2012 and for the financial years then ended, prepared in accordance with IFRS:

### STATEMENTS OF FINANCIAL POSITION

	As at December 31,	
	2013	2012
	(Thousands of CAN\$) (audited)	
<b>Assets</b>		
Cash and cash equivalents .....	21,637	21,545
Other deferred and current tax assets .....	2	—
Prepaid expenses .....	14	12
<b>Total assets</b> .....	<b>21,653</b>	<b>21,557</b>
<b>Liabilities and Stockholder's Equity</b>		
Liabilities:		
Current tax liabilities .....	—	10
Accrued expenses and other liabilities .....	26	16
<b>Total liabilities</b> .....	<b>26</b>	<b>26</b>
Stockholder's equity:		
Capital stock (no par value; unlimited authorised shares; 493 shares outstanding at assigned value) .....	10,100	10,100
Retained earnings .....	11,527	11,431
<b>Total stockholder's equity</b> .....	<b>21,627</b>	<b>21,531</b>
<b>Total</b> .....	<b>21,653</b>	<b>21,557</b>

### STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31,	
	2013	2012
	(Thousands of CAN\$) (audited)	
<b>Revenues</b>		
Interest income .....	255	241
<b>Total revenues</b> .....	<b>255</b>	<b>241</b>
<b>Expenses</b>		
General and administrative expenses .....	90	66
Other expenses .....	37	36
<b>Total expenses</b> .....	<b>127</b>	<b>102</b>
Income before provision for income taxes .....	128	139
Provision for income taxes .....	32	36
<b>Net income</b> .....	<b>96</b>	<b>103</b>

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## FIAT CHRYSLER FINANCE NORTH AMERICA, INC.

### BUSINESS AND INCORPORATION

Fiat Chrysler Finance North America, Inc. (“FCFNA”) was incorporated in the State of Delaware on August 5, 1996, has a perpetual duration, and began operations on September 15, 1996. FCFNA was originally named Fiat Finance North America, Inc., but its name was changed to Fiat Chrysler Finance North America, Inc. effective November 14, 2014. Its registered office is at 1209 Orange Street, Wilmington, County of New Castle, Delaware, United States of America and its telephone number is +1 212 207 0910.

FCFNA is a wholly owned subsidiary of FCFE, which in turn is approximately 40% owned by FCA and approximately 60% owned by Fiat Chrysler Finance S.p.A. The sole shareholder of Fiat Chrysler Finance S.p.A. is FCA. FCFNA performs cash management, investment and corporate finance services and provides working capital financing for FCA Group companies in the United States.

The authorised share capital of FCFNA is represented by 5,000 common shares without par value. The subscribed capital is U.S.\$190,090,010 represented by 380 common shares without par value.

In 1999, FCFNA issued 230 common shares to Fiat Chrysler Finance S.p.A. Prior to 1999, FCFNA was wholly owned by I.H.F.-Internazionale Holding Fiat S.A., which held 150 shares. In 2002, Fiat S.p.A. acquired all shares (150) owned by I.H.F. Internazionale Holding Fiat S.A.

Effective on December 15, 2011, FCFE acquired (i) the entire (aggregate 100%) stakes in FCFNA previously held by Fiat and by Fiat Chrysler Finance S.p.A., and (ii) the entire (100%) stake in FCFC previously held by Fiat Chrysler Finance S.p.A. As a result of these acquisitions, FCFE became the parent company of the FCFE Group, of which FCFNA forms a part, and beginning from the financial year ended December 31, 2011, FCFE started to prepare consolidated financial statements in accordance with IFRS.

### Directors

FCFNA is managed by a board of directors comprising three members. The names of the directors are set out below:

<b>Name</b>	<b>Position on Board</b>
Stefano Luigi Salvini	President, Chief Executive Officer, Secretary and Director
Ferrante Zileri Dal Verme	Director
Enrico Zecchini	Director

The business address of the board of directors is 7 Times Square Tower, Suite 4306, New York, NY 10036, United States of America.

The directors of FCFNA do not hold any relevant positions outside the FCA Group and/or FCFNA, which are significant with respect to FCFNA; nor do there exist any potential conflicts of interest between their duties to FCFNA and their private interests and/or other duties.

FCFNA’s independent auditors for the financial years ended December 31, 2013 and December 31, 2012 were Ernst & Young LLP.

There are no recent events particular to FCFNA which are to a material extent relevant to the evaluation of FCFNA’s solvency.

FCFNA is in compliance with those corporate governance laws of the State of Delaware to which it may be subject, if any.

## FINANCIAL INFORMATION RELATING TO FIAT CHRYSLER FINANCE NORTH AMERICA, INC.

The following financial information has been extracted from the audited annual financial statements of FCFNA, as of December 31, 2013 and 2012 and for the financial years then ended, prepared in accordance with IFRS:

### STATEMENTS OF FINANCIAL POSITION

	As at December 31,	
	2013	2012
	(Thousands of U.S. dollars) (audited)	
<b>Assets</b>		
Cash and cash equivalents .....	653,699	1,057,155
Amounts owed by affiliated companies .....	1,238,620	797,640
Financial derivatives – at fair value.....	201,671	187,316
Deferred tax assets .....	5,070	6,808
Property, plant and equipment.....	77	65
Prepaid expenses and other assets.....	585	50
<b>Total assets</b> .....	<b>2,099,722</b>	<b>2,049,034</b>
<b>Liabilities and Shareholder's Equity</b>		
Liabilities:		
Bank borrowings .....	195,027	195,056
Borrowings from affiliated company .....	125,604	91,216
Notes payable .....	1,572,852	1,560,421
Financial derivatives – at fair value .....	1,840	893
Accrued expenses and other liabilities .....	196	380
<b>Total liabilities</b> .....	<b>1,895,519</b>	<b>1,847,966</b>
Stockholder's equity:		
Capital stock (no par value; authorised 5,000 shares; 380 shares outstanding at assigned value) .....	190,090	190,090
Retained earnings .....	19,372	18,200
Cash flow hedge reserve .....	(5,259)	(7,222)
<b>Total stockholder's equity</b> .....	<b>204,203</b>	<b>201,068</b>
<b>Total liabilities and stockholder's equity</b> .....	<b>2,099,722</b>	<b>2,049,034</b>

STATEMENTS OF INCOME

	Year ended December 31,	
	2013	2012
	(Thousands of U.S. dollars) (audited)	
<b>Revenues</b>		
Interest income .....	80,179	78,503
Other financial income .....	71	42
Other income .....	870	874
Net result on hedging and trading activities .....	4,656	3,001
<b>Total revenues</b> .....	<b>85,776</b>	<b>82,420</b>
<b>Expenses</b>		
Interest expense .....	77,912	75,287
General and administrative expenses .....	2,039	2,079
Other expenses .....	3,609	2,950
<b>Total expenses</b> .....	<b>83,560</b>	<b>80,316</b>
Income before provision for income taxes .....	2,216	2,104
Provision for income taxes .....	1,044	983
<b>Net income</b> .....	<b>1,172</b>	<b>1,121</b>

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## THE FCA GROUP

The Group is an international leader in the automotive sector, engaged in designing, engineering, manufacturing, distributing and selling vehicles, components and production systems. The FCA Group is the seventh largest automaker in the world based on total worldwide vehicle sales for the year ended December 31, 2013. It operates in approximately 40 countries and its products are sold directly or through distributors and dealers in more than 150 countries. The Group designs, engineers, manufactures, distributes and sells vehicles for the mass market under the Abarth, Alfa Romeo, Chrysler, Dodge, Fiat, Fiat Professional, Jeep, Lancia and Ram brands and the SRT performance vehicle designation. FCA supports its vehicle sales by after-sales services and products worldwide under the Mopar brand and, in certain markets, by retail and dealer financing, leasing and rental services, which the Group makes available through its subsidiaries, joint ventures and commercial arrangements. FCA also designs, engineers, manufactures, distributes and sells luxury vehicles under the Ferrari and Maserati brands, which it supports with financial services provided to its dealers and retail customers. The Group operates in the components and production systems sectors under the Magneti Marelli, Teksid and Comau brands.

FCA was incorporated as a public limited liability company (*naamloze vennootschap*) under the laws of the Netherlands on April 1, 2014 for the purpose of carrying out the reorganisation of the Fiat Group, including the Merger, and FCA is the successor entity to Fiat. FCA was originally named Fiat Investments N.V. but its name was changed effective October 12, 2014, upon the completion of the Merger. Under its current articles of association, FCA has an unlimited duration. FCA's corporate seat (*statutaire zetel*) is in Amsterdam, the Netherlands, and its principal office is located at 25 St. James' Street, London SW1A 1HA, United Kingdom. Its telephone number is +44-(0)1753-519581 and it is registered in the Amsterdam Chamber of Commerce (*Kamer van Koophandel*) under number 60372958.

The Group activities are carried out through six reportable segments: four regional mass-market vehicle segments (NAFTA, LATAM, APAC and EMEA), a global Luxury Brands segment and a global Components segment (see "*The FCA Group—Overview of The Group's Business*" below for a description of these reportable segments).

In 2013, FCA shipped 4.4 million vehicles. For the year ended December 31, 2013, it reported net revenues of €86.6 billion, EBIT of €3.0 billion and net profit of €2.0 billion. At September 30, 2014 the Group had available liquidity of €21.7 billion (including €3.1 billion available under undrawn committed credit lines) and had 232,463 employees. At September 30, 2014 FCA had net industrial debt of €11.4 billion. See "*Financial Review of the FCA Group—Non-GAAP Financial Measures—Net Industrial Debt*" below.

## HISTORY OF THE GROUP

### *The Fiat Group*

Fiat was founded as *Fabbrica Italiana Automobili Torino* – FIAT, on July 11, 1899 in Turin, Italy as an automobile manufacturer. Fiat opened its first factory in 1900 in Corso Dante in Turin with 150 workers producing 24 cars. In 1902 Giovanni Agnelli, Fiat's founder, became the Managing Director of the company.

From the beginning of the twentieth century and up to the post-World War II period, Fiat grew to become a conglomerate that, in addition to automobiles, also manufactured agricultural and construction equipment, trains, trucks, ships, airplanes and other products. Over time, Fiat streamlined its businesses, and by 2008 Fiat was focused on automobiles and its industrial business of trucks and agricultural and construction equipment.

Since 2008, Fiat has pursued a process of transformation in order to meet the challenges of a changing marketplace characterised by global overcapacity in automobile production and the consequences of economic recession that has persisted particularly in the European markets on which it had historically depended. As part of its efforts to restructure our operations, Fiat has worked to expand the scope of its automotive operations, having concluded that significantly greater scale was necessary to enable it to be a competitive force in the increasingly global automotive markets.

### *The Fiat-Chrysler Alliance*

Towards that end, Fiat began exploring an alliance with Chrysler in 2008. In the second half of 2008, the North American automotive industry experienced a dramatic decline in vehicle sales in conjunction with the global credit crisis and a deep recession in the U.S., which heavily impacted Old Carco LLC (formerly Chrysler LLC), or "Old Carco". Old Carco traced its roots to the company originally founded by Walter P. Chrysler in 1925 that,

since that time, expanded through the acquisition of the Dodge and Jeep brands. Following Daimler AG's sale of a majority interest of Old Carco in 2007, Old Carco was particularly vulnerable to the recession, the restricted availability of credit and changes in consumer preferences due to its dependence on larger, less fuel-efficient vehicles and its focus primarily on the North American market. Old Carco was less able to take advantage of developing markets and its smaller scale affected its ability to dedicate sufficient resources to research and development to maintain competitiveness and to invest in common architectures and more flexible manufacturing plants. An alliance with Chrysler presented significant opportunities, as the two companies each had a product and technology portfolio and geographic scope that were highly complementary with one another, with the Fiat Group having a leading position in small vehicle platforms and fuel-efficient powertrains and a substantial presence in Europe and Latin America, with minimal presence in North America, while Chrysler had focused on larger vehicles, including sport utility vehicles, light trucks and minivans in the North American markets.

In April 2009, Fiat and Old Carco entered into a master transaction agreement, pursuant to which an entity, now known as Chrysler Group LLC, agreed to purchase the principal operating assets of Old Carco and to assume certain of Old Carco's liabilities in a transaction contemplated by the Master Transaction Agreement pursuant to Section 363 of the U.S. Bankruptcy Code (the "363 Transaction").

Following the closing of the transaction on June 10, 2009, Fiat held an initial 20 percent ownership interest in Chrysler, with several special purpose companies formed by the United Auto Workers' Retiree Medical Benefits Trust (the "VEBA Trust"), the U.S. Treasury and the Canadian governments holding the remaining interests. Chrysler's operations were funded with financing from the U.S. Treasury and Canadian government. In addition, Fiat also held rights pursuant to which its ownership interests in Chrysler would increase in 5 percent increments to 35 percent upon the achievement of three performance events by Chrysler with no cash consideration.. Fiat also entered into a master industrial agreement and certain related ancillary agreements (the "Master Industrial Agreement"), pursuant to which an alliance, which we refer to as the "Fiat-Chrysler Alliance", was formed.

With the Fiat-Chrysler Alliance providing enhanced operating scale in the automotive sector, in 2010 Fiat demerged its capital goods businesses, including the agricultural and construction equipment and commercial vehicles businesses previously integrated within the Fiat Group, into a separate publicly traded entity, now known as CNH Industrial N.V., or the CNH Industrial Group, so that the different investment cycles, financing needs and investment profiles of those businesses and Fiat's remaining automotive and related component and production systems businesses, respectively, could be addressed more effectively and with greater strategic flexibility. The Demerger was completed on January 1, 2011.

Under the Master Industrial Agreement between the Fiat Group and Chrysler, the companies have been collaborating on a number of fronts, including product and platform sharing and development, global distribution, procurement, information technology infrastructure, management services and process improvement. Our main objectives in establishing the Fiat-Chrysler Alliance were:

- *Product and Platform Sharing* — including co-developing and sharing platforms to save on the cost of development and parts, to improve quality and time-to-market and to simplify manufacturing processes.
- *Shared Technology* — extending a number of key automotive technologies into each other's vehicles to improve competitiveness and lower the effective costs of new technologies through joint development and application across higher volume platforms.
- *Global Distribution* — leveraging each other's historical capabilities to extend our respective products into markets in which we did not have a significant presence, including jointly undertaking efforts to develop our presence in Asia under a common distribution strategy.
- *Procurement* — pursuing joint purchasing programs designed to yield short- and long-term savings and efficiencies through negotiations with common suppliers, as well as expanding the use of shared parts and components and leveraging volume bundling opportunities.
- *World Class Manufacturing* — extending our World Class Manufacturing, or WCM, principles into all of our assembly, powertrain and stamping facilities to eliminate waste of all types, which ultimately enhances worker efficiency, productivity, safety and vehicle quality, and subsequent extension of WCM principles to certain of our suppliers.



- *Information and Communication Technology* — aligning our information and communication technology systems and related business processes across our extended industrial, commercial and corporate administrative functions in order to facilitate intragroup collaboration, and to support our drive toward common global systems.

In late 2011, the Fiat Group commenced a process to streamline its capital structure and simplify its governance structure through the conversion of Fiat's then-outstanding preference shares and savings shares into ordinary shares to create a single, more liquid class of securities. The preference and savings shares had long traded at significant discounts to the ordinary shares and with sustained low trading volumes. The conversion was approved by the required vote of Fiat shareholders in April 2012 and became effective in May 2012.

The Fiat-Chrysler Alliance grew in strength and scope over the following years and Fiat acquired additional ownership interests in Chrysler. In particular, in January and April of 2011, respectively, Chrysler achieved the first two performance events automatically increasing our ownership interest in Chrysler to 30 percent. On May 24, 2011, Fiat acquired an additional 16 percent ownership interest in Chrysler, increasing its interest to 46 percent on a fully diluted basis. As a result of the potential voting rights associated with options that became exercisable on that date, Fiat was deemed to have obtained control of Chrysler for purposes of consolidation. Accordingly, Chrysler has been consolidated on a line-by-line basis by Fiat from June 1, 2011. Subsequently, on July 21, 2011 Fiat completed the purchase of the approximately 7.5 percent fully-diluted ownership interests in Chrysler held aggregately by the U.S. Treasury and the Canadian governments. Upon the occurrence of the third and final performance event in January 2012, Fiat's ownership in Chrysler increased to 58.5 percent.

### *The Merger*

In January 2014, Fiat agreed to purchase all of the VEBA Trust's equity interests in Chrysler, which represented the approximately 41.5 percent of Chrysler interest not then held by us. The transaction was completed on January 21, 2014, resulting in Chrysler becoming an indirect 100 percent owned subsidiary of Fiat.

On January 29, 2014, the Board of Directors of Fiat approved the corporate reorganization of which the Merger forms a part and the formation of FCA as a fully integrated global automaker.

On June 15, 2014, the Board of Directors of Fiat approved the Merger plan in accordance to which Fiat, the parent of the Group, would merge into its 100 percent owned direct subsidiary Fiat Investments N.V. subsequently renamed Fiat Chrysler Automobiles N.V. upon effectiveness of the Merger.

On August 1, 2014, at the extraordinary general meeting, the shareholders of Fiat approved the Merger.

On October 12, 2014, upon the closing of the Merger, Fiat was merged with and into Fiat Investments N.V., which was renamed Fiat Chrysler Automobiles N.V. As a result of the Merger, FCA acquired under universal title of succession all assets and liabilities of Fiat.

Furthermore, upon completion of the Merger, FCA issued 1,167,181,255 common shares for allotment to Fiat shareholders on the basis of the Merger exchange ratio of one FCA common share for each Fiat ordinary share. In addition FCA retained 35,000,000 common shares formerly constituting the share capital of Fiat Investments N.V. as treasury shares. FCA also issued 408,941,767 special voting shares to eligible Fiat shareholders who elected to participate in FCA's loyalty voting program. The total number of common and special voting shares constituting the share capital of FCA is therefore 1,611,123,022 shares.

The loyalty voting structure is designed to provide eligible long-term FCA shareholders with two votes for each FCA common share held. For additional information regarding the FCA special voting shares, see "*Corporate Governance—Loyalty Voting Structure*".

## INDUSTRY OVERVIEW

### *Vehicle Segments and Descriptions*

We manufacture and sell passenger cars, light trucks and light commercial vehicles covering all market segments.

Passenger cars can be divided among seven main groups, whose definition could slightly vary by region. Mini cars, known as "A segment" vehicles in Europe and often referred to as "city cars", are between 2.7 and 3.7 metres in length and include three- and five-door hatchbacks. Small cars, known as "B segment" vehicles in Europe and

“sub-compacts” in the U.S., range in length from 3.7 metres to 4.4 metres and include three- and five-door hatchbacks and sedans. Compact cars, known as “C segment” vehicles in Europe, range in length from 4.3 metres to 4.7 metres, typically have a sedan body and mostly include three- and five-door hatchback cars. Mid-size cars, known as “D segment” vehicles in Europe, range between 4.7 metres to 4.9 metres, typically have a sedan body or are station wagons. Full-size cars range in length from 4.9 metres to 5.1 metres and are typically sedan cars or, in Europe, station wagons. Minivans, also known as multi-purpose vehicles, or “MPVs”, typically have seating for up to eight passengers. Utility vehicles include sport utility vehicles, or “SUVs”, which are four-wheel drive with true off-road capabilities, and cross utility vehicles, or “CUVs”, which are not designed for heavy off-road use, but offer better on-road ride comfort and handling compared to SUVs.

Light trucks may be divided between vans (also known as light commercial vehicles), which typically are used for the transportation of goods or groups of people and have a payload capability up to 4.2 tons, and pick-up trucks, which are light motor vehicles with an open-top rear cargo area and which range in length from 4.8 metres to 5.2 metres (in North America, the length of pick-up trucks typically ranges from 5.5 metres to 6 metres). In North America, minivans and utility vehicles are categorised within trucks. In Europe, vans and pick-up trucks are categorised as light commercial vehicles.

We characterise a vehicle as “new” if its vehicle platform is significantly different from the platform used in the prior model year and/or has had a full exterior renewal. We characterise a vehicle as “significantly refreshed” if it continues its previous vehicle platform but has extensive changes or upgrades from the prior model.

### *Industry*

Designing, engineering, manufacturing, distributing and selling vehicles require significant investments in product design, engineering, research and development, technology, tooling, machinery and equipment, facilities and marketing in order to meet both consumer preferences and regulatory requirements. Automotive original equipment manufacturers, or OEMs, are able to benefit from economies of scale by leveraging their investments and activities on a global basis across brands and models. The automotive industry has also historically been highly cyclical, and to a greater extent than many industries, is impacted by changes in the general economic environment. In addition to having lower leverage and greater access to capital, larger OEMs that have a more diversified revenue base across regions and products tend to be better positioned to withstand industry downturns and to benefit from industry growth.

Most automotive OEMs produce vehicles for the mass market and some of them also produce vehicles for the luxury market. Vehicles in the mass market are typically intended to appeal to the largest number of consumers possible. Intense competition among manufacturers of mass-market vehicles, particularly for non-premium brands, tends to compress margins, requiring significant volumes to be profitable. As a result, success is measured in part by vehicle unit sales relative to other automotive OEMs. Luxury vehicles on the other hand are designed to appeal to consumers with higher levels of disposable income, and can therefore more easily achieve much higher margins. This allows luxury vehicle OEMs to produce lower volumes, enhancing brand appeal and exclusivity, while maintaining profitability.

In 2013, 83.3 million automobiles were sold around the world. Although China has become the largest single automotive sales market, with approximately 17 million passenger cars sold, the majority of automobile sales are still in the developed markets, including North America, Western Europe and Japan. Growth in other emerging markets, particularly India and Brazil, has also played an increasingly important part in global automotive demand in the recent years.

The automotive industry is highly competitive, especially in our key markets, such as the U.S., Brazil and Europe. Vehicle manufacturers must continuously improve vehicle design, performance and content to meet consumer demands for quality, reliability, safety, fuel efficiency, comfort, driving experience and style. Historically, manufacturers relied heavily upon dealer, retail and fleet incentives, including cash rebates, option package discounts, guaranteed depreciation programs, and subsidised or subvented financing or leasing programs to compete for vehicle sales. Since 2009, manufacturers generally have worked to reduce reliance on pricing-related incentives as competitive tools in the North American market, while pricing pressure, under different forms, is still affecting sales in the European market since the inception of the financial crisis. However, an OEM’s ability to increase or maintain vehicle prices and reduce reliance on incentives is limited by the competitive pressures resulting from the variety of available competitive vehicles in each segment of the new car market as well as continued global manufacturing overcapacity in the automotive industry. At the same time, OEMs generally cannot effectively lower prices as a means to increase vehicle sales without adversely affecting profitability, since

the ability to reduce costs is limited by commodity market prices, contract terms with suppliers, evolving regulatory requirements and collective bargaining agreements and other factors that limit the ability to reduce labour expenses.

OEMs generally sell vehicles to dealers and distributors, which then resell vehicles to retail and fleet customers. Retail customers purchase vehicles directly from dealers, while fleet customers purchase vehicles from dealers or directly from OEMs. Fleet sales comprise three primary channels: (i) daily rental, (ii) commercial and (iii) government. Vehicle sales in the daily rental and government channels are extremely competitive and often require significant discounts. Fleet sales are an important source of revenue and can also be an effective means for marketing vehicles. Fleet orders can also help normalise plant production as they typically involve the delivery of a large, pre-determined quantity of vehicles over several months. Fleet sales are also a source of aftermarket service parts revenue for OEMs and service revenue for dealers.

### *Financial and Customer Services*

Because dealers and retail customers finance the purchase of a significant percentage of the vehicles sold worldwide, the availability and cost of financing is one of the most significant factors affecting vehicle sales volumes. Most dealers use wholesale or inventory financing arrangements to purchase vehicles from OEMs in order to maintain necessary vehicle inventory levels. Financial services companies may also provide working capital and real estate loans to facilitate investment in expansion or rationalisation of the dealers' premises. Financing may take various forms, based on the nature of creditor protection provided under local law, but financial institutions tend to focus on maximizing credit protection on any financing originated in conjunction with a vehicle sale. Financing to retail customers takes a number of forms, including simple instalment loans and finance leases. These financial products are usually distributed directly by the dealer and have a typical duration of three to five years. OEMs often use retail financing as a promotional tool, including through campaigns offering below market rate financing, known as subvention programs. In such situations, an OEM typically compensates the financial services company up front for the difference between the financial return expected under standard market terms and the terms offered to the customer within the promotional campaign.

Most automakers rely on wholly-owned or controlled finance companies to provide this financing. In other situations, OEMs have relied on joint ventures or commercial relationships with banks and other financial institutions in order to provide access to financing for dealers and retail customers. The model adopted by any particular OEM in a particular market depends upon, among other factors, its sales volumes and the availability of stable and cost-effective funding sources in that market, as well as regulatory requirements.

Financial services companies controlled by OEMs typically receive funding from the OEM's central treasury or from industrial and commercial operations of the OEM that have excess liquidity. However, they also access other forms of funding available from the banking system in each market, including sales or securitisation of receivables either in negotiated sales or through securitisation programs. Financial services companies controlled by OEMs compete primarily with banks, independent financial services companies and other financial institutions that offer financing to dealers and retail customers. The long-term profitability of finance companies also depends on the cyclical nature of the industry, interest rate volatility and the ability to access funding on competitive terms.

In addition to providing access to financial services for their dealers and retail customers, OEMs also support their vehicle sales through the sale of related service parts and accessories, as well as pre-paid service contracts.

## **OVERVIEW OF THE GROUP'S BUSINESS**

We design, engineer, develop and manufacture vehicles, components and production systems worldwide through 159 manufacturing facilities and 78 research and development centres around the world.

Our activities are carried out through six reportable segments: four regional mass-market vehicle segments, a global Luxury Brands segment and a global Components segment as discussed below.

Our four regional mass-market vehicle reportable segments deal with the design, engineering, development, manufacturing, distribution and sale of passenger cars, light commercial vehicles and related parts and services in specific geographic areas: NAFTA (U.S., Canada and Mexico), LATAM (South and Central America, excluding Mexico), APAC (Asia and Pacific countries) and EMEA (Europe, Middle East and Africa). We also operate on a global basis in the luxury vehicle and components sectors. In the luxury vehicle sector, we have the operating segments Ferrari and Maserati, while in the components sector we have the operating segments Magneti Marelli,

Teksid and Comau. These operating segments did not meet the quantitative thresholds required in IFRS 8 – *Operating segments* for separate disclosure. Therefore, based on their characteristics and similarities, they are presented as the following reportable segments: “Luxury Brands” and “Components”. We support our mass-market vehicle sales with the sale of related service parts and accessories, as well as service contracts under the Mopar brand name. In support of our vehicle sales efforts, we make available dealer and retail customer financing either through subsidiaries or joint ventures and strategic commercial arrangements with third party financial institutions.

For our mass-market brands, we have centralised design, engineering, development and manufacturing operations, which allow us to efficiently operate on a global scale.

The following list sets forth our reportable segments:

- (i) **NAFTA:** our operations to support distribution and sales of mass-market vehicles in the United States, Canada and Mexico, the segment that we refer to as NAFTA, primarily through the Chrysler, Dodge, Fiat, Jeep and Ram brands. and the SRT vehicle performance designation.
- (ii) **LATAM:** our operations to support the distribution and sale of mass-market vehicles in South and Central America (excluding Mexico), the segment that we refer to as LATAM, primarily under the Chrysler, Dodge, Fiat, Jeep and Ram brands, with the largest focus of our business in the LATAM segment in Brazil and Argentina.
- (iii) **APAC:** our operations to support the distribution and sale of mass-market vehicles in the Asia Pacific region (mostly in China, Japan, Australia, South Korea and India), the segment we refer to as APAC, carried out in the region through both subsidiaries and joint ventures, primarily under the Abarth, Alfa Romeo, Chrysler, Dodge, Fiat and Jeep brands.
- (iv) **EMEA:** our operations to support the distribution and sale of mass-market vehicles in Europe (which includes the 28 members, 27 prior to December 31, 2013, of the European Union and the members of the European Free Trade Association), the Middle East and Africa, the segment we refer to as EMEA, primarily under the Abarth, Alfa Romeo, Chrysler, Fiat, Fiat Professional, Jeep and Lancia brand names.
- (v) **Luxury Brands:** design, engineering, development, manufacturing, worldwide distribution and sale of luxury vehicles under the Ferrari and Maserati brands, management of the Ferrari racing team and supply of financial services offered in conjunction with the sale of Ferrari-branded vehicles.
- (vi) **Components:** production and sale of lighting components, engine control units, suspensions, shock absorbers, electronic systems, and exhaust systems and activities in powertrain (engine and transmissions) components, engine control units, plastic moulding components and in the after-market carried out under the Magneti Marelli brand name; cast iron components for engines, gearboxes, transmissions and suspension systems, and aluminium cylinder heads under the Teksid brand name; and design and production of industrial automation systems and related products for the automotive industry under the Comau brand name.

The following chart sets forth the vehicle brands we sell in each regional segment:

	<b>NAFTA</b>	<b>LATAM</b>	<b>APAC</b>	<b>EMEA</b>
Abarth .....				X
Alfa Romeo .....			X	X
Chrysler .....	X	X	X	X
Dodge.....	X	X	X	
Fiat .....	X	X	X	X
Fiat Professional .....			X	X
Jeep .....	X	X	X	X
Lancia.....				X
Ram .....	X	X		

*Note: Presence determined by sales in the regional segment, if material, through dealer entities of our dealer network*

We also hold interests in companies operating in other activities and businesses that are not considered part of the six reportable segments. These activities are grouped under “Other Activities”, which primarily consists of companies that provide services, including accounting, payroll, tax, insurance, purchasing, information technology, facility management and security, to our Group and also the CNH Industrial Group, manage central treasury activities (excluding treasury activities for Chrysler, which are handled separately) and operate in media and publishing (*La Stampa daily newspaper*).

### MASS-MARKET VEHICLES SEGMENTS

#### *Mass-Market Vehicle Brands*

We design, engineer, manufacture, distribute and sell vehicles and service parts under 11 mass-market brands and designations. We believe that we can continue to increase our vehicle sales by building the value of our mass-market brands in particular by ensuring that each of our brands has a clear identity and market focus. In connection with our multi-year effort to clearly define each of our brands’ identities, we have launched several advertising campaigns that have received industry accolades. We are reinforcing our effort to build brand value by ensuring that we introduce new vehicles with individualised characteristics that remain closely aligned with the unique identity of each brand.

- **Abarth:** Abarth, named after the company founded by Carlo Abarth in 1949, specialises in performance modification for on-road sports cars since the brand’s re-launch in 2007 through performance modifications on classic Fiat models such as the 500 (including the 2012 launch of the Fiat 500 Abarth) and Punto, as well as limited edition models that combine design elements from Luxury Brands such as the 695 Edizione Maserati and 695 Tributo Ferrari, for consumers seeking customised vehicles with steering and suspension geared towards racing.
- **Alfa Romeo:** Alfa Romeo, founded in 1910, and part of the Fiat Group since 1986, is known for a long, sporting tradition and Italian design. Vehicles currently range from the three door premium MiTo and the lightweight sports car, the 4c, to the compact car, the Giulietta. The Alfa Romeo brand is intended to appeal to drivers seeking high-level performance and handling combined with attractive and distinctive appearance.
- **Chrysler:** Chrysler, named after the company founded by Walter P. Chrysler in 1925, aims to create vehicles with distinctive design, craftsmanship, intuitive innovation and technology standing as a leader in design, engineering and value, with a range of vehicles from mid-size sedans (Chrysler 200) to full size sedans (Chrysler 300) and minivans (Town & Country).
- **Dodge:** With a traditional focus on “muscle car” performance vehicles, the Dodge brand, which began production in 1914, offers a full line of cars, CUVs and minivans, mainly in the mid-size and large size vehicle market, that are sporty, functional and innovative, intended to offer an excellent value for families looking for high performance, dependability and functionality in everyday driving situations.
- **Fiat:** Fiat brand cars have been produced since 1899. The brand has historically been strong in Europe and the LATAM region and is currently primarily focused on the mini and small vehicle segments. Current models include the mini-segment 500 and Panda, the small-segment Punto and the compact-segment Bravo. The brand aims to make cars that are flexible, easy to drive, affordable and energy efficient. The brand re-entered the U.S. market in 2011 with the iconic 500 model, and Fiat recently launched the new 500L in Europe and the NAFTA region and the new Uno and the new Palio in the LATAM region.
- **Fiat Professional:** Fiat Professional, launched in 2007 to replace the “Fiat Veicoli Commerciali” brand, offers light commercial vehicles and MPVs ranging from large vans (capable of carrying up to 4.2 tons) such as the Ducato, to panel vans such as the Doblò and Fiorino for commercial use by small to medium size business and public institutions. Fiat Professional vehicles are often readily fitted as ambulances, tow trucks, school buses and people carriers (especially suitable for narrow streets) and as recreational vehicles such as campers and motor homes, where Fiat Professional is the market leader. For the second consecutive year, the Fiat Professional brand was named “LCV Manufacturer of the Year” at the GreenFleet Awards 2013.
- **Jeep:** Jeep, founded in 1941, is a globally recognised brand focused exclusively on the SUV and off-road vehicles market. The Jeep Grand Cherokee is the most awarded SUV ever. The brand’s appeal builds on its

heritage associated with the outdoors and adventurous lifestyles, combined with the safety and versatility features of the brand's modern vehicles. Jeep introduced the all-new 2014 Jeep Cherokee in October 2013 and recently unveiled the Jeep Renegade, a small segment SUV designed in the U.S. and to be manufactured in Italy, beginning in the second half of 2014. Jeep set an all-time brand record in 2013 with over 732 thousand vehicles sold.

- **Lancia:** Lancia, founded in 1906, and part of the Fiat Group since 1969, covers the spectrum from small segment cars to mid-size and full-size sedans and convertibles and large MPVs, targeted towards the Italian market. Lancia shares strong connections with the Chrysler brand, as certain models are currently rebadged in order to expand the Lancia brand offering, including the Lancia Flavia (based on the Chrysler 200), the Lancia Voyager (based on the Chrysler Town & Country) and the Thema, Lancia's flagship vehicle (based on the Chrysler 300).
- **Ram:** Ram, established as a standalone brand separate from Dodge in 2009, offers a line of full-size trucks, including light- and heavy-duty pick-up trucks such as the Ram 1500 pick-up truck, which recently became the first truck to be named *Motor Trend's* "Truck of the Year" for two consecutive years, and cargo vans. By investing substantially in new products, infusing them with great looks, refined interiors, durable engines and features that further enhance their capabilities, we believe Ram has emerged as a full-size truck leader. Ram customers, from half-ton to commercial, have a demanding range of needs and require their vehicles to provide high levels of capability.

We also leverage the 75-year history of the Mopar brand to provide a full line of service parts and accessories for the mass-market vehicles worldwide. As of December 31, 2013, we had 50 parts distribution centres throughout the world to support our customer care efforts in each of the relevant regions. Mopar brand accessories allow our customers to customise their vehicles by including after-market sales of products from side steps and lift-kits, to graphics packages, such as racing stripes, and custom leather interiors. Further, through the Mopar brand, we offer vehicle service contracts to our retail customers worldwide under the "Mopar Vehicle Protection" brand, with the majority of our service contract sales in 2013 in the U.S. and Europe. Finally, Mopar customer care initiatives support vehicle distribution and sales efforts in each of our mass-market segments through 27 call centres located around the world.

### ***Mass-Market Vehicle Design and Manufacturing***

Our mass-market brands target different groups of consumers in different regions. Leveraging the potential of the broad portfolio of brands, a key component of the Business Plan is to offer vehicles that appeal to a wide range of consumers located in each regional market. In order to optimise the mix of products we design and manufacture, a number of factors are considered, including:

- consumer tastes, trends and preferences for certain vehicle types which varies based on geographic region, as well as regulatory requirements affecting our ability to meet consumer demands in those regions;
- demographic trends, such as age of population and rate of family formation;
- economic factors that affect preferences for optional features, affordability and fuel efficiency;
- competitive environment, in terms of quantity and quality of competitors' vehicles offered within a particular segment;
- our brand portfolio, as each of our brands targets a different group of consumers, with the goal of avoiding overlapping product offerings or creating internal competition among brands and products;
- our ability to leverage synergies with existing brands, products, platforms and distribution channels;
- development of a diversified portfolio of innovative technology solutions for both conventional engine technologies and alternative fuels and propulsion systems; and
- manufacturing capacity, regulatory requirements and other factors that impact product development, including ability to minimise time-to-market for new vehicle launches.

We also consider these factors in developing a mix of vehicles within each brand, with an additional focus on ensuring that the vehicles we develop further our brand strategy.

We sell mass-market vehicles in all segments of the passenger car and truck markets. Our passenger car product portfolio includes vehicles such as the iconic Fiat 500 (which has sold more than 1 million units globally since its launch in 2007), Alfa Romeo Giulietta, Dodge Charger, Chrysler 200 and Lancia Ypsilon. Our light commercial vehicles include vans such as the Fiat Professional Doblò, Fiat Professional Ducato and Ram ProMaster, and light and heavy-duty pick-up trucks such as the Ram 1500 and 2500/3500. We also sell SUVs and CUVs in a number of vehicle segments, such as the Jeep Grand Cherokee, including expanding into the small SUV segment market with the recently-unveiled Jeep Renegade. As we seek to broaden our portfolio, we are investing in developing our efforts to become more competitive in the passenger car segment, which includes a significant investment to design, engineer and manufacture the all-new 2015 Chrysler 200 that we launched in the second quarter of 2014.

We are increasingly building our vehicles using common vehicle platforms jointly developed under the Fiat-Chrysler Alliance. For instance, we use the Compact U.S. Wide platform, or “CUSW”, in the Dodge Dart, which was launched in 2012. The CUSW was used in vehicles made under the Alfa Romeo brand, and has since been used in the Fiat Viaggio (launched in the APAC region in 2012), the all-new Jeep Cherokee (launched in the NAFTA region in 2013) and Fiat Ottimo (launched in the APAC region in March 2014). The CUSW is also used in the all-new 2015 Chrysler 200.

In order to leverage our brand recognition and names in various regions, we rebadge certain vehicles manufactured and sold in a region under one brand for sale in another region under a different brand based on brand recognition and equity in the particular region. For instance, certain vehicles sold in the NAFTA region under the Chrysler brand are sold in Europe under the Lancia brand, and we sell a rebadged version of the Dodge Journey as the Fiat Freemont in several markets outside the NAFTA region.

We also make use of common technology and parts in our vehicles. For example, we manufacture and use the Pentastar V-6 engine in a number of our vehicles. This engine was named by *Wards Auto* as one of its “10 Best Engines” for three consecutive years beginning with the 2011 model year for its refinement, power, fuel efficiency and low emissions. Since 2010, we have produced three million Pentastar V-6 engines, for use in the Jeep Grand Cherokee, the Ram 1500 and 15 other vehicles. Because we designed this engine with flexible architecture, we can use it in a range of models, potentially with a variety of advanced technologies, such as direct injection or turbocharging.

Our efforts to respond to customer demand have led to a number of important initiatives, including our plans to begin building a Jeep vehicle in China to be sold in China, which will leverage the Jeep brand’s name recognition in that market.

Throughout our manufacturing operations, we have deployed WCM principles. WCM principles were developed by the WCM Association, a non-profit organisation dedicated to developing superior manufacturing standards. We are the only automotive OEM that is a member of the WCM Association. WCM fosters a manufacturing culture that targets improved safety, quality and efficiency, as well as the elimination of all types of waste. Unlike some other advanced manufacturing programs, WCM is designed to prioritise issues to focus on those initiatives believed likely to yield the most significant savings and improvements, and to direct resources to those initiatives. Concurrently with the January 2014 acquisition of the 41.5 percent of Chrysler owned by the VEBA Trust, Chrysler entered into a memorandum of understanding to supplement the existing collective bargaining agreement with the UAW and provide for a specific commitment to support the implementation of WCM principles throughout Chrysler’s manufacturing facilities, to facilitate benchmarking across all of our manufacturing plants and actively assist in the achievement of Chrysler’s long-term business plan. Beginning in 2006, we engaged key suppliers in the pilot phase of WCM Lite, a programme through which suppliers can learn and incorporate WCM principles into their own operations.

### *Vehicle Sales Overview*

We are the seventh largest automotive OEM in the world based on worldwide new vehicle sales for the year ended December 31, 2013. We compete with other large OEMs to attract vehicle sales and market share. Many of these OEMs have more significant financial or operating resources and liquidity at their disposal, which may enable them to invest more heavily on new product designs and manufacturing or in sales incentives.

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Our new vehicle sales represent sales of vehicles primarily through dealers and distributors, or in some cases, directly by us to retail customers and fleet customers. Our sales include mass-market and luxury vehicles manufactured at our plants, as well as by joint ventures and third party contract manufacturers and exclude sales of vehicles that we contract manufactured for other OEMs. While our vehicle sales are illustrative of our competitive position and the demand for our vehicles, sales are not directly correlated to our revenues, cost of sales or other measures of financial performance, as such results are primarily driven by our vehicle shipments to dealers and distributors.

For a discussion of our shipments, see “*Financial Review of the FCA Group—Trends, Uncertainties and Opportunities—Shipment Information*”. The following tables show our new vehicle sales by geographic market for the periods presented.

Segment	For the Nine Months Ended September 30	
	2014	2013
	Millions of units	
NAFTA .....	1.8	1.6
LATAM .....	0.6	0.7
APAC .....	0.2	0.1
EMEA .....	0.8	0.8
<b>Total Mass-Market Brands</b> .....	<b>3.4</b>	<b>3.2</b>
Luxury Brands .....	0.03	0.01
<b>Total Worldwide</b> .....	<b>3.4</b>	<b>3.2</b>

Segment	For the Years Ended December 31,	
	2013	2012
	Millions of units	
NAFTA .....	2.1	2.0
LATAM .....	0.9	1.0
APAC .....	0.2	0.1
EMEA .....	1.1	1.2
<b>Total Mass-Market Brands</b> .....	<b>4.4</b>	<b>4.3</b>
Luxury Brands .....	0.02	0.01
<b>Total Worldwide</b> .....	<b>4.4</b>	<b>4.3</b>

### NAFTA

#### NAFTA Sales and Competition

The following tables present our mass-market vehicle sales and market share in the NAFTA segment for the periods presented:

NAFTA	For the Nine Months Ended September 30,			
	2014 <sup>(1),(2)</sup>		2013 <sup>(1),(2)</sup>	
	Group Sales	Market Share	Group Sales	Market Share
	Thousands of units (except percentages)			
U.S. ....	1,556	12.3%	1,357	11.3%
Canada .....	225	15.5%	207	15.1%
Mexico .....	55	6.8%	62	7.9%
<b>Total</b> .....	<b>1,836</b>	<b>12.3%</b>	<b>1,626</b>	<b>11.5%</b>

(1) Certain fleet sales that are accounted for as operating leases are included in vehicle sales.

(2) Our estimated market share data presented are based on management’s estimates of industry sales data, which use certain data provided by third-party sources, including IHS Global Insight, Ward’s Automotive, R.L. Polk Data, Urban Science and Experian.



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NAFTA	For the Years Ended December 31,			
	2013 <sup>(1),(2)</sup>		2012 <sup>(1),(2)</sup>	
	Group Sales	Market Share	Group Sales	Market Share
U.S. ....	1,800	11.4%	1,652	11.2%
Canada .....	260	14.6%	244	4.2%
Mexico .....	87	7.9%	93	9.1%
<b>Total</b> .....	<b>2,148</b>	<b>11.5%</b>	<b>1,989</b>	<b>11.3%</b>

(1) Certain fleet sales that are accounted for as operating leases are included in vehicle sales.

(2) Our estimated market share data presented are based on management's estimates of industry sales data, which use certain data provided by third-party sources, including IHS Global Insight, Ward's Automotive, R.L. Polk Data, Urban Science and Experian.

The following table presents our new vehicle market share information and our principal competitors in the U.S., our largest market in the NAFTA segment:

U.S.	For the Year Ended December 31,	
	2013	2012
<b>Automaker</b>	<b>Percentage of industry</b>	
GM.....	17.6%	17.6%
Ford .....	15.7%	15.2%
Toyota .....	14.1%	14.1%
<b>Our Group</b> .....	<b>11.4%</b>	<b>11.2%</b>
Honda .....	9.6%	9.6%
Hyundai/Kia .....	7.9%	8.6%
Nissan .....	7.9%	7.7%
Other .....	15.9%	16.0%
<b>Total</b> .....	<b>100.0%</b>	<b>100.0%</b>

Automotive market sales have steadily improved after a sharp decline from 2007 to 2010. U.S. industry sales, including medium- and heavy-duty vehicles, increased from 10.6 million units in 2009 to 15.9 million units in 2013, an increase of approximately 50 percent. Both macroeconomic factors, such as growth in per capita disposable income and improved consumer confidence, and automotive specific factors, such as the increasing age of vehicles in operation, improved consumer access to affordably priced financing and higher prices of used vehicles, contributed to the strong recovery. Despite the recent improvement, the 2013 U.S. industry sales volume of 15.9 million light-, medium- and heavy-duty vehicles remains below the pre-financial crisis level of 17.0 million vehicles, which represents the average annual sales volume from 2003 to 2007.

Our vehicle line-up in the NAFTA segment leverages the brand recognition of the Chrysler, Dodge, Jeep and Ram brands to offer cars, utility vehicles, pick-up trucks and minivans under those brands, as well as vehicles in smaller segments, such as the mini-segment Fiat 500 and the small & compact MPV segment Fiat 500L. With the reintroduction of the Fiat brand in 2011 and the launch of the Dodge Dart in 2012, we now sell vehicles in all vehicle segments. Our vehicle sales and profitability in the NAFTA segment are generally weighted towards larger vehicles such as utility vehicles, trucks and vans, while overall industry sales in the NAFTA segment generally are more evenly weighted between smaller and larger vehicles. In recent years, we have increased our sales of mini, small and compact cars in the NAFTA segment.

### NAFTA Distribution

In the NAFTA segment, our vehicles are sold primarily to dealers in our dealer network for sale to retail customers and fleet customers. The following table sets forth the number of independent entities in our dealer and distributor network in the NAFTA segment. The table counts each independent dealer entity, regardless of the number of contracts or points of sale the dealer operates. Where we have a relationship with a general distributor, this table reflects that general distributor as one distribution relationship:

Distribution Relationships	At December 31,	
	2013	2012
NAFTA .....	3,204	3,156

In the NAFTA segment, fleet sales in the commercial channel are typically more profitable than sales in the government and daily rental channels since they more often involve customised vehicles with more optional features and accessories; however, vehicle orders in the commercial channel are usually smaller in size than the orders made in the daily rental channel. Fleet sales in the government channel are generally more profitable than fleet sales in the daily rental channel primarily due to the mix of products included in each respective channel. Rental car companies, for instance, place larger orders of small and mid-sized cars and minivans with minimal options, while sales in the government channel often involve a higher mix of relatively more profitable vehicles such as pick-up trucks, minivans and large cars with more options.

### *NAFTA Segment Mass-Market Dealer and Customer Financing*

In the NAFTA segment, we do not have a captive finance company or joint venture and instead rely upon independent financial service providers, primarily our strategic relationship with Santander Consumer USA Inc. (“SCUSA”) to provide financing for dealers and retail customers in the U.S. Prior to the agreement with SCUSA, we principally relied on Ally Financial Inc. (“Ally”) for dealer and retail financing and support. Additionally, we have arrangements with a number of financial institutions to provide a variety of dealer and retail customer financing programs in Canada. There are no formal retail financing arrangements in Mexico at this time, although CF Credit provides nearly all dealer financing and about half of all retail financing of Chrysler products in Mexico.

In February 2013, we entered into a private label financing agreement with SCUSA (the “SCUSA Agreement”), under which SCUSA provides a wide range of wholesale and retail financial services to our dealers and retail customers in the U.S., under the Chrysler Capital brand name. The financial services include credit lines to finance dealers’ acquisition of vehicles and other products that we sell or distribute, retail loans and leases to finance retail customer acquisitions of new and used vehicles at dealerships, financing for commercial and fleet customers, and ancillary services. In addition, SCUSA offers dealers construction loans, real estate loans, working capital loans and revolving lines of credit.

Under the financial services arrangement, SCUSA agreed to specific transition milestones for the initial year following launch. We deemed SCUSA’s performance toward the milestones satisfactory and agreed that the SCUSA Agreement will have a ten year term from February 2013, subject to early termination in certain circumstances, including the failure by a party to comply with certain of its ongoing obligations under the SCUSA Agreement. In accordance with the terms of the agreement, SCUSA provided us an upfront, nonrefundable payment in May 2013 which is being amortised over ten years.

Under the SCUSA Agreement, SCUSA has certain rights, including limited exclusivity to participate in specified minimum percentages of certain retail financing rate subvention programs. SCUSA’s exclusivity rights are subject to SCUSA maintaining price competitiveness based on market benchmark rates to be determined through a steering committee process as well as minimum approval rates.

The SCUSA Agreement replaced an auto finance relationship with Ally, which was terminated in 2013. As of December 31, 2013, Ally was providing wholesale lines of credit to approximately 43 percent of our dealers in the U.S. For the year ended December 31, 2013, we estimate that approximately 81 percent of the vehicles purchased by our U.S. retail customers were financed or leased through our dealer network, of which approximately 22 percent were financed or leased through subvention programs.

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### LATAM

#### LATAM Sales and Competition

The following tables present our mass-market vehicle sales and market share in the LATAM segment for the periods presented:

LATAM	For the Nine Months Ended September 30,			
	2014 <sup>(1)</sup>		2013 <sup>(1)</sup>	
	Group Sales	Market Share	Group Sales	Market Share
	Thousands of units (except percentages)			
Brazil .....	521	21.7%	583	22.1%
Argentina .....	77	14.2%	90	12.5%
Other LATAM .....	29	3.1%	37	3.6%
<b>Total .....</b>	<b>627</b>	<b>16.1%</b>	<b>711</b>	<b>16.1%</b>

(1) Our estimated market share data presented are based on management's estimates of industry sales data, which use certain data provided by third-party sources, including IHS Global Insight, National Organization of Automotive Vehicles Distribution and Association of Automotive Producers.

LATAM	For the Years Ended December 31,			
	2013 <sup>(1)</sup>		2012 <sup>(1)</sup>	
	Group Sales	Market Share	Group Sales	Market Share
	Thousands of units (except percentages)			
Brazil .....	771	21.5%	845	23.3%
Argentina .....	111	12.0%	85	10.6%
Other LATAM .....	51	3.6%	51	3.7%
<b>Total .....</b>	<b>933</b>	<b>15.8%</b>	<b>982</b>	<b>16.8%</b>

(1) Our estimated market share data presented are based on management's estimates of industry sales data, which use certain data provided by third-party sources, including IHS Global Insight, National Organization of Automotive Vehicles Distribution and Association of Automotive Producers.

The following table presents our mass-market vehicle market share information and our principal competitors in Brazil, our largest market in the LATAM segment:

Brazil	For the Years Ended December 31,	
	2013 <sup>(1)</sup>	2012 <sup>(1)</sup>
	Percentage of industry	
<b>Our Group .....</b>	<b>21.5%</b>	<b>23.3%</b>
Volkswagen .....	18.6%	21.1%
GM.....	18.1%	17.7%
Ford .....	9.4%	8.9%
Other .....	32.4%	29.0%
<b>Total .....</b>	<b>100.0%</b>	<b>100.0%</b>

(1) Our estimated market share data presented are based on management's estimates of industry sales data, which use certain data provided by third-party sources, including IHS Global Insight, National Organization of Automotive Vehicles Distribution and Association of Automotive Producers.

The LATAM segment automotive industry reached a record level of 5.9 million vehicles (cars and light commercial vehicles) in 2013, a 1.3 percent increase over 2012. The increase was mainly due to Argentina and other countries with 14 percent and 1 percent increases, respectively, partially offsetting a 1.5 percent decrease in Brazil, which benefited from a period of higher tax incentives in 2012. Over the past five years industry sales in the LATAM segment grew by 35 percent, mainly due to growth in Brazil of 18 percent and Argentina of 86 percent and driven by economic factors such as greater development of gross domestic product, increased access to credit facilities and incentives adopted by Brazil in 2009 and 2012.

Our vehicle sales in the LATAM region leverage the name recognition of Fiat and the relatively urban population of countries like Brazil to offer Fiat brand mini and small vehicles in our key markets in the LATAM segment. We are the leading automaker in Brazil, due in large part to our market leadership in the mini and small segments (which represent almost 80 percent of Brazilian market vehicle sales). Fiat also leads the pickup truck market in Brazil (with the Fiat Strada), although this segment is small as a percentage of total industry and compared to other countries in the LATAM segment.

In Brazil, the automotive industry benefitted from tax incentives in 2012, which helped our strong performance in that year as we were able to leverage our operational flexibility in responding to the sharp increase in market demand. However, tax incentives have limited the ability of OEMs to recover cost increases associated with inflation by increasing prices, a problem that has been exacerbated by the weakening of the Brazilian Real. Increasing competition over the past several years has further reduced our overall profitability in the region. Import restrictions in Brazil have also limited our ability to bring new vehicles to Brazil. We expect to open a new assembly plant in Brazil in 2015, which we believe will further enhance our ability to introduce new locally-manufactured vehicles that are not subject to such import restrictions.

*LATAM Distribution*

The following table presents the number of independent entities in our dealer and distributor network. In the LATAM segment, we generally enter into multiple dealer agreements with a single dealer, covering one or more points of sale. Outside Brazil and Argentina, our major markets, we distribute vehicles mainly through general distributors and their dealer networks. This table counts each independent dealer entity, regardless of the number of contracts or points of sale the dealer operates. Where we have relationships with a general distributor in a particular market, this table reflects that general distributor as one distribution relationship:

<b>Distribution Relationships</b>	<b>At December 31,</b>	
	<b>2013</b>	<b>2012</b>
LATAM .....	450	436

*LATAM Dealer and Customer Financing*

In the LATAM segment, we provide access to dealer and retail customer financing through both wholly-owned captive finance companies and through strategic relationships with financial institutions.

We have two wholly-owned captive finance companies in the LATAM segment: Banco Fidis S.A. in Brazil and Fiat Credito Compañía Financiera S.A. in Argentina. These captive finance companies offer dealer and retail customer financing. In addition, in Brazil we have a significant commercial partnership with Banco Itaù, a leading vehicle retail financing company in Brazil, to provide financing to retail customers purchasing Fiat brand vehicles. This partnership was renewed in August 2013 for a ten-year term ending in 2023. Under this agreement, Banco Itaù has exclusivity on our promotional campaigns and preferential rights on non-promotional financing. We receive commissions in connection with each vehicle financing above a certain threshold. This agreement applies only to our retail customers purchasing Fiat branded vehicles and excludes Chrysler, Jeep, Dodge and Ram brand vehicles, which are directly financed by Banco Fidis S.A.

APAC

APAC Sales and Competition

The following tables present our vehicle sales in the APAC segment for the periods presented:

APAC	For the Nine Months Ended September 30,			
	2014 <sup>(1),(2)</sup>		2013 <sup>(1),(2)</sup>	
	Group Sales	Market Share	Group Sales	Market Share
	Thousands of units (except percentages)			
China.....	130	1.0%	87	0.7%
India <sup>(3)</sup> .....	9	0.5%	6	0.3%
Australia .....	33	4.0%	25	3.0%
Japan .....	14	0.4%	12	0.3%
South Korea .....	5	0.4%	3	0.4%
APAC 5 major Markets .....	189	0.9%	133	0.7%
Other APAC .....	4	—	5	—
<b>Total .....</b>	<b>193</b>	<b>—</b>	<b>137</b>	<b>—</b>

(1) Our estimated market share data presented are based on management's estimates of industry sales data, which use certain data provided by third-party sources, including R.L. Polk Data, and National Automobile Manufacturing Associations.

(2) Sales data include vehicles sold by certain of our joint ventures within the Chinese market.

(3) India market share is based on wholesale volumes.

APAC	For the Years Ended December 31,			
	2013 <sup>(1),(2)</sup>		2012 <sup>(1),(2)</sup>	
	Group Sales	Market Share	Group Sales	Market Share
	Thousands of units (except percentages)			
China.....	129	0.8%	57	0.4%
India <sup>(3)</sup> .....	10	0.4%	11	0.4%
Australia .....	34	3.1%	23	2.1%
Japan .....	16	0.4%	15	0.3%
South Korea .....	5	0.4%	4	0.3%
APAC 5 major Markets .....	194	0.7%	109	0.5%
Other APAC .....	6	—	6	—
<b>Total .....</b>	<b>199</b>	<b>—</b>	<b>115</b>	<b>—</b>

(1) Our estimated market share data presented are based on management's estimates of industry sales data, which use certain data provided by third-party sources, including R.L. Polk Data, and National Automobile Manufacturing Associations.

(2) Sales data include vehicles sold by certain of our joint ventures within the Chinese and, until 2012, the Indian market. Beginning in 2013, we took over the distribution from the joint venture partner and we started distributing vehicles in India through wholly-owned subsidiaries.

(3) India market share is based on wholesale volumes.

Despite the recent financial crisis, the automotive industry in the APAC segment has shown strong year-over-year growth, although the pace of growth is slowing. Industry sales in the five key markets (China, India, Japan, Australia and South Korea) where we compete increased from 16.3 million in 2009 to approximately 26.1 million in 2013, a compound annual growth rate ("CAGR"), of approximately 13 percent. Industry sales in the five key markets for 2012 were 23.8 million. China and India were the driving force behind the significant growth in the region. China's industry volume increased from 8.5 million passenger cars in 2009 to 16.7 million passenger cars in 2013, representing a CAGR of 19 percent. Industry volumes in China for 2012 were 14.2 million passenger cars. The Indian market grew at a CAGR of 9 percent over the same period. Industry volumes in India for 2012 were 2.7 million passenger cars. In 2013, the five key markets grew by 10 percent in the aggregate over 2012, driven by a 17 percent increase in sales in China, which more than compensated for a 7 percent decline in India for the same period.

We sell a range of vehicles in the APAC segment, including small and compact cars and utility vehicles. Although APAC is our smallest mass-market segment by vehicle sales, we believe the APAC segment represents a significant growth opportunity and we have invested in building relationships with key joint venture partners in China and India in order to increase our presence in the region. In 2010, the demand for mid-size vehicles in China led us to begin a joint venture with Guangzhou Automobile Group Co. for the production of Fiat brand passenger cars. Currently the Fiat Ottimo and Fiat Viaggio, along with our other vehicles that we import into China from Europe, are distributed through the joint venture's local dealer network in that country. Chinese demand for Jeep brand vehicles, which we currently support through Jeep brand SUVs imported from the U.S., drove us to sign an agreement in Q2 2014 with our joint venture partner GAC to manufacture a Jeep brand vehicle in China to be sold in China starting from the end of 2015. We also work with a joint venture partner in India to manufacture Fiat brand vehicles, which we distribute through wholly-owned subsidiaries. In other parts of the APAC segment, we also distribute vehicles that we manufacture in the U.S. and Europe through our dealers and distributors.

#### *APAC Distribution*

In several markets in the APAC segment, such as China, India, Japan and South Korea, we sell our vehicles directly or through joint ventures to local independent dealers. In other markets in which we do not have a substantial presence, we have agreements with general distributors for the distribution of vehicles through their networks. The following table presents the number of independent entities in our dealer and distributor network. The table counts each independent dealer entity, regardless of the number of contracts or points of sale the dealer operates. Where we have relationships with a general distributor in a particular market, this table reflects that general distributor as one distribution relationship:

<b>Distribution Relationships</b>	<b>At December 31,</b>	
	<b>2013</b>	<b>2012</b>
APAC .....	671	470

#### *APAC Dealer and Customer Financing*

In the APAC segment, we operate a wholly-owned captive finance company, Fiat Automotive Finance Co., Ltd, which supports, on a non-exclusive basis, our sales activities in China through dealer and retail customer financing and provides similar services to dealers and customers of the CNH Industrial Group. Vendor programs are also in place with different financial partners in India, Japan, South Korea and Australia.

EMEA

EMEA Sales and Competition

The following tables present our passenger car and light commercial vehicle sales in the EMEA segment for the periods presented:

EMEA	For the Nine Months Ended September 30,			
	2014 <sup>(1),(2),(3)</sup>		2013 <sup>(1),(2),(3)</sup>	
Passenger Cars	Group Sales	Market Share	Group Sales	Market Share
	Thousands of units (except percentages)			
Italy .....	289	27.8%	290	29.0%
Germany .....	64	2.8%	62	2.8%
UK .....	64	3.3%	57	3.2%
France .....	46	3.5%	46	3.5%
Spain .....	29	4.5%	21	3.8%
Other Europe .....	90	3.4%	95	3.8%
Europe* .....	582	5.9%	570	6.1%
Other EMEA** .....	91	—	102	—
<b>Total</b> .....	<b>673</b>	<b>—</b>	<b>672</b>	<b>—</b>

\* 28 members of the European Union as of September 30, 2014 and 2013 and members of the European Free Trade Association (other than Italy, Germany, UK, France, and Spain).

\*\* Market share not included in Other EMEA because our presence is less than one percent.

(1) Certain fleet sales accounted for as operating leases are included in vehicle sales.

(2) Our estimated market share data is presented based on the European Automobile Manufacturers Association (ACEA) Registration Databases and national Registration Offices databases.

(3) Sale data includes vehicle sales by our joint venture in Turkey.

EMEA	For the Years Ended December 31,			
	2013 <sup>(1),(2),(3)</sup>		2012 <sup>(1),(2),(3)</sup>	
Passenger Cars	Group Sales	Market Share	Group Sales	Market Share
	Thousands of units (except percentages)			
Italy .....	374	28.7%	415	29.6%
Germany .....	80	2.7%	90	2.9%
UK .....	72	3.2%	64	3.1%
France .....	62	3.5%	62	3.3%
Spain .....	27	3.7%	23	3.3%
Other Europe .....	122	3.7%	140	4.1%
Europe* .....	737	6.0%	795	6.3%
Other EMEA** .....	138	—	122	—
<b>Total</b> .....	<b>875</b>	<b>—</b>	<b>917</b>	<b>—</b>

\* 27 members of the European Union as of December 31, 2013 and 2012 and members of the European Free Trade Association (other than Italy, Germany, UK, France, and Spain).

\*\* Market share not included in Other EMEA because our presence is less than one percent.

(1) Certain fleet sales accounted for as operating leases are included in vehicle sales.

(2) Our estimated market share data is presented based on the European Automobile Manufacturers Association (ACEA) Registration Databases and national Registration Offices databases.

(3) Sale data includes vehicle sales by our joint venture in Turkey.

EMEA	For the Nine Months Ended September 30,			
	2014 <sup>(1),(2),(3)</sup>		2013 <sup>(1),(2),(3)</sup>	
Light Commercial Vehicles	Group Sales	Market Share	Group Sales	Market Share
	Thousands of units (except percentages)			
Europe*	150	11.8%	139	12.0%
Other EMEA**	41	—	48	—
<b>Total</b>	<b>192</b>	<b>—</b>	<b>187</b>	<b>—</b>

\* 28 members of the European Union at September 30, 2014 and 2013 and members of the European Free Trade Association

\*\* Market share not included in Other EMEA because our presence is less than one percent.

(1) Certain fleet sales accounted for as operating leases are included in vehicle sales.

(2) Our estimated market share data is presented based on the national Registration Offices databases on products categorised under light commercial vehicles.

(3) Sale data includes vehicle sales by our joint venture in Turkey.

EMEA	For the Years Ended December 31,			
	2013 <sup>(1),(2),(3)</sup>		2012 <sup>(1),(2),(3)</sup>	
Light Commercial Vehicles	Group Sales	Market Share	Group Sales	Market Share
	Thousands of units (except percentages)			
Europe*	182	11.6%	185	11.7%
Other EMEA**	68	—	72	—
<b>Total</b>	<b>250</b>	<b>—</b>	<b>257</b>	<b>—</b>

\* 27 members of the European Union at December 31, 2013 and members of the European Free Trade Association

\*\* Market share not included in Other EMEA because our presence is less than one percent.

(1) Certain fleet sales accounted for as operating leases are included in vehicle sales.

(2) Our estimated market share data is presented based on the national Registration Offices databases on products categorised under light commercial vehicles.

(3) Sale data includes vehicle sales by our joint venture in Turkey.

The following tables summarise our new vehicle market share information and our principal competitors in Europe, our largest market in the EMEA segment:

Europe-Passenger Cars*	For the Years Ended December 31,	
	2013 <sup>(1)</sup>	2012 <sup>(1)</sup>
<b>Automaker</b>	<b>Percentage of industry</b>	
Volkswagen	25.1%	24.8%
PSA	10.9%	11.7%
Renault	8.9%	8.4%
GM	7.9%	8.1%
Ford	7.3%	7.5%
BMW	6.5%	6.4%
<b>Our Group</b>	<b>6.0%</b>	<b>6.4%</b>
Daimler	5.5%	5.2%
Toyota	4.4%	4.3%
Other	17.5%	17.2%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

\* Including all 27 European Union (EU) Member States and the 4 European Free Trade Association (EFTA) member states as of December 31, 2013 and 2012.

(1) Market share data is presented based on the European Automobile Manufacturers Association (ACEA) Registration Databases, which also includes Ferrari and Maserati within our Group.

In Europe, automotive sales have declined over the past several years following a period in which sales were supported by government incentive schemes, particularly incentives designed to promote sales of more fuel efficient and low emissions vehicles. Production over-capacity has led to strong price competition from all



automotive OEMs, particularly in the small and mid-size car segments. Generally weak economic conditions as well as government austerity measures have resulted in a significant reduction in European automobile sales. Prior to the global financial crisis, industry-wide sales of passenger cars in Europe, consisting of the 27 member states (as of December 31, 2013) of the European Union plus the four members of the European Free Trade Association, were approximately 16 million units in 2007. Following six years of sales declines, in 2013, sales in that region had fallen to 12.3 million passenger cars. Similarly, sales of light commercial vehicles in Europe fell from 2.4 million units in 2007 to 1.6 million units in 2013. We also operate in Russia through our wholly-owned subsidiaries. We may also operate through joint ventures and other cooperation agreements.

In this context, we have chosen to focus our investments in selected products and segments, leveraging the strategic re-focus and realignment of the Fiat brand. This strategy was based on the expansion of the Fiat 500 family and of selected utility vehicles, which has resulted in a leading position in the “mini” and “compact MPV” segments. Building on the history of the Alfa Romeo, Fiat and Lancia brands in the region, we offer mini, small and compact passenger cars under these brands. We are also leveraging Jeep’s global brand recognition to offer Jeep brand SUVs, all of which are categorised as passenger cars in the EMEA segment. We also sell light commercial vehicles, which include mainly half-ton pick-up trucks and commercial vans. In Europe, sales of our vehicles are largely weighted to sales of passenger cars, with approximately 54 percent of our total vehicle sales in Europe in 2013 in the smaller car segment.

*EMEA Distribution*

In certain markets, such as Europe, our relationship with individual dealer entities can be represented by a number of contracts (typically, we enter into one agreement per brand of vehicles to be sold) and the dealer can sell those vehicles through one or more points of sale. In those markets, points of sale tend to be physically small and carry limited inventory.

In Europe, we sell our vehicles directly to independent and our own dealer entities located in most European markets. In other markets in the EMEA segment in which we do not have a substantial presence, we have agreements with general distributors for the distribution of our vehicles through their existing distribution networks.

The following table summarises the number of independent entities in our dealer and distributor network. The table counts each independent dealer entity, regardless of the number of contracts or points of sale the dealer operates. Where we have relationships with a general distributor in a particular market, this table reflects that general distributor as one distribution relationship:

<b>Distribution Relationships</b>	<b>At December 31,</b>	
	<b>2013</b>	<b>2012</b>
EMEA .....	2,300	2,495

*EMEA Dealer and Customer Financing*

In the EMEA segment, dealer and retail customer financing is primarily managed by FGA Capital S.p.A. (“FGAC”), our 50/50 joint venture with Crédit Agricole Consumer Finance S.A. (“Crédit Agricole”). FGAC operates in 14 European countries including Italy, France, Germany, the U.K. and Spain. We began this joint venture in 2007, and in July 2013, we reached an agreement with Crédit Agricole to extend its term through December 31, 2021. Under the agreement, FGAC will continue to benefit from the financial support of the Crédit Agricole Group while continuing to strengthen its position as an active player in the securitisation and debt markets. FGAC provides retail and dealer financing to support our mass-market brands and Maserati, as well as certain other OEMs.

Fidis S.p.A., our wholly-owned captive finance company, provides dealer and other wholesale customer financing in certain markets in the EMEA segment in which FGAC does not operate. We also operate a joint venture providing financial services to retail customers in Turkey, and operate vendor programs with bank partners in other markets to provide access to financing in those markets.

LUXURY BRANDS SEGMENT

We design, engineer, manufacture and distribute Luxury Brand vehicles under the following brands:

**Ferrari.** Ferrari, a racing and sports car manufacturer founded in 1929 by Enzo Ferrari, began producing street cars in 1947, beginning with the 125 S. Fiat acquired 50 percent of Ferrari in 1969, then expanding its stake to the current 90 percent. Scuderia Ferrari, the brand’s racing team division, has achieved enormous success, winning numerous Formula One titles, including 16 constructors’ championships and 15 drivers’ championships. The street car division currently produces vehicles ranging from sports cars (such as the 458 Italia, the 458 Spider and the California), to the gran turismo models (such as the F12 Berlinetta and the FF), designed for long-distance, high-speed journeys. We believe that Ferrari customers are seeking the state-of-the-art in luxury sports cars, with a special focus on the very best Italian design and craftsmanship, along with unparalleled performance both on the track and on the road. Ferrari recently presented the California T, which brings turbocharging back to its street cars for the first time since 1992. We also launched the exclusive limited edition LaFerrari, which attracted orders for more than the production run before its official debut at the 2013 Geneva Motor Show. We believe LaFerrari sets a new benchmark for the sector, incorporating the latest technological innovations that Ferrari will apply to future models.

**Maserati.** Maserati, a luxury vehicle manufacturer founded in 1914, became part of our business in 1993. Maserati’s current vehicles include the Quattroporte and the Ghibli (luxury four door sedans), as well as the GranTurismo, the brand’s first modern two door, four seat coupe, also available in a convertible version. In addition, we expect to launch a luxury SUV in the next few years. This luxury SUV has been designed on the same platform as the Quattroporte and the Ghibli. Further, we recently presented a sports car concept (the Maserati Alfieri) expected to be put into production in the coming years. We believe that Maserati customers typically seek a combination of style, both in high quality interiors and external design, performance, sports handling and comfort that come with a top of the line luxury vehicle. In 2013, launches of the new Maserati Quattroporte and Ghibli helped the brand significantly increase the level of units shipped in the year. The addition of the Ghibli is designed to address the luxury full-size sedan vehicle segment, which was not previously covered by Maserati, as the Quattroporte addressed only the flagship large sedan vehicle segment. Together with the luxury SUV, these products complete Maserati’s product portfolio with full coverage of the global luxury vehicle market.

The following tables show the distribution of our luxury vehicle sales by geographic regions as a percentage of total sales for each brand for the year ended December 31, 2013:

<b>Ferrari Sales by country (as a percentage of 2013 sales)</b>		<b>Maserati Sales by country (as a percentage of 2013 sales)</b>	
Europe Top 5 countries <sup>(1)</sup> .....	30%	Europe Top 4 countries <sup>(2)</sup> .....	9%
U.S. ....	29%	U.S. ....	41%
Japan .....	5%	Japan .....	4%
China, Hong Kong & Taiwan .....	10%	China .....	26%
Other countries .....	26%	Other countries .....	20%
<b>Total</b> .....	<b>100%</b>	<b>Total</b> .....	<b>100%</b>

(1) Europe Top 5 Countries by sales, includes Italy, UK, Germany, France and Switzerland.

(2) Europe Top 4 Countries by sales, includes Italy, UK, Germany and Switzerland.

In the third quarter of 2014, we sold 31,708 thousand luxury vehicles worldwide to retail customers, an increase from 12,884 thousand luxury vehicles sold worldwide in the same period in 2013. In the third quarter of 2014, a total of 5,280 Ferrari street cars were sold to retail customers and a total of 26,428 Maserati vehicles were sold to retail customers.

In 2013, we sold 18.7 thousand luxury vehicles worldwide to retail customers, an increase from 13.7 thousand luxury vehicles sold worldwide in 2012. In 2013, a total of 7.1 thousand Ferrari street cars were sold to retail customers. Solid growth in North America, Ferrari’s largest market, Japan and the Middle East partially compensated for the effect of challenging economic conditions in Europe and a decline in sales in China. In 2013, a total of 11.6 thousand Maserati vehicles were sold to retail customers, an increase of 85 percent compared to 2012, due in large part to the launch of the new Quattroporte and the Ghibli, resulting in an increase of 75 percent in the U.S., the brand’s number one market, and in a threefold increase in China, the brand’s second largest market. Even in Europe, where economic conditions remained difficult, sales were up nearly 60 percent over 2012.

Our luxury vehicles are designed to maintain exclusivity and appeal to a customer looking for such rare vehicles. Our efforts in designing, engineering and manufacturing our luxury vehicles focus on use of state-of-the-art technology and luxury finishes to appeal to our luxury vehicle customers. Although we deliberately limit the number of Ferrari vehicles produced each year in order to preserve the exclusivity of the brand, we are trying to increase the market presence and penetration of the Maserati brand. In this regard we launched the new Quattroporte and the new Ghibli in 2013 and we are targeting to launch a luxury SUV in the next few years. Within the Group, we are passing certain technologies used by the luxury brands to some of our mass-market brands, which allows leverage of the industrial depth of our operations.

We sell our Luxury Brand vehicles through a worldwide distribution network of approximately 180 Ferrari and 310 Maserati dealers as of December 31, 2013, that is separate from our mass-market distribution network.

Ferrari Financial Services, a financial services company 90 percent owned by Ferrari, offers financial services for the purchase of all types of Ferrari vehicles. Ferrari Financial Services operates in Ferrari's major markets, including, Germany, U.K., Austria, France, Belgium, Switzerland, Italy, U.S. and, since 2012, Japan.

FGAC provides access to retail customer financing for Maserati brand vehicles in the EMEA region. In other regions, we rely on local agreements with financial services providers for financing of Maserati brand vehicles.

In support of our sale of Luxury Brand vehicles, we also provide aftermarket service and customer care to our retail customers.

On October 29, 2014, in connection with the implementation of its capital plan and its aim to substantially strengthen its capital base, the FCA Group announced that it has authorized the separation of Ferrari S.p.A. from the FCA Group in 2015. For more information, see "*Financial Review of the FCA Group—Recent Developments—Spin-Off of Ferrari S.p.A.*".

### COMPONENTS SEGMENT

We sell components and production systems under the following brands:

**Magneti Marelli.** Founded in 1919 as a joint venture between Fiat and Ercole Marelli, Magneti Marelli is an international leader in the design and production of state-of-the-art automotive systems and components. Through Magneti Marelli, we design and manufacture automotive lighting systems, powertrain (engines and transmissions) components and engine control unit, electronic systems, suspension systems and exhaust systems, and plastic components and modules. The Automotive Lighting division, headquartered in Reutlingen, Germany, is dedicated to the development, production and sale of automotive exterior lighting products for all major OEMs worldwide. The Powertrain division is dedicated to the production of engine and transmission components for automobiles, motorbikes and light commercial vehicles and has a global presence due to its own research and development centres, applied research centres and production plants. The Electronic Systems division provides know-how in the development and production of hardware and software in mechatronics, instrument clusters, telematics and satellite navigation. We also provide aftermarket parts and services and operate in the motorsport business, in particular electronic and electro-mechanical systems for championship motorsport racing, under the Magneti Marelli brand. We believe the Magneti Marelli brand is characterised by key technologies available to its final customers at a competitive price compared to other component manufacturers, with high quality and competitive offerings, technology and flexibility.

Magneti Marelli provides wide-ranging expertise in electronics, through a process of ongoing innovation and environmental sustainability in order to develop intelligent systems for active and passive vehicle safety, on-board comfort and powertrain technologies. With 85 production facilities (including joint ventures), 12 research and development centres and 26 Application Centres, Magneti Marelli has a presence in 19 countries and supplies all the major OEMs across the globe. In several countries, Magneti Marelli's activities are carried out through a number of joint ventures with local partners with the goal of entering more easily into new markets by leveraging the partner's local relationships. Thirty-eight percent of Magneti Marelli's 2013 revenue is derived from sales to the Group.

**Teksid.** Originating from Fiat's 1917 acquisition of Ferriere Piemontesi, the Teksid brand was established in 1978 and today specializes in the production of grey and nodular iron castings. Under the Teksid brand we produce engine blocks, cylinder heads, engine components, transmission parts, gearboxes and suspensions. Through

Teksid Aluminum, we are also involved in the production of aluminium cylinder heads and engine components. Thirty-two percent of Teksid's 2013 revenue is derived from sales to the Group.

**Comau.** Founded in 1973, Comau, which originally derived its name from the abbreviation of COnsorzio MACchine Utensili (*consortium of machine tools*), produces advanced manufacturing systems through an international network. Comau operates primarily in the field of integrated automation technology, delivering advanced turnkey systems to its customers. Through Comau, we develop and sell a wide range of industrial applications, including robotics, while we provide support service, including training to customers. Comau's principal activities include powertrain machining (from raw material to final components); mechanical assembly systems and performance testing; innovative and high performance body welding and assembly systems; and robotics (producing versatile naked or in line robots, aimed at improving efficiency of manufacturing and quality of products manufactured). Comau's automation technology is used in a variety of industries, including automotive, aerospace, petrochemical, military, shipbuilding and energy efficiency consultancy. Comau also provides maintenance service for the Group and other customers in Brazil. Twenty-five percent of Comau's revenue is derived from sales to the Group.

## RESEARCH AND DEVELOPMENT

We engage in research and development activities aimed at improving the design, performance, safety, fuel efficiency, reliability, consumer perception and sustainability of our products and services.

As of December 31, 2013, we operated 78 research and development centres worldwide with a combined headcount of approximately 18,700 employees supporting our research and development efforts. Our personnel support product development efforts and have expertise in a number of disciplines, including mechanical, electrical, materials, computer science and chemical engineering. We also provide several internal programs through which a portion of our engineers receive cross-training in various technical and business functions.

In 2013, we expended approximately €3.4 billion on research and development including both capitalised costs and costs charged directly to operations, representing 3.9 percent of net revenues attributable to industrial operations excluding revenue from financial services.

The following table summarises our research and development expenditures in the nine months ended at September 30, 2014 and 2013 and in the years ended December 31, 2013 and 2012:

	Year ended December 31,	
	2013	2012
	(€ million)	
Research and development costs expensed during the year .....	1,325	1,180
Internal development costs capitalised during the year .....	480	591
External development costs capitalised during the year .....	1,562	1,547
<b>Total research and development costs incurred .....</b>	<b>3,367</b>	<b>3,318</b>
	For the Nine Months Ended September 30	
	2014	2013
	(€ million)	
Research and development capitalised .....	1,521	1,479
Research and development costs expensed during the period .....	1,027	998
<b>Total research and development costs incurred .....</b>	<b>1,825</b>	<b>1,615</b>
Research and development costs expensed during the period .....	1,027	998
Amortisation of capitalised development costs.....	781	614
Write-down of costs previously capitalised .....	17	3
<b>Total research and development costs .....</b>	<b>1,825</b>	<b>1,615</b>

	Year ended December 31,	
	2013	2012
	(€ million)	
Research and development capitalised .....	2,042	2,138
Research and development costs expensed during the year .....	1,325	1,180
<b>Total research and development costs incurred .....</b>	<b>3,367</b>	<b>3,318</b>
Research and development costs expensed during the year .....	1,325	1,180
Amortisation of capitalised development costs.....	887	621
Write-down of costs previously capitalised .....	24	57
<b>Total research and development costs .....</b>	<b>2,236</b>	<b>1,858</b>

(1) The amounts reported include seven months of operations for Chrysler.

### ***The Global Innovation Process***

In 2012, we launched the Global Innovation Process (“GIP”), which establishes a single framework for the coordination of all innovation activities worldwide. Developed by representatives from each of our regions, the GIP covers all phases of the innovation process and established shared targets and guidelines with respect to vehicles, powertrain technologies and manufacturing.

### ***Fuel Efficiency and Reduced Emissions***

We prioritise developing more fuel-efficient vehicles as part of our commitment to sustainability, in order to meet retail consumer preferences and to comply with current and anticipated future regulatory requirements. We focus our research efforts on four areas aimed at improving efficiency and reducing fuel consumption and emissions: vehicle energy demand (including weight, aerodynamics, drag, rolling resistance, heating, air-conditioning and auxiliaries), powertrain technologies (engines, transmission and axles and driveline), hybrid propulsion and alternative fuel technologies.

### ***Vehicle Energy Demand***

Our research focuses on optimizing weight, aerodynamic drag, tyre performance and driveline losses.

We have increasingly used new generation Advanced High-Strength Steel and other lightweight materials like aluminium and composite plastics to effectively reduce weight, thus improving fuel economy, while maintaining crashworthiness. Advanced high-strength steel or other light-weight composite materials are used or will be used to make approximately 70 percent of the body structure of the Dodge Dart, the Fiat 500L, the new Fiat Panda and the recently unveiled Jeep Renegade. We have also adopted multi-material concepts for sports cars such as the Alfa Romeo 4C, where a full carbon one-stamp under body combined with aluminium front and rear frames have enabled us to achieve a best in class weight to power ratio. We also use lightweight materials for suspension systems, shock towers, hoods, headlamps and doors, while maintaining crashworthiness and compliance with applicable safety standards.

We also continue to research vehicle applications for improving the use, production and re-use of heat, thereby reducing energy consumption, and extending the battery range for hybrid electric and all-electric vehicle models.

The Ram 1500 and the Dodge Dart incorporate many of our technologies to manage energy demand, including active grille shutters to reduce aerodynamic drag. From the earliest development stage, we optimise, test and certify the aerodynamics of every vehicle in our world-class, full-scale, wind tunnels. Optimisation of the 500L Living’s aerodynamics led to a 10 percent reduction in the vehicle’s aerodynamic drag compared with predecessors in the same vehicle segment.

Since 2008 we have progressively introduced stop/start and smart alternator technologies in order to further reduce fuel consumption. Stop/start technology turns off the engine and fuel flow automatically when the vehicle comes to a halt and re-starts the engine upon acceleration, while the smart alternator technology allows for the optimization of electric generation, partly recovering the kinetic energy. These technologies are now widely employed in the Fiat, Alfa Romeo and Lancia models and have been recently adopted in the new Ram 1500 and in the diesel version of the Jeep Wrangler sold in Europe. We plan to integrate this fuel-saving start/stop technology in several more models on a global basis.

### *Powertrain Technologies*

#### *Engines*

We focus our powertrain research on reducing emissions and fuel consumption through the optimisation of combustion, heat exchange, friction, performance and weight. In light of these goals, we developed the turbo versions to downsized displacement engines, then also offering the MultiAir technology to gasoline engines and the Multijet technology to diesel engines to further reduce fuel consumptions. The MultiAir technology generates significant fuel efficiency improvements while enhancing performance, particularly at low end torque, and reduces emissions.

We launched the MultiAir technology in Europe in 2009 and applied it to the FIRE (Fully Integrated Robotized Engine) engine family produced in our plant in Termoli, Italy. In 2011 we also launched the FIRE MultiAir naturally aspirated and turbo engines in North America with the Dodge Dart and began production in our engine plant in Dundee, Michigan. The MultiAir technology has also been applied to the new 2.4 litre, 4-cylinder Tigershark engine used in the 2013 Dodge Dart GT, 2014 Jeep Cherokee and the all-new 2015 Chrysler 200.

Our engine efficiency research has focused on downsizing engines while maintaining performance. Our TwinAir engine combines a 2-cylinder architecture with low displacement with the MultiAir technology and turbocharging. This allows the TwinAir engine to have performance equivalent to a larger displacement naturally aspirated engine while achieving a significant reduction in fuel consumption and lower emissions. The TwinAir Turbo gasoline engine was named “Best Engine of the Year” in 2011 by the International Engine of the Year Awards. In 2013 the 0.9 TwinAir Turbo engine was named as “Best Green Engine of the Year” at the International Engine of the Year Awards.

For larger vehicles, the Pentastar V-6 family now powers a range of vehicles once served by seven different engines globally. Launched in 2010, the 3.6-litre version of the Pentastar V-6 has been named one of *Wards Auto* “10 Best Engines” for three consecutive years. By the end of 2013, over three million Pentastar engines had been made.

Key to our diesel engines is the Multijet technology, a high-efficiency injection system derived from our patented Common Rail technology, an industry-standard fuel-injection technology invented by Fiat. We have developed the second generation of Multijet technology to minimise emission, noise, vibration and harshness while improving fuel economy. In combination with last generation exhaust gases after treatment systems, our diesel engine families comply with Euro 6 emission regulations, which are mandatory as of September 2014. See “*The FCA Group—Environmental and Other Regulatory Matters—Automotive Emissions—EMEA*”.

Our flagship diesel engine is the V-6 3.0 litre Eco-Diesel. Variants of this engine currently power Maserati vehicles, the Jeep Grand Cherokee and the Ram 1500. The North American version of our Eco-Diesel Engine was named one of *Wards Auto* “10 Best Engines” for 2014.

#### *Transmissions*

Our transmission portfolio includes manual transmissions, automated manual transmissions (“AMTs”), dual dry clutch transmissions (“DDCTs”) and automatic transmissions. We require a broad portfolio to meet market demand in the different regions where we operate and to achieve the specific vehicle performance targets of our brands.

The AMT, which is developed and produced by Magneti Marelli, is based on the electro-hydraulic automation of manual transmissions and combines comfort with reductions in fuel consumption and emissions. The AMT replaces gear selection and clutch activation with electro-hydraulic components, using an electronic control unit to select the correct gear for each driving condition. Due to its optimal balance between performance, fuel economy and cost, the AMT is used primarily in small cars and light commercial vehicles.

We design, engineer and manufacture the DDCT, which combines the basic mechanical system of a conventional manual transmission with an electronically-controlled shifting system that the driver operates like an automatic transmission. The DDCT reduces CO<sub>2</sub> emissions by up to an average of approximately seven percent compared with a traditional manual transmission in the same vehicle (as measured on the European homologation cycle).

We have two commercial agreements with one of our key suppliers, ZF Friedrichshafen AG (“ZF”), for the design, engineering and manufacture of new automatic transmissions that deliver reduced fuel consumption combined

with improved driving performance. The first agreement covers a rear-wheel-drive 8-speed transmission for light- and medium-duty applications introduced in 2011 in the Chrysler 300 and Dodge Charger. Depending on the application, this 8-speed transmission reduces fuel consumption by more than nine percent over the 5-speed and 6-speed transmissions it replaced. The 8-speed transmission is currently paired with gasoline and diesel engines in the 2014 Ram 1500 and Jeep Grand Cherokee and is also featured in the new 2014 Dodge Durango. We plan to use this transmission in all of our rear-wheel-drive vehicles, except for heavy-duty versions of the Ram pickup truck and the SRT Viper. The second agreement with ZF covers the development and production of an all-new 9-speed front-wheel drive transmission. Featured in the all-new 2014 Jeep Cherokee and 2015 Chrysler 200, the 9-speed transmission contributes to fuel-economy improvements over previous versions. We manufacture the majority of our volume requirements for the 8- and 9-speed transmissions at our facilities in Kokomo, Indiana, under licenses from ZF, and purchase the remainder of our volume requirements from ZF.

### *Axles and Driveline*

We focus on producing lightweight and world-class global standard axles through simplifying architectures and improving the grade of materials. We use aluminium alloys in our Alfa Romeo models to optimise weight while increasing axle complexity. Our research in axle design has resulted in continuous improvement in the traditional trade-off between architecture and performance, including in the Fiat 500L rear axle in which we achieved weight savings of up to 15 percent, improving noise, vibration, harshness and driveability up to 30 percent. Using this approach with the Fiat Professional Ducato light commercial vehicle solid axles, we were able to increase payload by 10 percent.

Developed in partnership with key suppliers, we also produce a proprietary all-wheel drive system that disconnects a vehicle's front or rear axle when all-wheel drive capability is not needed. This feature significantly reduces the number of rotating components in the driveline and enhances fuel economy. We use this technology in the new Ram 1500, which also has best-in-class highway fuel economy.

### *Hybrid and Battery Propulsion*

Our research activities include the development of electric technologies ranging from start-stop systems that reduce fuel consumption in conventionally powered vehicles to battery-driven vehicles such as the Fiat 500e.

In late 2012, we began manufacturing our first electric vehicle, or EV, the Fiat 500e, for sale in California. This zero-emissions vehicle has a combined city/highway driving range of about 87 miles and a combined city/highway rating of 116 MPGe, or miles-per-gallon-equivalent. Both figures are best-in-class, according to the U.S. Environmental Protection Agency. The 500e's drive system also was included in *Wards'* "10 Best Engines" list for 2014.

In late 2013, we entered into a five-year, U.S.\$18 million partnership with McMaster University, also supported by the Canadian government, to develop next-generation, energy-efficient, high-performance electrified powertrains and powertrain components.

### *Alternative Fuels*

Compressed Natural Gas ("CNG") is an intrinsically clean fuel and a viable near to medium-term option for reducing dependence on crude oil and promoting compliance with future fuel economy and emissions requirements. We have been Europe's leading OEM of natural gas vehicles for more than 15 years. We offer the widest range of eco-friendly bi-fuel (natural gas/gasoline) vehicles in Europe, satisfying the needs of a wide variety of private and commercial consumers. With the 2013 launch of the natural gas versions of the Fiat 500L and 500L Living and of the Lancia Ypsilon, we now feature 12 models of passenger cars and light commercial vehicles using natural gas in Europe. Safety and comfort remain uncompromised, as natural gas tanks in these vehicles are designed to be fully integrated into the vehicle structure.

Our two-cylinder 0.9-litre TwinAir Turbo bi-fuel methane-powered engine earned the title of Best Green Engine of the Year at the 2013 International Engine of the Year Awards, due to the combination of CNG's environmental benefits and the enjoyable driving experience. The international jury of *Autobest*, a leading European automotive magazine, awarded our methane programme the title of "Ecobest 2013" for being the simplest and most cost-effective fuel solution with the lowest environmental impact.

In late 2012, we launched a bi-fuel version of the Ram 2500 in North America, originally intended only for fleet sales, but then expanded to retail sales based on consumer demand. This vehicle is capable of utilizing either CNG or gasoline.

### *Product Enhancements*

We continuously work to improve and enhance our products. Our efforts in this area focus on providing the safest vehicles with the most advanced customer interface technology. Towards that end, our research and development efforts on product enhancements include the following areas:

*Active safety* — Systems such as Forward Collision Warning, Blind-Spot Monitoring, Rear Cross Path Detection and Lane Departure Warning help detect potentially dangerous situations before they escalate. Traction- and chassis-control systems such as Electronic Roll Mitigation and Electronic Stability Control, combined with braking features such as Advanced Brake Assist, Ready Alert Braking and Rain Brake Support, to deliver improved vehicle response. Autonomous Emergency Braking (“AEB”) is designed to help avoid low-speed rear collisions with vehicles that are stationary or traveling in the same direction, while City Brake Control works at speeds of up to 30 kilometres per hour (19 miles per hour) to help avoid rear collisions, which may occur during urban driving.

*Passive safety* — All of our vehicle architectures include energy-absorbing front-ends and crash-load paths that reduce inertia. Available restraint systems include multi-stage driver and front-seat passenger air bags, full-length side-curtain and side-thorax air bags in first and second-row seating.

*Tertiary safety* — We are also focusing on tertiary safety to help save lives. Centro Ricerche Fiat and Magneti Marelli represented us as participants in the HeERO project, which is co-funded by the European Commission and is aimed at developing an interoperable and harmonised eCall system. We then launched a programme to develop a computerised control unit for the emergency call service, to be built into new models starting in 2015, the year the European Union will officially launch the service. With the push of a button, Uconnect Access, launched in the 2013 Ram 1500 and SRT Viper, enables direct communication between vehicle occupants and emergency-service dispatchers.

*Safety ratings* — Our approach to designing and developing vehicles with functions that support the driver, minimise the risk of collision and mitigate damage in the event of a crash, continues to receive recognition across the industry. In Europe, the Maserati Ghibli achieved a Euro NCAP 5-star rating and was named a 2013 Top Safety Pick by the U.S. Insurance Institute of Highway Safety (“IIHS”), receiving the highest-possible score in every testing category. The Jeep Cherokee also received an overall Euro NCAP 5-star safety rating and the Fiat Panda received the prestigious Australasian New Car Assessment Programme 5-star rating. City Brake Control, which integrates three functions (AEB, PreFill and Brake Assist), was awarded 2013 Euro NCAP Advanced for its application in the Fiat Panda and Fiat 500L. Also awarded 2013 Top Safety Pick status were the 2014 Jeep Grand Cherokee and Fiat 500L, while the Dodge Dart was named a 2014 Top Safety Pick.

*Uconnect Technology* — The Uconnect system provides customers with access to traditional broadcast media, digital and satellite radio, personal content, rear-seat entertainment, navigation services, traffic and travel data and hands-free communication. We launched key improvements to this system in 2011, including a new 8.4-inch touch-screen with easy-to-use controls, simplified steering-wheel controls and voice-command capability. The system, as included in the Dodge Charger, received the Edmunds.com Breakthrough Technology Award for 2012.

*Uconnect Access* was launched in 2013 and now is offered in a wide range of vehicles, including the Ram 1500 and 2500/3500 HD pick-up trucks, Dodge Durango, Jeep Grand Cherokee, Jeep Cherokee, Chrysler 200 and the SRT Viper. Uconnect Access won the inaugural AOL Autos Technology Award. Uconnect Access is a suite of services available in the U.S. that includes cloud-based voice-to-text capability. Uconnect Access is designed to be easily upgraded as technology continues to evolve.

### *Intellectual property*

We own a significant number of patents, trade secrets, licenses, trademarks and service marks, including, in particular, the marks of our vehicle and component and production systems brands, which relate to our products and services. We expect the number to grow as we continue to pursue technological innovations. We file patent applications in Europe, the U.S. and around the world to protect technology and improvements considered important to our business. No single patent is material to our business as a whole.



**SUPPLY OF RAW MATERIALS, PARTS AND COMPONENTS**

We purchase a variety of components (including mechanical, steel, electrical and electronic, plastic components as well as castings and tyres), raw materials (steel, rubber, aluminium, resin, copper, lead, and precious metals including platinum, palladium and rhodium), supplies, utilities, logistics and other services from numerous suppliers which we use to manufacture vehicles, parts and accessories. These purchases accounted for approximately 80 percent of total cost of sales for each of the years ended December 31, 2013 and 2012. Fluctuations in cost of sales are primarily related to the number of vehicles we produce and sell along with shifts in vehicle mix, as newer models of vehicles generally have more technologically advanced components and enhancements and therefore additional costs per unit. The cost of sales could also be affected, to a lesser extent, by fluctuations of certain raw material prices. The cost of raw materials comprised approximately 15 percent of the previously described total purchases for each of the years ended December 31, 2013 and 2012, respectively, while the remaining portion of purchases is made of components, transformation and overhead costs.

Our focus on quality improvement, cost reduction, product innovation and production flexibility requires us to rely upon suppliers with a focus on quality and the ability to provide cost reductions. We value our relationships with suppliers, and in recent years, we have worked to establish closer ties with a significantly reduced number of suppliers by selecting those that enjoy a leading position in the relevant markets. In the past five years, our weighted average annual purchase value by supplier has increased by 76 percent reflecting our efforts to reduce the number of our suppliers and focus on developing stronger relationships with key suppliers. In addition, we source some of the parts and components for our vehicles internally from Magneti Marelli and Teksid. Although we have not experienced any major loss of production as a result of material or parts shortages in recent years, because we, like most of our competitors, regularly source some of our systems, components, parts, equipment and tooling from a single provider or limited number of providers, we are at risk of production delays and lost production should any supplier fail to deliver goods and services on time.

Supply of raw materials, parts and components may also be disrupted or interrupted by natural disasters, as it was three years ago following the earthquake in Japan. In such circumstances, we work proactively with our suppliers to identify material and part shortages and take steps to mitigate their impact by deploying additional personnel, accessing alternative sources of supply and managing our production schedules. We also continue to refine our processes to identify emerging capacity constraints in the supplier tiers given the ramp up in manufacturing volumes to meet our volume targets. Further, we continuously monitor supplier performance according to key metrics such as part quality, delivery performance and financial solvency to proactively manage risks in the event of a downturn affecting particular suppliers.

**EMPLOYEES**

Human capital is a crucial factor in our success, both in terms of building a position among global leaders in the automotive sector and in creating value that is sustainable over the long-term. Recognising performance and leadership, encouraging professional development, creating equal opportunity for individuals to develop and providing attractive career paths within the organisation are all an essential part of our commitment toward our employees. Through structured, global human resources management process, we identify and develop talent and motivate employees. Some of our initiatives to meet this objective include:

- Performance and Leadership Management, an appraisal system adopted worldwide to assess our manager, professional and salaried employees, and evaluation of our hourly workers through WCM performance management metrics;
- talent management and succession planning, aimed at identifying the most talented employees and fast-tracking their development;
- training and skill-building initiatives (€76 million was invested in these initiatives in 2013);
- internal recruitment programs to foster cross-sector and intercompany transfers;
- employee satisfaction and engagement surveys to monitor satisfaction levels, needs and requests of employees; and
- flexible work arrangements, commuting programs and dedicated wellness programs.

As of September 30, 2014, the Group had a total of 232,463 employees, a 1% decrease over our total of 229,053 employees as of December 31, 2013, which was, in turn a 5 percent increase over December 31, 2012. The growth for prior periods was principally due to headcount increases to support the continued development of our operations in the NAFTA segment. We also experienced an increase in employees as a result of acquisitions. The following table provides a breakdown of our employees as of December 31, 2013 and 2012, indicated by type of contract and geographical area..

	Hourly		Salaried		Total	
	2013	2012	2013	2012	2013	2012
Europe .....	59,957	60,414	32,119	31,277	92,076	91,691
North America.....	60,145	54,356	21,220	19,357	81,365	73,713
Latin America .....	38,826	38,695	9,480	8,254	48,306	46,949
Asia .....	2,848	2,309	4,271	3,461	7,119	5,770
Rest of the world.....	25	25	162	164	187	189
<b>Total .....</b>	<b>161,801</b>	<b>155,799</b>	<b>67,252</b>	<b>62,513</b>	<b>229,053</b>	<b>218,312</b>

We maintain dialogue with trade unions and employee representatives to achieve consensus-based solutions for responding to different market conditions in each geographic area and reducing the impact on workers of measures adopted in response to conditions in Europe, which are particularly critical in Italy. We have had no significant instances of labour unrest overall, and no significant local labour actions in the past three years.

In Europe, we established a European Works Council (“EWC”), in 1997 to ensure workers the right to information and consultation as required by EU regulations applicable to community-scale undertakings. The EWC was established on the basis of an implementing agreement initially signed in 1996 and subsequently revised and amended. Since renewal of the agreement in 2011, however, the EWC has yet to be formally constituted, with representatives of four countries (out of a total of nine) still to be appointed. At the first meeting of the EWC, which occurred in November 2014, it was agreed to review the Council’s structure to ensure a balanced representation. We intend to launch a convocation as soon as the EWC is fully constituted and to identify together with the “IndustriAll” European Trade Union (the European federation of metal working, chemical and textile industries) the most suitable solution to overcome any obstacles to its proper establishment.

***Trade Unions and Collective Bargaining***

Under our Code of Conduct, employees are free to join a trade union in accordance with local law and the rules of the various trade union organisations.

In Italy, approximately 32.8 percent of our workers were trade union members in 2013 (compared with approximately 33.5 percent of workers in 2012). In addition to the rights granted to all Italian trade unions and workers concerning freedom of association, we provide an additional service to our employees by paying the trade union dues on behalf of those employees who are members of trade unions that are signatories to the First-level Collective Labour Agreement (called CCSL), applicable to our Italian companies. Dues for employees who are members of trade unions that are not signatories to the Fiat CCSL are paid either directly by employees or via deductions from employee wages.

A large portion of our workers in the U.S., Canada, Mexico and Brazil are represented by trade unions.

Collective bargaining at various levels resulted in major agreements being reached with trade unions on both wage and employment conditions in several countries. Approximately 90 percent of our employees worldwide are covered by collective bargaining agreements.

In Italy, all of our employees are covered by collective bargaining agreements. In Italy, managers are represented by Federmanager and subject to a collective labour agreement renewed in July 2014. The contract remains in effect through 2015., On July 11, 2014, we reached an agreement with the trade unions FIM-CISL, UILM-UIL, FISMIC, UGL Metallmeccanici and Associazione Quadri and Capi Fiat on the renewal of the wage-related part of the agreement that applies to our employees in Italy. The agreement applies for the 2014 calendar year and foresees the payment of a gross lump sum of €260 paid in July to the employees on the payroll as of that date. In October we began negotiations for renewal of the agreement, aiming at a 3 year collective labour agreement. Outside Italy around 80 percent of our employees are covered by collective bargaining agreements.

In the U.S., the UAW ratified a new four-year national collective bargaining agreement in October 2011. The provisions of this agreement, which cover approximately 38,000 U.S. hourly and salaried employees at December 31, 2013, continued many of the concessions achieved through the 2009 amendments, but also include certain opportunities for success-based compensation based upon certain quality metrics and financial performance. The agreement provides UAW-represented employees with a simplified profit sharing plan that is directly aligned with our profitability. The agreement expires in September 2015.

On January 21, 2014, Chrysler and the UAW entered into the contractually binding and legally enforceable MOU, to supplement Chrysler's existing collective bargaining agreement, in which the UAW made commitments to continue to support Chrysler's industrial operations, continued roll-out of our WCM programs and actively assist in the achievement of Chrysler's long-term business plan. In consideration of these commitments, Chrysler agreed to make payments to the VEBA Trust totalling U.S.\$700 million (€518 million at the transaction date) to be paid in four equal annual instalments. The initial payment of U.S.\$175 million (€129 million at the transaction date) was made on January 21, 2014 and additional payments will be payable on each of the next three anniversaries of the initial payment.

In September 2012, the Canadian Auto Works union (which merged with the Communications, Energy and Paperworkers Union in September 2013 to form a new union called Unifor) ratified a new four-year collective bargaining agreement. The provisions of this agreement, which cover approximately 8,300 employees, provide for a lump sum payment to eligible Unifor employees in each of the four years. In addition, the agreement maintains the current wage rates through September 2016 for employees hired prior to September 24, 2012, or traditional employees, and starts employees hired on or after September 24, 2012 at a lower wage rate that can increase to the current maximum wage rate of traditional employees at the end of ten years. The agreement expires in September 2016.

### PROPERTY, PLANT AND EQUIPMENT

As of December 31, 2013, we operated 159 manufacturing facilities (including vehicle and light commercial vehicle assembly, powertrain and components plants), of which 45 were located in Italy, 33 in the rest of Europe, 29 in the U.S., 15 in Brazil, 13 in Mexico, 6 in Canada, and the remaining plants in Argentina, China and other countries. We also own other significant properties including parts distribution, research laboratories, test tracks, warehouses and office buildings. The total carrying value of our property, plant and equipment assets as of December 31, 2013 were €23.2 billion (€22.8 billion as of September 30, 2014).

A number of our manufacturing facilities and equipment, such as land and industrial buildings, plant and machinery and other assets, are subject to mortgages and other security interests granted to secure indebtedness to certain financial institutions. As of December 31, 2013, our property, plant and equipment (excluding property, plant and equipment of Chrysler) that was reported as pledged as collateral for loans in an amount of approximately €418 million, as compared to €314 million at the end of 2012.

Substantially all the property, plant and equipment of Chrysler Group LLC and its U.S. subsidiary guarantors are unconditionally pledged as security under its senior credit facilities, and Secured Senior Notes, other than the Auburn Hills, Michigan headquarters and technology centre, which are not pledged. For a description of these financing agreements, see "*Financial Review of the FCA Group—Liquidity and Capital Resources*".

We believe that planned production capacity is adequate to satisfy anticipated retail demand and our operations are designed to be flexible enough to accommodate the planned product design changes required to meet global market conditions and new product programs (such as through leveraging existing production capacity in each region for export needs).

The following table provides information about our significant assembly plants as of December 31, 2013.

<u>Country</u>	<u>Location</u>	<u>Approximate Covered Area (square metres)</u>
<b>NAFTA</b>		
<i>U.S.</i>	Belvidere	357,888
<i>U.S.</i>	Jefferson North	199,596
<i>U.S.</i>	Sterling Heights	233,347
<i>U.S.</i>	Toledo North	225,476
<i>U.S.</i>	Toledo Supplier Park	114,267
<i>U.S.</i>	Warren Truck	296,193
<i>Mexico</i>	Toluca	306,570
<i>Mexico</i>	Saltillo (Trucks and Vans)	221,010
<i>Canada</i>	Brampton	221,687
<i>Canada</i>	Windsor	299,925
<b>LATAM</b>		
<i>Brazil</i>	Betim	677,945
<i>Argentina</i>	Cordoba	227,162
<i>Venezuela</i>	Valencia	66,925
<b>APAC</b>		
<i>China</i>	Changsha	199,800
<i>India</i>	Ranjangaon	103,289
<b>EMEA</b>		
<i>Italy</i>	Turin	495,160
<i>Italy</i>	Cassino	458,747
<i>Italy</i>	Melfi	406,599
<i>Italy</i>	Pomigliano	494,727
<i>Italy</i>	Atessa	364,532
<i>Poland</i>	Tychy	189,070
<i>Serbia</i>	Kragujevac	369,907
<i>Turkey</i>	Bursa	278,843

*Note: Plants in Changsha, Ranjangaon, Atessa and Bursa are joint ventures with other partners.*

*Note: An additional assembly plant is under construction in Brazil. See “—Mass-Market Vehicles—LATAM”.*

An additional assembly plant is under construction in north-east Brazilian state of Pernambuco, with a minimum capital commitment of R\$4 billion (Brazilian Real) (equivalent to approximately €1.3 billion). Start of production is expected in the first quarter of 2015 with an ongoing expected yearly output of approximately 200,000 vehicles with multiple models industrialized, beginning with the Jeep Renegade.

We have three assembly plants for Ferrari and Maserati in Italy as well as 72 worldwide manufacturing and engineering plants for Magneti Marelli (excluding joint ventures), 14 plants for Comau and six for Teksid.

## **ENVIRONMENTAL AND OTHER REGULATORY MATTERS**

We manufacture and sell our products and offer our services around the world. Our operations are subject to a variety of environmental laws and regulations governing, among other things, vehicles, with requirements relating to emissions, reduced fuel consumption and safety becoming increasingly strict, and manufacturing facilities, with requirements for emissions, treatment of waste, water and hazardous materials and prohibitions on soil contamination. Our vehicles and the engines that power them must also comply with extensive regional, national and local laws and regulations, industry self-regulations (including those that regulate vehicle safety), end-of-life vehicles, emissions and noise.

We are substantially in compliance with the relevant global regulatory requirements affecting our facilities and products. We constantly monitor such requirements and adjust our operations to remain in compliance.

The Group Environmental Guidelines apply to all Group operations worldwide. These Guidelines specify our approach to environmental issues and provide clear instructions on setting and updating environmental objectives, developing new products and conducting daily activities around the globe. The implementation of these Guidelines is designed to have the Group comply with all applicable environmental legislation and regulations, and where feasible, to outperform them.

### *Automotive Emissions*

Numerous laws and regulations limit automotive emissions, including vehicle exhaust emission standards, vehicle evaporative emission standards and on-board diagnostic (“OBD”) system requirements. Advanced OBD systems are used to identify and diagnose problems with emission control systems. Emission and OBD requirements become more challenging each year, requiring vehicles to continually meet lower emission standards and implement new diagnostics. We expect these requirements will continue to become even more rigorous worldwide.

#### *NAFTA*

Under the U.S. Clean Air Act, the Environmental Protection Agency (“EPA”) and the California Air Resources Board (“CARB”) (by EPA waiver), require emission compliance certification before a vehicle can be sold in the U.S. or in California (and many other states that have adopted the California emissions requirements). Both agencies impose limits on tailpipe and evaporative emissions of certain smog-forming pollutants from new motor vehicles and engines.

EPA recently issued new tailpipe and evaporative emission standards, as well as fuel requirements, under its Tier 3 Vehicle Emission and Fuel Standards Program, or Tier 3 standards. These Tier 3 standards are generally more stringent than prior standards. The Tier 3 standards are also generally aligned with California’s Low Emission Vehicle III, or LEV III, tailpipe and evaporative standards, discussed below. These standards would further require us to conduct post-production vehicle testing to demonstrate compliance with these emissions limits for the estimated useful life of a vehicle, for up to 15 years and 150,000 miles, depending on the compliance category and are scheduled to become effective in model year 2017 for light-duty vehicles and 2018 for heavy-duty vehicles.

In addition, EPA and CARB regulations require that a vehicle’s emissions performance be monitored with OBD systems. We have implemented hardware and software systems in all our vehicles to comply with the OBD requirements. Conditions identified through OBD systems could lead to vehicle recalls (or other remedial actions such as extended warranties) with significant costs for related inspections, repairs and per-vehicle penalties.

California sets its own emissions standards pursuant to a waiver from EPA under the Clean Air Act. CARB’s LEV III standards relate to vehicle certification, OBD and tailpipe and evaporative emissions limitations, and apply to 2014 and later model year vehicles. CARB regulations also require that a specified percentage of cars and certain light-duty trucks sold in California must be zero emission vehicles (“ZEVs”), such as electric vehicles or hydrogen fuel cell vehicles. A manufacturer can earn credits toward the ZEV requirement through the sale of advanced-technology vehicles such as hybrid electric vehicles or natural gas vehicles with extremely low tailpipe emissions and, as set forth in the LEV III standards, over-complying with the federal model year 2017 through 2025 greenhouse gas standards, retiring such credits and applying them to its ZEV obligation. The ZEV regulations, which CARB revised most recently in February 2009 for the 2012 and subsequent model years, require increasing volumes of battery electric and other advanced technology vehicles with each model year. We currently comply with ZEV requirements using a variety of vehicles, including battery electric vehicles (full ZEVs), internal combustion engine vehicles certified to very low tailpipe emissions and zero evaporative emissions (partial ZEVs) and hybrid vehicles.

The Clean Air Act permits other states to adopt California’s emission standards, starting with the 2014 model year. Twelve other states, as well as the Province of Quebec, currently use California’s LEV III standards in lieu of the federal EPA standards, and 10 states also have adopted California’s ZEV requirements.

#### *LATAM*

Certain countries in South America follow U.S. procedures, standards and OBD requirements, while others follow the European procedures, standards and OBD requirements described below under “*EMEA*”. In Brazil, vehicle emission standards have been in place since 2009 for passenger cars and light commercial vehicles, and these regulations were extended to light diesel vehicles in 2012. Argentina has implemented regulations that mirror the Euro 4 standards and, beginning in 2014, will start applying regulations that mirror Euro 5 standards for all new vehicles.

### APAC

*China*—China has implemented standards that mirror Euro 4 standards, which defined limits for polluting emissions and implemented European OBD requirements nationwide for newly registered vehicles. However, some major cities, such as Beijing and Shanghai, have already introduced more stringent emissions standards that mirror Euro 5 standards discussed under “—*EMEA*” below. The Fiat Viaggio, launched in China in 2012, has been developed to meet Euro 5 standards. Nationwide implementation of Euro 5 standards is scheduled for 2018.

*Other Countries in APAC*—South Korea has adopted regulations that largely mirror CARB’s Lev II regulations and likely will implement regulations that mirror CARB’s Lev III regulations beginning in 2016. In Japan, vehicle emissions are regulated through the requirement that vehicles undergo the “specific driving cycle” procedure, an emissions testing procedure unique to Japan. However, Japan is expected to adopt the Worldwide Harmonized Light Vehicle Testing Procedures by 2016. These regulations will define a global harmonised standard for determining the levels of pollutants and CO<sub>2</sub> emissions, fuel or energy consumption and electric range for light-duty vehicles. Since 2010, 13 metropolitan cities in India have adopted regulations that are aligned with the Euro 4 standards that predate the Euro 5 standards described below under “—*EMEA*”. These cities also enacted the European OBD requirements in 2013.

### EMEA

In Europe, emissions are regulated by two different entities: the European Commission (“EC”) and the United Nations Economic Commission for Europe (“UNECE”). The EC imposes standardised emission control requirements on vehicles sold in all 28 EU member states, while other countries apply regulations under the UNECE framework. EU Member States can give tax incentives to automobile manufacturers for vehicles that meet emission standards earlier than the compliance date. We must demonstrate that our vehicles will meet emission requirements and receive approval from the appropriate authorities before our vehicles can be sold in EU Member States. The regulatory requirements include random testing of newly assembled vehicles and a manufacturer in-use surveillance program. EU and UNECE requirements are equivalent in terms of stringency and implementation.

In 2011, updated standards, Euro 5, for exhaust emission by cars and light-duty trucks, became effective. Impending European emission standards focus particularly on further reducing emissions from diesel vehicles. The new Euro 6 emission levels, which were effective for new vehicles on September 1, 2014 and will be effective for all vehicles one year later, will require additional technologies and further increase the cost of diesel engines, which currently cost more than gasoline engines, although Chrysler’s gasoline models are already compliant with Euro 6. To comply with Euro 6 standards, we expect that we will need to implement technologies identical to those being developed to meet U.S. emission standards as described under “—*NAFTA*”. These new technologies will put additional cost pressures on the already challenging European market for small and mid-size diesel-powered vehicles. Further requirements of Euro 6 have been developed by the EC and are expected to be implemented in 2017.

### *Automotive Fuel Economy and Greenhouse Gas Emissions*

#### *NAFTA*

Since the enactment of the 1975 Energy Policy and Conservation Act (“EPCA”), the National Highway Traffic Safety Administration (“NHTSA”) has established minimum corporate average fuel economy requirements, known as “CAFE standards”, for fleets of new passenger cars and light-duty trucks sold in the U.S. A manufacturer is subject to civil penalties if it fails to meet the CAFE standard in any model year, after taking into account all available credits for performance in the last three model years or expected performance in the next five model years. Passenger cars imported into the U.S. are averaged separately from those manufactured in the U.S., but all light duty trucks are averaged together.

The 2007 Energy Independence and Security Act revised EPCA and required NHTSA to establish more stringent CAFE standards beginning with the 2011 model year. Among other things, although there will continue to be separate standards for cars and light-duty trucks, standards must be set such that they increase year over year to achieve an industry-wide standard by 2016. These CAFE standards applicable to all manufacturers’ 2011-2016 model year domestic and imported passenger car and light-duty truck fleets are “footprint-based”, meaning that each manufacturer’s fuel economy requirement is dependent on the size of the vehicle, and averaged per the sales volumes and the mix of models in the manufacturer’s fleet for that model year. In order to meet these CAFE standards we will be required to make costly adjustments to our product plans through the 2016 model year.

Because the control of fuel economy also controls greenhouse gas (“GHG”) emissions, vehicle manufacturers, governmental authorities and environmental groups have sought to harmonise fuel economy regulations to the regulation of GHG vehicle emissions (primarily CO<sub>2</sub>).

As such, in May 2009, President Obama announced an agreement in principle among EPA, NHTSA, CARB and the automotive industry to establish a coordinated national programme to reduce GHGs under the Clean Air Act and improve fuel economy. EPA (under its GHG standards) and NHTSA (under its CAFE standards) subsequently issued a joint final rule to implement a coordinated national GHG and fuel economy programme for light-duty vehicles (passenger cars, light-duty trucks, and medium-duty passenger vehicles), establishing standards for model years 2012 through 2016. Although California adopted a more stringent GHG rule under California law, CARB agreed that compliance with the federal rule constitutes compliance with CARB’s rule. Additionally, EPA and NHTSA issued a joint final rule in September 2011 that establishes a similar GHG/fuel economy national programme for medium and heavy-duty vehicles, beginning with model year 2014 for GHG standards and model year 2016 for fuel economy standards.

In August 2012, EPA and NHTSA issued a joint final rule to extend the joint GHG/fuel economy national programme for light-duty vehicles to model years 2017 through 2025, calling for year-over-year increases in fuel economy until the average fleet-wide standards reach 54.5 mpg by 2025. The rule calls for a “mid-term review” to be completed by 2021 that compels EPA and NHTSA to evaluate the market acceptance of advance vehicle technology, as well as the other assumptions that formed the basis for the stringency of this rule, to determine whether the standards are appropriate. Again, under California law, compliance with the federal GHG rule constitutes compliance with CARB’s GHG rule. The model year federal 2017-2025 GHG rule contains a variety of compliance flexibilities, including incentives for sales of electric vehicles and hybrids, as well as alternative fuels like compressed natural gas or hydrogen fuel cell vehicles, and the use of the ultra-low global warming potential refrigerant HFO1234yf. NHTSA’s corresponding CAFE rule imposes new vehicle safety standards in conjunction with the fuel economy standards.

While we believe that our current product plan will meet the applicable federal and California GHG/fuel economy standards established through model year 2016, our compliance depends on our ability to implement design and testing features to generate GHG credits pursuant to the federal GHG rule for model years 2012-2016, and 2017-2025 on a credit carry-forward and carry-back basis. Moreover, based on projected sales volumes and fleet mix, compliance with the standards as proposed for the 2017 through 2025 model years will require us to take further costly actions or to limit the sale of certain of our vehicles in some states. If the vehicles we develop to comply with these requirements are not appealing to consumers or cannot be sold at a competitive price, we may not be able to achieve the vehicle fleet mix, depending on the type and volume of our customers’ purchases, which would enable us to meet the stringent fuel economy/GHG requirements, even though our long-range projection plans out a compliant path.

Canada and Mexico each have adopted GHG regulations that are generally harmonised with the U.S. GHG laws.

### *LATAM*

In Brazil, governmental bodies and the Automobile Manufacturers Association have established a voluntary national programme for the evaluation and labelling of light passenger and commercial vehicles equipped with internal combustion gasoline engines. This voluntary program, which we participate in, aims to increase vehicle energy efficiency by labelling vehicles with fuel consumption measurements for urban, extra-urban and combined (equivalent to city and highway mpg measurements in the U.S.) driving conditions.

In October 2012, the Brazilian government issued a decree which provides indirect tax incentives to eligible participant companies that meet certain energy efficiency targets beginning on January 1, 2013. The level of potential indirect tax incentives varies based on the degree to which and timing of when targets are met. To the extent targets are not met, penalties and interest are levied and no indirect tax incentives are available.

### *APAC*

In China, Phase III of the Corporate Average Fuel Consumption is in place from 2012 to 2015 calendar year. Phase IV, covering 2016-2020 calendar years, provides a corporate target of 5.0 litres per 100 kilometres by 2020. Regulators are considering additional provisions for Phase IV, including single vehicle limits, yearly phase-in coefficients, off-cycle credits and penalties. India is also expected to introduce a corporate average fuel economy regulation in 2016.

South Korea and Japan have implemented single vehicle limits, which require each individual vehicle sold in the country to meet a minimum fuel economy. In South Korea, for model year 2015, each vehicle must have a minimum fuel economy of 17 kilometres per litre and a maximum emission standard of 140 grams of CO<sub>2</sub> per kilometre, and by model year 2020, each vehicle must have a minimum fuel economy of 24.3 kilometres per litre and maximum emissions of 97 grams of CO<sub>2</sub>. In Japan, each vehicle must have a minimum fuel economy of 16.8 kilometres per litre by model year 2015 and 20.3 kilometres per litre by model year 2020, with penalties established for non-compliance.

### *EMEA*

Legislation governing vehicle GHG emissions as a means of improving automotive fuel economy was passed in 2009 and went into effect in 2012 (generally GHG regulations focus on CO<sub>2</sub>). Each automobile manufacturer must meet a specific sales-weighted fleet average target for CO<sub>2</sub> emissions as related to vehicle weight. The phase in of this fleet-average requirement began in 2012, with full compliance required by 2015. In order to promote the sale of ultra-efficient vehicles, automobile manufacturers that sell vehicles emitting less than 50 grams of CO<sub>2</sub> per kilometre earn additional CO<sub>2</sub> credits. Furthermore, automobile manufacturers that make use of innovative technologies (eco-innovations) which improve real-world fuel economy but may not show in the test cycle, such as solar panels or low-emission glass, may gain a credit of up to seven grams of CO<sub>2</sub> per kilometre. These credits may not be transferred. The legislation also sets a fleet average target of 95 grams of CO<sub>2</sub> per kilometre for 2020. We are developing a compliance plan to achieve these required targets.

Penalties will progressively reach up to €95 per g/Km for those vehicles exceeding the target by 2019. The Group has signed a pooling agreement for all of its brands other than Ferrari, which will benefit from certain exceptions applicable to low volume manufacturers. This pooling agreement is expected to allow the Group to be treated as one manufacturer for purposes of complying with the regulations. The Group is developing a compliance plan to achieve these required targets.

In 2011, the EU adopted standards for regulating CO<sub>2</sub> emissions from light commercial vehicles. This new regulation, modelled after CO<sub>2</sub> emissions regulation for passenger cars, proposes that new light commercial vehicles meet a fleet average CO<sub>2</sub> target of 175 grams of CO<sub>2</sub> per kilometre. The new regulation is scheduled to be phased in starting 2014, with full compliance required by 2017. The manufacturer-specific CO<sub>2</sub> compliance target will be determined as a function of the weight of the vehicle in running order (including driver). Flexible compliance strategies, such as eco-innovations and super credits, are part of these light commercial vehicle standards as well. Additionally, an EU long-term target for 2020 of 147 grams of CO<sub>2</sub> per kilometre has been adopted for light commercial vehicles. We are developing a compliance plan to achieve the required targets.

The regulatory implementation of the 95 grams of CO<sub>2</sub> per kilometre (for passenger cars) and 147 grams of CO<sub>2</sub> per kilometre (for light commercial vehicles) targets have been approved. The individual manufacturer's targets will continue to be determined based on average vehicle mass. Other compliance flexibilities have been proposed, adding additional challenges to compliance with the CO<sub>2</sub> fleet target. Flexibilities include: phase-in, which, for 2020 only, excludes from the average calculation the 5 percent of passenger cars with higher fuel consumption; and supercredits and eco-innovations award passenger cars equipped with low emission technologies, challenging automakers to introduce increasingly innovative technologies. In this sense, phase-in makes compliance easier while supercredits and eco-innovations encourage low-emission technologies and vehicles. We are also taking into consideration these challenges while defining a compliance plan.

An EC regulation requiring low-rolling resistance tyres, tyre pressure monitoring systems and gear shift indicators was adopted in 2011 and became effective in 2012. Further, an additional EC regulation has been adopted that will require labelling of tyres for noise and fuel efficiency, affecting vehicles at the point of sale as well as the sale of tyres in the aftermarket.

Seventeen EU Member States have introduced fuel consumption or CO<sub>2</sub>-based vehicle taxation schemes. These tax measures are within the jurisdiction of the EU Member States. We are faced with significant challenges with respect to the predictability of future tax laws and differences in tax schemes and thresholds.

By December 2015, the European Commission is required to review the specific emission targets to set standards beyond 2020 with a recommendation to the European Parliament to vote on an indicative range of 68-78 g/KM for 2025.



*Vehicle Safety*

*NAFTA*

Under U.S. federal law, all vehicles sold in the U.S. must comply with Federal Motor Vehicle Safety Standards (“FMVSS”) promulgated by NHTSA, and also must be certified by their manufacturer as being in compliance with those standards. In addition, if a vehicle contains a defect that is related to motor vehicle safety or does not comply with an applicable FMVSS, the manufacturer must notify vehicle owners and provide a remedy. Moreover, the Transportation Recall Enhancement, Accountability, and Documentation Act requires manufacturers to report certain information related to claims and lawsuits involving fatalities and injuries in the U.S. if alleged to be caused by their vehicles, and other information related to customer complaints, warranty claims, and field reports in the U.S., as well as information about fatalities and recalls outside the U.S.

Several new or amended FMVSSs will take effect during the next few years in certain instances under phase-in schedules that require only a portion of a manufacturer’s fleet to comply in the early years of the phase-in. These include an amendment to the side impact protection requirements that added several new tests and performance requirements (FMVSS No. 214), an amendment to roof crush resistance requirements (FMVSS No. 216), and a new rule for ejection mitigation requirements (FMVSS No. 226). In addition, NHTSA has adopted a new FMVSS that would require all light vehicles to be equipped with a rear-mounted video camera and an in-vehicle visual display, and another to mandate the content recorded on event data recorders. Compliance with these new requirements, as well as other possible prospective NHTSA requirements, is likely to be difficult and/or costly.

NHTSA recently published guidelines for driver distraction, and, although not rising to the level of a FMVSS, there may be substantial costs associated with conformance.

At times, organisations like NHTSA or the IIHS issue or reissue safety ratings applicable to vehicles. Changes to these ratings are subject to the agencies’ discretion. IIHS recently introduced new tests and modified its “Top Safety Pick” protocol. Pursuant to the new protocol, many of our vehicles’ existing Top Safety Pick ratings are at risk, and we could incur significant expense to maintain those ratings, or could suffer negative public relations if we do not maintain them.

Finally, NHTSA previously announced that it would issue regulations regarding its Connected Vehicles strategy in 2013. These regulations could subject the Group to substantial costs for vehicle integration components and software and may require auto manufacturers to provide significant funding for a national technology operating system. The regulations may also implicate cybersecurity issues that place additional legal and financial responsibilities on the Group.

*LATAM*

Most countries, including Argentina and Brazil, have adopted standards that follow the European regulations for vehicle safety. In these countries, efforts are under way to further conform regulations to those in place in Europe. See “—EMEA” below.

*APAC*

Many countries in the Asia Pacific region, including China, South Korea, Japan and India, have adopted or are adopting measures for pedestrian protection.

*EMEA*

Vehicles sold in Europe are subject to vehicle safety regulations established by the EU or by individual Member States. In 2009, the EU established a simplified framework for vehicle safety, repealing more than 50 then-existing directives and replacing them with a single regulation aimed at incorporating relevant United Nations, or UN, standards. The incorporation of UN standards commenced in 2012. With respect to regulations on advanced safety systems, the EC now requires new model cars from 2011 on to have electronic stability control systems, required tyre pressure monitoring systems beginning in 2012, introduced regulations relating to low-rolling resistance tyres in 2013 and require heavy vehicles to have advanced emergency braking systems and lane departure warning systems. From April 2009, the criteria for whole vehicle type approval were extended to cover all new road vehicles, to be phased in over five years depending on the vehicle category. The extension also clarifies the criteria applicable to small commercial vehicles. In the EU, new safety requirements came into force starting in November 2012 for new vehicle types and come into force in 2014 for all new vehicles sold in the EU market. The new

mandatory measures include safety belt reminders, electric car safety requirements and easier child seat anchorages.

### *Industrial Environmental Control*

Our operations are subject to a wide range of environmental protection laws including those laws regulating air emissions, water discharges, waste management and environmental clean-up. Certain environmental statutes require that responsible parties fund remediation actions regardless of fault, legality of original disposal or ownership of a disposal site. Under certain circumstances, these laws impose joint and several liability as well as liability for related damages to natural resources. Our Environmental Management System (“EMS”) our commitment to responsible management of the environment. Applied at all plants worldwide, the EMS consists of methodologies and processes designed to prevent or reduce the environmental impact of our manufacturing activities, and our Group Environmental Guidelines establish our policies on environmental targets.

Implementing an EMS compliant with the requirements of the ISO 14001 standard is one of our main objectives. Receipt of an ISO 14001 certification confirms that an organisation has a management system capable of keeping the environmental impact of its operations under control and that it systematically seeks to improve this system in a way that is coherent, effective and, above all, sustainable. As of December 31, 2013, 133 of our plants, representing 96.3 percent of our industrial revenues (revenues attributable to the activities and plants that we directly control) and 93 percent of manufacturing employees, were ISO 14001-certified. By the end of 2014, all of our plants that were operating worldwide in 2012 are expected to be ISO 14001-certified.

Our focus on environmental and sustainability issues is also reflected through our WCM program. During 2013, approximately 3,000 projects were implemented under the WCM program. These projects yielded a significant reduction in energy consumption, which generated cost savings of €70 million and avoided 180,000 tons of CO<sub>2</sub> emissions. In 2013, expenditures and investments for the environment amounted to €97 million.

### *Energy Consumption and Emissions*

We are committed to reducing the use of fossil fuels and emission of greenhouse gases in response to increasingly stringent regulations, while at the same time yielding energy-related cost savings. As a result of several energy efficiency initiatives, we achieved a 2.8 percent reduction in total energy consumption from 2010 to 2013. At our vehicle assembly and stamping plants, the energy consumption per vehicle produced decreased 14.2 percent compared with the baseline year of 2010. The related CO<sub>2</sub> emissions per vehicle produced decreased 15.5 percent in that same period, falling from 0.612 tons per vehicle produced in 2010 to 0.517 tons per vehicle produced in 2013. In addition, utilisation of renewable energy at our plants accounted for 9.7 percent of total energy consumed in 2013. We also cut CO<sub>2</sub> emissions by 4.7 percent over the 2010 baseline year through reductions in energy consumption and use of cleaner sources of energy.

### *Water Management*

Water conservation has become an issue of critical importance. As a result of population growth, water is becoming an increasingly scarce and precious resource. Our Water Management Guidelines establish methodologies and procedures targeted at maximizing water recycling and reuse. In 2013, our plants reused 98.8 percent of water utilised in the manufacturing cycle worldwide, resulting in total water savings in excess of 2 billion cubic metres. Additionally, we reduced water withdrawal by 3.6 percent in 2013 compared to 2012 and by 27.1 percent from 2010 to 2013.

### *Waste Management*

We prioritise preventing the level of waste generated in order to minimise consumption of raw materials. Our Waste Management Guidelines are intended to maximise material reuse and recovery for the production of new base materials. Where neither reuse nor recovery is possible, we seek to dispose of materials using the method having the least environmental impact. Between 2011 and 2013, the total amount of waste generated has decreased by 2.5 percent. Due to the continuous improvement achieved in this area, the percentage of total waste recovered has increased to 72.7 percent and waste sent to landfills has been reduced to 24.3 percent. We seek to reduce the quantities of hazardous waste generated. In 2013, we successfully reduced the total amount of hazardous waste generated by 3.1 percent compared with 2012 and 36.7 percent compared with 2010.

### *Workplace Health and Safety*

We are committed to ensuring a safe and healthy working environment for all our employees, and have also extended these efforts toward suppliers, service providers and customers. Our Occupational Health and Safety Guidelines are certified to the OHSAS 18001 standard. We focus on the following areas: application of uniform procedures for the identification and evaluation of risks, standards of safety and ergonomics in plant and machinery design, promotion of safe behaviour through training initiatives and awareness campaigns, assurance of a healthy work environment and promotion of a healthy lifestyle. For several years, we have been tracking and analysing monthly performance data in each of these areas to ensure that objectives are being met.

As of December 31, 2013, a total of 110 plants (including two operated through joint ventures), accounting for 147,000 employees, had an OHSMS in place and were OHSAS 18001-certified.

### **APPLICABILITY OF BANKING LAW AND REGULATION TO FINANCIAL SERVICES**

Several of our captive finance companies, each of which provide financial services to our customers, are regulated as financial institutions in the jurisdictions in which they operate. Fidis S.p.A., Ferrari Financial Services S.p.A. and FGA Capital S.p.A., each incorporated in Italy, are subject to Bank of Italy supervision. Ferrari Financial Services AG, incorporated in Germany, is subject to the supervision of BAFIN, the German financial supervisory authority. Banco Fidis S.A., incorporated in Brazil, is subject to Brazilian Central Bank supervision. Fiat Credito Compañía Financiera S.A, incorporated in Argentina, is subject to Argentinian Central Bank supervision. Fiat Automotive Finance Co., Ltd, incorporated in China, is subject to the supervision of the Chinese Banking Regulatory Commission. As a result, those companies are subject to regulation in a wide range of areas including solvency, capital requirements, reporting, customer protection and account administration, among other matters.

### **CYCLICAL NATURE OF THE BUSINESS**

As is typical in the automotive industry, our vehicle sales are highly sensitive to general economic conditions, availability of low interest rate vehicle financing for dealers and retail customers and other external factors, including fuel prices, and as a result may vary substantially from quarter to quarter and year to year. Retail consumers tend to delay the purchase of a new vehicle when disposable income and consumer confidence are low. In addition, our vehicle production volumes and related revenues may vary from month to month, sometimes due to plant shutdowns, which may occur for several reasons, including production changes from one model year to the next. Plant shutdowns, whether associated with model year changeovers or other factors, such as temporary supplier interruptions, can have a negative impact on our revenues and a negative impact on our working capital as we continue to pay suppliers under standard contract terms while we do not receive proceeds from vehicle sales.

### **LEGAL PROCEEDINGS**

As a global group with a diverse business portfolio, the Group is exposed to numerous legal risks, particularly in the areas of product liability, competition and antitrust law, environmental risks and tax matters, dealer and supplier relationships and intellectual property rights. Various legal proceedings, claims and governmental investigations are pending against us on a wide range of topics, including vehicle safety; emissions and fuel economy; dealer, supplier and other contractual relationships; intellectual property rights; product warranties and environmental matters. Some of these proceedings allege defects in specific component parts or systems (including air bags, seats, seat belts, brakes, ball joints, transmissions, engines and fuel systems) in various vehicle models or allege general design defects relating to vehicle handling and stability, sudden unintended movement or crashworthiness. These proceedings seek recovery for damage to property, personal injuries or wrongful death, and in some cases include a claim for exemplary or punitive damages. Adverse decisions in one or more of these proceedings could require us to pay substantial damages, or undertake service actions, recall campaigns or other costly actions.

In particular, as of December 31, 2013, contingent liabilities estimated by the Group amounted to approximately €100 million (compared to approximately €100 million as of December 31, 2012), for which no provisions have been recognized since an outflow of resources is not considered probable at this time. To the knowledge of the Group, there are no legal proceedings that individually may have, or in the recent past had, a material adverse effect on the Group's financial position or profitability. The ultimate outcome of the legal matters pending against the Group is uncertain, and although such claims, lawsuits and other legal matters are not expected individually to have a material adverse effect on the Group's financial condition or results of operations, such matters could have, in the aggregate, a material adverse effect on the Group's financial condition or results of operations if determined adversely to the Group.

The provision “Legal proceedings and other disputes” represents management’s best estimate of the liability to be recognized by the Group with regard to: (i) legal proceedings arising in the ordinary course of business with dealers, customers, suppliers or regulators (such as contractual or patent disputes), (ii) legal proceedings involving claims with active and former employees and (iii) legal proceedings involving different tax authorities. None of these provisions is individually significant. This provision amounts to €545 million as of December 31, 2013 (€528 million as of December 31, 2012). To the knowledge of the Group, the amount of said provisions is deemed to be sufficient to cover the Group’s possible liability in connection with legal proceedings when it is deemed likely that the proceedings will result in an outflow of resources.

On June 11, 2014 the European Commission announced the opening of an investigation against the Grand Duchy of Luxembourg into a tax ruling issued by the Luxemburg Tax Authorities in 2012 regarding the calculation of the taxable basis of the financing activities carried out by the Group subsidiary Fiat Finance and Trade (since renamed Fiat Chrysler Finance Europe S.A.) for the benefit of the Group’s European operations, on the ground that such ruling could yield a tax treatment for Fiat Finance and Trade income in alleged violation of EU state aid rules. In the event that the relevant authorities were to determine that a violation did occur, Fiat Chrysler Finance Europe could be financially liable to the relevant authorities. While there can be no assurance as to the outcome of this investigation, as the predecessor to FCA, Fiat, already stated in its press releases issued on June 11, 2014 and October 2, 2014, FCA is confident of the legitimacy of the relevant tax ruling and, in any case, is of the view that any potential financial exposure associated with the case would not be material.

## SELECTED FINANCIAL AND STATISTICAL INFORMATION RELATING TO THE FCA GROUP

The following tables set forth selected historical consolidated financial and other data for the FCA Group's predecessor, the Fiat Group, as of and for the financial years ended on December 31, 2013 and 2012 as set forth in the Annual Consolidated Financial Statements incorporated from the Form F-4, and the unaudited consolidated financial statements of the FCA Group, as of and for the nine months ended September 30, 2014 and 2013, as set forth in the Interim Consolidated Financial Statements.

The financial information presented below has been extracted from:

- the Interim Consolidated Financial Statements for the nine months ended September 30, 2014 and 2013, incorporated by reference in this Base Prospectus;
- the Annual Consolidated Financial Statements for the years ended December 31, 2013 and 2012, included in the Form F-4 incorporated by reference in this Base Prospectus.

Both sets of financial statements have been prepared in accordance with IFRS and are incorporated by reference herein.

The Interim Consolidated Financial Statements have been prepared on the same basis as the Annual Consolidated Financial Statements and include all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the Interim Consolidated Financial Statements. Interim results are not necessarily indicative of results that may be expected for a full year or any future interim period.

The following information should be read in conjunction with the sections entitled "*Risk Factors*", "*Financial Review of the FCA Group*", the Interim Consolidated Financial Statements and the Annual Consolidated Financial Statements incorporated by reference in this Base Prospectus. Investors are advised to review the full financial statements before making any investment decision.

Historical results for any period are not necessarily indicative of results to be expected for any future period.

### Consolidated Income Statement Data

	For the nine months ended September 30,	
	2014	2013
	(€ million, except per share data)	
Net revenues .....	69,006	62,681
EBIT .....	2,157	2,542
Profit before taxes .....	647	1,089
Profit from continuing operations .....	212	655
Net profit .....	212	655
Attributable to:		
<i>Owners of the parent</i> .....	160	44
<i>Non-controlling interest</i> .....	52	611
Basic and diluted loss per ordinary share (in Euro) .....	0.132	0.036
Dividends paid per ordinary share (in Euro) <sup>(1)</sup> .....	—	—

### Other Statistical Information:

Shipments (in thousands of units) .....	1,099	1,002
Number of employees at period end .....	232,463	223,699

<sup>(1)</sup> Dividends paid represent cash payments in the applicable year that generally relates to earnings of the previous year.

## SELECTED FINANCIAL AND STATISTICAL INFORMATION RELATING TO THE FCA GROUP

### Consolidated Statement of Financial Position Data

	At September 30, 2014	At December 31, 2013
	(€ million, except share data)	
Cash and cash equivalents .....	18,395	19,455
Total assets .....	94,396	87,214
Debt .....	32,933	30,283
Total equity .....	10,713	12,584
<i>Equity attributable to owners of the parent</i> .....	10,413	8,326
<i>Non-controlling interests</i> .....	300	4,258
Share capital .....	4,479	4,477
Ordinary shares issued (in thousands of shares) <sup>(1)</sup> : .....	1,250,964	1,250,688

<sup>(1)</sup> Treasury shares at September 30, 2014 were 29,911,246. Book value per ordinary share (net of treasury shares) at September 30, 2014 amounted to €3.58.

### Consolidated Income Statement Data

	For the nine months ended September 30,	
	2014	2013
	(€ million, except per share data)	
Net revenues .....	86,624	83,765
EBIT .....	3,002	3,434
Profit before taxes .....	1,015	1,524
Profit/(loss) from continuing operations .....	1,951	896
Profit/(loss) from discontinued operations .....	—	—
Net profit/(loss) .....	1,951	896
Attributable to:		
<i>Owners of the parent</i> .....	904	44
<i>Non-controlling interest</i> .....	1,047	852
Earnings/(loss) from continuing operations (in Euro)		
Basic per ordinary share .....	0.744	0.036
Diluted per ordinary share .....	0.736	0.036
Basic per preference share .....	—	—
Diluted per preference share .....	—	—
Basic per savings share .....	—	—
Diluted per savings share .....	—	—
Earnings/(loss) per share (in Euro)		
Basic per ordinary share .....	0.744	0.036
Diluted per ordinary share .....	0.736	0.036
Basic per preference share .....	—	—
Diluted per preference share .....	—	—
Basic per savings share .....	—	—
Diluted per savings share .....	—	—
Dividends paid per share (in Euro) <sup>(2)</sup>		
Ordinary share .....	—	—
Preference share <sup>(3)</sup> .....	—	0.217
Savings share <sup>(3)</sup> .....	—	0.217

### Other Statistical Information (unaudited):

Shipments (in thousands of units) .....	4,352	4,223
Number of employees at period end .....	229,053	218,311

<sup>(1)</sup> The amounts reported include seven months of operations for Chrysler.

<sup>(2)</sup> Dividends paid represent cash payments in the applicable year that generally relates to earnings of the previous year.

<sup>(3)</sup> In accordance with the resolution adopted by the shareholders' meeting on April 4, 2012, Fiat's preference and savings shares were mandatorily converted into ordinary shares. For additional information on the shareholders' resolution on the mandatory conversion, see Notes 12 and 23 to the Annual Consolidated Financial Statements incorporated by reference in this Base Prospectus.

Consolidated Statement of Financial Position Data

	At December 31,	
	2013	2012
	(€ million, except share data)	
Cash and cash equivalents .....	19,455	17,666
Total assets .....	87,214	82,633
Debt .....	30,283	28,303
Total equity .....	12,584	8,369
<i>Equity attributable to owners of the parent</i> .....	8,326	6,187
<i>Non-controlling interests</i> .....	4,258	2,182
Share capital .....	4,477	4,476
Shares issued (in thousands of shares):		
<i>Ordinary</i> <sup>(1)</sup> .....	1,250,688	1,250,403
<i>Preference</i> <sup>(2)</sup> .....	—	—
<i>Savings</i> <sup>(2)</sup> .....	—	—

<sup>(1)</sup> Treasury shares at December 31, 2013 were 34,578 thousand. Book value per ordinary share (net of treasury shares) at December 31, 2013 amounted to €6.846.

<sup>(2)</sup> In accordance with the resolution adopted by the shareholders' meeting on April 4, 2012, Fiat's preference and savings shares were mandatorily converted into ordinary shares. For additional information on the shareholders' resolution on the mandatory conversion, see Notes 12 and 23 to the Annual Consolidated Financial Statements incorporated by reference in this Base Prospectus.

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## FINANCIAL REVIEW OF THE FCA GROUP

*The following discussion of our financial condition and results of operations should be read together with the information included under “The FCA Group”, “Selected Historical Consolidated Financial and Other Data”, the Annual Consolidated Financial Statements and the Interim Consolidated Financial Statements incorporated by reference in this Base Prospectus. This discussion includes forward-looking statements, and involves numerous risks and uncertainties, including, but not limited to, those described under “Cautionary Statements Concerning Forward-Looking Statements” and “Risk Factors”. Actual results may differ materially from those contained in any forward looking statements.*

### Overview

The Group is an international leader in the automotive sector, engaged in designing, engineering, manufacturing, distributing and selling vehicles, components and production systems. The FCA Group is the seventh largest automaker in the world based on total worldwide vehicle sales for the year ended December 31, 2013. It operates in approximately 40 countries and its products are sold directly or through distributors and dealers in more than 150 countries. The Group designs, engineers, manufactures, distributes and sells vehicles for the mass market under the Abarth, Alfa Romeo, Chrysler, Dodge, Fiat, Fiat Professional, Jeep, Lancia and Ram brands and the SRT performance vehicle designation. FCA supports its vehicle sales by after-sales services and products worldwide under the Mopar brand and, in certain markets, by retail and dealer financing, leasing and rental services, which the Group makes available through its subsidiaries, joint ventures and commercial arrangements. FCA also designs, engineers, manufactures, distributes and sells luxury vehicles under the Ferrari and Maserati brands, which it supports with financial services provided to its dealers and retail customers. The Group operates in the components and production systems sectors under the Magneti Marelli, Teksid and Comau brands.

The Group activities are carried out through six reportable segments: four regional mass-market vehicle segments (NAFTA, LATAM, APAC and EMEA), a global Luxury Brands segment and a global Components segment (see “*The FCA Group—Overview of The Group’s Business*” below for a description of these reportable segments).

In 2013, FCA shipped 4.4 million vehicles. For the year ended December 31, 2013, it reported net revenues of €86.6 billion, EBIT of €3.0 billion and net profit of €2.0 billion. At September 30, 2014 the Group had available liquidity of €21.7 billion (including €3.1 billion available under undrawn committed credit lines) and had 232,463 employees. At September 30, 2014 FCA had net industrial debt of €11.4 billion. See “*Financial Review of the FCA Group—Non-GAAP Financial Measures—Net Industrial Debt*” below.

### FCA Strategic Business Plan

Following Fiat’s January 2014 acquisition of the approximately 41.5 percent interest in Chrysler not already owned by Fiat, in May 2014, we announced our 2014–2018 Strategic Business Plan (the “Business Plan”). Our Business Plan sets forth sales targets and a number of clearly defined strategic initiatives designed to capitalise on our position as a single integrated automaker to become a leading global automaker, including:

- *Premium Brand Strategy.* We intend to continue to execute on our premium brand strategy by developing the Alfa Romeo and Maserati brands to service global markets. We believe these efforts will help to address the issue of industry overcapacity in the European market, as well as our own excess production capacity in the EMEA region, by leveraging the strong heritage and historical roots of these brands to grow the reach of these brands in all of the regions in which we operate.

Recently, we have successfully expanded in the premium end of the market through the introduction of two new Maserati vehicles. We intend to replicate this on a larger scale with Alfa Romeo by introducing several new vehicles being developed as part of an extensive product plan to address the premium market worldwide. In addition, we intend to continue development of the Maserati brand as a larger scale luxury vehicle brand capitalizing on the recent successful launches of the next generation Quattroporte and the all new Ghibli. We intend to introduce additional new vehicles that will allow Maserati to cover the full range of the luxury vehicle market and position it to substantially expand volumes.

- *Building Brand Equity.* As part of the Business Plan, we intend to further develop our brands to expand sales in markets throughout the world with particular focus on the Jeep and Alfa Romeo brands, which we believe have global appeal and are best positioned to increase volumes substantially in the regions in which we operate.



In particular, the Business Plan highlights our intention to leverage the global recognition of the Jeep brand and extend the range of Jeep vehicles to meet global demand through localised production, particularly in APAC and LATAM. We are also developing a range of vehicles that are expected to re-establish the Alfa Romeo brand, particularly in NAFTA, APAC and EMEA, as a premier driver-focused automotive brand with distinctive Italian styling and performance.

In addition, we expect to take further steps to strengthen and differentiate our brand identities in order to address differing market and customer preferences in each of the regions in which we operate. We believe that we can increase sales and improve pricing by ensuring that all of our vehicles are more closely aligned with a brand identity established in the relevant regional markets. For example, we announced as part of the Business Plan that Chrysler would be our mainstream North American brand, with a wider range of models, including crossovers and our primary minivan offering. Dodge will be restored to its performance heritage, which is expected to enhance brand identity and minimise overlapping product offerings which tend to cause consumer confusion. We also intend to continue the repositioning strategy of the Fiat brand in the EMEA region, leveraging the image of the Fiat 500 family, while positioning Lancia as an Italy-focused brand. We will also continue to develop our pick-up truck and light commercial vehicle brands leveraging our wide range of product offerings to expand further in the EMEA region as Fiat Professional, in LATAM as Fiat and in NAFTA as Ram. For a description of our vehicle brands, see “*The FCA Group—Overview of The Group’s Business—Mass-Market Vehicles Segments —Mass-Market Vehicle Brands*”.

- *Global Growth.* As part of the Business Plan, over the next five years, we intend to expand vehicle sales in key markets throughout the world. In order to achieve this objective, we intend to continue our efforts to localise production of Fiat brand vehicles through our joint venture in China and India, while increasing sales of Jeep vehicles in LATAM and APAC by localizing production through the new facility in Brazil and the extension of the joint venture agreement in China to cover the production of Jeep vehicles. Local production will enable us to expand the product portfolio in these important markets and, importantly, position our vehicles to better address the local market demand by offering vehicles that are competitively priced within the largest segments of these markets without the cost of transportation and import duties. We also intend to increase our vehicle sales in the NAFTA region, continuing to build U.S. market share by offering more competitive products under our distinctive brands. Further, we intend to leverage manufacturing capacity in the EMEA region to support growth in all regions in which we operate by producing vehicles for export from EMEA, including Jeep brand vehicles.
- *Continue Convergence of Platforms.* We intend to continue to rationalise our vehicle architectures and standardise components, where practicable, to more efficiently deliver the range of products we believe necessary to increase sales volumes in each of the regions in which we operate. We seek to optimise the number of global vehicle architectures based on the range of flexibility of each architecture while ensuring that the products at each end of the range are not negatively impacted, taking into account unique brand attributes and market requirements. We believe that continued architectural convergence within these guidelines will facilitate speed to market, quality improvement and manufacturing flexibility allowing us to maximise product functionality and differentiation and to meet diversified market and customer needs. Over the course of the period covered by the Business Plan, we intend to reduce the number of architectures in our mass market brands by approximately 25 percent.
- *Continue Focus on Cost Efficiencies.* An important part of the Business Plan is our continued commitment to maintain cost efficiencies necessary to compete as a global automaker in the regions in which we operate. We intend to continue to leverage our increased combined annual purchasing power to drive savings. Further, our efforts on powertrain and engine research are intended to achieve the greatest cost-to-environmental impact return, with a focus on new global engine families and an increase in use of the 8- and 9-speed transmissions to drive increased efficiency and performance and refinement. We also plan to continue our efforts to extend WCM principles into all of our production facilities and benchmark our efforts across all facilities around the world, which is supported by Chrysler’s January 2014 legally binding memorandum of understanding with the UAW. We believe that the continued extension of our WCM principles will lead to further meaningful progress to eliminate waste of all types in the manufacturing process, which will improve worker efficiency, productivity, safety and vehicle quality. Finally, we intend to drive growth in our components and production systems businesses by designing and producing innovative systems and components for the automotive sector and innovative automation products, each of which will help to focus on cost efficiencies in the manufacturing of vehicles.

- *Continue to Enhance our Margins and Strengthen our Capital Structure.* Through the product and manufacturing initiatives described above, we expect to improve our profitability. We believe our product development and repositioning of our vehicle offerings, along with increasing the number of vehicles manufactured on standardized global platforms will provide an opportunity for us to improve our margins. We are also committed to improving our capital position so we are able to continue to invest in our business throughout economic cycles. We believe we are taking material steps toward achieving investment grade metrics and that we have substantial liquidity to undertake our operations and implement our Business Plan. The proposed capital raising actions, along with our anticipated refinancing of certain Chrysler Group debt, which will give us the ability to more fully manage our cash resources globally, will allow us to further improve our liquidity and optimize our capital structure. Furthermore, we intend to reduce our outstanding indebtedness, which will provide us with greater financial flexibility and enhance earnings and cash flow through reducing our interest burden. Our goal is to eliminate our net industrial debt or achieve a positive net industrial cash balance by the completion of our Business Plan. We believe that these improvements in our capital position will enable us to reduce substantially the liquidity we need to maintain to operate our businesses, including through any reasonably likely cyclical downturns.

### **Trends, Uncertainties and Opportunities**

*Shipments.* Vehicle shipments are generally driven by our plans to meet consumer demand. Vehicle shipments occur shortly after production. We generally recognise revenue when the risks and rewards of ownership of a vehicle are transferred to our dealers or distributors. This usually occurs upon the release of the vehicle to the carrier responsible for transporting the vehicle to the dealer or distributor. Our shipments of passenger cars are driven by consumer demand which in turn is affected by economic conditions, availability and cost of dealer and customer financing and incentives offered to retail customers. Shipments, which correlate with net revenues, are not necessarily directly correlated with retail sales from dealers, which may be affected by other factors including dealer inventory levels.

*Economic Conditions.* Demand for new vehicles tends to reflect economic conditions in the various markets in which we operate because retail sales depend on individual purchasing decisions, which in turn are affected by levels of disposable income. Fleet sales and sales of light commercial vehicles are also influenced by economic conditions, which drives vehicle utilisation and investment activity. Therefore, our performance has been impacted by the macroeconomic trends in the markets in which we operate. For example, the severe global credit crisis that peaked in 2008 and 2009 resulted in a significant and sudden reduction in new vehicle sales in the U.S. While the U.S. economy has not fully recovered from the crisis, U.S. vehicles sales have recovered markedly beginning in 2011. This recovery may have been partially due to pent-up demand and the age of the vehicles on the road following the extended economic downturn. U.S. vehicle sales in 2013, including medium- and heavy-duty vehicles, of 15.9 million, have remained below the 16.5 million vehicles sold in 2007. In Brazil, our largest market in Latin America, despite recent periods of growth, economic conditions slowed beginning in mid-2011, with some gradual recovery since that time. However, industry-wide vehicle sales increased in 2012, due largely to government tax incentives (see “—Government Incentives”). In Asia, the automotive industry has shown strong year-on-year growth, although the pace of growth is slowing. In Europe, the economic crisis of 2008-2009 has been followed by periods of tentative recovery, particularly in some countries, but also continued uncertainty and financial stress. Widespread concerns over sovereign credit risk that prevailed in 2011 and 2012 have been partly addressed by concerted monetary and fiscal consolidation efforts; however, the lingering uncertainty over the region’s financial sector together with various austerity measures have led to further pressure on economic growth and to new periods of recession or stagnation. From 2007, the year before the financial crisis began, to 2013, annual vehicle sales (including sales of passenger cars and light commercial vehicles) in Europe have fallen by over 4 million vehicles. In Italy, our historical home market, both macroeconomic and industry performance were even worse than in Europe as a whole over the same period, which has resulted in significant sustained declines in vehicle sales.

*Dealer and Customer Financing.* Because dealers and retail customers finance their purchases of a large percentage of the vehicles we sell worldwide, the availability and cost of financing is a significant factor affecting our sales volumes and revenues. Availability of customer financing affects the vehicle mix, as customers who have access to greater financing are able to purchase higher priced vehicles, whereas when customer financing is constrained, vehicle mix shifts towards less expensive vehicles. The low interest rate environment in recent years has had the effect of reducing the effective cost of vehicle ownership. However, during the global financial crisis, access to financing, particularly for subprime borrowers, in the U.S., was significantly limited, which led directly to a sharp decline in U.S. vehicle sales. Further, the relative unavailability of dealer inventory financing negatively

impacted the profitability and financial health of our dealership network which adversely affected the network's ability to drive vehicle sales to retail customers. While availability of credit following the 2008-2009 crisis has improved significantly and interest rates in the U.S. and Europe are at historically low levels, the availability and terms of financing will continue to change over time impacting our results. We operate in many regions without a controlled finance company, as we provide access to financing through joint ventures and third party arrangements in several of our key markets. Therefore, we may be less able to ensure availability of financing for our dealers and retail customers in those markets than our competitors that own and operate affiliated finance companies.

*Government Incentives.* In the short- to medium-term, our results may be affected in certain countries or regions by government incentives for the purchase of vehicles. Government incentives tend to increase the number of vehicles sold during the periods in which the incentives are in place, but also tend to distort the development of demand from period to period because they affect the timing of purchases. For example, decisions to purchase may be accelerated if the incentive is scheduled or expected to terminate, which could dampen vehicle sales in future periods. Our sales volumes benefited in Brazil during 2012 when the government introduced tax incentives to promote sales of smaller vehicles. These incentives, which are being phased out, were a contributing factor to the performance of the LATAM segment, which in 2012 recorded a 7.6 percent increase in shipments, with 979 thousand vehicles for 2012.

*Pricing.* Our profitability depends in part on our ability to maintain or improve pricing on the sale of our vehicles, notwithstanding that the automotive industry continues to experience intense price competition resulting from the variety of available competitive vehicles and excess global manufacturing capacity. We have been able to maintain or increase prices of current year models in the NAFTA segment reflecting the enhancements we have made to vehicle content, while the competitive trading environment in Europe, Brazil, China and Australia has reduced pricing and affected our results of operations in these markets. Historically, manufacturers have driven short-term vehicle sales by offering dealer, retail and fleet incentives, including cash rebates, option package discounts, guaranteed depreciation programs, and subsidised financing or leasing programs, all of which constrain margins on vehicle sales. Although we will continue to use such incentives from time to time, we are focusing on achieving higher sales volumes by building brand value, balancing our product portfolio by offering a wider range of vehicle models, and improving the content, quality, fuel economy and performance of our vehicles.

*Vehicle Profitability.* Our results of operations depend on the profitability of the vehicles we sell, which tends to vary based upon a number of factors, including vehicle size, content of those vehicles, brand positioning and the customer base purchasing our vehicles. Vehicle profitability also depends on sales prices, net of sales incentives, costs of materials and components, as well as transportation and warranty costs. In the NAFTA segment, our larger vehicles such as our minivans, larger utility vehicles and pick-up trucks have historically been more profitable than other vehicles; however, these vehicles have lower fuel economy and consumer preferences tend to shift away from larger vehicles in periods of rising fuel prices, which affects their profitability on a per unit and aggregate basis. Our minivans, larger utility vehicles and pick-up trucks accounted for approximately 47 percent of our total U.S. retail vehicle sales in 2013 and the profitability of this portion of our portfolio is approximately 20 percent higher than that of our overall U.S. retail portfolio on a weighted-average basis. A shift in consumer preferences in the U.S. vehicle market away from minivans, larger utility vehicles and pick-up trucks and towards passenger cars could adversely affect our profitability. For example, a shift in demand such that U.S. industry market share for minivans, larger utility vehicles and pick-up trucks deteriorated by 10 percentage points and U.S. industry market share for cars and smaller utility vehicles increased by 10 percentage points, whether in response to higher fuel prices or other factors, holding other variables constant, including our market share of each vehicle segment, would have reduced the Group's EBIT by approximately four percent for 2013. This estimate does not take into account any other changes in market conditions or actions that the Group may take in response to shifting consumer preferences, including production and pricing changes. In all mass-market segments throughout the world, vehicles equipped with additional options are generally more profitable for us. As a result, our ability to offer attractive vehicle options and upgrades is critical to our ability to increase our profitability on these vehicles. Our vehicles sold under certain brand and model names, for instance, are generally more profitable given the strong brand recognition of those vehicles tied in many cases to a long history and in other cases to customers identifying these vehicles as being more modern and responsive to customer needs. For instance, in the EMEA region, our vehicles in the Fiat 500 family tend to be more profitable than older model vehicles of similar size. In addition, in the U.S. and Europe, our vehicle sales through dealers to retail customers are normally more profitable than our fleet sales, as the retail customers typically request additional optional features while fleet customers increasingly tend to concentrate purchases on smaller, more fuel-efficient vehicles with fewer optional features, which have historically had a lower profitability per unit. Nevertheless, our fleet sales have been an important

source of stable revenue and can also be an effective means for marketing our vehicles. Our fleet sales also help to normalise our plant production through the delivery of a large, pre-determined quantity of vehicles over several months.

*Effects of Foreign Exchange Rates.* We are affected by fluctuations in foreign exchange rates (i) through translation of foreign currency financial statements into Euro for consolidation, which we refer to as the translation impact, and (ii) through transactions by entities in the Group in currencies other than their own functional currencies, which we refer to as the transaction impact. Translation impacts arise in preparation of the consolidated financial statements; in particular, we prepare our consolidated financial statements in Euro, while the financial statements of each of our subsidiaries are prepared in the functional currency of that entity. In preparing consolidated financial statements, we translate assets and liabilities measured in the functional currency of the subsidiaries into Euro using the exchange rate prevailing at the balance sheet date, while we translate income and expenses using the average exchange rates for the period covered. Accordingly, fluctuations in the exchange rate of the functional currencies of our entities against the Euro impacts our results of operations. Transaction impacts arise when our entities conduct transactions in currencies other than their own functional currency. We are therefore exposed to foreign currency risks in connection with scheduled payments and receipts in multiple currencies. For example, foreign currency denominated purchases by LATAM segment companies have been affected by the weakening of the Brazilian Real, which has had the effect of making such purchases more expensive in Brazilian Real terms.

*Service Parts, Accessories and Service Contracts Revenues.* Revenues from aftermarket service parts and accessories through our Mopar brand are less volatile and generate higher margins than average vehicle sales. In addition, we sell vehicle service contracts. With over 70 million of our branded vehicles on the road, we have an extensive network of potential customers for our service parts and accessories.

*Cost of Sales.* Cost of sales includes purchases, certain warranty and product-related costs, labour costs, depreciation, amortisation and logistic costs. We purchase a variety of components (including mechanical, steel, electrical and electronic, plastic components as well as castings and tires), raw materials (steel, rubber, aluminium, resin, copper, lead, and precious metals including platinum, palladium and rhodium), supplies, utilities, logistics and other services from numerous suppliers which we use to manufacture our vehicles, parts and accessories. These purchases accounted for approximately 80 percent of total cost of sales for each of the years ended December 31, 2013 and 2012. Fluctuations in cost of sales are primarily related to the number of vehicles we produce and sell along with shifts in vehicle mix, as newer models of vehicles generally have more technologically advanced components and enhancements and therefore additional costs per unit. The cost of sales could also be affected, to a lesser extent, by fluctuations of certain raw material prices. The cost of raw materials comprised approximately 15 percent of the previously described total purchases for each of the years ended December 31, 2013 and 2012, respectively, while the remaining portion of purchases is made of components, transformation and overhead costs. We typically seek to manage these costs and minimise their volatility through the use of fixed price purchase contracts and the use of commercial negotiations and technical efficiencies. Because of these effects and relatively more stable commodities markets, for the periods reported, changes in component and raw material costs generally have not had a material effect on the period to period comparisons of our cost of sales. Nevertheless, our cost of sales related to materials and components has increased, as we have significantly enhanced the quality and content of our vehicles as we renew and refresh our product offerings. Over time, technological advancements and improved material sourcing can reduce the cost to us of the additional enhancements. In addition, we seek to recover higher costs through pricing actions, but even when competitive conditions permit this, there may be a time lag between the increase in our costs and our ability to realise improved pricing. Accordingly, our results are typically adversely affected, at least in the short term, until price increases are accepted in the market.

Further, in many markets where our vehicles are sold, we are required to pay import duties on those vehicles, which are included in our cost of sales. Although we can typically pass these costs along with our higher priced vehicles, for many of our vehicles, particularly in the mass market segments, we cannot always pass along increases in those duties to our dealers and distributors and remain competitive. Our ability to price our vehicles to recover those increased costs has impacted, and will continue to impact, our profitability. Alternatively, we can try to eliminate or reduce the impact of these import duties by increasing local manufacturing of vehicles, as we have done in China and we plan to do in Brazil with a new plant opening in 2015. However, operating conditions, including labour regulations, in certain markets, have produced industry overcapacity which may make it hard for us to shift to more local production in other markets. As a result, we may experience lower plant utilisation rates, which we will be unable to recover, if we are unable to reallocate production easily. These factors as well as the

long capital investment cycles associated with building local production infrastructure may necessitate that we continue to produce a large proportion of our vehicles in existing facilities and satisfy most of our demand from emerging markets through exports.

*Product Development.* An integral part of our business plan has been the continued refresh and growth of our vehicle portfolio, and we have committed significant capital and resources toward an aggressive launch programme of completely new vehicles on all new platforms, with additions of new powertrain and transmission technology. In order to realise a return on the significant investments we have made, in order to sustain market share, and to achieve competitive operating margins, we will have to continue this accelerated pace of new vehicle launches. We believe efforts in developing common vehicle platforms and powertrains through the Fiat-Chrysler Alliance has accelerated the time-to-market for many of our new vehicle launches and resulted in cost savings.

Our efforts to develop our product offerings and the costs associated with vehicle improvements and launches can impact our EBIT. Refer to “*Significant Accounting Policies—Format of the Financial Statements*” included in the Annual Consolidated Financial Statements incorporated by reference in this Base Prospectus for a description of EBIT. During the development and launch of these new or refreshed offerings, despite the pace, we must also maintain our commitment to quality improvements. Moreover, our ability to continue to make the necessary investments in product development to achieve these plans depends in large part on the market acceptance and success of the new or significantly refreshed vehicles we introduce, as well as our ability to timely complete the aggressive launch schedule we have planned without sacrificing quality.

Costs we incur in the initial research phase for new projects (which may relate to vehicle models, vehicle platforms or powertrains) are expensed as incurred and reported as research and development costs. Costs we incur for product development are capitalised and recognised as development cost intangible assets if and when the following two conditions are both satisfied: (i) development costs can be measured reliably and (ii) the technical feasibility of the project, and the anticipated volumes and pricing, corroborate that the development expenditures will generate future economic benefits. Capitalised development costs include all direct and indirect costs that may be directly attributed to the development process. Such capitalised development costs are amortised on a straight line basis commencing from production over the expected economic useful life of the product developed, and such amortisation is recognised and reported as research and development costs in our consolidated income statement. During a new vehicle launch and introduction to the market, we typically incur increased selling, general and advertising expenses associated with the advertising campaigns and related promotional activity. If vehicle production is terminated prior to the expected date, any unamortised capitalised development costs are expensed during that period.

We did not recognise any intangible assets relating to in-process research and development in connection with our consolidation of Chrysler in 2011 as all of Chrysler’s development efforts related to the commercialisation of modification of existing technology. Upon obtaining control, we began capitalizing development costs related to Chrysler’s development projects until their production phase and subsequently began amortizing them over their expected useful economic lives, which typically ranges between 5 and 12 years. In 2012 and 2013, we capitalised €994 million and €862 million respectively, and recognised amortisation of development costs of €25 million and €188 million respectively.

Other than the inclusion of Chrysler’s development projects as a result of consolidation, there has been no major peak of development activity in 2012 and 2013 that resulted in a significant year-over-year increase in capitalisation of development costs. Amortisation of non-Chrysler projects has remained relatively consistent.

Future developments in our product portfolio to support certain of our brands’ growth strategy and their related development expenditures could lead to significant capitalisation of development costs. Our time to market is approximately 21 months, but varies, depending on product, after which, the project goes into production, resulting in an increase in amortisation. Therefore our operating results, which are measured through EBIT, are impacted by the cyclicity of our research and development expenditures based on our product portfolio strategies and our product plans.

*Regulation.* We face a regulatory environment in markets throughout the world where vehicle emission and fuel economy regulations are increasingly becoming more stringent which will affect our vehicle sales and profitability. We must comply with these regulations in order to continue operations in those markets, including a number of markets where we derive substantial revenue, such as the U.S., Brazil and Europe. Further, developments in regulatory requirements in China, the largest single market in the world in 2013, limit in some respects the product offerings we can pursue as we seek to expand the scope of our operations in that country.

Developing, engineering and manufacturing vehicles that meet these requirements and therefore may be sold in those markets requires a significant expenditure of resources.

### Critical Accounting Estimates

The Annual Consolidated Financial Statements and the Interim Consolidated Financial Statements are prepared in accordance with IFRS which require the use of estimates, judgments and assumptions that affect the carrying amount of assets and liabilities, the disclosure of contingent assets and liabilities and the amounts of income and expenses recognised. The estimates and associated assumptions are based on elements that are known when the financial statements are prepared, on historical experience and on any other factors that are considered to be relevant.

The estimates and underlying assumptions are reviewed periodically and continuously by the Group. If the items subject to estimates do not perform as assumed, then the actual results could differ from the estimates, which would require adjustment accordingly. The effects of any changes in estimate are recognised in the consolidated income statement in the period in which the adjustment is made, or in future periods.

The items requiring estimates for which there is a risk that a material difference may arise in respect of the carrying amounts of assets and liabilities in the future are discussed below.

### Pension plans

Group companies, primarily in the U.S. and Canada, sponsor both non-contributory and contributory defined benefit pension plans. The majority of the plans are funded plans. The non-contributory pension plans cover certain hourly and salaried employees. Benefits are based on a fixed rate for each year of service. Additionally, contributory benefits are provided to certain salaried employees under the salaried employees' retirement plans. These plans provide benefits based on the employee's cumulative contributions, years of service during which the employee contributions were made and the employee's average salary during the five consecutive years in which the employee's salary was highest in the 15 years preceding retirement.

The Group's defined benefit pension plans are accounted for on an actuarial basis, which requires the use of estimates and assumptions to determine the net liability or net asset. The Group estimates the present value of the projected future payments to all participants taking into consideration parameters of a financial nature such as discount rate, the rates of salary increases and the likelihood of potential future events estimated by using demographic assumptions such as mortality, dismissal and retirement rates. These assumptions may have an effect on the amount and timing of future contributions.

Plan obligations and costs are based on existing retirement plan provisions, which include plan amendments with certain provisions taking effect in future periods.

During the second quarter of 2013, the Group amended its U.S. and Canadian salaried defined benefit pension plans. The U.S. plans were amended in order to comply with Internal Revenue Service regulations, cease the accrual of future benefits effective December 31, 2013, and enhance the retirement factors. The Canada amendment ceases the accrual of future benefits effective December 31, 2014, enhances the retirement factors and continues to consider future salary increases for the affected employees. The U.S. and Canadian plan amendments resulted in an interim remeasurement of the plans and a corresponding curtailment gain. As a result, the Group recognised a €509 million net reduction to its pension obligation, a €7 million reduction to defined benefit plan assets, and a corresponding €502 million increase in other comprehensive income/(loss).

Assumptions regarding any potential future changes to benefit provisions beyond those to which the Group is presently committed are not made.

The assumptions used in developing the required estimates include the following key factors:

- *Discount rates.* The Group selects discount rates on the basis of the rate of return on high-quality (AA-rated) fixed income investments for which the timing and amounts of payments match the timing and amounts of the projected pension payments.
- *Salary growth.* The salary growth assumption reflects the Group's long-term actual experience, outlook and assumed inflation.

- *Inflation.* The inflation assumption is based on an evaluation of external market indicators.
- *Expected contributions.* The expected amount and timing of contributions is based on an assessment of minimum funding requirements. From time to time contributions are made beyond those that are legally required.
- *Retirement rates.* Retirement rates are developed to reflect actual and projected plan experience.
- *Mortality rates.* Mortality rates are developed to reflect actual and projected plan experience.
- *Plan assets measured at net asset value.* Plan assets are recognised and measured at fair value in accordance with IFRS 13 — *Fair Value Measurement*. At December 31, 2013, plan assets for which the fair value is represented by the net asset value (“NAV”) since there are no active markets for these assets, amounted to €2,780 million. These investments include private equity, real estate and hedge fund investments.

Significant differences in actual experience or significant changes in assumptions may affect the pension obligations and pension expense. The effects of actual results differing from assumptions and of changing assumptions are included in Other comprehensive income/(loss).

At December 31, 2013 the effect of the indicated decrease or increase in selected factors, holding all other assumptions constant, is shown below:

	<b>Effect on pension defined benefit obligation</b>
	(€ million)
10 basis point decrease in discount rate.....	265
10 basis point increase in discount rate .....	(261)

At December 31, 2013 net liabilities and net assets for pension benefits amounted to €4,253 million and to €95 million, respectively (€7,008 million and €83 million, respectively at December 31, 2012). Refer to Note 25 of the Annual Consolidated Financial Statements incorporated by reference in this Base Prospectus for a detailed discussion of the Group’s pension plans.

*Other post-retirement benefits*

The Group provides health care, legal, severance indemnity and life insurance benefits to certain hourly and salaried employees. Upon retirement these employees may become eligible for continuation of certain benefits. Benefits and eligibility rules may be modified periodically.

Health care, life insurance plans and other employment benefits are accounted for on an actuarial basis, which requires the selection of various assumptions. The estimation of the Group’s obligations, costs and liabilities associated with these plans requires the use of estimates of the present value of the projected future payments to all participants, taking into consideration parameters of a financial nature such as discount rate, the rates of salary increases and the likelihood of potential future events estimated by using demographic assumptions such as mortality, dismissal and retirement rates.

Plan obligations and costs are based on existing plan provisions. Assumptions regarding any potential future changes to benefit provisions beyond those to which the Group is presently committed are not made.

The assumptions used in developing the required estimates include the following key factors:

- *Discount rates.* The Group selects discount rates on the basis of the rate of return on high-quality (AA-rated) fixed income investments for which the timing and amounts of payments match the timing and amounts of the projected pension payments.
- *Health care cost trends.* The Group’s health care cost trend assumptions are developed based on historical cost data, the near-term outlook, and an assessment of likely long-term trends.

- *Salary growth.* The salary growth assumptions reflect the Group’s long-term actual experience, outlook and assumed inflation.
- *Retirement and employee leaving rates.* Retirement and employee leaving rates are developed to reflect actual and projected plan experience, as well as the legal requirements for retirement in Italy.
- *Mortality rates.* Mortality rates are developed to reflect actual and projected plan experience.

At December 31, 2013 the effect of the indicated decreases or increases in the key factors affecting the health care, life insurance plans and severance indemnity in Italy (“TFR”), holding all other assumptions constant, is shown below:

	<b>Effect on health care and life insurance defined benefit obligation</b>	<b>Effect on the TFR obligation</b>
	<b>(€ million)</b>	
10 basis point/100 basis point (respectively) decrease in discount rate .....	24	52
10 basis point/100 basis point (respectively) increase in discount rate .....	(23)	(43)
100 basis point decrease in health care cost trend rate .....	(40)	n/a
100 basis point increase in health care cost trend rate .....	48	n/a

**Recoverability of non-current assets with definite useful lives**

Non-current assets with definite useful lives include property, plant and equipment, intangible assets and assets held for sale. Intangible assets with definite useful lives mainly consist of capitalised development costs related to the EMEA and NAFTA segments.

The Group periodically reviews the carrying amount of non-current assets with definite useful lives when events and circumstances indicate that an asset may be impaired. Impairment tests are performed by comparing the carrying amount and the recoverable amount of the cash-generating unit (“CGU”). The recoverable amount is the higher of the CGU’s fair value less costs of disposal and its value in use. In assessing the value in use, the pre-tax estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

During the years ended December 31, 2013 and 2012, due to the decline in the demand for vehicles in the European market (primarily in Italy) and to the streamlining of architectures and related production platforms associated with the region’s refocused product strategy, impairment tests relating to EMEA net assets were performed.

As a result of the new product strategy, the operations to which specific capitalised development costs belonged was redesigned. For example, certain models were switched to new platforms considered technologically more appropriate. As no future economic benefits were expected from these specific capitalised development costs, they were derecognised in accordance with IAS 38 paragraph 112(b) and characterised by the Group as an impairment. For the year ended December 31, 2013, capitalised development costs relating to EMEA were impaired by approximately €90 million as a result.

Also as a result of the new product strategy, certain models were identified for reduced production going forward. The cash-generating units (comprising tangible assets and capitalised development costs) related to such models were tested for impairment by comparing the carrying amount of the assets allocated to the CGU to its value in use. In assessing the value in use, the pre-tax estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU. In testing these CGUs, cash flows for the remaining useful life of the related products were discounted using a pre-tax weighted average cost of capital of 12.2 percent. For the year ended December 31, 2013, total impairments of approximately €116 million relating to EMEA were recorded as a result of this testing (of which €61 million related to development costs and €55 million related to Property, plant and equipment).

Additionally, specific CGUs in the Components reportable segment were tested following the identification of impairment indicators. Lastly, the Group wrote off specific development costs within the Maserati operating



segment due to changes in the platform to be used for a new model, and wrote off €32 million of development costs within the LATAM segment.

The following tables set forth all impairment charges recognised for non-current assets with definite useful lives during the years ended December 31, 2013 and 2012.

**Impairments to Property, plant and equipment:**

	<b>For the years ended December 31,</b>	
	<b>2013</b>	<b>2012</b>
	(€ million)	
EMEA:.....	55	40
Components: .....	31	8
LATAM:.....	—	1
Other:.....	—	1
	<b>86</b>	<b>50</b>
<b>Recorded in the Consolidated income statement within:</b>		
Cost of sales .....	—	50
Other unusual expenses.....	86	—
	<b>86</b>	<b>50</b>

**Impairments to Other intangible assets:**

	<b>For the years ended December 31,</b>	
	<b>2013</b>	<b>2012</b>
	(€ million)	
<i>Development costs</i>		
EMEA:.....	151	33
Components: .....	2	21
Luxury brands (Maserati operating segment): .....	65	—
LATAM:.....	32	2
APAC: .....	—	1
	<b>250</b>	<b>57</b>
<i>Other intangible assets</i> .....	—	1
	<b>250</b>	<b>58</b>
<b>Recorded in the Consolidated income statement within:</b>		
Cost of sales .....	—	1
Research and development costs.....	24	57
Other unusual expenses.....	226	—
	<b>250</b>	<b>58</b>

In addition, following the downward trend in the demand for vehicles in Europe, the Group considered it necessary to test the recoverable amount of the EMEA segment (which is mainly composed of property plant and equipment and capitalised development costs) at December 31, 2013 and 2012. The recoverable amount of the EMEA segment was its value in use determined with the following assumptions:

- the reference scenario for each year was based on the following year's budget, the expected trading conditions and the automotive market trends for the following five year period;
- the six year period has been deemed necessary to take into account the full cycle of new vehicles introduced reflecting the benefits arising from the capital expenditure devoted to the product portfolio enrichment and renewal, largely concentrated in 2015-2016;
- the expected future cash flows, represented by the projected EBIT before result from investments, gains on the disposal of investments, restructuring costs, other unusual income/(expenses) and depreciation and amortisation and reduced by expected capital expenditure, include a normalised terminal value used to

estimate the future results beyond the time period explicitly considered. This terminal value was assumed substantially in line with 2017-2019 amounts. The long-term growth rate was set at zero;

- the expected future cash flows have been discounted using a pre-tax Weighted Average Cost of Capital (“WACC”) of 12.2 percent (13.1 percent in 2012). This WACC reflects the current market assessment of the time value of money for the period being considered and the risks specific to the EMEA region. The WACC was calculated by referring among other factors to the yield curve of 10 year European government bonds and to Fiat’s cost of debt.

In 2013, the recoverable amount of the EMEA segment was higher than the corresponding carrying amount. In addition, sensitivity analysis was performed by simulating two different scenarios:

- a) WACC was increased by 1.0 percent for 2017, 2.0 percent for 2018 and 3.0 percent for 2019 and for Terminal Value;
- b) Cash-flows were reduced by estimating the impact of a 5.0 percent decrease in the European car market demand for 2015, 7.5 percent for 2016 and 10.0 percent for 2017-2019 as compared to the base assumptions.

In all cases the recoverable amount was higher than the carrying amount.

In 2012, the recoverable amount of the EMEA operating segment was higher than the corresponding carrying amount. In addition, sensitivities analysis were performed simulating two different scenarios:

- a) WACC was increased by 1.0 percent for 2017 and 2.0 percent for 2018 and for Terminal Value;
- b) Cash-flows were reduced by estimating the impact of a 10.0 percent decrease in the European car market demand for 2016-2018 as compared to the base assumptions.

In all cases the recoverable amount was higher than the carrying amount.

The estimates and assumptions described reflect the Group’s current available knowledge as to the expected future development of the businesses and are based on an assessment of the future development of the markets and the car industry, which remain subject to a high degree of uncertainty due to the continuation of the economic difficulties in most countries of the Eurozone and its effects on the industry. More specifically, considering the uncertainty, a future worsening in the economic environment in the Eurozone that is not reflected in these Group assumptions, could result in actual performance that differs from the original estimates, and might therefore require adjustments to the carrying amounts of certain non-current assets in future periods.

### ***Recoverability of Goodwill and intangible assets with indefinite useful lives***

In accordance with IAS 36 – *Impairment of Assets*, Goodwill and intangible assets with indefinite useful lives are not amortised and are tested for impairment annually or more frequently if facts or circumstances indicate that the asset may be impaired.

Goodwill and intangible assets with indefinite useful lives are allocated to operating segments or to CGUs within the operating segments, which represent the lowest level within the Group at which goodwill is monitored for internal management purposes in accordance with IAS 36. The impairment test is performed by comparing the carrying amount (which mainly comprises property, plant and equipment, goodwill, brands and capitalised development costs) and the recoverable amount of each CGU of group of CGUs to which Goodwill has been allocated. The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use.

Goodwill and intangible assets with indefinite useful lives at December 31, 2013 include €8,967 million and €2,600 million respectively resulting from the acquisition of Chrysler (€9,372 million and €2,717 million respectively at December 31, 2012), and €786 million from the acquisition of interests in Ferrari (€786 million at December 31, 2012).

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The following table sets forth the impairment charges recognised for Goodwill and intangible assets with indefinite useful lives during the years ended December 31, 2013 and 2012.

	For the years ended December 31,	
	2013	2012
	(€ million)	
<b>Goodwill</b>		
EMEA .....	—	—
Components.....	—	—
Other .....	—	—
<b>Goodwill and intangible assets with indefinite useful lives .....</b>	<b>—</b>	<b>—</b>

For a discussion on impairment testing of Goodwill and intangible assets with indefinite useful lives, reference should be made to Note 13 to the Annual Consolidated Financial Statements incorporated by reference in this Base Prospectus.

### *Recoverability of deferred tax assets*

The carrying amount of deferred tax assets is reduced to the extent that it is not probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax assets to be utilised.

At December 31, 2013, the Group had deferred tax assets on deductible temporary differences of €6,183 million (€6,363 million at December 31, 2012), of which €435 million was not recognised (€2,445 million at December 31, 2012). At the same date the Group had also theoretical tax benefit on losses carried forward of €3,810 million (€3,399 million at December 31, 2012), of which €2,891 million was unrecognised (€2,473 million at December 31, 2012).

In addition, at December 31, 2013, in view of the results achieved by Chrysler, of the continuous improvement of its product mix, its trends in international sales and its implementation of new vehicles, together with the consolidation of the alliance between Fiat and Chrysler, following Fiat's acquisition of the remaining shareholding at the beginning of 2014, the Group recorded previously unrecognised deferred tax assets for a total of €1,734 million, of which €1,500 million was recognised in Income taxes and €234 million in Other comprehensive income/(loss).

The recoverability of deferred tax assets is dependent on the Group's ability to generate sufficient future taxable income in the period in which it is assumed that the deductible temporary differences reverse and tax losses carried forward can be utilised. In making this assessment, the Group considers future taxable income arising on the most recent budgets and plans, prepared by using the same criteria described for testing the impairment of assets and goodwill moreover, it estimates the impact of the reversal of taxable temporary differences on earnings and it also considers the period over which these assets could be recovered.

These estimates and assumptions are subject to a high degree of uncertainty, in particular with regard to the future performance in the Eurozone; therefore changes in current estimates due to unanticipated events could have a significant impact on the Group's consolidated financial statements.

### *Sales incentives*

The Group records the estimated cost of sales incentive programs offered to dealers and consumers as a reduction to revenue at the time of sale to the dealer. This estimated cost represents the incentive programs offered to dealers and consumers, as well as the expected modifications to these programs in order to facilitate sales of the dealer inventory. Subsequent adjustments to incentive programs related to vehicles previously sold to dealers are recognised as an adjustment to revenue in the period the adjustment is determinable.

The Group uses price discounts to adjust vehicle pricing in response to a number of market and product factors, including: pricing actions and incentives offered by competitors, economic conditions, the amount of excess industry production capacity, the intensity of market competition, consumer demand for the product and the desire to support promotional campaigns. The Group may offer a variety of sales incentive programs at any given point in time, including: cash offers to dealers and consumers and subvention programs offered to customers, or lease subsidies, which reduce the retail customer's monthly lease payment or cash due at the inception of the financing

arrangement, or both. Incentive programs are generally brand, model and region specific for a defined period of time, which may be extended.

Multiple factors are used in estimating the future incentive expense by vehicle line including the current incentive programs in the market, planned promotional programs and the normal incentive escalation incurred as the model year ages. The estimated incentive rates are reviewed monthly and changes to the planned rates are adjusted accordingly, thus impacting revenues. As discussed previously, there are a multitude of inputs affecting the calculation of the estimate for sales incentives, and an increase or decrease of any of these variables could have a significant effect on recorded revenues.

### *Product warranties and liabilities*

The Group establishes reserves for product warranties at the time the sale is recognised. The Group issues various types of product warranties under which the performance of products delivered is generally guaranteed for a certain period or term. The reserve for product warranties includes the expected costs of warranty obligations imposed by law or contract, as well as the expected costs for policy coverage, recall actions and buyback commitments. The estimated future costs of these actions are principally based on assumptions regarding the lifetime warranty costs of each vehicle line and each model year of that vehicle line, as well as historical claims experience for the Group's vehicles. In addition, the number and magnitude of additional service actions expected to be approved, and policies related to additional service actions, are taken into consideration. Due to the uncertainty and potential volatility of these estimated factors, changes in the assumptions used could materially affect the results of operations.

The Group periodically initiates voluntary service and recall actions to address various customer satisfaction, safety and emissions issues related to vehicles sold. Included in the reserve is the estimated cost of these service and recall actions. The estimated future costs of these actions are based primarily on historical claims experience for the Group's vehicles. Estimates of the future costs of these actions are inevitably imprecise due to some uncertainties, including the number of vehicles affected by a service or recall action. It is reasonably possible that the ultimate cost of these service and recall actions may require the Group to make expenditures in excess (or less than) of established reserves over an extended period of time. The estimate of warranty and additional service and recall action obligations is periodically reviewed during the year. Experience has shown that initial data for any given model year can be volatile; therefore, the process relies upon long-term historical averages until actual data is available. As actual experience becomes available, it is used to modify the historical averages to ensure that the forecast is within the range of likely outcomes. Resulting accruals are then compared with current spending rates to ensure that the balances are adequate to meet expected future obligations.

Warranty costs incurred are generally recorded in the Consolidated income statement as Cost of sales. However, depending on the specific nature of the recall, including the significance and magnitude, the Group reports certain of these costs as Unusual expenses. As such, for comparability purposes, the Group believes that separate identification allows users of the Group's Consolidated financial statements to take them into appropriate consideration when analysing the performance of the Group and assists them in understanding the Group's financial performance year on year.

In addition, the Group makes provisions for estimated product liability costs arising from property damage and personal injuries including wrongful death, and potential exemplary or punitive damages alleged to be the result of product defects. By nature, these costs can be infrequent, difficult to predict and have the potential to vary significantly in amount. The valuation of the reserve is actuarially determined on an annual basis based on, among other factors, the number of vehicles sold and product liability claims incurred. Costs associated with these provisions are recorded in the income statement and any subsequent adjustments are recorded in the period in which the adjustment is determined.

### *Other Contingent liabilities*

The Group makes provisions in connection with pending or threatened disputes or legal proceedings when it is considered probable that there will be an outflow of funds and when the amount can be reasonably estimated. If an outflow of funds becomes possible but the amount cannot be estimated, the matter is disclosed in the notes to the financial statements. The Group is the subject of legal and tax proceedings covering a wide range of matters in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the outflow of funds that could result from such disputes with any certainty. Moreover, the cases and claims against the Group often derive from complex legal issues which are subject to a differing degree of uncertainty, including the facts

and circumstances of each particular case and the manner in which applicable law is likely to be interpreted and applied to such fact and circumstances, and the jurisdiction and the different laws involved. The Group monitors the status of pending legal procedures and consults with experts on legal and tax matters on a regular basis. It is therefore possible that the provisions for the Group's legal proceedings and litigation may vary as the result of future developments in pending matters.

### *Litigation*

Various legal proceedings, claims and governmental investigations are pending against the Group on a wide range of topics, including vehicle safety; emissions and fuel economy; dealer, supplier and other contractual relationships; intellectual property rights; product warranties and environmental matters. Some of these proceedings allege defects in specific component parts or systems (including airbags, seats, seat belts, brakes, ball joints, transmissions, engines and fuel systems) in various vehicle models or allege general design defects relating to vehicle handling and stability, sudden unintended movement or crashworthiness. These proceedings seek recovery for damage to property, personal injuries or wrongful death and in some cases include a claim for exemplary or punitive damages. Adverse decisions in one or more of these proceedings could require the Group to pay substantial damages, or undertake service actions, recall campaigns or other costly actions.

Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. An accrual is established in connection with pending or threatened litigation if a loss is probable and a reliable estimate can be made. Since these accruals represent estimates, it is reasonably possible that the resolution of some of these matters could require the Group to make payments in excess of the amounts accrued. It is also reasonably possible that the resolution of some of the matters for which accruals could not be made may require the Group to make payments in an amount or range of amounts that could not be reasonably estimated.

The term "reasonably possible" is used herein to mean that the chance of a future transaction or event occurring is more than remote but less than probable. Although the final resolution of any such matters could have a material effect on the Group's operating results for the particular reporting period in which an adjustment of the estimated reserve is recorded, it is believed that any resulting adjustment would not materially affect the consolidated financial position or cash flows.

### *Environmental Matters*

The Group is subject to potential liability under government regulations and various claims and legal actions that are pending or may be asserted against the Group concerning environmental matters. Estimates of future costs of such environmental matters are inevitably imprecise due to numerous uncertainties, including the enactment of new laws and regulations, the development and application of new technologies, the identification of new sites for which the Group may have remediation responsibility and the apportionment and collectability of remediation costs among responsible parties. The Group establishes provisions for these environmental matters when a loss is probable and a reliable estimate can be made. It is reasonably possible that the final resolution of some of these matters may require the Group to make expenditures, in excess of established provisions, over an extended period of time and in a range of amounts that cannot be reliably estimated. Although the final resolution of any such matters could have a material effect on the Group's operating results for the particular reporting period in which an adjustment to the estimated provision is recorded, it is believed that any resulting adjustment would not materially affect the consolidated financial position or cash flows.

### *Business combinations*

The consolidation of Chrysler was accounted for as a business combination achieved in stages using the acquisition method of accounting required under IFRS 3. In accordance with the acquisition method, the Group remeasured its previously held equity interest in Chrysler at fair value. The non-controlling interest in Chrysler was also recognised at its acquisition date fair value. Additionally, the Group recognised the acquired assets and assumed liabilities at their acquisition date fair values, except for deferred income taxes and certain liabilities associated with employee benefits, which were recorded according to other accounting guidance. These values were based on market participant assumptions, which were based on market information available at the date control was obtained and which affected the value at which the assets, liabilities, non-controlling interests and goodwill were recognised as well as the amount of income and expense for the period. See "*Changes in the Scope of Consolidation—Accounting for the Chrysler business combination*" in the Annual Consolidated Financial Statements, incorporated by reference in this Base Prospectus.

### *Share-based compensation*

The Group accounts for share-based compensation plans in accordance with IFRS 2 – *Share-based payments*, which requires measuring share-based compensation expense based on fair value. As described in Note 24 to the Annual Consolidated Financial Statements incorporated by reference in this Base Prospectus, within the Group, Fiat and Chrysler granted share-based payments for the years ended December 31, 2013 and 2012 to certain employees and directors.

The fair value of Fiat share-based payments is measured based on market prices of Fiat shares at the grant date taking into account the terms and conditions upon which the instruments were granted. The fair value of Chrysler awards is measured by using a discounted cash flow methodology to estimate the price of the awards at the grant date and subsequently for liability-classified awards at each balance sheet date, until they are settled.

For Chrysler's awards, since there are no publicly observable market prices for Chrysler's membership interests, the fair value was determined contemporaneously with each measurement using a discounted cash flow methodology. The Group uses this approach, which is based on projected cash flows, to estimate Chrysler's enterprise value. Then the Group deducts the fair value of Chrysler's outstanding interest bearing debt as of the measurement date from the enterprise value to arrive at the fair value of Chrysler's equity.

The significant assumptions used in the measurement of the fair value of these awards at each measurement date include different assumptions, for example, four years of annual projections that reflect the estimated after-tax cash flows a market participant would expect to generate from Chrysler's operating business, an estimated after-tax weighted average cost of capital and projected worldwide factory shipments.

The assumptions noted above used in the contemporaneous estimation of fair value at each measurement date have not changed significantly during the three years ended December 31, 2013 and 2012 with the exception of the weighted average cost of capital, which is directly influenced by external market conditions.

The Group updates the measurement of the fair value of these awards on a regular basis. It is therefore possible that the amount of share-based payments reserve and liabilities for share-based payments may vary as the result of a significant change in the above mentioned assumptions.

### **Non-GAAP Financial Measures**

We monitor our operations through the use of several non-GAAP financial measures: Net Debt, Net Industrial Debt and certain information provided on a constant currency basis. We believe that these non-GAAP financial measures provide useful and relevant information regarding our operating results and enhance the overall ability to assess our financial performance and financial position. They provide us with comparable measures which facilitate management's ability to identify operational trends, as well as make decisions regarding future spending, resource allocations and other operational decisions. These and similar measures are widely used in the industry in which we operate.

These financial measures may not be comparable to other similarly titled measures of other companies and are not intended to be substitutes for measures of financial performance and financial position as prepared in accordance with IFRS.

#### *Net Industrial Debt*

The following table details our Net Debt at September 30, 2014, December 31, 2013 and December 31, 2012, and provides a reconciliation of this non-GAAP measure to debt, the most directly comparable measure included in our consolidated statement of financial position.

Due to different sources of cash flows used for the repayment of the financial debt between industrial activities and financial services (by cash from operations for industrial activities and by collection of financial receivables for financial services) and the different business structure and leverage implications, we provide a separate analysis of Net Debt between Industrial Activities and Financial Services.

The division between Industrial Activities and Financial Services represents a sub-consolidation based on the core business activities (industrial or financial services) of each Group company. The sub-consolidation for Industrial Activities also includes companies that perform centralised treasury activities (i.e., raising funding in the market and financing Group companies), but do not, however, provide financing to third parties. Financial Services

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includes companies that provide retail and dealer finance, leasing and rental services in support of the mass-market brands in certain geographical segments, and for the luxury brands.

Net Industrial Debt (*i.e.*, Net Debt of Industrial Activities) is management's primary measure for analysing our financial leverage and capital structure and is one of the key targets used to measure our performance.

(€ million)	At September 30, 2014			At December 31, 2013			At December 31, 2012		
	Industrial Activities	Financial Services	Consolidated	Industrial Activities	Financial Services	Consolidated	Industrial Activities	Financial Services	Consolidated
Debt with third parties .....	(30,908)	(2,025)	(32,933)	(28,250)	(2,033)	(30,283)	(26,256)	(2,047)	(28,303)
Net intercompany financial receivables/payables and current financial receivables from jointly-controlled financial services companies.....	1,537	(1,466)	71	1,363	(1,336)	27	1,392	(1,334)	58
Other financial assets/(liabilities) (net) .....	(194)	(2)	(196)	399	(3)	396	321	(3)	318
Current securities .....	183	30	213	219	28	247	173	83	256
Cash and cash equivalents .....	18,010	385	18,395	19,255	200	19,455	17,420	246	17,666
<b>Net Debt .....</b>	<b>(11,372)</b>	<b>(3,078)</b>	<b>(14,450)</b>	<b>(7,014)</b>	<b>(3,144)</b>	<b>(10,158)</b>	<b>(6,950)</b>	<b>(3,055)</b>	<b>(10,005)</b>

### Constant Currency Information

The “—Results of Operations” discussion below includes information about our net revenues and EBIT at constant currency. We calculate constant currency by applying the prior-year average exchange rates to current financial data expressed in local currency in which the relevant financial statements are denominated in order to eliminate the impact of foreign exchange rate fluctuations (see “*Significant Accounting Policies*” in the Annual Consolidated Financial Statements incorporated by reference in this Base Prospectus for information on the exchange rates applied). These constant currency measures are non-GAAP measures. Although we do not believe that these measures are a substitute for GAAP measures, we do believe that such results excluding the impact of currency fluctuations year-on-year provide additional useful information to investors regarding the operating performance on a local currency basis.

For example, if a U.S. entity with U.S. dollar functional currency recorded net revenues of U.S.\$100 million for 2013 and 2012, we would report €75 million in net revenues for 2013 (using the 2013 average exchange rate of 1.328) compared to €78 million for 2012 (using the average exchange rate of 1.285). The constant currency presentation would translate the 2013 net revenues using the 2012 exchange rates, and indicate that the underlying net revenues on a constant currency basis were unchanged year-on-year. We present such information in order to assess how the underlying business has performed prior to the impact of fluctuations in foreign currency exchange rates.

### Shipment Information

As discussed in “*The FCA Group—Overview of The Group’s Business*” our activities are carried out through six reportable segments: four regional mass-market vehicle segments (NAFTA, LATAM, APAC and EMEA), a global Luxury Brands segment and a global Components segment. The following table sets forth our vehicle shipment information by segment (excluding the Components segment). Vehicle shipments are generally aligned with current period production which is driven by our plans to meet consumer demand. Revenue is generally recognised when the risks and rewards of ownership of a vehicle have been transferred to our dealers or distributors, which usually occurs upon the release of the vehicle to the carrier responsible for transporting the vehicle to our dealer or distributor. Revenues related to new vehicle sales with a buy-back commitment, or through the Guaranteed Depreciation Programme (“GDP”), under which the Group guarantees the residual value or otherwise assumes responsibility for the minimum resale value of the vehicle, are not recognised at the time of delivery but are accounted for similar to an operating lease and rental income is recognised over the contractual term of the lease on a straight line basis. For a description of our dealers and distributors see “*The Fiat Chrysler Group—Mass-Market Vehicles*”. Accordingly, the number of vehicles shipped does not necessarily correspond to the number of vehicles sold for which revenues are recorded in any given period.

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(In thousands of units)

	Shipments			
	For the nine months ended September 30,		For the years ended December 31,	
	2014	2013	2013	2012
NAFTA .....	1,825	1,587	2,23	2,115
LATAM.....	610	723	950	979
APAC .....	163	115	163	103
EMEA.....	763	743	979	1,012
Luxury Brands .....	32	13	22	14
<b>Total .....</b>	<b>3,393</b>	<b>3,181</b>	<b>4,352</b>	<b>4,223</b>

### Results of Operations

#### Nine months ended September 30, 2014 compared to nine months ended September 30, 2013

The following is a discussion of the results of operations for the nine months ended September 30, 2014 as compared to the nine months ended September 30, 2013. The discussion of certain line items (cost of sales, selling, general and administrative costs and research and development costs) includes a presentation of such line items as a percentage of net revenues for the respective periods presented, to facilitate the period-on-period comparisons.

(€ million)	For the nine months ended September 30,	
	2014	2013
Net revenues .....	69,006	62,681
Cost of sales .....	59,694	53,706
Selling, general and administrative costs .....	5,151	4,842
Research and development costs.....	1,825	1,615
Other income/(expenses).....	133	(13)
Result from investments .....	105	73
Gains on the disposal of investments .....	11	8
Restructuring costs .....	23	9
Other unusual income/(expenses) .....	(405)	(35)
<b>EBIT .....</b>	<b>2,157</b>	<b>2,542</b>
Net financial income/(expenses).....	(1,510)	(1,453)
<b>Profit before taxes .....</b>	<b>647</b>	<b>1,089</b>
Tax expenses .....	435	434
<b>Net profit .....</b>	<b>212</b>	<b>655</b>
<b>Net profit attributable to:</b>		
<i>Owners of the parent</i> .....	160	44
<i>Non-controlling interests</i> .....	52	611

#### Net revenues

(€ million, except percentages)	For the nine months ended September 30,		Increase/(decrease)	
	2014	2013	2014 vs. 2013	
Net revenues .....	69,006	62,681	6,325	10.1%

Net revenues for the nine months ended September 30, 2014 were €69.0 billion, an increase of €6.3 billion, or 10.1% (13.4% on a constant currency basis), from €62.7 billion for the nine months ended September 30, 2013.

The increase in net revenues was primarily attributable to (i) a €4.7 billion increase in NAFTA net revenues, related to an increase in shipments and improved vehicle and distribution channel mix, which was only partially offset by unfavourable foreign currency translation effect, (ii) a €1.4 billion increase in Luxury Brands net revenues primarily attributable to an increase in Maserati shipments, (iii) a €1.3 billion increase in APAC net revenues attributable to an increase in shipments and improved vehicle mix, and (iv) an increase of €0.3 billion in Components net revenues, which were partially offset by (v) a decrease of €1.4 billion in LATAM net revenues.



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The decrease in LATAM net revenues was attributable to the combined effect of lower vehicle shipments and unfavourable foreign currency translation effect related to the weakening of the Brazilian Real against the Euro, only partially offset by positive pricing and vehicle mix. EMEA net revenues were substantially unchanged, amounting to €13.0 billion for the nine months ended September 30, 2014, as compared to €12.9 billion for the nine months ended September 30, 2013.

See “— Segments” for a detailed discussion of net revenues by segment.

### Costs of Sales

(€ million, except percentages)	For the nine months ended September 30,				Increase/(decrease)	
	2014	% of net revenues	2013	% of net revenues	2014 vs. 2013	
Cost of sales .....	59,694	86.5%	53,706	85.7%	5,988	11.1%

Cost of sales for the nine months ended September 30, 2014 was €59.7 billion, an increase of €6.0 billion, or 11.1% (14.5% on a constant currency basis), from €53.7 billion for the nine months ended September 30, 2013. As a percentage of net revenues, cost of sales was 86.5% in the nine months ended September 30, 2014 compared to 85.7% in the nine months ended September 30, 2013.

The increase in cost of sales was primarily due to the combination of (i) €5.3 billion related to increased vehicle shipments, primarily in the NAFTA, APAC, Luxury Brands and EMEA segments, partially offset by a reduction in LATAM shipments, (ii) €1.5 billion related to vehicle and distribution channel mix primarily attributable to the NAFTA segment, and (iii) €0.4 billion arising from price increases for certain raw materials primarily in LATAM, which were partially offset by (v) favourable foreign currency translation effect of €1.8 billion.

In particular, the €1.5 billion increase in cost of sales related to vehicle and distribution channel mix was primarily driven by the higher percentage of growth in certain SUV and truck shipments as compared to passenger car shipments, and an increase in retail shipments relative to fleet shipments in NAFTA.

Cost of sales for the nine months ended September 30, 2014 increased by €0.5 billion due an increase of warranty expenses, which also included the effects of recently approved recall campaigns in the NAFTA segment.

The favourable foreign currency translation impact of €1.8 billion was primarily attributable to the NAFTA and LATAM segments, driven by the weakening of the U.S. Dollar and the Brazilian Real against the Euro.

### Selling, general and administrative costs

(€ million, except percentages)	For the nine months ended September 30,				Increase/(decrease)	
	2014	% of net revenues	2013	% of net revenues	2014 vs. 2013	
Selling, general and administrative costs .....	5,151	7.5%	4,842	7.7%	309	6.4%

Selling, general and administrative costs include advertising, personnel, and other costs. Advertising costs accounted for approximately 44% and 42% of total selling, general and administrative costs for the nine months ended September 30, 2014 and 2013 respectively.

Selling, general and administrative costs for the nine months ended September 30, 2014 were €5,151 million, an increase of €309 million, or 6.4%, from €4,842 million for the nine months ended September 30, 2013. As a percentage of net revenues, selling, general and administrative costs were 7.5% in the nine months ended September 30, 2014 compared to 7.7% in the nine months ended September 30, 2013.

The increase in selling, general and administrative costs was due to the combined effects of (i) a €299 million increase in advertising expenses driven primarily by the APAC, NAFTA and EMEA segments, (ii) a €159 million increase in other selling, general and administrative costs primarily attributable to the Luxury Brands and to a lesser extent to LATAM and APAC segments which were partially offset by (iii) the impact of favourable foreign currency translation of €149 million.

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In particular, the increase in advertising expenses was largely attributable to the APAC and NAFTA segment to support the growth of the business in their respective markets and, in NAFTA, related to new product launches, including the all new 2014 Jeep Cherokee and the all-new 2015 Chrysler 200, while the increase in advertising expenses for the EMEA segment were driven by new launches, including the all-new Jeep Renegade. The favourable foreign currency translation impact of €149 million was primarily attributable to the NAFTA and LATAM segments, driven by the weakening of the U.S. Dollar and the Brazilian Real against the Euro.

The increase in other selling, general and administrative costs attributable to the Luxury Brands segment has been driven by the increase in Maserati volumes. The increase in other selling, general and administrative costs attributable to the APAC segment was driven by volume growth in the region, while the increase in the LATAM segment includes the start-up costs of the Pernambuco plant and an increase in personnel costs.

### Research and developments costs

(€ million, except percentages)	For the nine months ended September 30,				Increase/(decrease)	
	2014	% of net revenues	2013	% of net revenues	2014 vs. 2013	
Research and development costs expensed during the year .....	1,027	1.5%	998	1.6%	29	2.9%
Amortisation of capitalised development costs .....	781	1.1%	614	1.0%	167	27.2%
Write-down of costs previously capitalised .....	17	—	3	—	14	<i>n.m.</i>
<b>Research and development costs.....</b>	<b>1,825</b>	<b>2.6%</b>	<b>1,615</b>	<b>2.6%</b>	<b>210</b>	<b>13.0%</b>

Research and development costs for the nine months ended September 30, 2014 were €1,825 million, an increase of €210 million, or 13.0%, from €1,615 million for the nine months ended September 30, 2013. As a percentage of net revenues, research and development costs were 2.6% both for the nine months ended September 30, 2014 and 2013.

The increase in research and development costs was attributable to the combined effects of (i) an increase in the amortization of previously capitalized development costs of €167million, (ii) an increase in research and development costs expensed during the period of €29 million and (iii) an increase in write-down of costs previously capitalized of €14 million.

Research and development costs capitalized as a percentage of total spending on research and development were unchanged for the nine months ended September 30, 2014, as compared to the nine months ended September 30, 2013. Spending on research and development amounted to €2,548 million for the nine months ended September 30, 2014, an increase of 2.9%, from €2,477 million, for the nine months ended September 30, 2013, resulting in a 2.9% increase in research and development costs expensed.

The increase in amortization of capitalized development costs was attributable to the launch of new products, and in particular related to the NAFTA segment, driven by the all-new 2014 Jeep Cherokee, which began shipping to dealers in late October 2013, and the all-new 2015 Chrysler 200, which was launched in the first quarter of 2014, and began arriving in dealerships in May 2014.

### Other income/(expenses)

(€ million, except percentages)	For the nine months ended September 30,		Increase/(decrease)	
	2014	2013	2014 vs. 2013	
Other income/(expenses) .....	133	(13)	146	<i>n.m.</i>

Other income/(expenses) for the nine months ended September 30, 2014 amounted to net income of €133 million, as compared to net expenses of €13 million for the nine months ended September 30, 2013.

For both the nine months ended September 30, 2014 and September 30, 2013, there were no items that either individually or in aggregate are considered material.

**Result from investments**

The largest contributors to result from investments for the three months ended September 30, 2014 and September 30, 2013 were FGA Capital S.p.A. or FGAC (a jointly-controlled finance company that manages activities in retail automotive financing, dealership financing, long-term car rental and fleet management in 14 European countries) and Tofas-Turk Otomobil Fabrikasi A.S. (a jointly-controlled) Turkish automaker.

(€ million, except percentages)	For the nine months ended September 30,		Increase/(decrease)	
	2014	2013	2014 vs. 2013	
Results from investments .....	105	73	32	43.8%

Result from investments for the nine months ended September 30, 2014 was €105 million, an increase of €32 million, or 43.8%, from €73 million for the nine months ended September 30, 2013. The increase in result from investments was primarily attributable to the €16 million decrease in the loss relating to the Group's investment in RCS MediaGroup and to the €12 million increase in results from investments in the EMEA segment.

**Gains on the disposal of investments**

(€ million, except percentages)	For the nine months ended September 30,		Increase/(decrease)	
	2014	2013	2014 vs. 2013	
Gains on the disposal of investments .....	11	8	3	37.5%

Gains on the disposal of investments for the nine months ended September 30, 2014 were €11 million, an increase of €3 million, from €8 million for the nine months ended September 30, 2013.

For both the nine months ended September 30, 2014 and September 30, 2013, there were no items that either individually or in aggregate were considered material.

**Restructuring costs**

(€ million, except percentages)	For the nine months ended September 30,		Increase/(decrease)	
	2014	2013	2014 vs. 2013	
Restructuring costs .....	23	9	14	<i>n.m.</i>

Restructuring costs for the nine months ended September 30, 2014 were €23 million, an increase of €14 million, from €9 million for the nine months ended September 30, 2013.

Restructuring costs for the nine months ended September 30, 2014 mainly relate to the LATAM and Components segments.

Restructuring costs for the nine months ended September 30, 2013 mainly relate to Other activities partially offset by release of a restructuring provision previously recognized in the NAFTA segment.

**Other unusual income/(expense)**

(€ million, except percentages)	For the nine months ended September 30,		Increase/(decrease)	
	2014	2013	2014 vs. 2013	
Other unusual income/(expense) .....	(405)	(35)	(370)	<i>n.m.</i>

Other unusual expenses for the nine months ended September 30, 2014 were €405 million, an increase of €370 million from €35 million for the nine months ended September 30, 2013.

For the nine months ended September 30, 2014, Other unusual income/(expenses) amounted to net expenses of €405 million, primarily relating to the €495 million expense recognized in the NAFTA segment in connection with the execution of the UAW memorandum of understanding which was entered into by Chrysler on January 21,

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2014, which was partially offset by the non-cash and non-taxable gain of €223 million in Other activities on the re-measurement to fair value of the previously exercised options on approximately 10% of Chrysler's membership interest in connection with the Equity Purchase Agreement. In addition, Other unusual expenses include a €98 million re-measurement charge recognized in the LATAM segment as a result of the Group's change in the exchange rate used to re-measure its Venezuelan subsidiary's net monetary assets in U.S. Dollar, based on developments in the first quarter 2014 related to the foreign exchange process in Venezuela. For the nine months ended September 30, 2014 Other unusual expenses also included the €15 million compensation costs deriving from the resignation of the former Ferrari chairman.

Other unusual expenses for the nine months ended September 30, 2013 primarily related to (i) a €59 million foreign currency exchange loss recognized related to the devaluation of the Venezuelan Bolivar ("VEF") relative to the U.S. Dollar in February 2013 and (ii) a €115 million charge related to the June 2013 voluntary safety recall for the 1993-1998 Jeep Grand Cherokee and the 2002-2007 Jeep Liberty, as well as the customer satisfaction action for the 1999-2004 Jeep Grand Cherokee, partially offset by (iii) the impacts of a curtailment gain and plan amendments of €166 million with a corresponding net reduction pension obligation in NAFTA.

See Note 7 – "Other unusual income/(expenses)" in the Interim Consolidated Financial Statements for further details.

### EBIT

(€ million, except percentages)	For the nine months ended September 30,		Increase/(decrease)	
	2014	2013	2014 vs. 2013	
EBIT .....	2,157	2,542	(385)	(15.1%)

EBIT for the nine months ended September 30, 2014 was €2,157 million, a decrease of €385 million, or 15.1% (-11.3% on a constant currency basis), from €2,542 million for the nine months ended September 30, 2013.

The decrease in EBIT was primarily attributable to the combined effect of (i) a €639 million decrease in NAFTA EBIT and (ii) a €456 million decrease in LATAM EBIT, which were partially offset by (iii) a €172 million increase in Luxury Brands EBIT, (iv) a €151 million decrease in EMEA EBIT loss and (v) a €126 million increase in APAC EBIT.

See "—Segments" for a detailed discussion of EBIT by segment.

### Net financial income/(expenses)

(€ million, except percentages)	For the nine months ended September 30,		Increase/(decrease)	
	2014	2013	2014 vs. 2013	
Net financial income/(expense) .....	(1,510)	(1,453)	57	3.9%

Net financial expenses for the nine months ended September 30, 2014 were €1,510 million, an increase of €57 million, or 3.9%, from €1,453 million for the nine months ended September 30, 2013.

Excluding the gain on the Fiat stock option-related equity swaps of €60 million recognized in the nine months ended September 30, 2013, net financial expenses were substantially unchanged as the benefits from the Chrysler refinancing transactions completed in February were offset by higher average debt levels.

### Tax expenses

(€ million, except percentages)	For the nine months ended September 30,		Increase/(decrease)	
	2014	2013	2014 vs. 2013	
Tax expenses.....	435	434	1	0.2%

Tax expenses for the nine months ended September 30, 2014 were €435 million, substantially unchanged from tax expenses of €434 million for the nine months ended September 30, 2013. At December 31, 2013, previously

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unrecognized deferred tax assets of €1,500 million were recognized, principally related to tax loss carry forwards and temporary differences in the NAFTA operations.

In the nine months ended September 2014, the utilization of a part of these temporary differences resulted in a higher deferred tax expense as compared to the prior year, which was offset by the recognition of a €125 million deferred tax benefit and by other deferred tax benefits which were not repeated in the nine months ended September 30, 2013.

### SEGMENTS

The following is a discussion of net revenues, EBIT and shipments for each segment.

(€ million, except shipments which are in thousands of units)	Net revenues		EBIT		Shipments	
	For the nine months ended September 30,		For the nine months ended September 30,		For the nine months ended September 30,	
	2014	2013	2014	2013	2014	2013
NAFTA .....	37,124	32,474	1,030	1,669	1,825	1,587
LATAM .....	6,315	7,753	64	520	610	723
APAC .....	4,597	3,332	410	284	163	115
EMEA .....	13,031	12,929	(141)	(292)	763	743
Luxury Brands .....	3,861	2,491	484	312	32	13
Components .....	6,240	5,932	150	132	—	—
Other activities .....	602	685	(40)	(101)	—	—
Unallocated items & adjustments .....	(2,764)	(2,915)	200	18	—	—
<b>Total .....</b>	<b>69,006</b>	<b>62,681</b>	<b>2,157</b>	<b>2,542</b>	<b>3,393</b>	<b>3,181</b>

### Mass-Market Vehicles Segments

#### NAFTA

(€ million, except shipments which are in thousands of units)	For the nine months ended September 30,		Increase/ (decrease) 2014 vs. 2013
	2014	2013	
Net revenues .....	37,124	32,474	4,650
EBIT .....	1,030	1,669	(639)
Shipments .....	1,825	1,587	238

#### Net revenues

NAFTA net revenues for the nine months ended September 30, 2014 were €37.1 billion, an increase of €4.7 billion, or 14.3% (17.6% on a constant currency basis), from €32.5 billion for the nine months ended September 30, 2013. The total increase of €4.7 billion was primarily attributable to (i) an increase in shipments of €4.2 billion, (ii) favourable market and vehicle mix of €1.4 billion, (iii) favourable net pricing of €0.1 billion, partially offset by (iv) unfavourable foreign currency translation effect of €1.1 billion.

The 15.0% increase in vehicle shipments from 1,587 thousand units for the nine months ended September 30, 2013, to 1,825 thousand units for the nine months ended September 30, 2014, was largely driven by increased demand of the Group's vehicles, including the all-new 2014 Jeep Cherokee, Ram pickups and the Jeep Grand Cherokee. These increases were partially offset by a reduction in the prior model year Chrysler 200 and Dodge Avenger shipments due to their discontinued production in the first quarter of 2014 in preparation for the launch and changeover to the all-new 2015 Chrysler 200, which began arriving in dealerships in May 2014.

Of the favourable mix impact of €1.4 billion, €1.1 billion related to vehicle mix due to higher proportion of trucks and certain SUVs as compared to passenger cars (as these larger vehicles generally have a higher selling price), and €0.3 billion related to a shift in distribution channel mix to greater retail shipments as a percentage of total shipments, which is consistent with the continuing strategy to grow U.S. retail market share while maintaining stable fleet shipments.

## FINANCIAL REVIEW OF THE FCA GROUP

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Favourable net pricing of €0.1 billion reflected favourable pricing and pricing for enhanced content, partially offset by incentive spending on certain vehicles in portfolio

These increases were partially offset by the impact of the weakening of the U.S. Dollar against the Euro. In particular, the average exchange rate used to translate balances for the nine months ended September 30, 2014, was 2.9% lower than the average exchange rate used for the same period in 2013, which impacted net revenues by €1.1 billion.

### *EBIT*

NAFTA EBIT for the nine months ended September 30, 2014 was €1,030 million, a decrease of €639 million, or 38.3% (36.4% on a constant currency basis) from EBIT of €1,669 million for the nine months ended September 30, 2013.

The decrease in NAFTA EBIT was primarily attributable to the combination of the (i) increased industrial costs of €1,171 million (ii) an increase of €569 million in other unusual expenses and (iii) a €97 million increase in selling, general and administrative costs largely attributable to higher advertising costs to support new vehicle launches, including the all new 2014 Jeep Cherokee and the all-new 2015 Chrysler 200, partially offset by (iv) the favourable volume/mix impact of €1,122 million, driven by the previously described increase in shipments, and (v) favourable net pricing of €106 million due to favourable pricing and pricing for enhanced content, partially offset by incentive spending on certain vehicles in portfolio.

The increase in industrial costs was attributable to an increase in warranty expenses of €527 million which included the effects of recently approved recall campaigns, an increase in base material costs of €743 million mainly related to higher base material costs associated with vehicles and components and content enhancements on new models and €224 million in higher research and development costs and depreciation and amortization.

For the nine months ended September 30, 2014, unusual items were negative by €499 million primarily reflecting the €495 million charge in the first quarter of 2014 connected with the UAW memorandum of understanding entered into by Chrysler on January 21, 2014.

For the nine months ended September 30, 2013, unusual items were positive by €70 million, primarily including (i) a €115 million charge related to the June 2013 voluntary safety recall for the 1993-1998 Jeep Grand Cherokee and the 2002-2007 Jeep Liberty, as well as the customer satisfaction action for the 1999-2004 Jeep Grand Cherokee, partially offset by (ii) the impacts of a curtailment gain and plan amendments of €166 million with a corresponding net reduction pension obligation in NAFTA.

### *LATAM*

(€ million, except shipments which are in thousands of units)	For the nine months ended		Increase/ (decrease) 2014 vs. 2013
	2014	September 30, 2013	
Net revenues.....	6,315	7,753	(1,438)
EBIT.....	64	520	(456)
Shipments.....	610	723	(113)

### *Net revenues*

LATAM net revenues for the nine months ended September 30, 2014 were €6.3 billion, a decrease of €1.4 billion, or 18.5% (10.5% on a constant currency basis), from €7.8 billion for the nine months ended September 30, 2013. The total decrease of €1.4 billion was attributable to (i) a decrease of €1.2 billion driven by lower shipments of, and (ii) unfavourable foreign currency translation of €0.6 billion, which were partially offset by (iii) favourable net pricing and vehicle mix of €0.4 billion.

The 15.6% decrease in vehicle shipments from 723 thousand units for the nine months ended September 30, 2013, to 610 thousand units for the nine months ended September 30, 2014, was largely as a result of the weaker trading conditions. The weakening of the Brazilian Real against the Euro impacted net revenues by €0.6 billion, in particular, the average exchange rate used to translate Brazilian Real balances for the nine months ended September 30, 2014, was 11.1% lower than the average exchange rate used for the same period in 2013.

## FINANCIAL REVIEW OF THE FCA GROUP

### EBIT

LATAM EBIT for the nine months ended September 30, 2014 was €64 million, a decrease of €456 million, or 87.7% (80.4% on a constant currency basis), from €520 million for the nine months ended September 30, 2013.

The decrease in LATAM EBIT was primarily attributable to the combination of (i) unfavourable volume/mix impact of €242 million attributable to a decrease in shipments, partially offset by an improvement in vehicle mix in Brazil, (ii) an increase in industrial costs of €341 million largely attributable to price increases for certain foreign currency denominated purchases, which were impacted by the weakening of the Brazilian Real, (iii) a €50 million increase in other unusual expenses and (iv) the impact of unfavourable foreign currency translation of €38 million attributable to the weakening of the Brazilian Real against the Euro, partially offset by (v) favourable pricing of €234 million driven by pricing actions in Brazil and Argentina.

In particular, LATAM net other unusual expenses amounted to €105 million for the nine months ended September 30, 2014, including €96 million for the re-measurement charge on the Venezuelan subsidiary's net monetary assets, compared to €43 million relating to the loss recognized on translation of certain monetary liabilities from Venezuelan Bolivar into U.S. Dollar.

### APAC

(€ million, except shipments which are in thousands of units)	For the nine months ended September 30,		Increase/ (decrease)
	2014	2013	2014 vs. 2013
Net revenues.....	4,597	3,332	1,265
EBIT.....	410	284	126
Shipments.....	163	115	48

#### Net revenues

APAC Revenues for the nine months ended September 30, 2014 were €4.6 billion, an increase of €1.3 billion, or 38% (42.6% on a constant currency basis), from €3.3 billion for the nine months ended September 30, 2013.

The total increase of €1.3 billion was primarily attributable to an increase in shipments.

The 41.7% increase in shipments from 115 thousand units for the nine months ended September 30, 2013, to 163 thousand units for the nine months ended September 30, 2014, was largely supported by shipments to China and Australia, and in particular, driven by the newly-launched Jeep Cherokee, Jeep Grand Cherokee and Dodge Journey.

### EBIT

APAC EBIT for the nine months ended September 30, 2014 was €410 million, an increase of €126 million, or 44.4% (49.3% on a constant currency basis) from €284 million for the nine months ended September 30, 2013.

The increase in APAC EBIT was primarily attributable to (i) positive volume/mix impact of €418 million as a result of the previously described increase in shipments, partially offset by (ii) an increase in selling, general and administrative costs of €120 million to support the growth of the APAC operations, (iii) an increase in industrial costs of €54 million due to higher research and development costs, increased fixed manufacturing costs for new product initiatives and higher production volumes, (iv) unfavourable pricing of €90 million due to the increasingly competitive trading environment, particularly in China, and (v) unfavourable foreign currency translation and others of €14 million.

### EMEA

(€ million, except shipments which are in thousands of units)	For the nine months ended September 30,		Increase/ (decrease)
	2014	2013	2014 vs. 2013
Net revenues.....	13,031	12,929	102
EBIT.....	(141)	(292)	151
Shipments.....	763	743	20

## FINANCIAL REVIEW OF THE FCA GROUP

### Net revenues

EMEA net revenues for the nine months ended September 30, 2014 were €13.0 billion, an increase of €0.1 billion, or 0.8%, from €12.9 billion for the nine months ended September 30, 2013.

The €0.1 billion increase in EMEA net revenues was mainly attributable to the combination of (i) a €0.3 billion increase in vehicle shipments, (ii) a €0.1 billion favourable sales mix impact primarily driven by Jeep brand sales, partially offset by lower used car volumes and parts sales, partially offset by (iii) unfavourable pricing of €0.1 billion due to the increasingly competitive trading environment particularly related to passenger cars in Europe and (iv) €0.1 billion lower components sales.

In particular, the 2.7% increase in vehicle shipments, from 743 thousand units for the nine months ended September 30, 2013, to 763 thousand units for the nine months ended September 30, 2014, was largely driven by the Fiat 500 family, the Jeep brand and the new Fiat Ducato.

### EBIT

EMEA EBIT loss for the nine months ended September 30, 2014 was €141 million, an improvement of €151 million, or 51.7% (52.7% on a constant currency basis), from an EBIT loss of €292 million for the nine months ended September 30, 2013.

The decrease in EMEA EBIT loss was primarily attributable to the combination of (i) a favourable volume/mix impact of €171 million driven by the previously described increase in shipments and improved vehicle mix, (ii) a decrease in net industrial costs of €103 million mainly driven by industrial and purchasing efficiencies, which were partially offset by (iii) unfavourable pricing of €92 million as a result of the competitive trading environment and resulting price pressure and (iv) an increase in selling, general and administrative costs of €20 million mainly related to advertising expenses primarily to support the growth of Jeep brand and the Jeep Renegade launch.

### Luxury Brands Segment

(€ million, except shipments which are in units)	For the nine months ended		Increase/ (decrease) 2014 vs. 2013
	2014	September 30, 2013	
<b>Ferrari</b>			
Net revenues.....	2,011	1,711	300
EBIT.....	274	264	10
Shipments.....	5,280	5,336	(56)
<b>Maserati</b>			
Net revenues.....	2,039	883	1,156
EBIT.....	210	48	162
Shipments.....	26,428	7,548	18,880
<b>Luxury Brands</b>			
Net revenues <sup>(1)</sup> .....	3,861	2,491	1,370
EBIT.....	484	312	172
Shipments.....	31,708	12,884	18,824

<sup>(1)</sup> Net of eliminations.

### Net Revenues

Luxury Brands net revenues for the nine months ended September 30, 2014, were €3.9 billion, an increase of €1.4 billion, or 55.0% (57.9% on a constant currency basis), from €2.5 billion for the nine months ended September 30, 2013.

### Ferrari

For the nine months ended September 30, 2014, Ferrari revenues were €2,011 million, an increase of €300 million, or 17.5% from €1,711 million for the nine months ended September 30, 2013.

The €300 million increase was primarily attributable to improved vehicle mix driven by the contribution of the LaFerrari model.



*Maserati*

For the nine months ended September 30, 2014, Maserati net revenues were €2,039 million, an increase of €1,156 million, or 130.9% from €883 million for the nine months ended September 30, 2013, primarily driven by an increase in vehicle shipments from 7.5 thousand units for the nine months ended September 30, 2013, to 26.4 thousand units for the nine months ended September 30, 2014.

**EBIT**

Luxury Brands EBIT for the nine months ended September 30, 2014 was €484 million, an increase of €172 million, or 55.1% (56.4% on a constant currency basis) from €312 million for the nine months ended September 30, 2013.

*Ferrari*

Ferrari EBIT for the nine months ended September 30, 2014, was €274 million, an increase of €10 million, or 3.8% from €264 million for the nine months ended September 30, 2013.

*Maserati*

Maserati EBIT for the nine months ended September 30, 2014, was €210 million, an increase of €162 million, from €48 million for the nine months ended September 30, 2013, primarily driven by the growth in shipments, as previously discussed.

**Components Segment**

(€ million, except shipments which are in units)	For the nine months ended		Change 2013 vs. 2012
	September 30, 2014	September 30, 2013	
<b>Magneti Marelli</b>			
Net revenues.....	4,770	4,455	315
EBIT.....	124	109	15
<b>Teksid</b>			
Net revenues.....	480	531	(51)
EBIT.....	(3)	(7)	4
<b>Comau</b>			
Net revenues.....	1,032	988	44
EBIT.....	29	30	(1)
<b>Components</b>			
Net revenues (1).....	6,240	5,932	308
EBIT.....	150	132	18

<sup>(1)</sup> Net of eliminations.

**Net revenues**

Components net revenues for the nine months ended September 30, 2014, revenues were €6.2 billion, an increase of €0.3 billion, or 5.2% (+9.0% on a constant currency basis), from €5.9 billion for the nine months ended September 30, 2013.

*Magneti Marelli*

Magneti Marelli net revenues for the nine months ended September 30, 2014, were €4.8 billion, an increase of €0.3 billion, or 7.1%, from €4.5 billion for the nine months ended September 30, 2013 primarily reflecting positive performance in North America, China and Europe, partially offset by performance in Brazil, which was impacted by the weakening of the Brazilian Real against the Euro.

*Teksid*

Teksid net revenues for the nine months ended September 30, 2014 were €480 million, a decrease of €51 million, or 9.6%, from €531 million for the nine months ended September 30, 2013, primarily attributable to an

approximately 2% decrease in cast iron business volumes, which were partially offset by an approximately 20% increase in aluminium business volumes.

### *Comau*

Teksid net revenues for the nine months ended September 30, 2014 were €1,032 million, an increase of €44 million, or 4.5%, from €988 million for the nine months ended September 30, 2013, mainly attributable to the Body Welding business.

### **EBIT**

Components EBIT for the nine months ended September 30, 2014 was €150 million, an increase of €18 million, or 13.6%, from €132 million for the nine months ended September 30, 2013.

### *Magneti Marelli*

Magneti Marelli EBIT for the nine months ended September 30, 2014 EBIT was €124 million, an increase of €15 million, 13.8%, from €109 million for the nine months ended September 30, 2013.

### *Teksid*

Teksid EBIT loss for the nine months ended September 30, 2014 was €3 million, a decrease of €4 million, from a EBIT loss of €7 million for the nine months ended September 30, 2013.

### *Comau*

Comau EBIT for the nine months ended September 30, 2014 was €29 million, a decrease of €1 million, or 3.3%, from €30 million for the nine months ended September 30, 2013.

**Consolidated Results of Operations – 2013 compared to 2012**

The following is a discussion of the results of operations for the year ended December 31, 2013 as compared to the year ended December 31, 2012. The discussion of certain line items (cost of sales, selling, general and administrative costs and research and development costs) includes a presentation of such line items as a percentage of net revenues for the respective periods presented, to facilitate the year-on-year comparisons.

(€ million)	For the years ended December 31,	
	2013	2012
Net revenues .....	86,624	83,765
Cost of sales .....	74,326	71,473
Selling, general and administrative costs .....	6,702	6,775
Research and development costs .....	2,236	1,858
Other income/(expenses) .....	77	(68)
Result from investments .....	84	87
Gains/(losses) on the disposal of investments .....	8	(91)
Restructuring costs .....	28	15
Other unusual income/(expenses) .....	(499)	(138)
<b>EBIT .....</b>	<b>3,002</b>	<b>3,434</b>
Net financial income/(expenses) .....	(1,987)	(1,910)
<b>Profit before taxes .....</b>	<b>1,015</b>	<b>1,524</b>
Tax (income)/expenses .....	(936)	628
<b>Net profit .....</b>	<b>1,951</b>	<b>896</b>
<b>Net profit attributable to:</b>		
<i>Owners of the parent</i> .....	904	44
<i>Non-controlling interests</i> .....	1,047	852

*Net revenues*

(€ million, except percentages)	For the years ended December 31,		Increase/(decrease)	
	2013	2012	2013 vs. 2012	
Net revenues .....	86,624	83,765	2,859	3.4%

Net revenues for 2013 were €86.6 billion, an increase of €2.8 billion, or 3.4 percent (7.4 percent on a constant currency basis), from €83.8 billion for 2012.

The increase in net revenues was primarily attributable to increases of €2.3 billion in NAFTA segment net revenues and €1.5 billion in APAC segment net revenues, both of which were largely driven by increases in shipments. In addition, Luxury Brands segment net revenues increased by €0.9 billion supported by an increase in Maserati shipments driven by the 2013 launches including the new Quattroporte in March and the Ghibli in October. These increases were partly offset by a decrease of €1.1 billion in LATAM segment net revenues, and a €0.4 billion decrease in EMEA segment net revenues. The decrease in LATAM segment net revenues was largely attributable to the combined effect of unfavourable foreign currency translation related to the weakening of the Brazilian Real against the Euro, and a 3.0 percent decrease in vehicle shipments. The decrease in EMEA segment net revenues was largely due to a decrease in shipments, attributable to the combined effect of the persistent weak economic conditions in Europe, which resulted in a 1.8 percent passenger car industry contraction, and in part due to a decrease in our passenger car market share, as a result of increasing competition in the industry.

See “— Segments” above for a detailed discussion of net revenues by segment.

*Cost of sales*

(€ million, except percentages)	For the years ended December 31,				Increase/(decrease)	
	2013	% of net revenues	2012	% of net revenues	2013 vs. 2012	
Cost of sales .....	74,326	85.8%	71,473	85.3%	2,853	4.0%

## FINANCIAL REVIEW OF THE FCA GROUP

Cost of sales for 2013 was €74.3 billion, an increase of €2.8 billion, or 4.0 percent (7.9 percent on a constant currency basis), from €71.5 billion for 2012. As a percentage of net revenues, cost of sales was 85.8 percent in 2013 compared to 85.3 percent in 2012.

The increase in costs of sales was due to the combination of (i) increased costs of €2.1 billion related to increased vehicle shipments, primarily in the NAFTA segment, (ii) increased costs of €1.7 billion primarily attributable to the NAFTA segment, related to shifts in vehicle and distribution channel mix, (iii) increased cost of sales of €0.9 billion relating to the new-model content enhancements, (iv) increased costs of €0.5 billion arising from price increases for certain raw materials, and (v) an increase in other costs of sales of €0.5 billion, the effects of which were partially offset by the positive impact of foreign currency translation of €2.8 billion, largely attributable to the weakening of the U.S. dollar and the Brazilian Real against the Euro.

In particular, the increase in cost related to vehicle mix was primarily driven by a higher percentage growth in truck and certain SUV shipments as compared to passenger car shipments, while the shift in distribution channel mix was driven by the relative growth in retail shipments, which generally have additional content per vehicle as compared to fleet shipments. The €0.5 billion increase in the price of raw materials was particularly related to the LATAM segment, driven by the weakening of the Brazilian Real, which impacts foreign currency denominated purchases in that segment. The increase in other costs of sales of €0.5 billion was largely attributable to increases in depreciation relating to the investments associated with our recent product launches and an increase in labour costs in order to meet increased production requirements both of which primarily related to the NAFTA segment.

### *Selling, general and administrative costs*

(€ million, except percentages)	For the years ended December 31,				Increase/(decrease)	
	2013	Percentage of net revenues	2012	Percentage of net revenues	2013 vs. 2012	
Selling, general and administrative costs .....	6,702	7.7%	6,775	8.1%	(73)	(1.1%)

Selling, general and administrative costs for 2013 were €6,702 million, a decrease of €73 million, or 1.1 percent, from €6,775 million for 2012. As a percentage of net revenues, selling, general and administrative costs were 7.7 percent in 2013 compared to 8.1 percent in 2012.

The decrease in selling, general and administrative costs was due to the combined effects of the positive impact of foreign currency translation of €240 million, partially offset by a €102 million increase in personnel expenses, largely related to the NAFTA segment, and an increase in advertising expenses of €37 million. In particular, advertising expenses increased in 2013 due to the product launches in the NAFTA segment (2014 Jeep Grand Cherokee, the all-new 2014 Jeep Cherokee and the all-new Fiat 500L), in the APAC segment (Dodge Journey) and the Luxury Brands segment (Maserati Quattroporte and Ghibli), which continued following launch to support the growth in their respective markets, which were partially offset by a decrease in advertising expenses for the EMEA segment as a result of efforts to improve the focus of advertising campaigns.

### *Research and development costs*

(€ million, except percentages)	For the years ended December 31,				Increase/(decrease)	
	2013	Percentage of net revenues	2012	Percentage of net revenues	2013 vs. 2012	
Research and development costs expensed during the year.....	1,325	1.5%	1,180	1.4%	145	12.3%
Amortisation of capitalised development costs .....	887	1.0%	621	0.7%	266	42.8%
Write-down of costs previously capitalised .....	24	0.0%	57	0.1%	(33)	(57.9%)
<b>Research and development costs.....</b>	<b>2,236</b>	<b>2.6%</b>	<b>1,858</b>	<b>2.2%</b>	<b>378</b>	<b>20.3%</b>

## FINANCIAL REVIEW OF THE FCA GROUP

Research and development costs for 2013 were €2,236 million, an increase of €378 million, or 20.3 percent, from €1,858 million for 2012. As a percentage of net revenues, research and development costs were 2.6 percent in 2013 compared to 2.2 percent in 2012.

The increase in research and development costs was attributable to the combined effects of (i) an increase in the amortisation of capitalised development costs of €266 million and (ii) an increase in research and development costs expensed during the year of €145 million, which were partly offset by €33 million lower write-down of costs previously capitalised.

The increase in amortisation of capitalised development costs was largely attributable to new product launches. In particular, amortisation of capitalised development in the NAFTA segment increased as a result of the 2013 launches, including the all-new 2014 Jeep Cherokee, the Jeep Grand Cherokee and the Ram 1500. The €145 million increase in research and development costs expensed during the year was largely attributable to increases in the NAFTA segment, largely driven by an increase in expenses related to personnel involved in research and development activities. In particular, as of December 31, 2013 a total of 18,700 employees were dedicated to research and development activities at Group level, compared to 17,900 as of December 31, 2012.

### *Other income/(expenses)*

(€ million, except percentages)	For the years ended December 31,		Increase/(decrease)	
	2013	2012	2013 vs. 2012	
Other income/(expenses) .....	77	(68)	145	<i>n.m.</i>

Other income/(expenses) for 2013 amounted to net other income of €77 million, an increase of €145 million, from net other expenses of €68 million for 2012.

For 2013 other income/(expenses) was comprised of other income of €291 million, which was partially offset by other expenses of €214 million. Of the total 2013 other income, €140 million related to rental, royalty and licensing income, and €151 million related to miscellaneous income, which includes insurance recoveries and other costs recovered. Other expenses mainly related to indirect tax expenses incurred.

For 2012 other income/(expenses) was comprised of other income of €242 million, which was more than offset by other expenses of €310 million. Of the total 2012 other income, €132 million related rental, royalty and licensing income, and €110 million related to miscellaneous income. In 2012, other expenses mainly related to indirect tax expenses incurred.

### *Result from investments*

(€ million, except percentages)	For the years ended December 31,		Increase/(decrease)	
	2013	2012	2013 vs. 2012	
Result from investments .....	84	87	(3)	(3.4%)

Result from investments for 2013 was €84 million, a decrease of €3 million, or 3.4 percent, from €87 million for 2012.

The decrease was largely attributable to the combined effect of a €23 million increase in the loss of a Chinese joint venture and a €12 million decrease in the profit of the Turkish joint venture, which were almost entirely offset by a €35 million decrease in the loss relating to the Group's investment in RCS MediaGroup.

### *Gains/(losses) on the disposal of investments*

(€ million, except percentages)	For the years ended December 31,		Increase/(decrease)	
	2013	2012	2013 vs. 2012	
Result from investments .....	8	(91)	99	<i>n.m.</i>

Gains on the disposal of investments for 2013 were €8 million, an increase of €99 million from a loss on the disposal of investments for 2012 of €91 million.

## FINANCIAL REVIEW OF THE FCA GROUP

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The loss on disposal of investments recognised in 2012 relates to the write-down of our investment in Sevelnord Société Anonyme, a vehicle manufacturing joint venture with PSA Peugeot Citroen following its re-measurement at fair value as a result of being classified as an asset held for sale in 2012, in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*. In 2012, we entered into an agreement with PSA Peugeot Citroen providing for the transfer of its shareholding in Sevelnord Société Anonyme. The investment was sold in the first quarter of 2013.

### *Restructuring costs*

(€ million, except percentages)	For the years ended December 31,		Increase/(decrease)	
	2013	2012	2013 vs. 2012	
Restructuring costs .....	28	15	13	86.7%

In connection with the 363 Transaction (see Note “*Changes in the Scope of Consolidation*” in the notes to the Annual Consolidated Financial Statements incorporated by reference in this Base Prospectus for further details on the 363 Transaction), Chrysler assumed certain liabilities of Old Carco in relation to workforce reduction actions associated with our represented and non-represented hourly and salaried workforce, as well as specific liabilities for other costs, including supplier cancellation claims. We continue to monitor these previously established reserves for adequacy, taking into consideration the status of the restructuring actions and the estimated costs to complete the actions and any necessary adjustments are recorded in the period the adjustment is determinable.

Restructuring costs for 2013 were €28 million, an increase of €13 million, from €15 million for 2012.

Net restructuring costs for 2013 mainly relate to a €38 million restructuring provision related to activities included within other activities, partially offset by a €10 million release of a previously recognised provision related to the NAFTA segment primarily related to decreases in expected workforce reduction costs and legal claim reserves.

Net restructuring costs for 2012 include EMEA segment restructuring costs of €43 million and €20 million related to the Components segment and other activities, which were partially offset by a €48 million release of a previously recognised provision related to the NAFTA segment.

### *Other unusual income/(expenses)*

(€ million, except percentages)	For the years ended December 31,		Increase/(decrease)	
	2013	2012	2013 vs. 2012	
Other unusual income/(expenses) .....	(499)	(138)	(361)	261.6%

Other unusual expenses for 2013 were €499 million, an increase of €361 million, from €138 million for 2012.

Other unusual expenses for 2013 included other unusual expenses of €686 million, and other unusual income of €187 million.

Other unusual expenses for 2013 mainly included (i) impairments of €385 million, (ii) €115 million related to voluntary safety recalls and customer satisfaction actions in the NAFTA segment, and (iii) €43 million related to the devaluation of the Venezuelan Bolivar against the U.S. dollar. In particular, impairments for 2013 include €272 million related to the rationalisation of architectures (the combination of systems that enables the generation of specific vehicle platforms for the different models in a certain segment), associated with the new product strategy for the Alfa Romeo, Maserati and Fiat brands, €57 million related to asset impairments for the cast iron business in Teksid and €56 million related to write-off of certain equity recapture rights under the Equity Recapture Agreement as a result of the purchase of the remaining interest in Chrysler on January 21, 2014. The Equity Recapture Agreement provided Fiat the rights to the economic benefit associated with the membership interests held by the VEBA Trust in excess of a specified threshold. Refer to the significant accounting policies included in the Annual Consolidated Financial Statements incorporated by reference in this Base Prospectus for further information of the Equity Recapture Agreement.

Other unusual income for 2013 mainly included the impacts of curtailment gains and plan amendments of €166 million related to changes made to Chrysler’s U.S. and Canadian defined benefit pension plans.

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Other unusual expenses for 2012 primarily consisted of costs arising from disputes relating to operations terminated in prior years, costs related to the termination of the Sevelnord Société Anonyme joint venture and to the rationalisation of relationships with certain suppliers.

### EBIT

(€ million, except percentages)	For the years ended December 31,		Increase/(decrease)	
	2013	2012	2013 vs. 2012	
EBIT .....	3,002	3,434	(432)	(12.6%)

EBIT for 2013 was €3,002 million, a decrease of €432 million, or 12.6 percent (7.2 percent on a constant currency basis), from €3,434 million for 2012.

The decrease in EBIT was primarily attributable to the combined effect of (i) a €533 million decrease in LATAM segment EBIT and (ii) a €201 million decrease in NAFTA segment EBIT, which were partially offset by (iii) a €219 million decrease in EMEA segment EBIT loss and (iv) a €78 million increase in Luxury Brands segment EBIT.

See “—Segments” for a detailed discussion of EBIT by segment.

### Net financial income/(expenses)

(€ million, except percentages)	For the years ended December 31,		Increase/(decrease)	
	2013	2012	2013 vs. 2012	
Net financial income/(expenses) .....	(1,987)	(1,910)	(77)	4.0%

Net financial expenses for 2013 were €1,987 million, an increase of €77 million, or 4.0 percent, from €1,910 million for the year ended December 31, 2012. Excluding the gains on the Fiat stock option-related equity swaps (€31 million for 2013, at their expiration, compared to €34 million for 2012), net financial expense was €74 million higher, largely due to a higher average net debt level.

### Tax (income)/expenses

(€ million, except percentages)	For the years ended December 31,		Increase/(decrease)	
	2013	2012	2013 vs. 2012	
Tax (income)/expenses .....	(936)	628	(1,564)	<i>n.m.</i>

Tax income for 2013 was €936 million, compared to tax expense of €628 million for 2012.

The increase in tax income was due to the recognition of previously unrecognised deferred tax assets related to Chrysler of €1,500 million. The Chrysler deferred tax assets were recognised as a result of the recoverability assessment performed as of December 31, 2013, which reached the conclusion that it was probable that future taxable profit will allow the deferred tax assets to be recovered. For further details of the recoverability assessment, see “—Critical Accounting Estimates—Recoverability of deferred tax assets”. Excluding the effect of the previously unrecognised deferred tax assets, the effective rate of tax would have been 48.7 percent compared to 35.7 percent for 2012. See Note 10 to the Annual Consolidated Financial Statements incorporated by reference in this Base Prospectus for a reconciliation of the theoretical tax expense to the effective tax charge. The increase in the effective tax rate was mainly attributable to lower utilisation of tax losses carried forward for which deferred tax assets had not been recognised in the past, partially offset by lower unrecognised deferred tax assets on temporary differences and tax losses arising in the year.

**SEGMENTS**

The following is a discussion of net revenues, EBIT and shipments for each segment.

(€ million, except shipments which are in thousands of units)	Net revenues		EBIT		Shipments	
	For the years ended December 31,		For the years ended December 31,		For the years ended December 31,	
	2013	2012	2013	2012	2013	2012
NAFTA .....	45,777	43,521	2,290	2,491	2,238	2,115
LATAM .....	9,973	11,062	492	1,025	950	979
APAC .....	4,668	3,173	335	274	163	103
EMEA .....	17,335	17,717	(506)	(725)	979	1,012
Luxury Brands.....	3,809	2,898	470	392	22	14
Components.....	8,080	8,030	146	165	<i>n.m.</i>	<i>n.m.</i>
Other activities .....	929	979	(167)	(149)	<i>n.m.</i>	<i>n.m.</i>
Unallocated items & adjustments <sup>(1)</sup> .....	(3,947)	(3,615)	(58)	(39)	<i>n.m.</i>	<i>n.m.</i>
<b>Total .....</b>	<b>86,624</b>	<b>83,765</b>	<b>3,002</b>	<b>3,434</b>	<b>4,352</b>	<b>4,223</b>

<sup>(1)</sup> Primarily includes intercompany transactions which are eliminated on consolidation.

**Mass-Market Vehicles Segments**
**NAFTA**

(€ million, except percentages shipments which are in thousands of units)	For the years ended December 31,				Increase/(decrease)	
	2013	% of	2012	% of	2013 vs. 2012	
		segment net revenues		segment net revenues		
Net revenues .....	45,777	100.0%	43,521	100.0%	2,256	5.2%
EBIT .....	2,290	5.0%	2,491	5.7%	(201)	(8.1%)
Shipments .....	2,238	<i>n.m.</i>	2,115	<i>n.m.</i>	123	5.8%

**Net revenues**

NAFTA net revenues for 2013 were €45.8 billion, an increase of €2.3 billion, or 5.2 percent (8.7 percent on a constant currency basis), from €43.5 billion for 2012. The total increase of €2.3 billion was mainly attributable to the combination of (i) an increase in shipments of €1.5 billion, (ii) favourable market and vehicle mix of €1.2 billion and (iii) favourable vehicle pricing of €0.9 billion, which were partially offset by (iv) unfavourable foreign currency impact of €1.5 billion.

The 5.8 percent increase in vehicle shipments from 2,115 thousand vehicles for 2012 to 2,238 thousand vehicles for 2013, was primarily driven by increased demand for our products, as evidenced by the increase in market share, from 11.3 percent for 2012 to 11.5 percent in 2013. The increase in shipments was supported by the launch of the Ram 1500 in late 2012 and the all-new 2014 Jeep Cherokee, the effects of which were partially offset by a decrease in Jeep Liberty shipments following its discontinued production during 2012. Of the favourable mix impact of €1.2 billion, €0.9 billion was related to the increase of shipments of trucks and certain SUVs, as compared to passenger cars (as trucks generally have a higher selling price), while a shift in the distribution channel mix towards higher priced retail shipments and away from fleet shipments resulted in an increase in net revenues of €0.3 billion. Our ability to increase sales price of current year models to reflect enhancements made resulted in an increase in net revenues of €0.9 billion. These increases were partially offset by the impact of the weakening of the U.S. dollar against the Euro during 2013, which amounted to €1.5 billion.

**EBIT**

NAFTA EBIT for 2013 was €2,290 million, a decrease of €201 million, or 8.1 percent (4.9 percent on a constant currency basis), from €2,491 million for 2012.

The decrease in NAFTA EBIT was primarily attributable to the combination of (i) favourable pricing effects of €868 million, driven by our ability to increase sales price of current year models for enhancements made and (ii) favourable volume/mix impact of €588 million, driven by an increase of shipments of trucks and certain SUVs as



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compared to passenger cars, which were more than offset by (iii) increased industrial costs of €1,456 million (iv) an increase in selling, general and administrative costs of €90 million largely attributable to costs incurred in launching new products during 2013, (v) unfavourable foreign currency translation of €79 million, driven by the weakening of the U.S. dollar against the Euro during 2013, and (vi) a €23 million increase in other unusual income. In particular, the increase in industrial costs was attributable to an increase in cost of sales related to new-model content enhancements, an increase in depreciation and amortisation, driven by the new product launches, including the all-new 2014 Jeep Cherokee, the Jeep Grand Cherokee and the Ram 1500 pick-up truck and an increase in labour costs in order to meet increased production requirements. The increase in other unusual income was attributable to the combined effects of a gain recognised from amendments to Chrysler's U.S. and Canadian defined benefit pension plans, offset by charges related to voluntary safety recalls and customer satisfaction action for certain models produced in various years from 1993 to 2007 by Old Carco.

### LATAM

(€ million, except percentages shipments which are in thousands of units)	For the years ended December 31,				Increase/(decrease)	
	% of segment net revenues		% of segment net revenues		2013 vs. 2012	
	2013	2012	2013	2012		
Net revenues .....	9,973	11,062	100.0%	100.0%	(1,089)	(9.8%)
.....	492	1,025	4.9%	9.3%	(533)	(52.0%)
Shipments .....	950	979	<i>n.m.</i>	<i>n.m.</i>	(29)	(3.0%)

#### Net revenues

LATAM net revenues for 2013 were €10.0 billion, a decrease of €1.1 billion, or 9.8 percent (an increase of 0.7 percent on a constant currency basis), from €11.1 billion for 2012. The total decrease of €1.1 billion was attributable to the combination of the impact of (i) unfavourable foreign currency translation of €1.2 billion, and (ii) €0.3 billion related to a decrease in vehicle shipments, which were partially offset by (iii) favourable mix of €0.1 billion and (iv) favourable pricing impact of €0.1 billion.

LATAM net revenues were significantly impacted by the weakening of the Brazilian Real against the Euro, as the average exchange rate used to translate 2013 balances was 14.3 percent lower than the average exchange rate for 2012, impacting net revenues negatively by €1.2 billion. The 3.0 percent vehicle shipment decrease from 979 thousand units for 2012 to 950 thousand units for 2013, which impacted net revenues by €0.3 billion, was largely attributable to reductions of shipments in Brazil. In 2012 sales tax incentives were introduced to promote the sale of small vehicles, a segment in which we hold a market leading position. As such, we were well positioned to meet the increased consumer demand for small cars, recording an increase in shipments in 2012. In 2013, the gradual phase out of the tax incentives was initiated and was a contributing factor to a shift in market demand away from the small car segment and into larger vehicles, resulting in a decrease in our Brazilian market share, from 23.3 percent in 2012 to 21.5 percent in 2013.

#### EBIT

LATAM EBIT for 2013 was €492 million, a decrease of €533 million, or 52.0 percent (44.5 percent on a constant currency basis), from €1,025 million for 2012.

The decrease in LATAM EBIT was primarily attributable to the combination of (i) an increase in industrial costs of €257 million related to increased labour costs and price increases for certain purchases, as the weakening of the Brazilian Real affected the prices of foreign currency denominated purchases, (ii) unfavourable volume/mix impact of €111 million, driven by the combination of the previously described 3.0 percent decrease in shipments, and an increase in the proportion of vehicles produced in Argentina, for which we have higher manufacturing and logistic costs than in Brazil, (iii) a €96 million increase in other unusual expenses, (iv) the impact of unfavourable foreign currency translation of €77 million related to the previously described weakening of the Brazilian Real against the Euro and (v) an increase in selling, general and administrative costs of €37 million mainly due to new advertising campaigns in Brazil, which were partially offset by favourable pricing impact of €64 million, supported by new product launches. In particular, the most significant components of other unusual expenses included €75 million attributable to the streamlining of architectures and models associated to the refocused product strategy and €43 million relating to the loss recognised on translation of certain monetary liabilities from Venezuelan Bolivar into U.S. dollar, on the devaluation of the official exchange rate of the Venezuelan Bolivar.

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For further details see Notes 8 and 21 to the Annual Consolidated Financial Statements incorporated by reference in this Base Prospectus.

### APAC

(€ million, except percentages shipments which are in thousands of units)	For the years ended December 31,				Increase/(decrease)	
	2013	% of segment net revenues	2012	% of segment net revenues	2013 vs. 2012	
Net revenues .....	4,668	100.0%	3,173	100.0%	1,495	47.1%
EBIT .....	335	7.2%	274	8.6%	61	22.3%
Shipments .....	163	<i>n.m.</i>	103	<i>n.m.</i>	60	58.3%

#### Net revenues

APAC net revenues for 2013 were €4.7 billion, an increase of €1.5 billion, or 47.1 percent (54.2 percent on a constant currency basis), from €3.2 billion for 2012.

The total increase of €1.5 billion was mainly attributable to an increase in shipments of €1.8 billion, which was partially offset by the impact of unfavourable foreign currency translation of €0.2 billion.

The 58.3 percent increase in vehicle shipments from 103 thousand units for 2012 to 163 thousand units for 2013 was primarily driven by our performance in China and Australia. In particular, our performance in China was driven by efforts to grow our dealer network, the reintroduction of the Dodge Journey and our continued strong performance of the Jeep brand, as a result of which our China market share increased from 0.4 percent in 2012 to 0.8 percent in 2013, while our growth in Australia was mainly driven by the Fiat and Alfa Romeo brands, resulting in an increase in market share from 2.1 percent for 2012 to 3.1 percent for 2013. The increase in shipments also resulted in an increase in service parts, accessories and service contracts and other revenues, supported our market share growth in APAC markets. The impact of unfavourable foreign currency translation was primarily attributable to fluctuations of the U.S. dollar and to a lesser extent, the Japanese Yen against the Euro. In particular, the Chrysler portion of APAC segment net revenues were translated from Chrysler's functional currency which is the U.S. dollar into the Euro, and not from the individual entity functional currency into Euro.

#### EBIT

APAC EBIT for 2013 was €335 million, an increase of €61 million, or 22.3 percent (27.7 percent on a constant currency basis) from €274 million for 2012.

The increase in APAC EBIT was attributable to the combined effect of (i) the positive volume and mix impact of €423 million, driven by the efforts to grow our presence in the APAC markets and the previously described 2013 launches of new vehicles, which was partially offset by (ii) an increase in industrial costs of €106 million in higher research and development costs and fixed manufacturing costs, attributable to the growth in our business, (iii) unfavourable pricing effects of €79 million due to the increasingly competitive environment, particularly in China, (iv) an increase in selling, general and administrative costs of €72 million driven by the advertising and promotional expenses incurred in relation to the 2013 launches, including the Dodge Journey and Jeep Compass/Patriot in China and the new Fiat Punto and Fiat Panda in Australia (v) a €26 million decrease in the results of investments, and (vi) the impact of unfavourable foreign currency translation of €15 million. The decrease in result from investments was largely due to the €23 million increase in the loss recorded in the Chinese joint venture GAC FIAT Automobiles Co, attributable to the costs incurred in relation to the future launch of the Fiat Viaggio.

**EMEA**

(€ million, except percentages shipments which are in thousands of units)	For the years ended December 31,				Increase/(decrease)	
	2013	% of segment net revenues	2012	% of segment net revenues	2013 vs. 2012	
Net revenues .....	17,335	100.0%	17,717	100.0%	(382)	(2.2%)
EBIT .....	(506)	(2.9%)	(725)	(4.1%)	219	30.2%
Shipments .....	979	<i>n.m.</i>	1,012	<i>n.m.</i>	(33)	(3.3%)

**Net revenues**

EMEA net revenues for 2013 were €17.3 billion, a decrease of €0.4 billion, or 2.2 percent (1.4 percent on a constant currency basis), from €17.7 billion for 2012.

The total decrease of €0.4 billion was attributable to the combined effects of (i) a decrease in vehicle shipments of €0.4 billion, (ii) unfavourable vehicle pricing of €0.2 billion, (iii) a decrease in service parts, accessories and service contracts and other revenues of €0.1 billion and (iv) the impact of unfavourable foreign currency translation of €0.1 billion mainly due to fluctuations of the U.S. dollar and the British Pound Sterling which were partially offset by (v) the effects of a change in scope of consolidation, arising from obtaining control of VM Motori S.p.A. in 2013, a diesel engine manufacturing company which impacted net revenues positively by €0.2 billion and (vi) positive vehicle mix of €0.1 billion.

The 3.3 percent decrease in vehicle shipments, from 1,012 thousand units in 2012 to 979 thousand units in 2013, impacted net revenues by €0.4 billion. The decrease in vehicle shipments was in part due to the persistent weak economic conditions in Europe (EU27 + EFTA), which resulted in a 1.8 percent passenger car industry contraction, and in part due to a decrease in our passenger car market share from 6.3 percent in 2012 to 6.0 percent in 2013, while LCV market share decreased from 11.7 percent for 2012 to 11.6 percent for 2013, as a result of the increasing competition in the industry. These conditions led to a decrease in service parts, accessories and service contracts and other revenues of €0.1 billion, while the highly competitive environment and resulting price pressure impacted pricing unfavourably by €0.2 billion. In July 2013, the Group's option to acquire the remaining 50 percent stake in VM Motori S.p.A. became exercisable, which resulted in consolidation on a line-by-line basis. This resulted in a positive impact to net revenues of €0.2 billion. The shift in sales mix towards newly launched and content enriched vehicles, for which sales prices were adjusted, such as the Fiat 500L and the new Fiat Panda over other vehicles, such as the existing Fiat Panda resulted in a positive vehicle mix impact of €0.1 billion.

**EBIT**

EMEA EBIT for 2013 was a loss of €506 million, a decrease of €219 million, or 30.2 percent (31.9 percent on a constant currency basis), from €725 million for 2012.

The decrease in EMEA EBIT loss was attributable to the combined effect of (i) a decrease in selling, general and administrative costs of €199 million as a result of the cost control measures implemented in response to the European market weakness, including efforts to improve the focus of advertising initiatives, (ii) a decrease in industrial costs of €139 million attributable to industrial efficiencies driven by the WCM programme and purchasing savings implemented and (iii) a positive volume and mix impact of €77 million, primarily driven by the Fiat 500 family of vehicles, the effects of which were partially offset by (iv) unfavourable net pricing effects of €172 million, attributable to increased competitive pressure, particularly in the first half of 2013, and (v) a decrease in the results of investments of €16 million.

**Luxury Brands Segment**

(€ million, except percentages shipments which are in thousands of units)	For the years ended December 31,				Change	
	2013	% of segment net revenues	2012	% of segment net revenues	2013 vs. 2012	
<b>Ferrari</b>						
Net revenues .....	2,335		2,225		110	4.9%
EBIT .....	364		335		29	8.7%
Shipments .....	7		7		—	—
<b>Maserati</b>						
Net revenues .....	1,659		755		904	119.7%
EBIT .....	106		57		49	86.0%
Shipments .....	15		6		9	150.0%
<b>Intrasegment eliminations</b>						
Net revenues .....	(185)		(82)			
<b>Luxury Brands</b>						
Net revenues .....	3,809	100.0%	2,898	100.0%	911	31.4%
EBIT .....	470	12.3%	392	13.5%	78	19.9%
Shipments .....	22	<i>n.m.</i>	14	<i>n.m.</i>	8	57.1%

**Net revenues**

Luxury Brands net revenues for 2013 were €3.8 billion, an increase of €0.9 billion, or 31.4 percent (34.3 percent on a constant currency basis), from €2.9 billion for 2012.

**Ferrari**

Ferrari net revenues for 2013 were €2.3 billion, an increase of €0.1 billion, or 4.9 percent, from €2.2 billion for 2012. The total increase of €0.1 billion was primarily attributable to the launch of the production and sale of engines to Maserati for use in their new vehicles in 2013.

**Maserati**

Maserati net revenues for 2013 were €1.7 billion, an increase of €0.9 billion, from €0.8 billion for 2012. The increase of €0.9 billion was largely attributable to the increase in vehicle shipments driven primarily by the 2013 launches of the new Quattroporte model in March and the new Ghibli in October.

**EBIT**

Luxury Brands EBIT for 2013 was €470 million, an increase of €78 million, or 19.9 percent (20.9 percent on a constant currency basis), from €392 million for 2012.

**Ferrari**

Ferrari EBIT for 2013 was €364 million, an increase of €29 million, or 8.7 percent, from €335 million for 2012, attributable to favourable vehicle mix and an increase in the contribution from licensing activities and revenues from the personalisation of vehicles.

**Maserati**

Maserati EBIT for 2013 was €106 million, an increase of €49 million, or 86.0 percent, from €57 million for 2012, attributable to the combined effect of strong volume growth driven by the previously described 2013 product launches, which was partially offset by an increase in other unusual expenses of €65 million related to the write-down of capitalised development costs related to a new model, which will be developed on a more technically advanced platform considered more appropriate for the Maserati brand.

**Components Segment**

(€ million, except percentages)	For the years ended December 31,				Change	
	2013	% of segment net revenues	2012	% of segment net revenues	2013 vs. 2012	
<b>Magneti Marelli</b>						
Net revenues .....	5,988		5,828		160	2.7%
EBIT .....	169		131		38	29.0%
<b>Teksid</b>						
Net revenues .....	688		780		(92)	(11.8%)
EBIT .....	(70)		4		(74)	n.m.
<b>Comau</b>						
Net revenues .....	1,463		1,482		(19)	(1.3%)
EBIT .....	47		30		17	56.7%
<b>Intrasegment eliminations</b>						
Net revenues .....	(59)		(60)		1	(1.7%)
<b>Components</b>						
Net revenues .....	8,080	100.0%	8,030	100.0%	50	0.6%
EBIT .....	146	1.8%	165	2.1%	(19)	(11.5%)

**Net revenues**

Components net revenues for 2013 were €8.1 billion, an increase of €0.1 billion, or 0.6 percent (4.4 percent on a constant currency basis), from €8.0 billion for 2012.

**Magneti Marelli**

Magneti Marelli net revenues for 2013 were €6.0 billion, an increase of €0.2 billion, or 2.7 percent, from €5.8 billion for 2012, primarily driven by the performance of the automotive lighting and to a lesser extent, the electronics business units. See “*The FCA Group—Components Segment—Magneti Marelli*” for a description of the Magneti Marelli business lines. In particular, the automotive lighting net revenues increased by 11.6 percent driven by large orders from Asian and North American OEM clients, and the effect of the full-year contribution of lighting solutions launched in the second half of 2012, while electronics net revenues increased by 7 percent, driven by the trend of increasingly technologically advanced vehicle components.

**Teksid**

Teksid net revenues for 2013 were €0.7 billion, a decrease of €0.1 billion, or 11.8 percent, from €0.8 billion for 2012, attributable to a €0.1 billion decrease in net revenues from the cast iron business, attributable to a decrease in iron prices and a decrease in cast iron volumes sold.

**Comau**

Comau net revenues for both 2013 and 2012 were €1.5 billion, attributable to the combined effects of (i) an increase in body welding revenues supported by large orders from European and North American customers, which was offset by (ii) decreased powertrain revenues. See “*The FCA Group—Components Segment—Comau*” for a description of the Comau business lines.

**EBIT**

Components EBIT for 2013 was €146 million, a decrease of €19 million, or 11.5 percent (6.7 percent on a constant currency basis), from €165 million for 2012.

**Magneti Marelli**

Magneti Marelli EBIT for 2013 was €169 million, an increase of €38 million, or 29.0 percent, from €131 million for 2012, attributable to the previously described increase in net revenues, which was partially offset by higher costs incurred in relation to product launches in North America, and the impact of unusual charges recognised in 2012.

### *Teksid*

Teksid EBIT for 2013 was a loss of €70 million, compared to a gain of €4 million for 2012, attributable to the combined effects of volume decreases from the cast iron business, and €60 million other unusual expenses, related to asset impairments of the cast iron business.

### *Comau*

Comau EBIT for 2013 was €47 million, an increase of €17 million, or 56.7 percent, from €30 million for 2012, primarily attributable to the body welding operations.

## **Recent Developments**

### *Venezuela*

Based on recent developments related to the foreign exchange process in Venezuela, we have changed the exchange rate used to remeasure our Venezuelan subsidiary's financial statements in U.S. dollars. As of September 30, 2014 we have begun to use the SICAD I rate of 12.0 Venezuelan Bolivar, or VEF, to U.S. dollars as determined by the periodic auctions for U.S. dollars under SICAD I. Previously we utilised the official exchange rate of 6.30 VEF to U.S. dollars. In late March 2014, the Venezuelan government introduced an additional auction-based foreign exchange system, referred to as the SICAD II rate. The SICAD II rate has ranged from 49 to 51.9 VEF to U.S. dollars in the period since its introduction until October 31, 2014. The SICAD II rate is expected to be used primarily for imports and has been limited to amounts of VEF that can be exchanged into other currencies, such as the U.S. dollar. As a result of the recent exchange agreement between the Central Bank of Venezuela and the Venezuelan government and the limitations of the SICAD II rate, the Group believes any future remittances of dividends would be transacted at the SICAD I rate. As a result, the Group determined that the SICAD I rate, and not the SICAD II rate, is the most appropriate rate to use.

During July 2014, the Group was awarded U.S. \$30 million (€23 million) through the SICAD I auction process at a rate of 11.0 VEF to U.S. dollar, which resulted in a gain of approximately U.S.\$0.8 million (€0.6 million).

At September 30, 2014, the SICAD I rate was 12.0 VEF to U.S. dollar, as compared to 10.6 VEF to U.S. dollar as of June 30, 2014, which resulted in a remeasurement charge of U.S.\$3.7 million (€2.8 million) for the third quarter of 2014.

In September 2014, certain monetary liabilities, which had previously been submitted to the CADIVI for payment approval, were approved to be paid at an exchange rate of 6.3 VEF to U.S. dollar. As a result, during the third quarter 2014, the Group recognized a foreign currency transaction gain of \$1.8 million (€1.4 million).

### Liquidity and Capital Resources

#### *Liquidity Overview*

We require significant liquidity in order to meet our obligations and fund our business. Short-term liquidity is required to purchase raw materials, parts and components for vehicle production, and to fund selling, administrative, research and development, and other expenses. In addition to our general working capital and operational needs, we expect to use significant amounts of cash for the following purposes: (i) capital expenditures to support our existing and future products; (ii) principal and interest payments under our financial obligations and (iii) pension and employee benefit payments. We make capital investments in the regions in which we operate primarily related to initiatives to introduce new products, enhance manufacturing efficiency, improve capacity, and for maintenance and environmental compliance. Our capital expenditures in 2014 are expected to be approximately €8.0 billion, which we plan to fund primarily with cash generated from our operating activities, as well as with credit lines provided to certain of our Group entities.

Our business and results of operations depend on our ability to achieve certain minimum vehicle sales volumes. As is typical for an automotive manufacturer, we have significant fixed costs, and therefore, changes in our vehicle sales volume can have a significant effect on profitability and liquidity. We generally receive payment for sales of vehicles to dealers and distributors, shortly after shipment, whereas there is a lag between the time we receive parts and materials from our suppliers and the time we are required to pay for them. Therefore, during periods of increasing vehicle sales, there is generally a corresponding positive impact on our cash flow and liquidity. Conversely, during periods in which vehicle sales decline, there is generally a corresponding negative impact on our cash flow and liquidity. Thus, delays in shipments of vehicles, including delays in shipments in order to address quality issues, tend to negatively affect our cash flow and liquidity. In addition, the timing of our collections of receivables for export sales of vehicles, fleet sales and part sales tend to be longer due to different payment terms. Although we regularly enter into factoring transactions for such receivables in certain countries, in order to anticipate collections and transfer relevant risks to the factor, a change in volumes of such sales may cause fluctuations in our working capital. The increased internationalisation of our product portfolio may also affect our working capital requirements as there may be an increased requirement to ship vehicles to countries different from where they are produced. Finally, working capital can be affected by the trend and seasonality of sales under buy-back programs, including Chrysler's guaranteed depreciation program.

Management believes that the funds currently available, in addition to those funds that will be generated from operating and financing activities, will enable the Group to meet its obligations and fund its businesses including funding planned investments, working capital needs and fulfilling its obligations to repay its debts in the ordinary course of business.

Liquidity needs are met primarily through cash generated from operations, including the sale of vehicles, service and parts to dealers, distributors and other consumers worldwide.

The operating cash management, main funding operations and liquidity investment of the Group, excluding Chrysler, are centrally coordinated by dedicated treasury companies with the objective of ensuring effective and efficient management of the Group's funds. The companies raise capital in the financial markets through various funding sources. See "*The FCA Group—Industry Overview—Financial and Customer Services*".

Chrysler continues to manage its liquidity independently from the rest of the Group. Intercompany financing from Chrysler to other Group entities is not restricted other than through the application of covenants requiring that transactions with related parties be conducted at arm's length terms or be approved by a majority of the "disinterested" members of the Board of Directors of Chrysler. In addition, certain of Chrysler's financing agreements place restrictions on the distributions which it is permitted to make. In particular, dividend distributions, other than certain exceptions including certain permitted distributions and distributions with respect to taxes, are generally limited to an amount not to exceed 50 percent of cumulative consolidated net income (as defined in the agreements) from January 1, 2012. See "*—Bank Debt—Chrysler Senior Credit Facilities*".

FCA has not provided any guarantee, commitment or similar obligation in relation to any of Chrysler's financial indebtedness, nor has it assumed any kind of obligation or commitment to fund Chrysler. However, certain bonds issued by FCA, its predecessor Fiat and their subsidiaries (other than Chrysler and its subsidiaries) include covenants which may be affected by circumstances related to Chrysler, in particular there are cross-default clauses which may accelerate repayments in the event that Chrysler fails to pay certain of its debt obligations.

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At September 30, 2014 the treasury companies of the Group, excluding Chrysler and its subsidiaries, had access to approximately €3.3 billion of medium/long term committed credit lines expiring beyond 12 months (€3.2 billion at December 31, 2013), of which €2.1 billion relate to the three year syndicated revolving credit line due in July 2016 which was undrawn at September 30, 2014 and December 31, 2013. As of the date of this Base Prospectus, the Group (excluding Chrysler) has the ability to make drawdowns (and, therefore, to utilize) this revolving credit line.

Additionally, the operating entities of the Group, excluding Chrysler and its subsidiaries, have access to dedicated credit facilities in order to fund investments and working capital requirements. In particular the Brazilian companies have committed credit lines available, mainly in relation to the set-up of our new plant in the State of Pernambuco, Brazil, with residual maturities after twelve months, to fund scheduled investments, of which approximately €1,7 million was undrawn at September 30, 2014 and €1,8 million at December 31, 2013.

Chrysler has access to a revolving credit facility of U.S.\$1.3 billion (approximately €1.0 billion), maturing in May 2016, or the Revolving Credit Facility, which was also undrawn at September 30, 2014 and December 31, 2013. See “—Total Available Liquidity” below.

The following pages discuss in more detail the principal covenants relating to the Group’s revolving credit facilities and certain other financing agreements. At September 30, 2014 and at December 31, 2013 and 2012, the Group was in compliance with all covenants under its financing agreements.

Long-term liquidity requirements may involve some level of debt re-financing as outstanding debt becomes due or we are required to make amortisation or other principal payments. Although we believe that our current level of total available liquidity is sufficient to meet our short-term and long-term liquidity requirements, we regularly evaluate opportunities to improve our liquidity position in order to enhance financial flexibility and to achieve and maintain a liquidity and capital position consistent with that of our principal competitors.

However, any actual or perceived limitations of our liquidity may limit the ability or willingness of counterparties, including dealers, consumers, suppliers, lenders and financial service providers, to do business with us, or require us to restrict additional amounts of cash to provide collateral security for our obligations. Our liquidity levels are subject to a number of risks and uncertainties, including those described in section “Risk Factors” herein.

### *Total Available Liquidity*

At September 30, 2014, our total available liquidity was €21.7 billion (€22.7 billion at December 31, 2013), including €3.1 billion available under undrawn committed credit lines, primarily related to the €2.1 billion three year syndicated revolving credit line and the U.S.\$1.3 billion (approximately €1 billion) Revolving Credit Facility of Chrysler. The terms of the Revolving Credit Facility require Chrysler to maintain a minimum liquidity of U.S.\$3.0 billion, which include any undrawn amounts under this facility. Total available liquidity includes cash and cash equivalents which are subject to intra-month, foreign exchange and seasonal fluctuations, as well as current securities.

The following table summarises our total available liquidity:

(€ million)	At September 30,	At December 31,	
	2014	2013	2012
Cash, cash equivalent and current securities <sup>(1)</sup> .....	18,608	19,702	17,922
Undrawn committed credit lines <sup>(2)</sup> .....	3,133	3,043	2,935
<b>Total available liquidity</b> <sup>(3)</sup> .....	<b>21,741</b>	<b>22,745</b>	<b>20,857</b>

<sup>(1)</sup> Current securities comprise short term or marketable securities which represent temporary investments but which do not satisfy all the requirements to be classified as cash equivalents as they may not be able to be readily converted into cash or they are subject to significant risk of change in value (even if they are short-term in nature or marketable).

<sup>(2)</sup> Excludes the undrawn €1.7 billion medium/long-term dedicated credit lines available to fund scheduled investments.

<sup>(3)</sup> The majority of our liquidity is available to our treasury operations in Europe, U.S. (subject to the previously discussed restrictions on Chrysler distributions) and Brazil; however, liquidity is also available to certain subsidiaries which operate in other areas. Cash held in such countries may be subject to restrictions on transfer depending on the foreign jurisdictions in which these subsidiaries operate. Based on our review of such transfer restrictions in the countries in which we operate and maintain material cash balances, we do not believe such transfer restrictions have an adverse impact on the Group’s ability to meet its liquidity requirements at the dates represented above.



## FINANCIAL REVIEW OF THE FCA GROUP

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Our liquidity is principally denominated in U.S. dollars and in Euro. Out of the total €18.6 billion of cash, cash equivalents and current securities available at September 30, 2014 (€19.7 billion at December 31, 2013), €9 billion, or 49 percent was denominated in U.S. dollars (€8.3 billion, or 42 percent, at December 31, 2013) and €4.5 billion, or 24 percent, was denominated in Euros (€6.1 billion, or 31 percent, at December 31, 2013). Liquidity available in Brazil and denominated in Brazilian Reals accounted for €1.6 billion or 8 percent at September 30, 2014 (€1.5 billion, or 8 percent, at December 31, 2013), with the remainder being distributed in various countries and denominated in the relevant local currencies.

The decrease in total available liquidity from December 31, 2013 to September 30, 2014 primarily reflects a €1,060 million decrease in cash and cash equivalents. See “—Cash Flows”, below for additional information regarding change in cash and cash equivalents.

### *Acquisition of the Remaining Equity Interest in Chrysler*

On January 1, 2014 we announced an agreement with the VEBA Trust, under which our wholly owned subsidiary, FNA would acquire the remaining approximately 41.5 percent ownership interest in Chrysler held by the VEBA Trust for total consideration of U.S.\$3.65 billion (equivalent to €2.69 billion). The transaction closed on January 21, 2014. The consideration for the acquisition consisted of:

- a special distribution paid by Chrysler to its members on January 21, 2014 of U.S.\$1.9 billion (equivalent to €1.404 billion) wherein FNA directed its portion of the special distribution to the VEBA Trust as part of the purchase consideration which served to fund a portion of the transaction; and
- a cash payment by FNA to the VEBA Trust of U.S.\$1.75 billion (equivalent to €1.287 billion) on January 21, 2014.

The distribution from Chrysler was funded from Chrysler’s available cash on hand. The payment by FNA was funded by Fiat’s available cash on hand.

### *Chrysler New Debt Issuances and Prepayment of VEBA Trust Note*

In February 2014, Chrysler prepaid all amounts outstanding including accrued and unpaid interest of approximately U.S.\$5.0 billion (€3.6 billion) under the VEBA Trust Note on February 7, 2014. Such prepayment was financed by Chrysler as follows:

- New Senior Credit Facilities – a U.S.\$250 million (€199 million) incremental term loan under Chrysler’s existing tranche B term loan facility that matures on May 24, 2017 and a new U.S.\$1.75 billion (€1.4 billion) term loan, issued under a new term loan credit facility, that matures on December 31, 2018;
- Secured Senior Notes due 2019 – issuance of an additional U.S.\$1.375 billion (€1.1 billion) aggregate principal amount of 8 percent secured senior notes due June 15, 2019, at an issue price of 108.25 percent of the aggregate principal amount; and
- Secured Senior Notes due 2021 – issuance of an additional U.S.\$1.380 billion (€1.1 billion) aggregate principal amount of 8 1/4 percent secured senior notes due June 15, 2021 at an issue price of 110.50 percent of the aggregate principal amount.

The principal amounts set forth above have been translated into Euro using the applicable exchange rate at September 30, 2014 of U.S.\$ 1.258 per €1 for illustrative purposes only.

### *Cash Flows*

The following table summarises the cash flows from operating, investing and financing activities for each of the nine months ended September 30, 2014 and 2013. For a complete discussion of our cash flows, see our unaudited consolidated statement of cash flows included in our Interim Consolidated Financial Statements incorporated by reference in this Base Prospectus.

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(€ million)	2014	2013
<b>Cash and cash equivalents at beginning of the period</b> .....	<b>19,455</b>	<b>17,666</b>
Cash flows from operating activities during the period .....	4,250	3,822
Cash flows used in investing activities .....	(5,119)	(5,759)
Cash flows from/(used in) financing activities .....	(1,077)	1,638
Translation exchange differences .....	886	(525)
Total change in cash and cash equivalents .....	(1,060)	(824)
<b>Cash and cash equivalents at end of the period</b> .....	<b>18,395</b>	<b>16,842</b>

### *Operating Activities — Nine Months Ended September 30, 2014*

For the nine months ended September 30, 2014, our net cash from operating activities was €4,250 million and was primarily the result of:

- a net profit of €212 million adjusted to add back (a) €3,599 million for depreciation and amortization expense and (b) other non-cash items of €197 million, which primarily includes (i) €372 million related to the non-cash portion of the expense recognized in connection with the execution of the MOU Agreement entered into by the UAW and Chrysler on January 21, 2014 (ii) €98 million re-measurement charge recognized as a result of the Group's change in the exchange rate used to re-measure its Venezuelan subsidiary's net monetary assets in U.S. Dollars (reported, for the effect on cash and cash equivalents, in the "Translation exchange differences") which were partially offset by (iii) the non-taxable gain of €223 million on the re-measurement at fair value of the previously exercised options on approximately 10% of Chrysler's membership interests in connection with the equity purchase agreement (see Note 7 to the Interim Consolidated Financial Statements for further information);
- a net increase of €689 million in provisions, mainly related to: (i) net adjustments to warranties, including those related to recent recall campaigns in the NAFTA segment and (ii) increase provision for sales incentives in connection to the increased retail shipments, primarily in the NAFTA segment; and
- €60 million of dividends received from jointly-controlled entities.

These positive contributions were partially offset by the negative impact of the change in working capital of €726 million primarily driven by (a) €1,010 million increase in inventory (net of vehicles sold under buy-back commitments and GDP vehicles) due to increased production and sales levels for all regions and Luxury Brands, (b) €350 million increase in trade receivables, principally in NAFTA following the increased shipments at the end of September 2014 as compared to the end of December 2013 as a result of the annual plant shutdowns, and (c) €90 million in net other current assets and liabilities which was partially offset by (d) €724 million increase in trade payables, mainly related to increased production in NAFTA.

The translation exchange differences in the period were positive for €886 million and mainly reflect the increase in Euro translated value of US dollar denominated cash and cash equivalent balances, due the appreciation of the US dollar.

### *Operating Activities — Nine Months Ended September 30, 2013*

For the nine months ended September 30, 2013, our net cash from operating activities was €3,822 million and was primarily the result of:

- net profit of €655 million adjusted to add back (a) €3,394 million for depreciation and amortization expense and (b) other non-cash items of €33 million, which primarily reflect the reversal of non-cash profit and loss items, including the €55 million foreign currency exchange losses recognized in relation to the February 2013 devaluation of the Venezuelan Bolivar and the €56 million gain arising on the fair value measurement of the equity swaps on Fiat S.p.A. and CNH Industrial N.V. ordinary shares which expired at the end of 2013.
- €93 million of dividends received from jointly-controlled entities.

These positive contributions were partially offset by

- €224 million net decrease in provisions mainly related to the decrease of Provisions for Employee benefits following the interim remeasurement and amendment of certain defined benefit pension plan of Chrysler which occurred in the second quarter 2013; and
- the negative impact of change in working capital of €205 million primarily driven by (a) €1,772 million increase in inventory (net of vehicles sold under buy-back commitments) in relation to the reduction in business volume in EMEA during the third quarter and a temporary increase in inventory associated with the preparation for new product shipment in NAFTA and (b) a €207 million increase in trade receivables, primarily due to increased sales volumes in NAFTA and APAC which were partially offset by a (c) €1,299 million increase in trade payables, mainly related to increased production in NAFTA as a result of increased consumer demand for vehicles in this region and (d) €475 million in net other current assets and liabilities mainly referred to higher amounts payable to customers relating to buy-back agreements.

The translation exchange differences in the period were negative for €525 million, mainly reflecting the US dollar and Brazilian real depreciation against the Euro.

### Investing Activities — Nine Months Ended September 30, 2014

For the nine months ended September 30, 2014, our net cash used in investing activities was €5,119 million, and was primarily the result of:

- €5,350 million of capital expenditures, including €1,521 million of capitalized development costs, to support investments in existing and future products. Capital expenditure primarily relates to the mass-market operations in NAFTA and EMEA and the ongoing construction of the new plant at Pernambuco, Brazil, partially offset by
- €128 million of a net decrease in receivables from financing activities, of which €163 million related to the decreased lending portfolio of the financial services activities of the Group and €41 million related to increased financial receivables due from jointly controlled financial services companies.

### Investing Activities — Nine Months Ended September 30, 2013

For the nine months ended September 30, 2013, our net cash used in investing activities was €5,759 million, and was primarily the result of:

- €5,284 million of capital expenditures, including €1,479 million of capitalized development costs, to support investments in existing and future products; and
- €402 million of net increase in receivables from financing activities mainly related to the increased lending portfolio of the financial services activities of the Group in LATAM.

### Financing Activities — Nine Months Ended September 30, 2014

For the nine months ended September 30, 2014, net cash used in financing activities was €1,077 million and was primarily the result of:

- Cash payment to the VEBA Trust for the acquisition of the remaining approximately 41.5% ownership interest in Chrysler held by the VEBA Trust equal to U.S.\$3.65 billion (€2.69 billion) and U.S.\$60 million (€45 million) of tax distribution by Chrysler to cover the VEBA Trust's tax obligation. In particular the consideration for the acquisition consisted of a special distribution paid by Chrysler to its members on January 21, 2014 of U.S. \$1.9 billion, or €1.4 billion (FNA's portion of the special distribution was assigned to the VEBA Trust as part of the purchase consideration) which served to fund a portion of the transaction; and a cash payment by FNA to the VEBA Trust of U.S.\$1.75 billion or €1.3 billion. The special distribution by Chrysler and the cash payment by FNA for an aggregate amount of €2,691 million is classified as acquisition of non-controlling interest on the cash flow statement while the tax distribution (€45 million) is classified separately,

## FINANCIAL REVIEW OF THE FCA GROUP

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- payment of medium-term borrowings for a total of €5,241 million, mainly related to the prepayment of all amounts under the VEBA Trust Note amounting to approximately U.S.\$5 billion (€3.5 billion), including accrued and unpaid interest, and repayment of medium term borrowings primarily in Brazil;
- the repayment on maturity of notes issued under the GMTN Program, for a total principal amount of €2,150 million; which were partially offset by
- proceeds from bond issuances for a total amount of €4,588 million which includes (a) approximately €2.6 billion of notes issued as part of the GMTN Program and (b) €2 billion (for a total face value of U.S.\$ 2,755 million) of senior secured notes issued by Chrysler as part of the VEBA Trust Note refinancing transaction (see Note 21 to the Interim Consolidated Financial Statements for further information); and
- proceeds from new medium-term borrowings for a total of €3,950 million, which include (a) the incremental term loan entered into by Chrysler of U.S.\$ 250 million (€199 million) under its existing tranche B term loan facility and (b) the new U.S.\$ 1.75 billion tranche B, issued under a new term loan credit facility entered into by Chrysler as part of the refinancing transaction to facilitate repayment of the VEBA Trust Note, and new medium term borrowing in Brazil; and
- a positive net contribution of €509 million from the net change in other financial payables and other financial assets/liabilities.

### *Financing Activities — Nine Months Ended September 30, 2013*

For the nine months ended September 30, 2013, net cash used in financing activities was €1,638 million and was primarily the result of:

- proceeds from bond issuances for a total amount of €2,500 million, relating to notes issued as part of the GMTN Program;
- proceeds from new medium-term borrowings for a total of €1,519 million, which mainly include medium term borrowings in Brazil;
- a positive net contribution of €81 million from the net change in other financial payables and other financial assets/liabilities, which were partially offset by the repayment on maturity of notes issued under the GMTN Program in 2006, for a total principal amount of €1 billion; and
- repayment of medium-term borrowings on their maturity for a total of €1,460 million.

### *Year Ended December 31, 2013 compared to Years Ended December 31, 2012*

The following table summarises the cash flows from operating, investing and financing activities for each of the years ended December 31, 2013 and 2012. For a complete discussion of our cash flows, see our audited consolidated statement of cash flows included in our Annual Consolidated Financial Statements incorporated by reference in this Base Prospectus.

(€ million)	2014	2013
<b>Cash and cash equivalents at beginning of the period</b> .....	<b>17,666</b>	<b>17,526</b>
Cash flows from operating activities during the year .....	7,618	6,492
Cash flows used in investing activities .....	(8,054)	(7,542)
Cash flows from financing activities .....	3,136	1,610
Translation exchange differences .....	(911)	(420)
Total change in cash and cash equivalents .....	1,789	140
<b>Cash and cash equivalents at end of the period</b> .....	<b>19,455</b>	<b>17,666</b>

### *Operating Activities — Year Ended December 31, 2013*

For the year ended December 31, 2013, our net cash from operating activities was €7,618 million and was primarily the result of:

- (i) net profit of €1,951 million adjusted to add back (a) €4,635 million for depreciation and amortisation expense and (b) other non-cash items of €535 million, which primarily include €336 million of impairment losses on tangible and intangible assets, €59 million loss related to the devaluation of the official exchange rate of the Venezuelan Bolivar (VEF) per U.S. dollar, €56 million write-off of the book value of the Chrysler Equity Recapture Agreement right, €105 million of write-down in financial assets from the lending portfolio of our financial services activities, partially offset by €74 million of the share of profit or loss of equity method investees;
- (ii) positive impact of change in working capital of €1,410 million primarily driven by (a) €1,328 million increase in trade payables, mainly related to increased production in NAFTA as a result of increased consumer demand for our vehicles, and increased production for Luxury Brands, (b) €817 million in net other current assets and liabilities, mainly related to increases in accrued expenses and deferred income as well as indirect taxes payables, (c) €213 million decrease in trade receivables, principally due to the contraction of sales volumes in EMEA and LATAM which were partially offset by (d) €948 million increase in inventory (net of vehicles sold under buy-back commitments), mainly related to increased finished vehicle and work in process levels at December 31, 2013 compared to December 31, 2012, in part driven by higher production levels in late 2013 to meet anticipated consumer demand in NAFTA, APAC and for Luxury Brands;
- (iii) a net increase of €457 million in provisions, mainly related to accrued sales incentives due to increased dealer stock levels at December 31, 2013 compared to December 31, 2012 to support increased sales volumes; which were partially offset by a net reduction in the post-retirement benefit reserve; and
- (iv) €92 million dividends received from jointly-controlled entities.

These positive contributions were partially offset by:

- (i) €1,578 million non-cash impact of deferred taxes mainly arising from the recognition of previously unrecognised deferred tax assets relating to Chrysler.

### *Operating Activities — Year Ended December 31, 2012*

For the year ended December 31, 2012, our net cash from operating activities was €6,492 million and was primarily the result of:

- (i) net profit of €896 million, adjusted to add back (a) €4,201 million for depreciation and amortisation expense, (b) other non-cash items of €582 million, which primarily include €515 million following the retrospective application of the IAS 19 revised from January 1, 2013, €106 million of impairment losses on tangible and intangible assets and €50 million of write-down in financial assets from the lending portfolio of our financial services activities, partially offset by €74 million of the share of profit or loss of equity method investees, and €31 million related to the non-cash gain on fair value measurement of equity swaps on Fiat and CNH Industrial ordinary shares and (c) net losses of €105 million on disposal of property, plant and equipment and intangible assets, and investments primarily related to the termination of the joint venture Sevelnord Societè Anonyme for €91 million;
- (ii) change in net working capital of €689 million primarily driven by (a) €506 million increase in trade payables, mainly related to increased production in response to increased consumer demand of our vehicles especially in NAFTA and APAC, partially offset by reduced production and sales levels in EMEA, (b) €961 million in other current assets and liabilities, primarily due to increases in accrued expenses, deferred income and taxes which were partially offset by (c) €572 million increase in inventory (net of vehicles sold under buy-back commitments), primarily due to increased finished vehicle and work in process levels at December 31, 2012, driven by an increase in our vehicle inventory levels in order to support consumer demand in NAFTA and APAC and (d) €206 million

increase in trade receivables, primarily due to an increase in receivables from third party international dealers and distributors due to increased sales at the end of 2012 due to consumer demand;

- (iii) a net increase of €63 million in provisions, mainly related to accrued sales incentives due to increased dealer stock levels at December 31, 2012 to support increased sales volumes which were partially offset by a net reduction in the post-retirement benefit reserve; and
- (iv) €89 million dividends received from jointly-controlled entities.

### Investing Activities — Year Ended December 31, 2013

For the year ended December 31, 2013, our net cash used in investing activities was €8,054 million, and was primarily the result of:

- (i) €7,492 million of capital expenditures, including €2,042 million of capitalised development costs, to support our investments in existing and future products. The capitalised development costs primarily include materials costs and personnel related expenses relating to engineering, design and development focused on content enhancement of existing vehicles, new models and powertrain programs in NAFTA and EMEA. The remaining capital expenditure primarily relates to the car mass-market operations in NAFTA and EMEA and the ongoing construction of the new LATAM plant at Pernambuco, Brazil;
- (ii) €166 million related to equity investments, which principally includes €94 million of additional investment in RCS MediaGroup S.p.A., €37 million of capital injection into the 50 percent joint venture related to GAC Fiat Automobiles Co. Ltd.; and
- (iii) €459 million of net increase in receivables from financing activities, primarily due to the increased lending portfolio of the financial services activities of the Group.

These cash outflows were partially offset by:

- (i) €59 million proceeds from the sale of tangible and intangible assets.

### Investing Activities — Year Ended December 31, 2012

For the year ended December 31, 2012, our net cash used in investing activities was €7,542 million, and was primarily the result of:

- (i) €7,564 million of capital expenditures, including €2,138 million of capitalised development costs, to support our investments in existing and future products;  
partially offset by:
- (ii) €118 million proceeds from the sale of tangible assets.

### Financing Activities — Year Ended December 31, 2013

For the year ended December 31, 2013, net cash from financing activities was €3,136 million and was primarily the result of:

- (i) proceeds from bond issuances for a total amount of €2,866 million, relating to notes issued as part of Programme;
- (ii) the repayment on maturity of notes issued under the Programme in 2006, for a total principal amount of €1 billion;
- (iii) proceeds from new medium-term borrowings for a total of €3,188 million, which mainly include (a) new borrowings by the Brazilian companies for €1,686 million, primarily in relation to investments in the country (b) €400 million loan granted by the European Investment Bank in order to fund our investments and research and development costs in Europe and (c) €595 million (U.S.\$790 million)

related to the amendments and re-pricings in 2013 of the U.S.\$3.0 billion tranche B term loan which matures May 24, 2017 and the Revolving Credit Facility. In particular, pursuant to such amendments and re-pricings in 2013, an amount of U.S.\$790 million of the outstanding principal balance of the U.S.\$3.0 billion tranche B term loan which matures May 24, 2017 was repaid. However, new and continuing lenders acquired the portion of such loan, therefore the principal balance outstanding did not change. Refer to “—*Bank Debt—Chrysler Senior Credit Facilities*”, below, for additional information regarding this transaction;

- (iv) repayment of medium-term borrowings on their maturity for a total of €2,558 million, including the €595 million (U.S.\$790 million) relating to the amendments and re-pricings of the Senior Credit Facilities described above; and
- (v) a positive net contribution of €677 million from the net change in other financial payables and other financial assets/liabilities.

### *Financing Activities —Year Ended December 31, 2012*

For the year ended December 31, 2012, net cash from financing activities was €1,610 million and was primarily the result of:

- (i) proceeds from bond issuances for a total amount of €2,535 million, relating to notes issued as part of the Programme;
- (ii) the repayment on maturity of notes issued as part of the Programme in 2009, for a total principal amount of €1,450 million;
- (iii) proceeds from new medium-term borrowings for a total of €1,925 million, which include new borrowings by the Brazilian companies for €1,236 million, mainly in relation to investments and operations in the country;
- (iv) repayment of medium-term borrowings on their maturity for a total of €1,535 million;
- (v) a positive net contribution of €171 million from the net change in other financial payables and other financial assets/liabilities; and
- (vi) dividends paid to shareholders and minorities for a total €58 million.

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### Net Industrial Debt

The following table details our Net Debt at September 30, 2014, December 31, 2013 and 2012.

All Chrysler activities are included under Industrial Activities. Since Chrysler's treasury activities (including funding and cash management) are managed separately from the rest of the Group we also provide the analysis of Net Industrial Debt split between Fiat excluding Chrysler and Chrysler.

(€ million)	At September 30, 2014				
	Total	Industrial Activities		Financial Services	Cons.
		Fiat ex Chrysler	Chrysler		
Third Parties Debt (Principal) .....	(30,256)	(20,177)	(10,079)	(2,024)	(32,280)
Capital Market <sup>(1)</sup> .....	(16,842)	(12,109)	(4,733)	(319)	(17,161)
Bank Debt .....	(11,108)	(6,791)	(4,317)	(1,410)	(12,518)
Other Debt <sup>(2)</sup> .....	(2,306)	(1,277)	(1,029)	(295)	(2,601)
Accrued Interests and other adjustments <sup>(3)</sup> .....	(652)	(411)	(241)	(1)	(653)
<b>Debt with third Parties</b> .....	<b>(30,908)</b>	<b>(20,588)</b>	<b>(10,320)</b>	<b>(2,025)</b>	<b>(32,933)</b>
Intercompany Financial Receivables/Payables (net).....	1,466	1,533	(67)	(1,466)	
Current financial receivables from jointly-controlled financial services companies <sup>(4)</sup>	71	71	—	—	77
<b>Debt, net of intercompany and current financial receivables from jointly-controlled financial services companies</b> .....	<b>(29,371)</b>	<b>(18,984)</b>	<b>(10,387)</b>	<b>(3,491)</b>	<b>(32,862)</b>
Other financial assets/(liabilities) (net) <sup>(5)</sup> .....	(194)	(215)	21	(2)	(196)
Current securities .....	183	183	—	30	213
Cash and cash equivalents .....	18,010	7,187	10,823	385	18,395
<b>Net Debt</b> .....	<b>(11,372)</b>	<b>(11,829)</b>	<b>457</b>	<b>(3,078)</b>	<b>(14,450)</b>



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	At December 31, 2013					At December 31, 2012				
	Total	Industrial Activities		Financial Consolidated Services		Total	Industrial Activities		Financial Consolidated Services	
		Fiat ex Chrysler	Chrysler				Fiat ex Chrysler	Chrysler		
Third Parties Debt (Principal) .....	(27,624)	(18,325)	(9,299)	(2,031)	(29,655)	(25,537)	(15,435)	(10,102)	(2,046)	(27,583)
Capital Market <sup>(1)</sup> .....	(13,981)	(11,661)	(2,320)	(239)	(14,220)	(12,232)	(9,807)	(2,425)	(129)	(12,361)
Bank Debt .....	(7,635)	(5,095)	(2,540)	(1,297)	(8,932)	(6,975)	(4,273)	(2,702)	(1,427)	(8,402)
Other Debt <sup>(2)</sup> .....	(6,008)	(1,569)	(4,439)	(495)	(6,503)	(6,330)	(1,355)	(4,975)	(490)	(6,820)
Accrued Interests and other adjustments <sup>(3)</sup> .....	(626)	(467)	(159)	(2)	(628)	(719)	(509)	(210)	(1)	(720)
<b>Debt with third Parties</b> .....	<b>(28,250)</b>	<b>(18,792)</b>	<b>(9,458)</b>	<b>(2,033)</b>	<b>(30,283)</b>	<b>(26,256)</b>	<b>(15,944)</b>	<b>(10,312)</b>	<b>(2,047)</b>	<b>(28,303)</b>
Intercompany Financial Receivables/Payables (net) .....	1,336	1,415	(79)	(1,336)	—	1,334	1,325	9	(1,334)	—
Current financial receivables from jointly-controlled financial services companies <sup>(4)</sup> .....	27	27	—	—	27	58	58	—	—	58
<b>Debt, net of intercompany and current financial receivables from jointly-controlled financial services companies</b> .....	<b>(26,887)</b>	<b>(17,350)</b>	<b>(9,537)</b>	<b>(3,369)</b>	<b>(30,256)</b>	<b>(24,864)</b>	<b>(14,561)</b>	<b>(10,303)</b>	<b>(3,381)</b>	<b>(28,245)</b>
Other financial assets/(liabilities) (net) <sup>(5)</sup> .....	399	323	76	(3)	396	321	318	3	(3)	318
Current securities.....	219	219	—	28	247	173	173	—	83	256
Cash and cash equivalents .....	19,255	9,579	9,676	200	19,455	17,420	8,617	8,803	246	17,666
<b>Net Debt</b> .....	<b>(7,014)</b>	<b>(7,229)</b>	<b>215</b>	<b>(3,144)</b>	<b>(10,158)</b>	<b>(6,950)</b>	<b>(5,453)</b>	<b>(1,497)</b>	<b>(3,055)</b>	<b>(10,005)</b>

<sup>(1)</sup> Includes bonds (€16,804 million at September 30, 2014, €13,966 million at December 31, 2013 and €12,215 million at December 31, 2012) and other securities issued in financial markets (€357 million at September 30, 2014, €254 million at December 31, 2013 and €146 million at December 31, 2012) mainly from LATAM financial services companies.

<sup>(2)</sup> Includes VEBA Trust Note (€3,419 million at December 31, 2013; €3,695 million at December 31, 2012), Canadian HCT notes (€620 million at September 30, 2014, €664 million at December 31, 2013 and €810 million at December 31, 2012), asset backed financing, i.e. sales of receivables for which de-recognition is not allowed under IFRS (€377 million at September 30, 2014, €756 million at December 31, 2013 and €562 million at December 31, 2012), arrangements accounted for as a lease under IFRIC 4 – *Determining whether an arrangement contains a lease*, and other financial payables. All amounts outstanding under the VEBA Trust Note were prepaid on February 7, 2014.

<sup>(3)</sup> Includes adjustments for fair value accounting on debt (€73 million at September 30, 2014, €78 million at December 31, 2013 and €111 million at December 31, 2012) and (accrued)/deferred interest and other amortizing cost adjustments (€580 million net at September 30, 2014, €550 million net at December 31, 2013; €609 million net at December 31, 2012).

<sup>(4)</sup> Financial receivables from FGAC.

<sup>(5)</sup> Fair value of derivative financial instruments (€171 million at September 30, 2014, €376 million net at December 31, 2013 and €300 million net at December 31, 2012) and collateral deposits (€25 million at September 30, 2014, €20 million at December 31, 2013 and €18 million at December 31, 2012).

### Change in net industrial debt

As described in “—Non-GAAP Financial Measures”, Net Industrial Debt is management’s primary measure for analysing our financial leverage and capital structure and is one of the key targets used to measure our performance. The following section sets forth an explanation of the changes in our net industrial debt for the historical periods.

#### Nine months ended September 30, 2014

In the nine months ended September 30, 2014 net industrial debt increased by €4,358 million, from €7,014 million at December 31, 2013 to €11,372 million at September 30, 2014. The increase in net industrial debt was primarily driven by:

- payments for the acquisition of the approximately 41.5% interest, inclusive of approximately 10% of previously exercised options subject to ongoing litigation, in Chrysler of €2,691 million equivalent (U.S.\$ 3,650 million).
- investments in industrial activities of €5,348 million representing all of the Group’s investments;
- unfavorable currency translation effects of €140 million and other effects, principally the change in value of hedging derivatives; offset by

- cash flow from industrial operating activities of €4,192 million which represents the consolidated cash flow from operating activities of €4,250 million net of the cash flows from operating activities attributable to financial services. For an explanation of the drivers in consolidated cash flows from operating activities see the “—Cash Flows” section above.

### 2013

In 2013 net industrial debt increased by €64 million, from €6,950 million at December 31, 2012 to €7,014 million at December 31, 2013. The movements in net industrial debt were primarily driven by:

- cash flow from industrial operating activities of €7,534 million which represents the consolidated cash flow from operating activities of €7,618 million net of the cash flows from operating activities attributable to financial services of €84 million. For an explanation of the drivers in consolidated cash flows from operating activities see “—Operating Activities—Year Ended December 31, 2013”;
- investments in industrial activities property, plant and equipment of €7,486 million, representing almost all of the Group’s investments in property, plant and equipment of €7,492 million; and
- additional investments in RCS MediaGroup S.p.A. for an amount of €94 million.

### 2012

In 2012 net industrial debt increased by €1,090 million, from €5,860 million at January 1, 2012, to €6,950 million at December 31, 2012. The movements in net industrial debt were primarily driven by:

- cash flow from industrial operating activities of €6,390 million which represents the consolidated cash flow from operating activities of €6,492 million net of the cash flows from operating activities attributable to financial services of €102 million. For an explanation of the drivers in consolidated cash flows from operating activities see “—Operating Activities—Year Ended December 31, 2012”;
- investments in industrial activities property, plant and equipment of €7,560 million, representing almost all of the Group’s investments in property, plant and equipment of €7,564 million; and
- proceeds from disposals of property, plant and equipment of €127 million representing almost all of the consolidated total of €130 million.

**Capital Market**

At September 30, 2014 and December 31, 2013 capital markets debt mainly relates to notes issued under the GMTN Programme by the Group, excluding Chrysler, and Secured Senior Notes of Chrysler. In addition we had €357 million and €254 million short and medium-term marketable financial instruments issued by various subsidiaries, principally in LATAM at September 30, 2014 and December 31, 2013, respectively.

The following table sets forth our outstanding bonds at September 30, 2014, December 31, 2013 and 2012.

Currency	Face value of outstanding bonds (in million)	Coupon	Maturity	At	At	At
				September 30, 2014	December 31, 2013	December 31, 2012
<b>Global Medium Term Notes:</b>				(€ million)		
Fiat Finance and Trade Ltd S.A. <sup>(1)</sup>	EUR	900	6.125%	—	900	900
Fiat Finance and Trade Ltd S.A. <sup>(1)</sup>	EUR	1,250	7.625%	—	1,250	1,250
Fiat Finance and Trade Ltd S.A. <sup>(1)</sup>	EUR	1,500	6.875%	1,500	1,500	1,500
Fiat Finance and Trade Ltd S.A. <sup>(1)</sup>	CHF	425	5.000%	352	346	352
Fiat Finance and Trade Ltd S.A. <sup>(1)</sup>	EUR	1,000	6.375%	1,000	1,000	1,000
Fiat Finance and Trade Ltd S.A. <sup>(1)</sup>	EUR	1,000	7.750%	1,000	1,000	1,000
Fiat Finance and Trade Ltd S.A. <sup>(1)</sup>	CHF	400	5.250%	332	326	331
Fiat Finance and Trade Ltd S.A. <sup>(1)</sup>	EUR	850	7.000%	850	850	850
Fiat Finance North America, Inc. <sup>(2)</sup>	EUR	1,000	5.625%	1,000	1,000	1,000
Fiat Finance and Trade Ltd S.A. <sup>(1)</sup>	CHF	450	4.000%	373	367	—
Fiat Finance and Trade Ltd S.A. <sup>(1)</sup>	EUR	1,250	6.625%	1,250	1,250	—
Fiat Finance and Trade Ltd S.A. <sup>(1)</sup>	EUR	600	7.375%	600	600	600
Fiat Finance and Trade Ltd S.A. <sup>(1)</sup>	CHF	250	3.125%	207	—	—
Fiat Finance and Trade Ltd S.A. <sup>(1)</sup>	EUR	1,250	6.750%	1,250	1,250	—
Fiat Finance and Trade Ltd S.A. <sup>(1)</sup>	EUR	1,000	4.750%	1,000	—	—
Fiat Finance and Trade Ltd S.A. <sup>(1)</sup>	EUR	1,350	4.750%	1,350	—	—
Others	EUR	7		7	7	7
<b>Total Global Medium Term Notes</b>				<b>12,071</b>	<b>11,646</b>	<b>8,790</b>
<b>Other bonds:</b>						
Fiat Finance and Trade Ltd S.A. <sup>(1)</sup>	EUR	1,000	6.625%	—	—	1,000
Chrysler (Secured Senior Notes)	U.S.\$	2,875	8.000%	2,285	1,088	1,137
Chrysler (Secured Senior Notes)	U.S.\$	3,080	8.250%	2,448	1,232	1,288
<b>Total other bonds</b>				<b>4,733</b>	<b>2,320</b>	<b>3,425</b>
<b>Hedging effect and amortised cost valuation</b>				<b>778</b>	<b>500</b>	<b>501</b>
<b>Total bonds</b>				<b>17,582</b>	<b>14,466</b>	<b>12,716</b>

<sup>(1)</sup> Subsequently renamed Fiat Chrysler Finance Europe S.A. as of October 29, 2014.

<sup>(2)</sup> Subsequently renamed Fiat Chrysler Finance North America, Inc. as of November 14, 2014.

**Notes Issued under the GMTN Programme**

All bonds issued by the Group, excluding Chrysler, are currently governed by the terms and conditions of the GMTN Programme that is the subject of this Base Prospectus. A maximum of €20 billion may be used under the Programme, of which notes of approximately €12.1 billion have been issued and are outstanding to September 30, 2014 (€11.6 billion at December 31, 2013 and €8.8 billion at December 31, 2012). The GMTN Programme is guaranteed by FCA, as the successor to Fiat. We may from time to time buy back bonds on the market that have been issued by the Group entities, including for purposes of their cancellation. Such buybacks, if any, are subject to market conditions, our financial situation and other factors which could affect such decisions.

The bonds issued by Fiat Finance and Trade Ltd. (since renamed Fiat Chrysler Finance Europe) and by Fiat Finance North America Inc. (since renamed Fiat Chrysler Finance North America, Inc.) impose covenants on the issuer and, in certain cases, on FCA as guarantor (including as the successor to Fiat), as described under “*Terms and Conditions of the Notes*”.

**Chrysler Secured Senior Notes**

The original Secured Senior Notes were issued, at par, on May 24, 2011 and initially sold in a private placement to qualified institutional buyers and non-U.S. persons as defined by the Securities Act. On December 29, 2011, in accordance with the registration rights agreement, Chrysler commenced an offer to exchange the original notes

outstanding for notes having substantially identical terms as those originally issued and in the same principal amount however, the exchanged notes do not contain restrictions on transfer. The offer to exchange the original notes expired on February 1, 2012. Substantially all of the original notes were tendered for Secured Senior Notes.

In February 2014 Chrysler issued additional secured senior notes as follows:

- Secured Senior Notes due 2019—issuance of an additional U.S.\$1.375 billion (€1.1 billion) aggregate principal amount of 8 percent Secured Senior Notes due June 15, 2019, at an issue price of 108.25 percent of the aggregate principal amount; and
- Secured Senior Notes due 2021—issuance of an additional U.S.\$1.380 billion (€1.1 billion) aggregate principal amount of 8.25 percent Secured Senior Notes due June 15, 2021, at an issue price of 110.50 percent of the aggregate principal amount.

In May 2014, Chrysler completed exchange offers to exchange the original additional notes for additional notes that do not contain restrictions on transfer. The offers expired on May 5, 2014. Substantially all of the original additional notes were tendered for additional Secured Senior Notes. Following completion of the exchange offers, the additional Secured Senior Notes issued in the exchange offer are completely fungible with the Secured Senior Notes previously issued.

Chrysler may redeem, at any time, all or any portion of the Secured Senior Notes on not less than 30 and not more than 60 days' prior notice mailed to the holders of the Secured Senior Notes to be redeemed.

- Prior to June 15, 2015, the 2019 Secured Senior Notes ("2019 Notes") will be redeemable at a price equal to the principal amount of the 2019 Notes being redeemed, plus accrued and unpaid interest to the date of redemption and a "make-whole" premium calculated under the indenture. On and after June 15, 2015, the 2019 Notes are redeemable at redemption prices specified in the 2019 Notes, plus accrued and unpaid interest to the date of redemption. The redemption price is initially 104 percent of the principal amount of the 2019 Notes being redeemed for the twelve months beginning June 15, 2015, decreasing to 102 percent for the twelve months beginning June 15, 2016 and to par on and after June 15, 2017.
- Prior to June 15, 2016, the 2021 Secured Senior Notes ("2021 Notes") will be redeemable at a price equal to the principal amount of the 2021 Notes being redeemed, plus accrued and unpaid interest to the date of redemption and a "make-whole" premium calculated under the indenture. On and after June 15, 2016, the 2021 Notes are redeemable at redemption prices specified in the 2021 Notes, plus accrued and unpaid interest to the date of redemption. The redemption price is initially 104.125 percent of the principal amount of the 2021 Notes being redeemed for the twelve months beginning June 15, 2016, decreasing to 102.75 percent for the twelve months beginning June 15, 2017, to 101.375 percent for the twelve months beginning June 15, 2018 and to par on and after June 15, 2019.

The indenture of the Secured Senior Notes issued by Chrysler includes affirmative covenants, including the reporting of financial results and other developments. The indenture also includes negative covenants which limit Chrysler's ability and, in certain instances, the ability of certain of its subsidiaries to, (i) pay dividends or make distributions of Chrysler's capital stock or repurchase Chrysler's capital stock; (ii) make restricted payments; (iii) create certain liens to secure indebtedness; (iv) enter into sale and leaseback transactions; (v) engage in transactions with affiliates; (vi) merge or consolidate with certain companies and (vii) transfer and sell assets. The indenture provides for customary events of default, including but not limited to, (i) non-payment; (ii) breach of covenants in the indenture; (iii) payment defaults or acceleration of other indebtedness; (iv) a failure to pay certain judgments and (v) certain events of bankruptcy, insolvency and reorganisation. If certain events of default occur and are continuing, the trustee or the holders of at least 25 percent in aggregate of the principal amount of the Secured Senior Notes outstanding under one of the series may declare all of the notes of that series to be due and payable immediately, together with accrued interest, if any.

The Secured Senior Notes are secured by liens junior to the Senior Credit Facilities (as defined below) on substantially all of Chrysler's assets and the assets of its U.S. subsidiary guarantors, subject to certain exceptions. The collateral includes 100 percent of the equity interests in Chrysler's U.S. subsidiaries and 65 percent of the equity interests in certain of its non-U.S. subsidiaries held directly by Chrysler and its U.S. subsidiary guarantors.

### *Bank Debt*

Bank debt principally comprises amounts due under (i) the senior credit facilities of Chrysler (€3.9 billion at September 30, 2014, €2.1 billion at December 31, 2013 and €2.2 billion at December 31, 2012), (ii) financial liabilities of the Brazilian operating entity (€4.2 billion at September 30, 2014, €2.9 billion at December 31, 2013 and €2.4 billion at December 31, 2012) relating to a number of financing arrangements, also with certain Brazilian development banks, primarily used to support capital expenditure, including in our new plant in the State of Pernambuco as well as to fund the financial services business in that country, (iii) loans provided by the European Investment Bank (€1.1 billion at September 30, 2014, €1.1 billion at December 31, 2013 and 2012) to fund our investments and research and development costs, (iv) amounts drawn down by Fiat excluding Chrysler treasury companies under short and medium term credit facilities (€1.4 billion at September 30, 2014, €1.1 billion at December 31, 2013 and €1.1 billion at December 31, 2012) and (v) amounts outstanding relating to financing arrangements of Chrysler de Mexico with certain Mexican development banks, amounting to €0.4 billion at September 30, 2014 and December 31, 2013, and €0.5 billion at December 31, 2012.

The main terms and conditions of the principal bank facilities are described as follows.

#### *Chrysler Senior Credit Facilities and Tranche B Term Loan due 2018*

The senior credit facilities of Chrysler originally consisted of a U.S.\$3.0 billion tranche B term loan (€2.4 billion at September 30, 2014), payable in equal quarterly installments of U.S.\$7.5 million (€5.5 million at September 30, 2014), maturing on May 24, 2017, and a revolving credit facility (the “Revolving Credit Facility”) for an amount of U.S.\$1.3 billion (€1 billion) which could be borrowed and repaid from time to time until the maturity date of May 24, 2016. On February 7, 2014, Chrysler entered into an additional U.S.\$250 million (€199 million) term loan under the existing tranche B term loan facility that matures on May 24, 2017. We collectively refer to the U.S.\$250 million (€199 million) additional tranche B term loan and the U.S.\$3.0 billion tranche B term loan which was fully drawn on May 24, 2011, as the Tranche B Term Loan due 2017. At September 30, 2014, an amount of €2,501 million (including accrued interest) was outstanding on the Tranche B Term Loan due 2017 (€2,119 million at December 31, 2013 and €2,265 million at December 31, 2012, including accrued interest) and the Revolving Credit Facility was fully undrawn (the Tranche B Term Loan due 2017 and the Revolving Credit Facility are collectively referred to as the “Senior Credit Facilities”).

The Senior Credit Facilities are with a syndicate of private sector lenders. The senior credit agreement in relation to the Senior Credit Facilities was originally entered into on May 24, 2011 and was subsequently amended and restated on June 21, 2013 (the “Senior Credit Agreement”). Additionally on December 23, 2013, the U.S.\$3.0 billion tranche B term loan maturing May 24, 2017 was re-priced. The maturity dates did not change under the amendments.

The amendment in June 2013 reduced the applicable interest rate spreads on the Senior Credit Facilities by 1.50 percent per annum and reduced the rate floors applicable to the U.S.\$3.0 billion tranche B term loan maturing May 24, 2017 by 0.25 percent per annum. As a result, all amounts outstanding under the Revolving Credit Facility bear interest, at the option of Chrysler, either at a base rate plus 2.25 percent per annum or at LIBOR plus 3.25 percent per annum. The subsequent re-pricing in December 2013 further reduced the applicable interest rate spreads and interest rate floors applicable to the U.S.\$3.0 billion tranche B term loan maturing May 24, 2017 by an additional 0.50 percent and 0.25 percent, respectively, per annum. All amounts outstanding under the Tranche B Term Loan due 2017 will bear interest, at the option of Chrysler, either at a base rate plus 1.75 percent per annum or at LIBOR plus 2.75 percent per annum, subject to a base rate floor of 1.75 percent per annum or a LIBOR floor of 0.75 percent per annum, respectively. Chrysler currently accrues interest based on LIBOR.

If Chrysler refinances or re-prices all or any portion of the Tranche B Term Loan due 2017 before the six-month anniversary of the effective date of the re-pricing in December 2013, under certain circumstances, Chrysler will be obliged to pay a call premium equal to 1.00 percent of the principal amount refinanced or re-priced.

In connection with the June 21, 2013 amendment and the December 23, 2013 re-pricing, lenders party to the U.S.\$3.0 billion tranche B term loan maturing May 24, 2017 that held U.S.\$790 million (€595 million) of the outstanding principal balance either partially or fully reduced their holdings. The outstanding principal balance on the U.S.\$3.0 billion tranche B term loan maturing May 24, 2017 did not change, as new and continuing lenders acquired the U.S.\$790 million (€595 million).

Prior to the final maturity date of each of the facilities, Chrysler has the option to extend the maturity date of all or a portion of the facilities with the consent of the lenders whose loans or commitments are being extended.

Chrysler's Senior Credit Facilities are secured by a senior priority security interest in substantially all of Chrysler's assets and the assets of its U.S. subsidiary guarantors, subject to certain exceptions. The collateral includes 100 percent of the equity interests in Chrysler's U.S. subsidiaries and 65 percent of the equity interests in its non-U.S. subsidiaries held directly by Chrysler and its U.S. subsidiary guarantors.

The Senior Credit Agreement, includes negative covenants, including but not limited to: (i) limitations on incurrence, repayment and prepayment of indebtedness; (ii) limitations on incurrence of liens; (iii) limitations on making restricted payments; (iv) limitations on transactions with affiliates, swap agreements and sale and leaseback transactions; (v) limitations on fundamental changes, including certain asset sales and (vi) restrictions on certain subsidiary distributions. In addition, the Senior Credit Agreement requires Chrysler to maintain a minimum ratio of "borrowing base" to "covered debt" (as defined in the Senior Credit Agreement), as well as a minimum liquidity of U.S.\$3.0 billion, which includes any undrawn amounts on the Revolving Credit Facility.

The Senior Credit Agreement contains a number of events of default related to: (i) failure to make payments when due; (ii) failure to comply with covenants; (iii) breaches of representations and warranties; (iv) certain changes of control; (v) cross-default with certain other debt and hedging agreements and (vi) the failure to pay or post bond for certain material judgments.

On February 7, 2014, Chrysler entered into a new U.S.\$1.75 billion (€1.4 billion) tranche B term loan issued under a new term loan credit facility (the "Tranche B Term Loan due 2018"), that matures on December 31, 2018.

The outstanding principal amount of the Tranche B Term Loan due 2018 is payable in quarterly instalments of approximately U.S.\$4.4 million (€3.2 million), commencing June 30, 2014, with the remaining balance due at maturity. The Tranche B Term Loan due 2018 bears interest, at Chrysler's option, either at a base rate plus 1.50 percent per annum or at LIBOR plus 2.50 percent per annum, subject to a base rate floor of 1.75 percent per annum and a LIBOR floor of 0.75 percent, respectively.

If Chrysler voluntarily refinances or re-prices all or a portion of the Tranche B Term Loan due 2018 on or before August 7, 2014, under certain circumstances, it will be obligated to pay a call premium equal to 1.00 percent of the principal amount refinanced or re-priced. After that date, the Tranche B Term Loan due 2018 may be refinanced or re-priced without premium or penalty.

Chrysler's Tranche B Term Loan due 2018 is secured by a senior priority security interest in substantially all of Chrysler's assets and the assets of its U.S. subsidiary guarantors, subject to certain exceptions. The collateral includes 100 percent of the equity interests in Chrysler's U.S. subsidiaries and 65 percent of the equity interests in its non-U.S. subsidiaries held directly by Chrysler and its U.S. subsidiary guarantors.

The Tranche B Term Loan due 2018 includes negative covenants, including but not limited to: (i) limitations on incurrence, repayment and prepayment of indebtedness; (ii) limitations on incurrence of liens; (iii) limitations on making restricted payments; (iv) limitations on transactions with affiliates, swap agreements and sale and leaseback transactions; (v) limitations on fundamental changes, including certain asset sales and (vi) restrictions on certain subsidiary distributions. In addition, the Tranche B Term Loan due 2018 requires Chrysler to maintain a minimum ratio of "borrowing base" to "covered debt" (as defined in the Tranche B Term Loan due 2018), as well as a minimum liquidity of U.S.\$3.0 billion, which includes any undrawn amounts on the Revolving Credit Facility.

The Tranche B Term Loan due 2018 contains a number of events of default related to: (i) failure to make payments when due; (ii) failure to comply with covenants; (iii) breaches of representations and warranties; (iv) certain changes of control; (v) cross-default with certain other debt and hedging agreements and (vi) the failure to pay or post bond for certain material judgments.

At September 30, 2014, an amount of €1,374 billion (including accrued interest) was outstanding on the Tranche B Term Loan due 2018.

### *Syndicated Credit Facility of the Group Excluding Chrysler*

Fiat, excluding Chrysler, has a syndicated credit facility in the amount of €2.1 billion (“Syndicated Credit Facility”), which was undrawn at September 30, 2014 and December 31, 2013. The covenants of this facility include financial covenants (Net Debt/EBITDA and EBITDA/Net Interest ratios related to industrial activities) and negative pledge, *pari passu*, cross default and change of control clauses. The failure to comply with these covenants, in certain cases if not suitably remedied, can lead to the requirement to make early repayment of the outstanding loans.

The syndicated credit facility currently includes limits to Fiat’s ability to extend guarantees or loans to Chrysler.

### *European Investment Bank Borrowings*

We have financing agreements with the European Investment Bank (“EIB”) for a total of €1.1 billion primarily to support investments and research and development projects. In particular, financing agreements include (i) two facilities of €400 million (maturing in 2018) and €250 million (maturing in 2015) for the purposes of supporting R&D programs in Italy to protect the environment by reducing emissions and improving energy efficiency and (ii) €500 million facility (maturing in 2021) for an investment programme relating to the modernisation and expansion of production capacity of an automotive plant in Serbia.

As of September 30, 2014 and December 31, 2013 these facilities had been fully drawn.

The covenants applicable to the EIB borrowings are similar to those applicable to the Syndicated Credit Facility explained above.

### **Other Debt**

At September 30, 2014, Other debt mainly relates to the unsecured Canadian Health Care Trust Notes totalling €638 million including accrued interest (€703 million at December 31, 2013 and €864 million at December 31, 2012 including accrued interest), which represents Chrysler’s financial liability to the Canadian Health Care Trust arising from the settlement of its obligations for postretirement health care benefits for National Automobile, Aerospace, Transportation and General Workers Union of Canada “CAW” (now part of Unifor), which represented employees, retirees and dependents. These notes were issued in four tranches on December 31, 2010, and have maturities up to 2024. Interest is accrued at the stated rate of 9.0 percent per annum for the HCT Tranche A and B notes and 7.5 percent per annum for HCT Tranche C Note. The HCT Tranche D note was fully repaid in 2012. The terms of each of the HCT notes are substantially similar and provide that each note will rank *pari passu* with all existing and future unsecured and unsubordinated indebtedness for borrowed money of Chrysler Canada, and that Chrysler Canada will not incur indebtedness for borrowed money that is senior in any respect in right of payment to the notes.

Other debt at December 31, 2013 and 2012 also includes the VEBA Trust Note (€3,575 million including accrued interest at December 31, 2013 and €3,863 million at December 31, 2012, including accrued interest), which represented Chrysler’s financial liability to the VEBA Trust having a principal amount outstanding of U.S.\$4,715 million (€3,419 million). The VEBA Trust Note was issued by Chrysler in connection with the settlement of its obligations related to postretirement healthcare benefits for certain UAW retirees. The VEBA Trust Note had an implied interest rate of 9.0 percent per annum and required annual payments of principal and interest through July 15, 2023. On February 7, 2014, Chrysler prepaid the VEBA Trust Note. See “—Chrysler New Debt Issuances and Prepayment of VEBA Trust Note”.

The remaining components of Other debt mainly relate to amounts outstanding under finance leases, amounts due to related parties and interest bearing deposits of dealers in Brazil.

At September 30, 2014, debt secured by assets of the Group, excluding Chrysler, amounts to €704 million (€432 million at December 31, 2013 and €379 million at December 31, 2012), of which €381 million (€386 million at December 31, 2013 and €292 million at December 31, 2012) is due to creditors for assets acquired under finance leases.

At September 30, 2014, debt secured by assets of Chrysler amounts to €9,682 million (€5,180 million at December 31, 2013 and €5,530 million at December 31, 2012), and includes €8,883 million (€4,448 million at December 31, 2013 and €4,665 million at December 31, 2012) relating to the Secured Senior Notes and the Senior Credit Facilities, €230 million (€165 million at December 31, 2013 and €183 million at December 31, 2012) was

due to creditors for assets acquired under finance leases and other debt and financial commitments for €569 million (€567 million at December 31, 2013 and €682 million at December 31, 2012).

**Off Balance Sheet Arrangements**

We have entered into various off-balance sheet arrangements with unconsolidated third parties in the ordinary course of business, including financial guarantees. Such arrangements are described in more detail below. For additional information see Note 33 “Guarantees granted, commitments and contingent liabilities” to our Annual Consolidated Financial Statements incorporated by reference in this Base Prospectus.

*Financial Guarantees*

At December 31, 2013 we had pledged guarantees on the debt or commitments of third parties totalling €31 million as well as guarantees of €15 million on related party debt, relating to unconsolidated entities or dealers.

**Contractual Obligations**

The following table summarises payments due under our significant contractual commitments as at December 31, 2013:

(€ million)	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt <sup>(1)</sup> .....	26,713	4,467	7,581	7,780	6,885
Capital Lease Obligations <sup>(2)</sup> .....	578	69	130	119	260
Interest on long-term financial liabilities <sup>(3)</sup> .....	7,403	1,732	2,709	1,690	1,272
Operating Lease Obligations <sup>(4)</sup> .....	710	133	203	147	227
Unconditional minimum purchase obligations <sup>(5)</sup> .....	638	236	309	71	22
Purchase Obligations <sup>(6)</sup> .....	2,235	2,179	51	5	—
Pension contribution requirements <sup>(7)</sup> .....	74	74	—	—	—
<b>Total</b> .....	<b>38,351</b>	<b>8,890</b>	<b>10,983</b>	<b>9,812</b>	<b>8,666</b>

- (1) Amounts presented relate to the principal amounts of long-term debt and exclude the related interest expense that will be paid when due, fair value adjustments, discounts, premiums and loan origination fees. For additional information see Note 27 “Debt” to our Annual Consolidated Financial Statements incorporated by reference in this Base Prospectus. The table above does not include short term debt obligations. See the table below for a reconciliation of the information to Note 27.
- (2) Capital lease obligations consist mainly of industrial buildings and plant, machinery and equipment used in our business. The amounts reported include the minimum future lease payments and payment commitments due under such leases. See Note 27 “Debt” to our Annual Consolidated Financial Statements incorporated by reference in this Base Prospectus.
- (3) Amounts include interest payments based on contractual terms and current interest rates on our debt and capital lease obligations. Interest rates based on variable rates included above were determined using the current interest rates in effect at December 31, 2013.
- (4) Operating lease obligations mainly relate to leases for commercial and industrial properties used in our business. The amounts reported above include the minimum rental and payment commitments due under such leases.
- (5) Unconditional minimum purchase obligations relate to our unconditional purchase obligations to purchase a fixed or minimum quantity of goods and/or services from suppliers with fixed and determinable price provisions. From time to time, in the ordinary course of our business, we enter into various arrangements with key suppliers in order to establish strategic and technological advantages.
- (6) Purchase obligations comprise (i) the repurchase price guaranteed to certain customers on sales with a buy-back commitment in an aggregate amount of €741 million—see Note 29 “Other Current Liabilities” to our Annual Consolidated Financial Statements and (ii) commitments to purchase tangible fixed assets, mainly in connection with planned capital expenditure of various group companies, in an aggregate amount of approximately €1,494 million.
- (7) Pension contribution requirements are based on the estimate of our minimum funding requirements under funded pension plans. We expect required contributions to be approximately €74 million in 2014. We may elect to make contributions in excess of the minimum funding requirements. We plan to make discretionary contributions to such plans of €573 million in 2014. Our minimum funding requirements after 2014 will depend on several factors, including investment performance and interest rates. Therefore, the above excludes payments beyond 2014, since we cannot predict with reasonable reliability the timing and amounts of future minimum funding requirements. Excluded from above are expected payments of €47 million, €128 million and €69 million due in 2014 with respect to our unfunded pension, health care and life insurance and other post-employment plans, respectively, which represent the expected benefit payments to participants.



## FINANCIAL REVIEW OF THE FCA GROUP

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The long-term debt obligations reflected in the table above can be reconciled to the amount in the December 31, 2013 statement of financial position as follows:

(€ million)	<u>Amount</u>
Debt (as per Note 27) .....	30,283
Capital lease obligations .....	(578)
Short term debt obligations.....	(2,365)
Amortised cost effects .....	(627)
<b>Long-term debt</b> .....	<b><u>26,713</u></b>

### *Product Warranty Costs*

The contractual obligations set forth above do not include payments for product warranty costs. We issue various types of product warranties under which we generally guarantee the performance of products delivered for a certain period of time. We also periodically initiate voluntary service and recall actions to address various customer satisfaction, safety and emissions issues related to the vehicles that we sell. The estimated future costs of these actions are principally based on assumptions regarding the lifetime warranty costs of each vehicle line and each model year of that vehicle line, as well as historical claims experience for our vehicles. Estimates of the future costs of these actions are inevitably imprecise due to numerous uncertainties, including the enactment of new laws and regulations, the number of vehicles affected by a service or recall action and the nature of the corrective action. It is reasonably possible that the ultimate costs of these services and recall actions may require us to make expenditures in excess of established reserves over an extended period of time and in a range of amounts that cannot be reasonably estimated. At December 31, 2013 our product warranty provisions were €3,656 million.

### *Ally Repurchase Obligation*

In April 2013 the Auto Finance Operating Agreement between Chrysler and Ally, referred to as the Ally Agreement, was terminated.

In accordance with the terms of the Ally Agreement, Chrysler remains obligated to repurchase Ally-financed U.S. Dealer inventory that was acquired on or before April 30, 2013, upon certain triggering events and with certain exceptions, in the event of an actual or constructive termination of a dealer's franchise agreement, including in certain circumstances when Ally forecloses on all assets of a dealer securing financing provided by Ally. These obligations exclude vehicles that have been damaged or altered, that are missing equipment or that have excessive mileage or an original invoice date that is more than one year prior to the repurchase date.

At December 31, 2013 the maximum potential amount of future payments required to be made to Ally under this guarantee was approximately €167 million and was based on the aggregate repurchase value of eligible vehicles financed by Ally in Chrysler's U.S. dealer stock. If vehicles are required to be repurchased under this arrangement, the total exposure would be reduced to the extent the vehicles can be resold to another dealer. The fair value of the guarantee was less than €0.1 million as December 31, 2013, which considers both the likelihood that the triggering events will occur and the estimated payment that would be made net of the estimated value of inventory that would be reacquired upon the occurrence of such events. The estimates are based on historical experience.

### *Other Repurchase Obligations*

In accordance with the terms of other wholesale financing arrangements in Mexico, Chrysler is required to repurchase dealer inventory financed under these arrangements, upon certain triggering events and with certain exceptions, including in the event of an actual or constructive termination of a dealer's franchise agreement. These obligations exclude certain vehicles including, but not limited to, vehicles that have been damaged or altered, that are missing equipment or that have excessive mileage or an original invoice date that is more than one year prior to the repurchase date.

At December 31, 2013 the maximum potential amount of future payments required to be made in accordance with these other wholesale financing arrangements was approximately €262 million and was based on the aggregate repurchase value of eligible vehicles financed through such arrangements in the respective dealer's stock. If vehicles are required to be repurchased through such arrangements, the total exposure would be reduced to the extent the vehicles can be resold to another dealer. The fair value of the guarantee was less than €0.1 million at December 31, 2013, which considers both the likelihood that the triggering events will occur and the estimated

payment that would be made net of the estimated value of inventory that would be reacquired upon the occurrence of such events. These estimates are based on historical experience.

**Pension and Other Post-Employment Benefits**

We provide post-employment benefits for certain of our active employees and retirees. The way these benefits are provided varies according to the legal, fiscal and economic conditions of each country in which we operate and may change periodically. We classify these plans on the basis of the type of benefit provided as follows: pension benefits, health care and life insurance plans, and other post-employment benefits. Moreover, we provide post-employment benefits, such as pension or health care benefits, to our employees under defined contribution plans. In this case, we pay contributions to public or private insurance plans on a legally mandatory, contractual, or voluntary basis. By paying these contributions we fulfil all of our obligations. We recognise the cost for defined contribution plans over the period in which the employee renders service and classify this by function in cost of sales, selling, general and administrative costs and research and development costs. In 2013 this cost totalled €1,314 million (€1,114 million in 2012).

Subsequent to January 21, 2014, when the Group’s ownership in Chrysler increased to 100 percent, FCA may become subject to certain U.S. legal requirements making it secondarily responsible for a funding shortfall in certain of Chrysler’s pension plans in the event that the pension plans were terminated and Chrysler were to become insolvent.

Our provision for employee benefits at December 31, 2013 and 2012 was as follows:

(€ million)	<u>At December 31, 2013</u>	<u>At December 31, 2012</u>
Present value of defined benefit obligations:		
Pension benefits .....	23,137	26,974
Health care and life insurance plans .....	1,945	2,289
Other post-employment benefits .....	1,023	997
<b>Total present value of defined benefit obligations .....</b>	<b>26,105</b>	<b>30,260</b>
<b>Fair value of plan assets .....</b>	<b>18,982</b>	<b>20,049</b>
Asset ceiling .....	3	-
<b>Total net defined benefit plans .....</b>	<b>7,126</b>	<b>10,211</b>
<i>of which:</i>		
<b>Net defined benefit liability .....</b>	<b>7,221</b>	<b>10,294</b>
<b>(Defined benefit plan asset) .....</b>	<b>(95)</b>	<b>(83)</b>
Other provisions for employees and liabilities for share-based payments .....	1,105	1,252
<b>Total Provisions for employee benefits .....</b>	<b>8,326</b>	<b>11,546</b>

*Pension benefits*

In the U.S. and Canada we sponsor both non-contributory and contributory defined benefit pension plans. The non-contributory pension plans cover certain hourly and salaried employees. Benefits are based on a fixed rate for each year of service. Additionally, we provide contributory benefits to certain salaried employees under the salaried employees’ retirement plans. These plans provide benefits based on the employee’s cumulative contributions, years of service during which the employee contributions were made and the employee’s average salary during the five consecutive years in which the employee’s salary was highest in the 15 years preceding retirement.

In the U.K., we participate, among others, in a pension plan financed by various Group entities, called the “Fiat Group Pension Scheme” covering mainly deferred and retired employees.

## FINANCIAL REVIEW OF THE FCA GROUP

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Our funding policy for defined benefit pension plans is to contribute at least the minimum amounts required by applicable laws and regulations. Occasionally, additional discretionary contributions in excess of these legally required are made to achieve certain desired funding levels. The expected benefit payments for pension plans are as follows:

(€ million)	Expected benefit payments
2014.....	1,654
2015.....	1,623
2016.....	1,598
2017.....	1,572
2018.....	1,554
2019-2023 .....	7,552

### *Health care and life insurance plans*

Liabilities arising from these plans comprise obligations for retiree health care and life insurance granted to employees and to retirees in the U.S. and Canada by Chrysler. Upon retirement from the relevant company, these employees may become eligible for continuation of certain benefits. Benefits and eligibility rules may be modified periodically. These plans are unfunded. The expected benefit payments for unfunded health care and life insurance plans are as follows:

(€ million)	Expected benefit payments
2014.....	128
2015.....	127
2016.....	127
2017.....	127
2018.....	126
2019-2023 .....	631

### *Other post-employment benefits*

Other post-employment benefits includes other employee benefits granted to our employees in Europe and comprise, amongst others, the Italian TFR (obligation amounting to €861 million at December 31, 2013 and to €830 million at December 31, 2012), consisting of the residual obligation for the benefit due to employees of Italian companies until December 31, 2006, having more than 50 employees and accrued over the employee's working life for the others and settled when an employee leaves the Group. These schemes are unfunded.

## **Quantitative and Qualitative Disclosures about Market Risk**

Due to the nature of our business, we are exposed to a variety of market risks, including foreign currency exchange rate risk, commodity price risk and interest rate risk.

Our exposure to foreign currency exchange rate risk arises both in connection with the geographical distribution of our industrial activities compared to the markets in which we sell our products, and in relation to the use of external borrowings denominated in foreign currencies.

Our exposure to interest rate risk arises from the need to fund industrial and financial operating activities and the necessity to deploy surplus funds. Changes in market interest rates may have the effect of either increasing or decreasing our net profit/(loss), thereby indirectly affecting the costs and returns of financing and investing transactions.

Our exposure to commodity price risk arises from the risk of changes occurring in the price of certain raw materials and energy used in production. Changes in the price of raw materials and energy could have a significant effect on our results by indirectly affecting costs and product margins.

These risks could significantly affect our financial position and results, and for this reason we systematically identify, and monitors these risks, in order to detect potential negative effects in advance and take the necessary actions to mitigate them, primarily through our operating and financing activities and if required, through the use of derivative financial instruments in accordance with our established risk management policies.

Our policy permits derivatives to be used only for managing the exposure to fluctuations in foreign currency exchange rates and interest rates as well as commodity prices connected with future cash flows and assets and liabilities, and not for speculative purposes.

We utilise derivative financial instruments designated as fair value hedges, mainly to hedge:

- the foreign currency exchange rate risk on financial instruments denominated in foreign currency; and
- the interest rate risk on fixed rate loans and borrowings.

The instruments used for these hedges are mainly foreign currency forward contracts, interest rate swaps and combined interest rate and foreign currency financial instruments.

We use derivative financial instruments as cash flow hedges for the purpose of pre-determining:

- the exchange rate at which forecasted transactions denominated in foreign currencies will be accounted for;
- the interest paid on borrowings, both to match the fixed interest received on loans (customer financing activity), and to achieve a targeted mix of floating versus fixed rate funding structured loans; and
- the price of certain commodities.

The foreign currency exchange rate exposure on forecasted commercial flows is hedged by foreign currency swaps and forward contracts. Interest rate exposures are usually hedged by interest rate swaps and, in limited cases, by forward rate agreements. Exposure to changes in the price of commodities is generally hedged by using commodity swaps and commodity options.

Counterparties to these agreements are major financial institutions.

The following section provides qualitative and quantitative disclosures on the effect that these risks may have. The quantitative data reported below does not have any predictive value, in particular the sensitivity analysis on financial market risks does not reflect the complexity of the market or the reaction which may result from any changes that are assumed to take place.

Financial instruments held by the funds that manage pension plan assets are not included in this analysis.

### **Quantitative information on foreign currency exchange rate risk**

We are exposed to risk resulting from changes in foreign currency exchange rates, which can affect our earnings and equity. In particular:

where a Group company incurs costs in a currency different from that of its revenues, any change in exchange rates can affect the operating results of that company. In 2013, the total trade flows exposed to foreign currency exchange rate risk amounted to the equivalent of 13 percent of our turnover;

the principal exchange rates to which we are exposed are the following:

- U.S. Dollar/CAD, relating to sales in Canadian Dollars made by Chrysler in Canada;
- EUR/U.S.Dollar, relating to sales in U.S. dollars made by Italian companies (in particular, companies belonging to the Luxury Brands reporting segment) and to sales and purchases in Euro made by Chrysler;
- GBP, AUD, MXN, CHF, CNY, ARS and VEF in relation to sales in the U.K., Australian, Mexican, Swiss, Chinese, Argentinean and Venezuelan markets;
- PLN and TRY, relating to manufacturing costs incurred in Poland and Turkey;

- JPY mainly in relation to purchase of parts from Japanese suppliers and sales of vehicles in Japan;
- U.S.Dollar/BRL, EUR/BRL, relating to Brazilian manufacturing operations and the related import and export flows.

Overall trade flows exposed to changes in these exchange rates in 2013 made up approximately 90 percent of the exposure to foreign currency risk from trade transactions.

Our policy is to use derivative financial instruments to hedge a percentage, on average between 55 percent and 85 percent, of certain exposures subject to foreign currency exchange risk exposure for the upcoming 12 months (including such risk before or beyond that date where it is deemed appropriate in relation to the characteristics of the business) and to hedge completely the exposure resulting from firm commitments unless not deemed appropriate.

Group companies may have trade receivables or payables denominated in a currency different from the functional currency of the company. In addition, in a limited number of cases, it may be convenient from an economic point of view, or it may be required under local market conditions, for companies to obtain financing or use funds in a currency different from the functional currency of the respective company. Changes in exchange rates may result in exchange gains or losses arising from these situations. Our policy is to hedge fully, whenever deemed appropriate, the exposure resulting from receivables, payables and securities denominated in foreign currencies different from the company's functional currency.

Certain of our subsidiaries are located in countries which are outside of the Eurozone, in particular the U.S., Brazil, Canada, Poland, Serbia, Turkey, Mexico, Argentina, the Czech Republic, India, China and South Africa. As our reference currency is the Euro, the income statements of those entities are converted into Euro using the average exchange rate for the period, and while revenues and margins are unchanged in local currency, changes in exchange rates may lead to effects on the converted balances of revenues, costs and the result in Euro.

The monetary assets and liabilities of consolidated companies who have a reporting currency other than the Euro, are translated into Euro at the period-end foreign exchange rate. The effects of these changes in foreign exchange rates are recognised directly in the Cumulative Translation Adjustments reserve, included in other comprehensive income/(losses).

We monitor our principal exposure to conversion exchange risk, although there was no specific hedging in this respect at the balance sheet date.

There have been no substantial changes in 2013 in the nature or structure of exposure to foreign currency exchange risk or in our hedging policies.

The potential loss in fair value of derivative financial instruments held for foreign currency exchange risk management (currency swaps/forwards, currency options, cross-currency interest rate and currency swaps) at December 31, 2013 resulting from a hypothetical 10 percent decrease in the exchange rates of the leading foreign currencies with the Euro would have been approximately €745 million (€690 million at December 31, 2012).

Receivables, payables and future trade flows whose hedging transactions have been analysed were not considered in this analysis. It is reasonable to assume that changes in exchange rates will produce the opposite effect, of an equal or greater amount, on the underlying transactions that have been hedged.

### **Quantitative information on interest rate risk**

Our manufacturing companies and treasuries make use of external borrowings and invest in monetary and financial market instruments. In addition, we sell receivables resulting from their trading activities on a continuing basis. Changes in market interest rates can affect the cost of the various forms of financing, including the sale of receivables, or the return on investments, and the employment of funds, thus negatively impacting the net financial expenses we incur.

In addition, the financial services companies provide loans (mainly to customers and dealers), financing themselves using various forms of direct debt or asset-backed financing (e.g. factoring of receivables). Where the

characteristics of the variability of the interest rate applied to loans granted differ from those of the variability of the cost of the financing obtained, changes in the current level of interest rates can affect the operating result of those companies and the Group as a whole.

In order to manage these risks, we may use interest rate derivative financial instruments, mainly interest rate swaps and forward rate agreements, when available in the market, with the object of mitigating, under economically acceptable conditions, the potential variability of interest rates on net profit/(loss).

In assessing the potential impact of changes in interest rates, we segregate fixed rate financial instruments (for which the impact is assessed in terms of fair value) from floating rate financial instruments (for which the impact is assessed in terms of cash flows).

Our fixed rate financial instruments consist principally of part of the portfolio of the financial services companies (basically customer financing and financial leases) and part of debt (including subsidised loans and bonds).

The potential loss in fair value of fixed rate financial instruments (including the effect of interest rate derivative financial instruments) held at December 31, 2013, resulting from a hypothetical 10 percent increase in market interest rates, would have been approximately €110 million (approximately €100 million at December 31, 2012).

Floating rate financial instruments consist principally of cash and cash equivalents, loans provided by the financial services companies to the sales network and part of debt. The effect of the sale of receivables is also considered in the sensitivity analysis as well as the effect of hedging derivative instruments.

A hypothetical 10 percent increase in short-term interest rates at December 31, 2013, applied to floating rate financial assets and liabilities, operations for the sale of receivables and derivative financial instruments, would have resulted in increased net financial expenses before taxes, on an annual basis, of approximately €13 million (€10 million at December 31, 2012).

This analysis is based on the assumption that there is a general change of 10 percent in interest rates across homogeneous categories. A homogeneous category is defined on the basis of the currency in which the financial assets and liabilities are denominated. In addition, the sensitivity analysis applied to floating rate financial instruments assumes that cash and cash equivalents and other short-term financial assets and liabilities which expire during the projected 12 month period will be renewed or reinvested in similar instruments, bearing the hypothetical short-term interest rates.

### **Quantitative information on commodity price risk**

We have entered into derivative contracts for certain commodities to hedge our exposure to commodity price risk associated with buying raw materials and energy used in our normal operations.

In connection with the commodity price derivative contracts outstanding at December 31, 2013, a hypothetical, 10 percent increase in the price of the commodities at that date would have caused a fair value loss of €45 million (€51 million at December 31, 2012). Future trade flows whose hedging transactions have been analysed were not considered in this analysis. It is reasonable to assume that changes in commodity prices will produce the opposite effect, of an equal or greater amount, on the underlying transactions that have been hedged.

### **Significant Recent Events**

#### *Spin-Off of Ferrari S.p.A.*

On October 29, 2014, in connection with the implementation of its capital plan and its aim to substantially strengthen its capital base, the FCA Group announced that it has authorized the separation of Ferrari S.p.A. from the FCA Group in 2015. The separation will be effected through a public offering of the FCA Group's interest in Ferrari equal to 10% of Ferrari's outstanding shares, and a distribution of the FCA Group's remaining Ferrari shares to FCA Group shareholders. The Ferrari shares are expected to be listed in the United States and possibly a European exchange. The spin-off of Ferrari will be subject to customary regulatory approvals, tax and legal considerations, final approval of the transaction from the FCA Group's Board of Directors and other customary requirements.

### *Capital Transactions*

On October 29, 2014, the FCA Group's Board of Directors announced that it has authorized the offer and sale of FCA common shares and convertible securities in an offering to be registered with the SEC, which is expected to be completed by the end of 2014.

The offering will include up to 100 million FCA common shares, including 35 million common shares currently held in treasury by FCA and approximately 54 million common shares that will be issued by FCA to replenish the share capital canceled following the exercise by Fiat shareholders of cash exit rights under Italian law in connection with the Merger. Those Fiat shares were redeemed and cancelled in the Merger as required by Italian law.

In addition, U.S.\$2.5 billion in aggregate principal amount of mandatory convertible securities are expected to be offered in an SEC-registered offering to U.S. and international institutional investors. The mandatory convertible securities will be mandatorily convertible into FCA common shares at maturity. The mandatory convertible securities are a compound financial instrument consisting of an equity contract combined with a financial liability for the coupon payments. The coupon payment will be accounted for as a financial liability with the remainder of the equity contract accounted for as an equity instrument. Certain early settlement features related to the early payment of the financial liability will be bifurcated and accounted for separately as a derivative financial instrument. The interest rate, conversion rates and other terms and conditions of the mandatory convertible securities will be determined at the pricing of the offering. It is expected that investors participating in the offering, subject to completion of the spin-off of Ferrari, will be entitled to participate in the spin-off and receive shares of Ferrari pursuant to customary provisions adjusting the conversion terms. The timing of the offerings remains subject to market conditions, as well as registration requirements under applicable law.

On October 29, 2014, further the Board of Directors of FCA, in connection with its discussions regarding capital planning to support the Group's 2014-2018 Business Plan, confirmed FCA's intention to eliminate any contractual terms limiting the free flow of capital among members of the Group. As a result, FCA expects to redeem each series of Chrysler Group's outstanding Secured Senior Notes no later than at its initial optional redemption date of June 2015 for Chrysler Group's 8% Senior Secured Notes due 2019 and June 2016 for Chrysler Group's 8-1/4% Secured Senior Notes due 2021. FCA also expects to refinance the Chrysler Group term loans and revolving credit facility at or before this time.

On December 4, 2014, FCA announced the launch of the offering of (i) 87 million common shares (the "Offering") and (ii) U.S.\$2,500,000,000 in aggregate notional amount of mandatory convertible securities due in 2016 (the "Mandatory Convertible Securities"), both as approved by the FCA's board of directors on October 29, 2014.

The Offering consists of 87 million common shares, nominal value €0.01 per share, consisting of (i) common shares currently held by FCA as treasury shares and (ii) additional common shares that FCA intends as replenishment for the share capital canceled following the exercise of cash exit rights by Fiat shareholders as required under Italian law in connection with the Merger. As announced on December 10, 2014, the common shares to be sold in the Offering will be sold at a public offering price of U.S.\$11.00 per common share. On December 12, 2014, the underwriters in the Offering exercised their option to purchase up to an additional 13 million common shares from FCA at the public offering price.

On December 10, 2014, FCA announced the pricing of the Mandatory Convertible Securities. The Mandatory Convertible Securities will be issued at 100% of the notional amount and will be mandatorily converted into FCA common shares on December 15, 2016 unless earlier converted at the option of the holder or FCA or upon certain specified events in accordance with their terms. The Mandatory Convertible Securities will pay a coupon of 7.875% per annum on the notional amount, payable annually, on December 15, 2015 and 2016, which may, at FCA's discretion, be paid in common shares of FCA at the mandatory conversion date. FCA will have the option to defer payment of coupons, provided that such deferral may not extend past the mandatory conversion date. The Mandatory Convertible Securities will be issued in denominations of U.S.\$100 per Mandatory Convertible Security. The maximum conversion rate of the Mandatory Convertible Securities will be 9.0909 common shares per Mandatory Convertible Security and the minimum conversion rate will be 7.7369 common shares per Mandatory Convertible Security, in each case subject to adjustment in certain circumstances. On December 12, 2014, the underwriters in the Mandatory Convertible Securities offering exercised their option to purchase up to an additional U.S.\$375,000,000 in aggregate notional amount of Mandatory Convertible Securities from FCA.

The Offering and the Mandatory Convertible Securities offering settled on December 16, 2014.

In connection with Mandatory Convertible Securities offering, Exor purchased for investment U.S.\$886 million in aggregate notional amount of Mandatory Convertible Securities to preserve its ownership interest in FCA's common shares. See "*Corporate Governance—Major Shareholders*" for further information.

### *Executive Compensation*

On November 4, 2014, FCA announced that that the Company's Chief Executive Officer exercised his stock options pursuant to the equity incentive plans as follows:

- purchase of 6,250,000 shares of FCA and 6,250,000 shares of CNH Industrial at the aggregate price of €13.37 for one FCA share and one CNH Industrial share. The shares so purchased have been sold on the regulated markets;
- purchase of 10,670,000 FCA common shares and 10,670,000 CNH Industrial common shares at the aggregate price of €6.583 for one FCA share and one CNH Industrial share. Out of these shares, 5,400,000 FCA shares and 4,957,357 CNH Industrial shares have been sold on the regulated markets, for the sole purpose of funding the strike price and meeting the relevant tax liabilities.

As a result of these transactions the Chief Executive Officer increased his shareholding in FCA to 12,102,411 common shares and 2,333,334 stock grants.



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## CORPORATE GOVERNANCE

### Overview of Corporate Governance

FCA is a public limited liability company incorporated under the laws of the Netherlands and qualifies as a foreign private issuer under the New York Stock Exchange (“NYSE”) listing standards. In accordance with the NYSE Listed Company Manual, FCA is permitted to follow home country practice with regard to certain corporate governance standards. FCA acknowledges the importance of good corporate governance and supports the best practice provisions of the Dutch corporate governance code issued by the Dutch Corporate Governance Code Committee, which entered into force on January 1, 2009 (the “Dutch Corporate Governance Code”). Dutch companies whose shares are listed on a government-recognized stock exchange, such as FCA, are required under Dutch law to disclose in their annual reports whether or not they apply the provisions of the Dutch Corporate Governance Code and, in the event that they do not apply a certain provision, to explain the reasons why they have chosen to deviate. Therefore, FCA intends to comply with the relevant best practice provisions of the Dutch Corporate Governance Code except as may be noted from time to time in FCA’s annual reports.

FCA’s board of directors (the “Board of Directors”) has established an Audit Committee, a Compensation Committee and a Governance and Sustainability Committee, and has approved and adopted a set of regulations on meetings of the board of directors (the “Board Regulations”), and rules on general shareholders’ meetings.

On certain operational matters the Board of Directors is supported by the Group Executive Council. The Group Executive Council is a decision-making body in support of the Chief Executive Officer from an operational perspective. The Group Executive Council is led by the Chief Executive Officer and is composed of the heads of the operating sectors and certain central functions.

### Board of Directors

Pursuant to FCA’s articles of association, the Board of Directors may have three or more members. At the general meeting of the shareholders held on September 26, 2014, Fiat, as the sole shareholder of FCA, set the number of the members of the Board of Directors at 11, and elected the Board of Directors. The term of office of the current Board of Directors will expire on the date of the first FCA annual general meeting of shareholders to be held in 2015.

At the date of this Base Prospectus, the Board of Directors is composed of two executive directors (i.e., the Chairman and the Chief Executive Officer), having responsibility for the day-to-day management of the company, and nine non-executive directors, who do not have such day-to-day responsibility within FCA or the Group. Unless otherwise indicated, the business address of each director listed below will be c/o FCA, Fiat House, 25 St. James’ Street, London SW1A 1HA, United Kingdom.

At the date of this Base Prospectus, the members of the Board of Directors are as follows:

Name	Position
John P. Elkann <sup>(3)</sup>	Chairman and Executive Director
Sergio Marchionne	Chief Executive Officer and Executive Director
Ronald L. Thompson <sup>(1)</sup>	Non-executive Director
Andrea Agnelli	Non-executive Director
Tiberto Brandolini d’Adda	Non-executive Director
Glenn Earle <sup>(1)</sup>	Non-executive Director
Valerie A. Mars <sup>(2)</sup>	Non-executive Director
Ruth J. Simmons <sup>(3)</sup>	Non-executive Director
Patience Wheatcroft <sup>(1) (3)</sup>	Non-executive Director
Stephen M. Wolf <sup>(2)</sup>	Non-executive Director
Ermenegildo Zegna <sup>(2)</sup>	Non-executive Director

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(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) Member of the Governance and Sustainability Committee.

## CORPORATE GOVERNANCE

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The Chairman is an executive director. He also serves on the board of FCA's principal subsidiaries, but has no operational powers with regard to those companies.

Some Directors also hold positions at other companies. Excluding the positions held by the executive directors within the FCA Group, the most significant are as follows:

- (i) John Elkann: Giovanni Agnelli & C. S.a.p.az., Chairman; Exor S.p.A., Chairman and Chief Executive Officer; Editrice La Stampa S.p.A., Chairman; News Corporation, Director; The Economist Group, Director; Banca Leonardo, Director; Cushman&Wakefield, Chairman; The World Post, Member of the Editorial Board; CNH Industrial N.Y., Director;
- (ii) Sergio Marchionne: Exor S.p.A., Director; Ferrari S.p.A., Chairman; CNH Industrial N.Y., Chairman; Chrysler Group LLC, Chairman and CEO Iveco S.p.A., Chairman, CNH Industrial International S.A., Chairman; FPT Industrial S.p.A., Chairman; Fiat Chrysler Automobiles Italy S.p.A., Chairman and CEO; SGS S.A., Chairman; ACEA – European Automobile Manufacturers Association, Director; Philip Morris International Inc., Director;
- (iii) Ronald L. Thompson: Teachers Insurance and Annuity Association, Chairman of the Board of Trustees; Plymouth Venture Partners II Fund 201, Member of the Advisory Board; Medical University of South Carolina Foundation, Member of the Board;
- (iv) Andrea Agnelli: Juventus Football Club S.p.A., Chairman; Fiat Chrysler Automobiles N.V., Director; Exor S.p.A., Director, BlueGem Capital Partners LLP, Member of the Advisory Board; European Club Association, Director;
- (v) Tiberto Brandolini d'Adda: Exor S.A., Chairman; Exor S.p.A., Vice Chairman; Yafa S.p.A., Director; Giovanni Agnelli & C. S.a.p.az., General Partner;
- (vi) Glenn Earle: Royal National Theatre, Director; Teach First, Director; Inside Track I, LLP, Partner; Inside Track 2, LLP, Partner;
- (vii) Valerie A. Mars: Mars, Incorporated, Senior Vice President & Head of Corporate Development and Member of the Remuneration Committee; Rabobank North American, Member of the Advisory Board; Hellostage, Director; Royal Canin, Director; KKM, Founding Partner; Conservation International, Director; The Open Space Institute, Director;
- (viii) Ruth J. Simmons: Chrysler Group LLC, Director; Mondelez International, Director; Texas Instruments, Director;
- (ix) Patience Wheatcroft: Bell Pottinger LLP, Member of the Advisory Board, St. James's Place PLC, Director; British Museum, Member of Board of Trustees; Financial Times, Chairman of the Active Appointment and Oversight Committee;
- (x) Stephen M. Wolf: Philip Morris International, Director; Trilantic Capital Partners, Director;
- (xi) Ermenegildo Zegna: Monterubello S.S., Vice President; Zegna Holditalia S.p.A., CEO; Ermenegildo Zegna Corp., Director; Consitex S.A., CEO; Coti Service S.A., CEO; CNMI Camera Nazionale della Moda Italiana, Director; Iese Business School (*Instituto de estudios superiores de la impresa*), Member of the International Advisory Board; University of Navarra – Council for the United States and Italy, Member.

Summary biographies for each of our directors are included below.

**John Elkann** – John Elkann was appointed chairman of Fiat on April 21, 2010 where he has served as vice chairman since 2004 and as a board member since December 1997. Mr. Elkann is also chairman and chief executive officer of Exor and chairman of Giovanni Agnelli & C. S.a.p.az. Born in New York in 1976, Mr. Elkann obtained a scientific baccalaureate from the Lycée Victor Duruy in Paris, and graduated in Engineering and Management from Politecnico, the Engineering University of Turin. While at university, he gained work experience in various companies of the Fiat Group in the UK and Poland (manufacturing) as well as in France (sales and marketing). He started his professional career in 2001 at General Electric as a member of the Corporate Audit Staff, with assignments in Asia, the USA and Europe. Mr. Elkann is chairman of Cushman & Wakefield and

Editrice La Stampa and a board member of CNH Industrial, The Economist Group, News Corporation and Banca Leonardo. Mr. Elkann is a member of the IAC of the Brookings Institution and of MoMA. He also serves as vice chairman of the Italian Aspen Institute and of the Giovanni Agnelli Foundation.

**Sergio Marchionne** – Mr. Marchionne currently serves Chief Executive Officer of FCA and Chairman, Chief Executive Officer and Chief Operating Officer of Chrysler. Since October 2014, Mr. Marchionne has served as Chairman of Ferrari S.p.A. Mr. Marchionne leads FCA's Group Executive Council, and has been Chief Operating Officer of its NAFTA region since September 2011. He also serves as Chairman of CNH Industrial. He was chairman of Fiat Industrial and CNH Global N.V. until the integration of these companies into CNH Industrial.

Prior to joining FCA's predecessor company, Fiat, Mr. Marchionne served as Chief Executive Officer of SGS SA, Chief Executive Officer of the Lonza Group Ltd., and Chief Executive Officer of Alusuisse Lonza (Algroup). He also served as Vice President of Legal and Corporate Development and Chief Financial Officer of the Lawson Group after serving as Vice President of Finance and Chief Financial Officer of Acklands Ltd. and Executive Vice President of Glenex Industries. Mr. Marchionne holds a Bachelor of Laws from Osgoode Hall Law School at York University in Toronto, Canada and a Master of Business Administration from the University of Windsor, Canada. Mr. Marchionne also holds a Bachelor of Arts with a major in Philosophy and minor in Economics from the University of Toronto.

Mr. Marchionne serves on the Board of Directors of Philip Morris International Inc. and as Chairman of SGS SA headquartered in Geneva. Additionally, Mr. Marchionne serves as Executive Chairman of CNH Industrial, and as a director of Exor, a shareholder of FCA and CNH Industrial. Mr. Marchionne is on the Board of Directors of ACEA (European Automobile Manufacturers Association). He previously served as appointed non-executive Vice Chairman and Senior Independent Director of UBS AG as well as a director of Fiat Industrial.

**Ronald L. Thompson** – Ronald L. Thompson was appointed to the board of directors of Chrysler Group LLC on July 6, 2009. Thompson is currently chairman of the board of trustees for Teachers Insurance and Annuity Association (TIAA), a for-profit life insurance company that serves the retirement and financial needs of faculty and employees of colleges and universities, hospitals, cultural institutions and other nonprofit organizations. He also serves on the board of trustees for Washington University in St. Louis, Mo., and as a member of the advisory board of Plymouth Venture Partners Fund. Thompson was the chief executive officer and chairman of Midwest Stamping Company of Maumee, Ohio, a manufacturer of medium and heavy gauge metal components for the automotive market. Under Thompson's ownership, the company experienced rapid growth as a Tier One automotive supplier and became one of the largest minority-owned companies in the U.S. He sold the company in late 2005. Thompson has served on the boards of many different companies including Commerce Bank of St. Louis, GR Group (U.S.) where he served also as chairman and chief executive officer, Illinova Corporation, Interstate Bakeries Corporation, McDonnell Douglas Corporation, Midwest Stamping Company, Ralston Purina Company and Ryerson Tull, Inc. He was also a member of the board of directors of the National Association of Manufacturers. He was general manager at Puget Sound Pet Supply Company and chairman and chief executive officer at Evaluation Technologies. Thompson has served on the faculties of Old Dominion University, Virginia State University and the University of Michigan. Thompson holds a Ph.D. and Master of Science in Agricultural Economics from Michigan State University and a Bachelor of Business Administration from the University of Michigan. In addition, he has received many honors including: Top Entrepreneurs, U.S. Black Engineer & Information Technology Magazine (2004), National Minority Entrepreneur of the Year Black Achievement Award (1989), The Equitable Financial Companies Distinguished Community Service Award, Southern Illinois University Outstanding Business Leader of the Year, Tiffin University Distinguished Service to Education Award, Harris-Stowe State College.

**Andrea Agnelli** – Andrea Agnelli is chairman of Juventus Football Club S.p.A. and Lamse S.p.A., a holding company of which he is a founding shareholder. Born in Turin in 1975, he studied at Oxford (St. Clare's International College) and Milan (Università Commerciale Luigi Bocconi). While at university, he gained professional experience both in Italy and abroad, including positions at: Iveco-Ford in London; Piaggio in Milan; Auchan Hypermarché in Lille; Schroder Salomon Smith Barney in London; and, finally, Juventus Football Club S.p.A. in Turin. He began his career in 1999 at Ferrari Idea in Lugano, where he was responsible for promoting and developing the Ferrari brand in non-automotive areas. In November 2000, he moved to Paris and assumed responsibility for marketing at Uni Invest SA, a Banque San Paolo company specialized in managed investment products. From 2001 to 2004, Mr. Agnelli worked at Philip Morris International in Lausanne, where he initially had responsibility for marketing and sponsorships and, subsequently, corporate communication. In 2005, he returned to Turin to work in strategic development for IFIL Investments S.p.A. (now Exor). Mr. Agnelli is a

general partner of Giovanni Agnelli & C. S.a.p.az., a member of the board of directors of Exor, a member of the advisory board of BlueGem Capital Partners LLP, in addition to serving on the board of the European Club Association. Mr. Agnelli has been a member of the board of directors of Fiat since May 30, 2004.

**Tiberto Brandolini d'Adda** – Born in Lausanne (Switzerland) in 1948 and a graduate in commercial law from the University of Parma. From 1972 to 1974, Mr. Brandolini d'Adda gained his initial work experience in the international department of Fiat and then at Lazard Bank in London. In 1975, he was appointed assistant to the Director General for Enterprise Policy at the European Economic Commission in Brussels. In 1976 he joined Ifint, as general manager for France. In 1985, he was appointed general manager for Europe and then in 1993 managing director of Exor group (formerly Ifint), where he also served as vice chairman from 2003 until 2007. He has extensive international experience as a main board director of several companies, including: Le Continent, Bolloré Investissement, Société Foncière Lyonnaise, Safic-Alcan and advisory member of the European board of Blackstone. Mr. Brandolini d'Adda served as director and then, from 1997 to 2003, as chairman of the conseil de surveillance of Club Méditerranée. In May 2004, he was appointed chairman of the conseil de surveillance of Worms & Cie, where he had served as deputy chairman since 2000. In May 2005, he became chairman and chief executive officer of Sequana Capital (formerly Worms & Cie). Then he served as chairman of the board of Sequana from 2007 to 2013. He was also a member of the board of Vittoria Assicurazioni S.p.A. from 2004 to 2010. Mr. Brandolini d'Adda currently serves as chairman of Exor S.A. (Luxembourg) and is also a member of the board of directors of YAFA S.p.A. He is general partner of Giovanni Agnelli & C. S.a.p.az. and vice chairman of Exor, formed through the merger between IFI and IFIL Investments. Brandolini d'Adda is Officier de la Légion d'Honneur. He has been a member of the board of directors of Fiat since May 30, 2004.

**Glenn Earle** – Glenn Earle is a senior advisor at Affiliated Managers Group Limited (AMG) and a board member and trustee of the Royal National Theatre and of Teach First, where he is a member of the finance committee. He is also chairman of the advisory board of Cambridge University Judge Business School. Mr. Earle retired in December 2011 from Goldman Sachs International, where he was most recently a partner managing director and the chief operating officer. He previously worked at Goldman Sachs in various roles in New York, Frankfurt and London from 1987, becoming a Partner in 1996. In 1979, he joined Grindlays Bank Group and from 1980 to 1985 worked in the Latin America Department in London and New York, leaving as a vice president. He is a graduate of Emmanuel College, Cambridge and of Harvard Business School, where he earned an MBA with High Distinction and was a Baker Scholar and Loeb, Rhoades Fellow. His other activities include membership of the Development Advisory Forum of Emmanuel College, Cambridge, The Higher Education Commission and The William Pitt Group at Chatham House. His previous responsibilities include membership of the board of trustees of the Goldman Sachs Foundation and of the Ministerial Task Force for Gifted and Talented Youth. Mr. Earle has been an independent member of the board of directors of Fiat since June 23, 2014.

**Valerie A. Mars** – Valerie Mars serves as senior vice president & head of corporate development for Mars, Incorporated, a \$32 billion diversified food business, operating in over 120 countries and one of the largest privately held companies in the world. In this position, she focuses on acquisitions, joint ventures and divestitures for the company. She served on the Mars, Incorporated audit committee, currently serves on its remuneration committee and is a member of the board of Royal Canin. Additionally, Mars is a member of the Rabobank North American Advisory Board and is on the Board of Hello Stage. Mars is also a founding partner of KKM, a consulting partnership dedicated to advising family businesses that are planning the transition from the owner-manager to the next generation. Mars served on the board of Celebrity Inc. a NASDAQ listed company from 1994 to September 2000. Previously, Mars was the director of corporate development for Masterfoods Europe. Her European work experience began in 1996 when she became general manager of Masterfoods Czech and Slovak Republics. Mars joined M&M/Mars on a part time basis in 1992 and began working on special projects. Prior to joining Mars, Incorporated, Mars was a controller with Whitman Heffernan Rhein, a boutique investment company. She began her career with Manufacturers Hanover Trust Company supporting U.S. and global clients. Mars was involved in a number of community and educational organizations and currently serves on the Board of Conservation International. She is a director emerita of The Open Space Institute. Previously she served on the Hotchkiss School Alumni Nominating Committee and the Prague American Chamber of Commerce Board. Mars holds a Bachelor of Arts degree from Yale University and a MBA from the Columbia Business School.

**Ruth J. Simmons** – Ruth J. Simmons was appointed to the board of directors of Chrysler Group LLC in June 2012. Simmons, President of Brown University from 2001 until June 30, 2012, remains with the university as president emerita. Prior to joining Brown University, she was president of Smith College, where she started the first engineering program at a U.S. women's college. She also was vice provost at Princeton University and provost at Spelman College and she held various positions of increasing responsibility until becoming associate

dean of the faculty at Princeton University; she previously was assistant dean and then associate dean at the University of Southern California, she held various positions including acting director of international programs at the California State University (Northridge), she was assistant dean at the College of Liberal Arts, assistant professor of French at the University of New Orleans, admissions officer at the Radcliffe College, instructor in French at the George Washington University and interpreter – Language Services Division at the U.S. Department of State. Simmons serves on several boards, including those of Princeton University and Texas Instruments. Simmons is a graduate of Dillard University in New Orleans (1967), and received her Ph.D. in Romance languages and literatures from Harvard University (1973). Simmons is a Fellow of the American Academy of Arts and Sciences and a member of the Council on Foreign Relations.

**Patience Wheatcroft** – Patience Wheatcroft is a British national and graduate in law from the University of Birmingham. She is also a member of the House of Lords and a financial commentator and journalist. Ms. Wheatcroft currently serves on the advisory board of the public relations company Bell Pottinger LLP. She also serves as non-executive director of the wealth management company St. James’s Place PLC. Ms. Wheatcroft has a broad range of experience in the media and corporate world with past positions at the Wall Street Journal Europe, where she was editor-in-chief, The Sunday Telegraph, The Times, Mail on Sunday, as well as serving as non-executive director of Barclays Group PLC and Shaftesbury PLC. Since 2011, she has been a member of the House of Lords. Finally, Ms. Wheatcroft is also on the board of trustees of the British Museum. Ms. Wheatcroft has been an independent member of the board of directors of Fiat since April 4, 2012.

**Stephen M. Wolf** – Stephen M. Wolf was appointed to the board of directors of Chrysler Group LLC on July 6, 2009. Wolf became chairman of R. R. Donnelley & Sons Company, a full service provider of print and related services, in 2004, a position he held until 2014. He also has served as the managing partner of Alpillis LLC since 2003. Previously, he was chairman of US Airways Group Inc. and US Airways Inc. Wolf was chairman and CEO of US Airways from 1996 until 1998. Prior to joining US Airways, Wolf had served since 1994 as senior advisor to the investment banking firm, Lazard Frères & Co. From 1987 to 1994, he served as chairman and chief executive officer of UAL Corporation and United Airlines Inc. Wolf’s career in the aviation industry began in 1966 with American Airlines, where he rose to the position of vice president. He joined Pan American World Airways as a senior vice president in 1981 and became president and COO of Continental Airlines in 1982. In 1984, he became president and CEO of Republic Airlines, where he served until 1986 at which time he orchestrated the Company’s merger with Northwest Airlines. Thereafter, he served as chairman and CEO of Tiger International, Inc. and The Flying Tiger Line, Inc. where he oversaw the sale of the company to Federal Express. Wolf also serves as a member of the board of directors of Philip Morris International and as Chairman of the Advisory Board of Trilantic Capital Partners, previously Lehman Brothers Merchant Banking. Wolf had also served as chairman of Lehman Brothers Private Equity Advisory Board. Wolf is an honorary trustee of The Brookings Institution. Wolf holds a Bachelor of Arts degree in Sociology from San Francisco State University.

**Ermenegildo Zegna** – Ermenegildo Zegna has been chief executive officer of the Ermenegildo Zegna Group since 1997, having served on the board since 1989. Previously, he held senior executive positions within the Zegna Group including the United States, after a retail industry experience at Bloomingdale’s, New York. Zegna Group, a standard of excellence for the entire luxury fashion industry, is a vertically integrated company since 1910 that covers sourcing wool at the markets of origin, manufacturing, marketing right through directly operated stores. Under the guidance of the third generation, the Zegna Group expanded its network to 545 stores, of which 310 are fully owned, in over 100 countries. In 2013, the Zegna Group reached consolidated sales of €1.27 billion, achieving global leadership in men’s luxury wear.

He is also a member of the international advisory board of IESE Business School of Navarra; he is board member of the Camera Nazionale della Moda Italiana and of the Council for the United States and Italy. In 2011 he was nominated Cavaliere del Lavoro by the President of the Italian Republic. A graduate in economics from the University of London, Ermenegildo Zegna also studied at the Harvard Business School.

Save as disclosed in this subsection entitled “—Board of Directors”, “The Financial Review of the FCA Group—Significant Recent Events—Executive Compensation” and in Note 24 to the Annual Consolidated Financial Statements incorporated by reference in this Base Prospectus, at the date of this Base Prospectus, as far as FCA is aware, neither the Directors nor the senior managers of FCA have any potential conflicts of interest between any duties to FCA and private interests or other duties.

Under Article 17 of FCA’s articles of association, the general authority to represent FCA shall be vested in the Board of Directors, as well as in the executive director to whom the title Chief Executive Officer has been granted. The Board of Directors or the executive director which has been granted the title Chief Executive Officer may also

confer authority to represent FCA, jointly or severally, to one or more individuals who would thereby be granted powers of representation with respect to such acts or categories of acts as the Board of Directors or the Chief Executive Officer may determine and shall notify to the Dutch trade register.

In addition, FCA's corporate governance structure provides for the formation of committees with responsibility for issues relating to internal control, governance and compensation, as established in the Dutch Corporate Governance Code, as well as the adoption of the Board Regulations and rules on general shareholders' meetings. The charters of the Audit Committee, Compensation Committee and Governance and Sustainability Committee as well as the Board Regulations and the rules on general shareholders' meetings are all available on the Governance section of the Group's website at: <http://www.fcagroup.com/en-US/governance/Pages/default.aspx>.

### *The Group Executive Council*

The GEC is an operational decision-making body of the FCA Group, which is responsible for reviewing the operating performance of the businesses, making decisions on certain operational matters and providing advice to the Board of Directors on certain key industrial matters.

For this purpose, the GEC is composed of 4 main groupings: regional operations, brands, industrial processes, and support/corporate functions.

The first consists of four Regional Operations Groups for car manufacturing and sales, plus Automotive Components (mainly Magneti Marelli) and Production Systems and Castings (Teksid and Comau). A Chief Operating Officer ("COO") is responsible for driving each organization via a regional Management Team. The COOs are accountable for the Profit and Loss of their region/business and management of regional resources, including manufacturing and commercial activities.

The Group's management consists of a Group Executive Council, or GEC, led by FCA's Chief Executive Officer. The members of the GEC are:

- Sergio Marchionne as Chief Executive Officer, FCA, Chairman and Chief Executive Officer, Chrysler, and Chief Operating Officer of NAFTA;
- Alfredo Altavilla as Chief Operating Officer Europe, Africa and Middle East (EMEA) and Head of Business Development;
- Cledorvino Belini as Chief Operating Officer Latin America;
- Michael Manley as Chief Operating Officer APAC and Head of Jeep Brand;
- Riccardo Tarantini as Chief Operating Officer Systems and Castings (Comau and Teksid);
- Eugenio Razelli as Chief Operating Officer Components (Magneti Marelli);
- Olivier François as Chief Marketing Officer and Head of Fiat Brand;
- Harald Wester as Chief Technology Officer and Head of Alfa Romeo and Maserati;
- Reid Bigland as Head of U.S. Sales, Head of NAFTA Alfa Romeo and Head of Canada;
- Pietro Gorlier as Head of Parts & Service (MOPAR);
- Lorenzo Ramaciotti as Head of Design;
- Stefan Ketter as Chief Manufacturing Officer;
- Scott Garberding as Head of Group Purchasing;
- Bob Lee as Head of Powertrain Coordination;
- Mark Chernoby as Head of Quality, Head of Product Portfolio Management and Chief Operating Officer Product Development;

## CORPORATE GOVERNANCE

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- Richard Palmer as Chief Financial Officer;
- Linda Knoll as Chief Human Resources Officer;
- Alessandro Baldi as Chief Audit Officer and Sustainability; and
- Michael J. Keegan as GEC Coordinator.

### *Committees*

On October 13, 2014, the Board of Directors of FCA appointed the following internal committees: (i) an Audit Committee; (ii) a Governance and Sustainability Committee and (iii) a Compensation Committee, such appointment becoming effective as of the Merger effective date.

The Audit Committee consists of the following members:

<b>Name</b>	<b>Position</b>
Glenn Earle	Chairman
Ronald L. Thompson	Member
Patience Wheatcroft	Member

On October 29, 2014, the Board of Directors approved the charter of the Audit Committee. The function of the Audit Committee shall be to assist the Board of Directors' oversight of, *inter alia*: (i) the integrity of the Company's financial statements, including any published interim reports; (ii) the Company's financing; (iii) the systems of internal controls that management and/or the Board of Directors have established; (iv) the Company's compliance with legal and regulatory requirements; (v) the Company's policies and procedures for addressing certain actual or perceived conflicts of interest; (vi) risk management guidelines and policies; and (vii) the implementation and effectiveness of the company's ethics and compliance program. The Audit Committee shall be comprised of at least three (3) non-executive directors elected by the Board of Directors.

Each member of the Audit Committee shall:

- neither have a material relationship with the Company, as determined by the Board of Directors nor be performing the functions of auditors or accountants for the Company;
- be an "independent" member of the Board of Directors under the rules of the NYSE and Rule 10A-3 under the Exchange Act and within the meaning of the Dutch Corporate Governance Code; and
- be "financially literate" and have "accounting or selected financial management expertise" qualifications, as determined by the Board of Directors.

At least one member of the Audit Committee shall be a "financial expert" as defined in the rules of the SEC and best practice provisions of the Dutch Code.

The Governance and Sustainability Committee consists of the following members:

<b>Name</b>	<b>Position</b>
John Elkann	Chairman
Patience Wheatcroft	Member
Ruth J. Simmons	Member

On October 29, 2014, the Board of Directors approved the charter of the Governance and Sustainability Committee. The function of the Governance and Sustainability Committee shall be to assist the Board of Directors with respect to the determination of, *inter alia*: (i) drawing up the selection criteria and appointment procedures for directors of the Company; (ii) periodic assessment of the size and composition of the Board of Directors; (iii) periodic assessment of the performance of individual directors and reporting this to the Board of Directors; (iv) proposals for appointment and reappointments of executive and non-executive directors. The Governance and Sustainability Committee shall be comprised of at least three (3) non-executive directors, at most two (2) of whom will not be independent under the Dutch Corporate Governance Code, elected by the Board of Directors.

The Compensation committee consists of the following members:

Name	Position
Stephen M. Wolf	Chairman
Valerie A. Mars	Member
Ermenegildo Zegna	Member

On October 29, 2014, the board of directors approved the charter of the Compensation Committee. The function of the Compensation Committee shall be to assist and advise the Board of Directors' oversight of: (i) executive compensation; (ii) remuneration policy to be pursued; (iii) compensation of non-executive directors; (iv) remuneration report. The Compensation Committee shall be comprised of at least three (3) non-executive directors, at most one (1) of whom will not be independent under the Dutch Corporate Governance Code, elected by the Board of Directors.

### Major Shareholders

On the basis of the information published on the website of the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten* or AFM) on December 15, 2014 FCA is indirectly controlled by Giovanni Agnelli & C. S.a.p.az through Exor S.p.A. – which owns 751,607,740 FCA shares (*i.e.*, 46.65% of the issued shares including both common and special voting shares).

With regard to the voting rights in FCA held by the company's shareholders, as of December 15, 2014, on the basis of the information published on the above-mentioned website, Giovanni Agnelli & C. S.a.p.az. holds 46.65% of the voting rights in FCA through Exor S.p.A. In addition to Giovanni Agnelli & C. S.a.p.az, the other major shareholder who holds more than 3% of the voting rights in FCA is Baillie Gifford & Co, which indirectly holds 3.88% of the voting rights in FCA.

The above percentages reflect the percentages calculated on the basis of the aggregate number of issued shares in the capital of FCA (including any treasury shares) on the date that the relevant shareholder was obliged to file a notification with the AFM.

FCA has in place certain measures to prevent the abuse of control of majority shareholders.

In connection with Mandatory Convertible Securities offering launched on December 4, 2014, Exor S.p.A. purchased for investment U.S.\$886 million in aggregate notional amount of Mandatory Convertible Securities to preserve its ownership interest in FCA's common shares. See "*The Financial Review of the FCA Group—Significant Recent Events—Capital Transactions*" for further information.

### Loyalty Voting Structure

FCA issued special voting shares with a nominal value of one Euro cent (€0.01) per share, to those shareholders of Fiat who elected to receive such special voting shares upon closing of the Merger in addition to FCA common shares, provided they met the conditions more fully described below.

Subject to meeting certain conditions, FCA common shares can be registered in the loyalty register of FCA (the "Loyalty Register") and may qualify as qualifying common shares ("Qualifying Common Shares"). The holder of Qualifying Common Shares are entitled to receive without consideration one FCA special voting share in respect of each such Qualifying Common Share.

An FCA shareholder may at any time elect to participate in the loyalty voting structure by requesting that FCA register all or some of the number of FCA common shares held by such FCA shareholder in the Loyalty Register. Such election shall be effective and registration in the Loyalty Register shall occur as of the end of the calendar month during which the election is made. If such FCA common shares (*i.e.* Electing Common Shares) have been registered in the Loyalty Register (and thus blocked from trading in the Regular Trading System (as defined below)) for an uninterrupted period of three years in the name of the same shareholder, the holder of such FCA common shares will be entitled to receive one FCA special voting share for each such FCA common share that has been registered. If at any moment in time such FCA common shares are de-registered from the Loyalty Register for whatever reason, the relevant shareholder loses its entitlement to hold a corresponding number of FCA special voting shares.



Pursuant to the terms and conditions of the FCA special voting shares (the “Terms and Conditions”), and for so long as the FCA common shares remain in the Loyalty Register, such FCA common shares shall not be sold, disposed of, transferred, except in very limited circumstances, (*i.e.*, transfers to affiliates or to relatives through succession, donation or other transfers (defined in the Terms and Conditions as “Loyalty Transferee”), but a shareholder may create or permit to exist any pledge lien, fixed or floating charge or other encumbrance over such FCA common shares, provided that the voting rights in respect of such FCA common shares and any corresponding special voting shares remain with such shareholder at all times. FCA’s shareholders who want to directly or indirectly sell, dispose of, trade or transfer such FCA common shares or otherwise grant any right or interest therein, or create or permit to exist any pledge, lien, fixed or floating charge or other encumbrance over such FCA common shares with a potential transfer of voting rights relating to such encumbrances will need to submit a de-registration request as referred to in the Terms and Conditions, in order to transfer the relevant FCA common shares to the regular trading system except that an FCA shareholder may transfer FCA common shares included in the Loyalty Register to a Loyalty Transferee (as defined in the Terms and Conditions) of such FCA shareholder without transferring such shares from the Loyalty Register to the regular trading system. FCA’s shareholders who seek to qualify to receive special voting shares can also request to have their FCA common shares registered in the Loyalty Register. Upon registration in the Loyalty Register such shares will be eligible to be treated as Qualifying Common Shares, provided they meet the conditions described above.

Notwithstanding the fact that Article 13 of the FCA’s articles of association permits the Board of Directors of FCA to approve transfers of special voting shares, the special voting shares cannot be traded and are transferrable only in very limited circumstances (*i.e.*, to a Loyalty Transferee described above, or to FCA for no consideration (*om niet*)).

The special voting shares have immaterial economic entitlements. Such economic entitlements are designed to comply with Dutch law but are immaterial for investors. The special voting shares carry the same voting rights as FCA common shares.

Section 10 of the Terms and Conditions include liquidated damages provisions intended to deter any attempt by holders to circumvent the terms of the special voting shares. Such liquidated damages provisions may be enforced by FCA by means of a legal action brought by FCA before competent courts of Amsterdam, the Netherlands. In particular, a violation of the provisions of the Terms and Conditions concerning the transfer of special voting shares, Electing Common Shares (common shares registered in the Loyalty Register for the purpose of becoming Qualifying Common Shares in accordance with the FCA’s articles of association) and Qualifying Common Shares may lead to the imposition of liquidated damages. Because we expect the restrictions on transfers of the special voting shares to be effective in practice we do not expect the liquidated damages provisions to be used.

Pursuant to Section 12 of the Terms and Conditions, any amendment to the Terms and Conditions (other than merely technical, non-material amendments and unless such amendment is required to ensure compliance with applicable law or regulations or the listing rules of any securities exchange on which the FCA common shares are listed) may only be made with the approval of the general meeting of shareholders of FCA.

At any time, a holder of Qualifying Common Shares or Electing Common Shares may request the deregistration of such shares from the Loyalty Register to enable free trading thereof in the regular trading system (the “Regular Trading System”). Upon the de-registration from the Loyalty Register, such shares will cease to be Electing Common Shares or Qualifying Common Shares as the case may be and will be freely tradable and voting rights attached to the corresponding special voting shares will be suspended with immediate effect and such special voting shares shall be transferred to FCA for no consideration (*om niet*).

As described above, a holder of Qualifying Common Shares or Electing Common Shares may request that some or all of its Qualifying Common Shares or Electing Common Shares be de-registered from the Loyalty Register and if held outside the Regular Trading System, transfer such shares back to the Regular Trading System, which will allow such shareholder to freely trade its FCA common shares, as described below. From the moment of such request, the holder of Qualifying Common Shares shall be considered to have waived his rights to cast any votes associated with the FCA special voting shares which were issued and allocated in respect of such Qualifying Common Shares. Any such request would automatically trigger a mandatory transfer requirement pursuant to which the FCA special voting shares will be offered and transferred to FCA for no consideration (*om niet*) in accordance with the FCA’s articles of association and the Terms and Conditions. FCA may continue to hold the special voting shares as treasury stock, but will not be entitled to vote any such treasury stock. Alternatively, FCA may withdraw and cancel the special voting shares, as a result of which the nominal value of such shares will be allocated to the special capital reserves of FCA. Consequently, the loyalty voting feature will terminate as to the

relevant Qualifying Common Shares being deregistered from the Loyalty Register. No shareholder required to transfer special voting shares pursuant to the Terms and Conditions shall be entitled to any purchase price for such special voting shares and each shareholder expressly waives any rights in that respect as a condition to participation in the loyalty voting structure.

A shareholder who is a holder of Qualifying Common Shares or Electing Common Shares must promptly notify FCA upon the occurrence of a “change of control” as defined in the FCA’s articles of association, as described below. The change of control will trigger the de-registration of the relevant Electing Common Shares or Qualifying Common Shares or the relevant FCA common shares in the Loyalty Register. The voting rights attached to the special voting shares issued and allocated in respect of the relevant Qualified Common Shares will be suspended upon a direct or indirect change of control in respect of the relevant holder of such Qualifying Common Shares that are registered in the Loyalty Register. For the purposes of this section a “change of control” shall mean, in respect of any FCA shareholder that is not an individual (*natuurlijk persoon*), any direct or indirect transfer in one or a series of related transactions as a result of which (i) a majority of the voting rights of such shareholder, (ii) the de facto ability to direct the casting of a majority of the votes exercisable at general meetings of shareholders of such shareholder and/or (iii) the ability to appoint or remove a majority of the directors, executive directors or board members or executive officers of such shareholder or to direct the casting of a majority or more of the voting rights at meetings of the board of directors, governing body or executive committee of such shareholder has been transferred to a new owner, provided that no change of control shall be deemed to have occurred if (a) the transfer of ownership and/or control is an intragroup transfer under the same parent company, (b) the transfer of ownership and/or control is the result of the succession or the liquidation of assets between spouses or the inheritance, inter vivos donation or other transfer to a spouse or a relative up to and including the fourth degree or (c) the fair market value of the Qualifying Common Shares held by such shareholder represents less than twenty percent (20%) of the total assets of the Transferred Group at the time of the transfer and the Qualifying Common Shares held by such shareholder, in the sole judgment of the company, are not otherwise material to the Transferred Group or the Change of Control transaction. “Transferred Group” shall mean the relevant shareholder together with its affiliates, if any, over which control was transferred as part of the same change of control transaction within the meaning of the definition of Change of Control.

If FCA is dissolved and liquidated, whatever remains of FCA’s equity after all its debts have been discharged shall first be applied to distribute the aggregate balance of share premium reserves and other reserves (other than the special dividend reserve), to holders of FCA common shares in proportion to the aggregate nominal value of the FCA common shares held by each holder; secondly, from any balance remaining, an amount equal to the aggregate amount of the nominal value of the FCA common shares will be distributed to the holders of FCA common shares in proportion to the aggregate nominal value of FCA common shares held by each of them; thirdly, from any balance remaining, an amount equal to the aggregate amount of the special voting shares dividend reserve will be distributed to the holders of special voting shares in proportion to the aggregate nominal value of the special voting shares held by each of them; fourthly, from any balance remaining, the aggregate amount of the nominal value of the special voting shares will be distributed to the holders of special voting shares in proportion to the aggregate nominal value of the special voting shares held by each of them; and, lastly, any balance remaining will be distributed to the holders of FCA common shares in proportion to the aggregate nominal value of FCA common shares held by each of them.

### **Internal Control System**

The Group has in place an internal control system (the “System”), based on the model provided by the COSO Report (Committee of Sponsoring Organizations of the Treadway Commission Report) and the principles of the Dutch Corporate Governance Code, which consists of a set of policies, procedures and organisational structures aimed at identifying, measuring, managing and monitoring the principal risks to which FCA is exposed. The System is integrated within the organisational and corporate governance framework adopted by FCA and contributes to the protection of corporate assets, as well as to ensuring the efficiency and effectiveness of business processes, reliability of financial information and compliance with laws, regulations, the articles of association and internal procedures.

The System, which has been developed on the basis of international best practices, consists of the following three levels of control:

- Level 1: operating areas, which identify and assess risk and establish specific actions for management of such risk;

- Level 2: central functions responsible for risk control, which define methodologies and instruments for managing risk and monitoring such risk;
- Level 3: internal audit, which conducts independent evaluations of the System in its entirety.

### *Principal Characteristics of the Internal Control System and Internal Control over Financial Reporting*

FCA has in place a system of risk management and internal control over financial reporting based on the model provided in the COSO Report, according to which the internal control system is defined as a set of rules, procedures and tools designed to provide reasonable assurance of the achievement of corporate objectives. In relation to the financial reporting process, reliability, accuracy, completeness and timeliness of the information contribute to the achievement of such corporate objectives. Risk management is an integral part of the internal control system. A periodic evaluation of the system of internal control over financial reporting is designed to ensure the overall effectiveness of the components of the COSO Framework (control environment, risk assessment, control activities, information and communication, and monitoring) in achieving those objectives.

FCA – which is listed on the NYSE and, consequently, is subject to Section 404 of the United States Sarbanes-Oxley Act – has a system of administrative and accounting procedures in place that seeks to ensure a highly reliable system of internal control over financial reporting.

The approach adopted by FCA for the evaluation, monitoring and continuous updating of the system of internal control over financial reporting, is based on a ‘top-down, risk-based’ process consistent with the COSO Framework. This enables focus on areas of higher risk and/or materiality, where there is risk of significant errors, including those attributable to fraud, in the elements of the financial statements and related documents. The key components of the process are:

- identification and evaluation of the source and probability of significant errors in elements of financial reporting;
- assessment of the adequacy of key controls in enabling ex-ante or ex-post identification of potential misstatements in elements of financial reporting; and
- verification of the operating effectiveness of controls based on the assessment of the risk of misstatement in financial reporting, with testing focused on areas of higher risk.

Identification and evaluation of the risk of misstatements which could have material effects on financial reporting is carried out through a risk assessment process that uses a top-down approach to identify the organisational entities, processes and the related accounts, in addition to specific activities, which could potentially generate significant errors. Under the methodology adopted by FCA, risks and related controls are associated with the accounting and business processes upon which accounting information is based.

Significant risks identified through the assessment process require definition and evaluation of key controls that address those risks, thereby mitigating the possibility that financial reporting will contain any material misstatements.

In accordance with international best practices, the Group has two principal types of control in place:

- controls that operate at Group or subsidiary level, such as the delegation of authorities and responsibilities, separation of duties, and assignment of access rights for IT systems; and
- controls that operate at process level, such as authorisations, reconciliations, verification of consistencies, etc. This category includes controls for operating processes, controls for closing processes and cross-sector controls carried out by service providers that are part of the Fiat Group. These controls can be preventive (*i.e.*, designed to prevent errors or fraud that could result in misstatements in financial reporting) or detective (*i.e.*, designed to reveal errors or fraud that have already occurred). They may also be defined as manual or automatic, such as application-based controls relating to the technical characteristics and configuration of IT systems supporting business activities.

## **CORPORATE GOVERNANCE**

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An assessment of the design and operating effectiveness of key controls is carried out through tests performed by dedicated departments at subsidiary level and by the internal audit function, using sampling techniques based on international best practices. The internal audit function also conducts a qualitative review of the tests performed by subsidiary companies.

The assessment of the controls may require the definition of compensating controls and plans for remediation and improvement. The results of monitoring are subject to periodic review by the manager responsible for preparation of FCA's financial reporting and communicated to senior management and to the Audit Committee (which in turn reports to the Board of Directors).

### **Code of Conduct**

The Board of Directors adopted a code of conduct (the "Code of Conduct"), which forms an integral part of the internal control system and sets out the principles of business ethics to which FCA adheres and which directors, employees, consultants and partners are required to observe. In particular, the Code of Conduct includes specific guidelines on issues relating to the environment, health and safety, business ethics and anti-corruption, suppliers, management of human resources and the respect of human rights.

The FCA Group uses its best endeavors to ensure that suppliers, consultants and any third party with whom the FCA Group has a business relationship be informed of the adoption of the principles set forth in the Code of Conduct.

The Code of Conduct is available on the Governance section of the Group's website [http://www.fcagroup.com/en-US/governance/FiatDocuments/01\\_Code\\_of\\_Conduct.pdf?redirectFromFiatspa=1](http://www.fcagroup.com/en-US/governance/FiatDocuments/01_Code_of_Conduct.pdf?redirectFromFiatspa=1).

### **Insider Trading Policy**

The Board of Directors adopted an insider trading policy setting forth guidelines and recommendations to all directors, officers and employees of the Group with respect to transactions in FCA's securities. This policy, which also applies to immediate family members and members of the households of persons covered by the recommendations, is designed to prevent insider trading or allegations of insider trading, and to protect FCA's reputation for integrity and ethical conduct.

## FINANCIAL INFORMATION RELATING TO THE FCA GROUP

The financial information presented below has been extracted from the audited consolidated financial statements of the FCA Group's predecessor, the Fiat Group, as of and for the financial years ended on December 31, 2013 and 2012, as set forth in the Annual Consolidated Financial Statements, and the unaudited consolidated financial statements of the FCA Group, as of and for the nine months ended September 30, 2014 and 2013, as set forth in the Interim Consolidated Financial Statements. Both sets of financial statements have been prepared in accordance with IFRS and are incorporated by reference herein.

Investors are advised to review the full financial statements before making any investment decision.

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At September 30,	At December 31,	
	2014	2013	2012
		(€ million)	
<b>Assets</b>			
Intangible assets: .....	21,81313	19,514	19,294
<i>Goodwill and intangible assets with indefinite useful lives</i> .....	13,55050	12,440	12,949
<i>Other intangible assets</i> .....	8,26363	7,074	6,345
Property, plant and equipment .....	25,32121	23,233	22,496
Investments and other financial assets: .....	2,07979	2,052	2,119
<i>Investments accounted for using the equity method</i> .....	1,46161	1,388	1,377
<i>Other investments and financial assets</i> .....	61818	664	742
Defined benefit plan assets .....	7272	105	93
Deferred tax assets.....	3,36565	2,903	1,747
<b>Total Non-current assets</b> .....	<b>52,65050</b>	<b>47,807</b>	<b>45,749</b>
Inventories .....	12,97878	10,278	9,359
Trade receivables .....	3,03030	2,544	2,816
Receivables from financing activities .....	3,68989	3,671	3,720
Current tax receivables .....	34141	312	266
Other current assets .....	2,68383	2,323	2,195
Current financial assets:.....	60404	815	807
<i>Current investments</i> .....	3636	35	32
<i>Current securities</i> .....	21313	247	256
<i>Other financial assets</i> .....	35555	533	519
Cash and cash equivalents .....	18,39595	19,455	17,666
<b>Total Current assets</b> .....	<b>41,72020</b>	<b>39,398</b>	<b>36,829</b>
Assets held for sale .....	26	9	55
<b>Total Assets</b> .....	<b>94,39696</b>	<b>87,214</b>	<b>82,633</b>
<b>Equity and liabilities</b>			
Equity: .....	10,71313	12,584	8,369
<i>Equity attributable to owners of the parent</i> .....	10,41313	8,326	6,187
<i>Non-controlling interest</i> .....	30000	4,258	2,182
Provisions: .....	19,21212	17,427	20,328
<i>Employee benefits</i> .....	8,86666	8,326	11,546
<i>Other provisions</i> .....	10,34646	9,101	8,782
Deferred tax liabilities .....	20202	278	801
Debt .....	32,93333	30,283	28,303
Other financial liabilities .....	55151	137	201
Other current liabilities .....	11,61111	8,963	7,811
Current tax payables .....	32828	314	231
Trade payables .....	18,84646	17,207	16,589
Liabilities held for sale .....	—	21	—
<b>Total Equity and liabilities</b> .....	<b>94,39696</b>	<b>87,214</b>	<b>82,633</b>

CONSOLIDATED INCOME STATEMENTS

	Nine months to September 30,		For the years ended December 31,	
	2014	2013	2013	2012
	(€ million)		(€ million)	
Net revenues .....	69,006	62,681	86,624	83,765
Cost of sales .....	59,694	53,706	74,326	71,473
Selling, general and administrative costs .....	5,151	4,842	6,702	6,775
Research and development costs .....	1,825	1,615	2,236	1,858
Other income/(expenses) .....	133	(13)	77	(68)
Result from investments: .....	105	73	84	87
<i>Share of the profit and (loss) of equity     method investees</i> .....	88	57	74	74
<i>Other income and (expenses) from     investments</i> .....	17	16	10	13
Gains and (losses) on the disposal of investments .....	11	8	8	(91)
Restructuring costs .....	23	9	28	15
Other unusual income/(expenses) .....	(405)	(35)	(499)	(138)
<b>EBIT</b> .....	<b>2,157</b>	<b>2,542</b>	<b>3,002</b>	<b>3,434</b>
Net financial income/(expenses) .....	(1,510)	(1,453)	(1,987)	(1,910)
<b>Profit before taxes</b> .....	<b>647</b>	<b>1,089</b>	<b>1,015</b>	<b>1,524</b>
Tax (income)/expenses .....			(936)	628
<b>Profit from continuing operations</b> .....	<b>212</b>	<b>655</b>	<b>1,951</b>	<b>896</b>
<b>Net profit</b> .....	<b>212</b>	<b>655</b>	<b>1,951</b>	<b>896</b>
<b>Net profit attributable to:</b>				
<i>Owners of the parent</i> .....	160	44	904	44
<i>Non-controlling interests</i> .....	52	611	1,047	852
Basic earnings per ordinary share (in €) .....	<b>0.132</b>	<b>0.036</b>	0.744	0.036
Diluted earnings per ordinary share (in €) .....	<b>0.130</b>	<b>0.036</b>	0.736	0.036

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSSES)

	Nine months to September 30,		For the years ended December 31,	
	2014	2013	2013	2012
	(€ million)		(€ million)	
<b>Net profit (A)</b> .....	212	655	1,951	896
Items that will never be reclassified to the Income statement:				
Gains/(losses) on remeasurements of defined benefit plans.....	(19)	510	2,676	(1,846)
Share of gains/(losses) on remeasurements of defined benefit plans for equity method investees.....	—	—	(7)	4
Related tax impact .....	(12)	—	239	3
<b>Total items that will never be reclassified to the Income statement (B1)</b> .....	<b>(31)</b>	<b>510</b>	<b>2,908</b>	<b>(1,839)</b>
Items that may be reclassified to the Income statement:				
Gains/(losses) on cash flow hedging instruments .....	(378)	98	162	184
Gains/(losses) on available-for-sale financial assets .....	(31)	20	4	27
Exchange differences on translating foreign operations.....	952	(382)	(720)	(285)
Share of Other comprehensive income/(loss) for equity method investees....	40	(64)	(88)	36
Related tax impact .....	110	(13)	(27)	(24)
<b>Total items that may be reclassified to the Income statement (B2)</b> .....	<b>693</b>	<b>(341)</b>	<b>(669)</b>	<b>(62)</b>
<b>Total Other comprehensive income/(loss), net of tax (B1)+(B2)=(B)</b> .....	<b>662</b>	<b>169</b>	<b>2,239</b>	<b>(1,901)</b>
<b>Total Comprehensive income/(loss) (A)+(B)</b>	<b>874</b>	<b>824</b>	<b>4,190</b>	<b>(1,005)</b>
<b>Total Comprehensive income/(loss) attributable to:</b>				
Owners of the parent .....	750	22	2,117	(1,062)
Non-controlling interests .....	124	802	2,073	57

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSSES)

	For the nine months ended September 30,		For the years ended December 31,	
	2014	2013	2013	2012 <sup>(*)</sup>
	(unaudited)		(audited)	
	(millions of Euro)			
<b>PROFIT/(LOSS) (A)</b> .....	212	655	1,951	896
<b>Items that will never be reclassified to the income statement:</b>				
Gains/(losses) on remeasurements of defined benefit plans .....	(19)	510	2,678	(1,843)
Shares of gains/(losses) on remeasurements of defined benefit plans for equity accounted entities .....	—	—	(9)	1
Related tax impact .....	(12)	—	239	3
<b>TOTAL ITEMS THAT WILL NEVER BE RECLASSIFIED TO THE INCOME STATEMENT (B1)</b> .....	<b>(31)</b>	<b>510</b>	<b>2,908</b>	<b>(1,839)</b>
<b>Items that may be reclassified to the income statement:</b>				
Gains/(losses) on cash flow hedging instruments .....	(378)	98	162	184
Gains/(losses) on available-for-sale financial assets .....	(31)	20	4	27
Exchange differences on translating foreign operations .....	952	(382)	(708)	(270)
Share of other comprehensive income/(losses) for equity accounted entities ....	40	(64)	(100)	21
Related tax impact .....	110	(13)	(27)	(24)
<b>TOTAL ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT (B2)</b> .....	<b>693</b>	<b>(341)</b>	<b>(669)</b>	<b>(62)</b>
<b>TOTAL OTHER COMPREHENSIVE INCOME/(LOSSES), NET OF TAX (B1)+(B2)=(B)</b> .....	<b>662</b>	<b>169</b>	<b>2,239</b>	<b>(1,901)</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSSES) (A)+(B)</b> .....	<b>874</b>	<b>824</b>	<b>4,190</b>	<b>(1,005)</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSSES) ATTRIBUTABLE TO:</b>				
Owners of the parent .....	750	22	2,117	(1,062)
Non-controlling interests .....	124	802	2,073	57

(\*) Comparative figures previously included in the Fiat Group's financial statements as of and for the financial year ended December 31, 2012 have been restated to reflect (retrospectively) the application of the amendment to IAS 19 – *Employee Benefits* from January 1, 2013. As a result of the restatement, total comprehensive income for 2012 decreased by €2,265 million, of which €515 million arose from lower profit for 2012 and €1,750 million from a decrease in total other comprehensive income/(losses).



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## BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of, the rules, regulations and procedures of DTC, Euroclear, Clearstream and the CMU Service (together, the “Clearing Systems”) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuers and the Guarantor believe to be reliable, but none of the Issuers, the Guarantor or any Dealer takes any responsibility for the accuracy thereof. Each Issuer and the Guarantor confirms that this information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuers, the Guarantor or any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

### Book-Entry Systems

#### DTC

DTC has advised the Issuers that it is a limited purpose trust company organised under the New York Banking Law, a “banking organisation” within the meaning of the New York Banking Law, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (“Direct Participants”) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Direct Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is owned by a number of its Direct Participants and by certain U.S. stock exchanges and other self-regulatory organisations. Access to the DTC system is also available to others such as securities brokers, dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants” and together with Direct Participants, “Participants”).

Under the rules, regulations and procedures creating and affecting DTC and its operations (the “Rules”), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC’s book-entry settlement system (“DTC Notes”) as described below and receives and transmits distributions of principal and interest on DTC Notes. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (“Owners”) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interests in the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC’s records. The ownership interest of each actual purchaser of each DTC Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such DTC

## **BOOK-ENTRY CLEARANCE SYSTEMS**

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Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC or the relevant Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the relevant Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Note, will be legended as set forth under "*Subscription and Sale, and Transfer and Selling Restrictions*".

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

### ***Euroclear and Clearstream***

Euroclear and Clearstream each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depository and custodial relationships.

Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

### ***CMU Service***

The CMU is a central depository service provided by the HKMA for the custody and electronic clearing and settlement between the members of this service ("CMU Members") of capital markets instruments ("CMU Instruments") which are specified in the CMU Service Reference Manual as capable of being held within the CMU Service. The CMU Service is only available for CMU Instruments issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons.

## **BOOK-ENTRY CLEARANCE SYSTEMS**

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Membership of the CMU Service is open to all members of the Hong Kong Capital Markets Association, “authorised institutions” under the Banking Ordinance (Cap. 155) of Hong Kong and other domestic and overseas financial institutions at the discretion of the HKMA.

Compared to clearing services provided by Euroclear and Clearstream, the standard custody and clearing service provided by the CMU Service is limited. In particular (and unlike the European clearing systems), the HKMA does not as part of this service provide any facilities for the dissemination to the relevant CMU Members of payments (of interest or principal) under, or notices pursuant to the notice provisions of, CMU Instruments. Instead, the HKMA advises the CMU Lodging and Paying Agent (or a designated paying agent) of the identities of the CMU Members to whose accounts payments in respect of the relevant CMU Instruments are credited, whereupon the CMU Lodging and Paying Agent (or the designated paying agent) will make the necessary payments of interest or principal or send notices directly to the relevant CMU Members.

Similarly, the HKMA will not obtain certificates of non-U.S. beneficial ownership from CMU Members or provide any such certificates on behalf of CMU Members. The CMU Lodging and Paying Agent will collect such certificates from the relevant CMU Members identified from an instrument position report obtained by request from the HKMA for this purpose.

An investor holding an interest through an account with either Euroclear or Clearstream in any Notes held in the CMU will hold that interest through the respective accounts which Euroclear and Clearstream have with the CMU.

### **Book-Entry Ownership of and Payments in Respect of DTC Notes**

The Issuers will apply to DTC in order to have each Tranche of Notes represented by Rule 144A Global Notes accepted in its book-entry settlement system. Upon the issue of any Rule 144A Global Notes, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Rule 144A Global Notes to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in a Rule 144A Global Note will be limited to Direct Participants or Indirect Participants. Ownership of beneficial interests in a Rule 144A Global Note will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Rule 144A Global Note registered in the name of DTC’s nominee will be made to the order of such nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC’s nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Notes in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants’ account.

The Issuers expect DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuers also expect that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Principal Paying Agent, the Registrar or the Issuer. Payments of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

### **Transfers of Notes Represented by Registered Global Notes**

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear, Clearstream and the CMU Service will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some states within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form.

Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note

## BOOK-ENTRY CLEARANCE SYSTEMS

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to pledge such Notes to persons or entities that do not participate in the DTC system or to otherwise take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a direct or indirect participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under “*Subscription and Sale, and Selling and Transfer Restrictions*”, cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream or Euroclear or the CMU Service accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian (“Custodian”) with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Euroclear and the CMU Service have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream, Euroclear and the CMU Service. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Guarantor, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Euroclear or the CMU Service or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

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## TAXATION

The following is a general summary of certain tax consequences of acquiring, holding and disposing of the Notes. It does not purport to be a complete analysis of all tax considerations that may be relevant to the decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of prospective beneficial owners of the Notes, some of which may be subject to special rules, nor with Notes that are not held and accounted for as financial assets.

This summary is based upon the tax laws and/or practice at the date of this offering, subject to any changes in law and/or practice occurring after such date, which could be made on a retroactive basis. This summary will not be updated to reflect changes in law or practice and, if any such change occurs, the information in this summary could be superseded.

Prospective purchasers of the Notes should consult their tax advisers as to the overall tax consequences of acquiring, holding and disposing of the Notes.

### United Kingdom

The following comments are of a general nature, based on current UK tax law and published practice of Her Majesty's Revenue & Customs ("HMRC") as at the date of this Base Prospectus, all of which are subject to change, possibly with retrospective effect. The following is a general summary only of the UK withholding tax treatment of payments of and in respect of interest on the Notes together with some general statements about certain information reporting requirements and stamp duty and stamp duty reserve tax. The comments are not exhaustive, and do not deal with other UK tax aspects of acquiring, holding, disposing of or dealing in the Notes. The comments below only apply to persons who are beneficial owners of the Notes and do not necessarily apply where any payment on the Notes is deemed for tax purposes to be the income of any other person. Any prospective purchasers of any Notes who are in doubt as to their own tax position, or who may be subject to tax in a jurisdiction other than the UK, should consult their own professional adviser.

#### *Withholding or deduction of UK tax on payments of interest by the Issuer or under the Guarantee*

References to "interest" under this heading "United Kingdom Taxation" mean interest as understood under UK tax law. For example, any redemption premium may be "interest" for UK withholding tax purposes, depending upon the particular terms and conditions of the relevant Notes.

##### **(i) Payments of interest by the Issuer**

If the interest on the Notes does not have a UK source, interest on the Notes may be paid by the relevant Issuer without withholding or deduction for or on account of UK income tax. The source of a payment is a complex matter. It is necessary to have regard to case law and HMRC practice. Case law has established that in determining the source of interest, all relevant factors must be taken into account. Where the Issuer is FCA, payments of interest made in respect of Notes issued by it should generally be expected to be regarded by HMRC as having a UK source. Where the Issuer is FCFE, FCFC or FCFNA, the source of the interest payment would need to be analysed in light of the particular facts and circumstances of the relevant issuance.

If the interest on the Notes is regarded as having a UK source, it may be paid by the relevant Issuer without withholding or deduction for or on account of UK tax if the Notes are and continue to be "quoted Eurobonds" as defined in section 987 of the Income Tax Act 2007. The Notes will constitute "quoted Eurobonds" if they carry a right to interest and are listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. The Irish Stock Exchange is a recognised stock exchange for these purposes. The Notes will be treated as listed on the Irish Stock Exchange if they are both officially listed in Ireland in accordance with provisions corresponding to those generally applicable in EEA states and admitted to trading on the Main Securities Market of the Irish Stock Exchange.

If the Notes are not or cease to be so listed, interest on the Notes regarded as having a UK source will generally be paid by the relevant Issuer under deduction of UK income tax at the basic rate (currently 20%) unless (i) any other relief applies, or (ii) the relevant Issuer has received a direction to the contrary from HMRC in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty. However this withholding will not apply if the relevant interest is paid on Notes with a maturity date of less than one year from the date of issue and which are not issued under arrangements the effect of which is to render such Notes part of

a borrowing intended to be capable of remaining outstanding for a year or more. If interest on the Notes regarded as having a UK source were paid under deduction of UK income tax, holders of Notes who are not resident in the UK may be able to recover all or part of the tax deducted if there is an appropriate provision in an applicable double taxation treaty.

If a payment in respect of interest on the Notes has a UK source, it may accordingly be chargeable to UK tax by direct assessment, even where paid without withholding or deduction. Where interest on the Notes regarded as having a UK source is paid without withholding or deduction, such interest will generally not be assessed to UK tax in the hands of holders of the Notes (other than certain trustees) who are not resident in the UK, except where the holder of Notes carries on a trade, profession or vocation through a branch or agency in the UK, or, in the case of a corporate holder, carries on a trade through a permanent establishment in the UK, in connection with which the interest is received or to which the Notes are attributable, in which case (subject to exemptions for interest received by certain categories of agent) tax may be levied on the UK branch or agency, or permanent establishment. Holders of Notes should note that, if HMRC sought to assess UK tax directly against the person entitled to the relevant interest, the provisions relating to additional amounts referred to in “*Terms and Condition of the Notes—Taxation*” above would not apply. However, exemption from, or reduction of, such UK tax liability might be available under an applicable double tax treaty.

### (ii) Payments under the guarantee

If FCA, as Guarantor, makes any payments in respect of interest on Notes issued by FCFE, FCFC or FCFNA, it is possible that such payments may be subject to UK withholding tax at the basic rate (currently 20%). Any such withholding would be subject to any relief that may be available and claimed under any applicable double tax treaty, or to any other exemption which may apply. Such payments by a guarantor may not be eligible for the exemption described above in respect of the Notes being listed on a recognised stock exchange.

### *UK Provision of information requirements*

HMRC has powers to obtain information and documents relating to securities in certain circumstances. This may include details of the beneficial owners of the Notes (or the persons for whom the Notes are held), details of the persons to whom payments derived from the Notes are or may be paid and information and documents in connection with transactions relating to the Notes. Information may be required to be provided by, amongst others, the holders of the Notes, persons by or through whom payments derived from the Notes are made or who receive such payments (or who would be entitled to receive such payments if they were made), persons who effect or are a party to transactions relating to the Notes on behalf of others and certain registrars or administrators. In certain circumstances, the information obtained by HMRC may be exchanged with tax authorities in other countries.

### *Stamp duty and stamp duty reserve tax (“SDRT”)*

If no register of the Notes is maintained in the UK, no stamp duty or SDRT will be payable in the United Kingdom on (i) the issue and delivery into Euroclear, Clearstream, DTC or CMU (as applicable) of Registered Notes or Bearer Notes that constitute loan capital for UK stamp duty purposes, or (ii) an electronic book-entry transfer of Notes in accordance with the normal rules and procedures of Euroclear, Clearstream, DTC or CMU (as applicable) such that there is no written instrument in respect of that transfer.

### *The Netherlands*

This summary solely addresses the principal Dutch tax consequences of the acquisition, ownership and disposal of Notes issued on or after the date of this Base Prospectus. It does not purport to describe every aspect of taxation that may be relevant to a particular Holder of Notes (as defined below). Any potential investor should consult his tax adviser for more information about the tax consequences of acquiring, owning and disposing of Notes in his particular circumstances.

Where in this summary English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch tax law. When “the Netherlands” and “Dutch” are used in this summary, these terms refer solely to the European part of the Kingdom of the Netherlands.

This summary is based on the tax law of the Netherlands (unpublished case law not included) as it stands at the date of this Base Prospectus. The tax law upon which this summary is based is subject to changes, perhaps with

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retroactive effect. Any such change may invalidate the contents of this summary, which will not be updated to reflect such change.

This summary assumes that each transaction with respect to Notes is at arm's length.

Where in this Netherlands taxation paragraph reference is made to a "Holder of Notes", that concept includes, without limitation:

1. an owner of one or more Notes who in addition to the title to such Notes has an economic interest in such Notes;
2. a person who or an entity that holds the entire economic interest in one or more Notes;
3. a person who or an entity that holds an interest in an entity, such as a partnership or a mutual fund, that is transparent for Dutch tax purposes, the assets of which comprise one or more Notes, within the meaning of 1. or 2. above; or
4. a person who is deemed to hold an interest in Notes, as referred to under 1. to 3., pursuant to the attribution rules of article 2.14a, of the Dutch Income Tax Act 2001, with respect to property that has been segregated, for instance in a trust or a foundation.

### *Withholding tax*

All payments under the Notes may be made free from withholding or deduction of or for any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority of or in the Netherlands, except where Notes are issued under such terms and conditions that such Notes are capable of being classified as equity of FCA for Dutch tax purposes or actually function as equity of FCA within the meaning of article 10, paragraph 1, letter d, of the Dutch Corporation Tax Act 1969 and where Notes are issued that are redeemable in exchange for, convertible into or linked to shares or other equity instruments issued or to be issued by FCA or by any entity related to FCA.

### *Taxes on income and capital gains*

The summary set out in this section "Taxes on income and capital gains" applies only to a Holder of Notes who is neither resident nor deemed to be resident in the Netherlands for the purposes of Dutch income tax or corporation tax, as the case may be (a "Non-Resident Holder of Notes").

#### *Individuals*

A Non-Resident Holder of Notes who is an individual will not be subject to any Dutch taxes on income or capital gains in respect of any benefits derived or deemed to be derived from Notes, including any payment under Notes and any gain realised on the disposal of Notes, except if

- (i) he derives profits from an enterprise directly, or pursuant to a co-entitlement to the net value of such enterprise, other than as a holder of securities, which enterprise either is managed in the Netherlands or carried on, in whole or in part, through a permanent establishment or a permanent representative which is taxable in the Netherlands, and his Notes are attributable to such enterprise; or
- (ii) he derives benefits or is deemed to derive benefits from Notes that are taxable as benefits from miscellaneous activities in the Netherlands.

If a Holder of Notes is an individual who does not fall under exception (i) above, and if he derives or is deemed to derive benefits from Notes, including any payment under such Notes and any gain realised on the disposal thereof, such benefits are taxable as benefits from miscellaneous activities in the Netherlands if he, or an individual who is a connected person in relation to him as meant by article 3.91, paragraph 2, letter b, or c, of the Dutch Income Tax Act 2001, has a substantial interest in FCA.

Generally, a person has a substantial interest in FCA if such person – either alone or, in the case of an individual, together with his partner, if any – owns or is deemed to own, directly or indirectly, either a number of shares representing five percent or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of FCA, or rights to acquire, directly or indirectly, shares, whether or not already issued,

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representing five percent or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of FCA, or profit participating certificates relating to five per cent. or more of the annual profit of FCA or to five percent. or more of the liquidation proceeds of FCA.

A person who is entitled to the benefits from shares or profit participating certificates (for instance a holder of a right of usufruct) is deemed to be a holder of shares or profit participating certificates, as the case may be, and such person's entitlement to such benefits is considered a share or a profit participating certificate, as the case may be.

Furthermore, a Holder of Notes who is an individual and who does not come under exception 1. above may, *inter alia*, derive, or be deemed to derive, benefits from Notes that are taxable as benefits from miscellaneous activities in the following circumstances, if such activities are performed or deemed to be performed in the Netherlands:

- a) if his investment activities go beyond the activities of an active portfolio investor, for instance in the case of use of insider knowledge or comparable forms of special knowledge;
- b) if he makes Notes available or is deemed to make Notes available, legally or in fact, directly or indirectly, to certain parties as meant by articles 3.91 and 3.92 of the Dutch Income Tax Act 2001 under circumstances described there; or
- c) if he holds Notes, whether directly or indirectly, and any benefits to be derived from such Notes are intended, in whole or in part, as remuneration for activities performed or deemed to be performed in the Netherlands by him or by a person who is a connected person in relation to him as meant by article 3.92b, paragraph 5, of the Dutch Income Tax Act 2001.

### *Attribution rule*

Benefits derived or deemed to be derived from certain miscellaneous activities by a child or a foster child who is under eighteen years of age are attributed to the parent who exercises, or the parents who exercise, authority over the child, irrespective of the country of residence of the child.

### *Entities*

A Non-Resident Holder of Notes other than an individual will not be subject to any Dutch taxes on income or capital gains in respect of benefits derived or deemed to be derived from Notes, including any payment under Notes and any gain realised on the disposal of Notes, except if

- a) such Non-Resident Holder of Notes derives profits from an enterprise directly, or pursuant to a co-entitlement to the net value of such enterprise, other than as a holder of securities, which enterprise either is managed in the Netherlands or carried on, in whole or in part, through a permanent establishment or a permanent representative which is taxable in the Netherlands, and its Notes are attributable to such enterprise; or
- (b) such Non-Resident Holder of Notes has a substantial interest (as described above under Individuals) or a deemed substantial interest in FCA.

A deemed substantial interest may be present if shares, profit participating certificates or rights to acquire shares in FCA are held or deemed to be held following the application of a non-recognition provision.

### *General*

Subject to the above, a Non-Resident Holder of Notes will not be subject to income taxation in the Netherlands by reason only of the execution and/or enforcement of the documents relating to the issue of Notes or the performance by FCA of its obligations under such documents or under the Notes.

### **Gift and inheritance taxes**

If a Holder of Notes by way of a gift, in form or in substance, or if a Holder of the Notes who is an individual dies, no Dutch gift tax or Dutch inheritance tax, as applicable, will be due, unless:



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- (i) the donor is, or the deceased was resident or deemed to be resident in the Netherlands for purposes of Dutch gift tax or Dutch inheritance tax, as applicable; or
- (ii) the donor made a gift of Notes, then became a resident or deemed resident of the Netherlands, and died as a resident or deemed resident of the Netherlands within 180 days of the date of the gift.

For purposes of Netherlands gift and inheritance tax, a gift that is made under a condition precedent is deemed to have been made at the moment such condition precedent is satisfied. If the condition precedent is fulfilled after the death of the donor, the gift is deemed to be made upon the death of the donor.

For purposes of the above, a gift of Notes made under a condition precedent is deemed to be made at the time the condition precedent is satisfied.

### ***Registration taxes and duties***

No Dutch registration tax, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, is payable in the Netherlands in respect of or in connection with the (i) the execution and/or enforcement by legal proceedings (including the enforcement of any foreign judgment in the courts of the Netherlands) of the documents relating to the issue of the Notes or (ii) the performance by FCA of its obligations under such documents or under the Notes, or (iii) the transfer of Notes, except that Dutch real property transfer tax may be due upon an acquisition in connection with the Notes of (a) real property situated in the Netherlands, (b) (an interest in) an asset that qualifies as real property situated in the Netherlands or (c) (an interest in) a right over real property situated in the Netherlands, for the purposes of Dutch real property transfer tax or, where Notes are issued under such terms and conditions that they represent (an interest in) an asset that qualifies as real property situated in the Netherlands, or (an interest in) a right over real property situated in the Netherlands, for the purposes of Dutch real property transfer tax.

### ***Residence***

A holder of the Notes will not be treated as a resident of the Netherlands by reason only of the holding of Notes or the execution, performance, delivery and/or enforcement of Notes.

### **Luxembourg**

The following discussion is a summary of the Luxembourg tax consequences to potential purchasers or holders of Notes, based on current law and practice in Luxembourg. This discussion is for general information purposes only and does not purport to be a comprehensive description of all possible tax consequences that may be relevant. Potential purchasers of Notes should consult their own professional advisers as to the consequences of making an investment in, holding or disposing of the Notes and the receipt of any amount in connection with the Notes and Coupons.

### ***Withholding Tax***

Under Luxembourg tax laws currently in effect and with the possible exception of interest paid to individuals and to certain residual entities (as described below), there is no Luxembourg withholding tax on payments of interest, including accrued but unpaid interest. There is also no Luxembourg withholding tax, with the possible exception of payments made to individuals and to certain residual entities (as described below), upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

### **Luxembourg Non-Residents**

Under the Luxembourg laws dated June 21, 2005, as amended (the “Laws”) implementing the Savings Directive and several agreements concluded between Luxembourg and certain dependent or associated territories of the European Union (“EU”), a Luxembourg based paying agent (within the meaning of the Laws) is required since July 1, 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual or certain residual entities resident or established in another EU member state or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for an exchange of information or, in case of an individual beneficiary, for the tax certificate procedure. Residual entities within the meaning of Article 4.2 of the Savings Directive are entities established in an EU member state or in certain EU dependent or associated territories which are not legal persons (the Finnish and Swedish companies listed in Article 4.5 of the Savings Directive are not considered as legal persons for this purpose), whose profits

are not taxed under the general arrangements for business taxation, and which are not and have not opted to be treated as a UCITS recognised in accordance with Council Directive 85/611/EEC as replaced by Directive 2009/65/EC of the European Parliament and of the Council or a similar collective investment fund located in Jersey, Guernsey, the Isle of Man, the Turks and Caicos Islands, the Cayman Islands, Montserrat or the British Virgin Islands.

The current withholding tax rate is 35 per cent. Responsibility for the withholding tax will be assumed by the Luxembourg paying agent. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

The Council of the European Union adopted certain amendments to the Savings Directive that will, upon implementation, amend or broaden the scope of the requirements described above.

Luxembourg has abolished the withholding system in favour of automatic exchange of information effective January 1, 2015.

### **Luxembourg Residents**

In accordance with the law of December 23, 2005, as amended by the law of July 17, 2008 (the “Law”), on the introduction of a withholding tax on certain interest payments on saving income, a 10 per cent. withholding tax (the “10 per cent. Luxembourg Withholding Tax”) is levied on interest payments made by Luxembourg paying agents (defined in the same way as in the Savings Directive) to Luxembourg individual residents or to certain residual entities that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognised in accordance with Council Directive 85/611/EEC as replaced by Directive 2009/65/EC of the European Parliament and of the Council or for the exchange of information regime). Responsibility for the 10 per cent. Luxembourg Withholding Tax will be assumed by the Luxembourg paying agent.

### ***Taxes on Income and Capital Gains***

Holders of Notes will not become residents, or be deemed to be residents, in Luxembourg by reason only of the holding of the Notes.

Holders of Notes who are non-residents of Luxembourg and who do not hold the Notes through a permanent establishment, a permanent representative or a fixed base of business in Luxembourg with which the holding of the Notes is connected, are not liable for Luxembourg income tax on payments of principal or interest (including accrued but unpaid interest), payments received upon redemption, repurchase or exchange of the Notes or the realisation of capital gains on the sale or exchange of any Notes.

Interest received by Luxembourg resident individuals is, in principle, reportable and taxable at the progressive rate unless the interest has been subject to withholding tax (see above “*Withholding Tax—Luxembourg Residents*”) or to the self-applied tax, if applicable. Indeed, pursuant to the Law, Luxembourg resident individuals, acting in the framework of their private wealth, can opt to self-declare and pay a 10 per cent. tax (the “10 per cent. Tax”) on interest payments made after December 31, 2007 by paying agents (defined in the same way as in the Savings Directive) located in an EU member state other than Luxembourg, a member state of the European Economic Area or in a state or territory which has concluded an international agreement directly related to the Savings Directive.

The 10 per cent. Luxembourg Withholding Tax or the 10 per cent. Tax represents the final tax liability on interest received for the Luxembourg resident individuals receiving the interest payment in the framework of their private wealth and can be reduced in consideration of foreign withholding tax, based on double tax treaties concluded by Luxembourg.

Individual holders of Notes resident in Luxembourg and receiving the interest as business income must for income tax purposes include any interest received (or accrued) in their taxable income; if applicable, the 10 per cent. Luxembourg Withholding Tax levied will be credited against their final income tax liability. Holders of Notes will not be liable to any Luxembourg taxation on income on repayment of principal of the Notes.

Individual Luxembourg resident holders of Notes are not subject to taxation on capital gains upon the disposal of the Notes owned in the framework of their private wealth, unless the disposal of the Notes precedes their

acquisition or the Notes are disposed of within six months of their acquisition. The portion of the sale, repurchase, redemption or exchange price corresponding to capitalised or accrued but unpaid interest will, however, be subject to the 10 per cent. Luxembourg Withholding Tax or, upon option by the Luxembourg resident holder of Notes, to the 10 per cent. Tax. Individual Luxembourg resident holders of Notes receiving the interest as business income must include the portion of the sale, repurchase, redemption or exchange price corresponding to accrued but unpaid interest in their taxable income. The 10 per cent. Luxembourg Withholding Tax levied will be credited against their final income tax liability, if applicable.

A corporate entity (“*société de capitaux*”), which is a Luxembourg resident holder of Notes and which is subject to corporate taxes in Luxembourg without the benefit of a special tax regime in Luxembourg or a foreign entity of the same type which has a Luxembourg permanent establishment or a permanent representative in Luxembourg with which the holding of Notes is connected, will need to include in its taxable income any interest (including accrued but unpaid interest) and in case of sale, repurchase, redemption or exchange, the difference between the sale, repurchase, redemption or exchange price (including accrued but unpaid interest) and the lower of cost or book value of the Notes sold, repurchased, redeemed or exchanged. These holders of Notes should not be liable for any Luxembourg income tax on repayment of principal upon repurchase, redemption or exchange of the Notes.

Luxembourg resident corporate holders of Notes which are benefiting from a special tax regime (such as family wealth management companies subject to the law of May 11, 2007, as amended, undertakings for collective investment subject to the law of December 17, 2010, as amended or specialised investment funds subject to the law of February 13, 2007, as amended) are tax exempt entities in Luxembourg, and are thus not subject to any Luxembourg tax (*i.e.*, corporate income tax, municipal business tax and net wealth tax) other than the annual subscription tax calculated on their (paid up) share capital (and share premium) or net asset value.

### ***Other Taxes***

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by a holder of Notes as a consequence of the issuance of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer, exchange or redemption or repurchase of the Notes unless the Notes are voluntarily registered.

Luxembourg net wealth tax will not be levied on a corporate holder of Notes, unless (a) such holder of Notes is a Luxembourg resident other than a holder of Notes governed by (i) the law of December 17, 2010 on undertakings for collective investment, as amended, (ii) the law of February 13, 2007 specialised investment funds, as amended; (iii) the law of March 22, 2004 on securitisation, as amended; (iv) the law of June 15, 2004 on the investment company in risk capital, as amended; or (v) the law of May 11, 2007 on family wealth management companies, as amended or (b) the Notes are attributable to an enterprise or part thereof which is carried on in Luxembourg through a permanent establishment or a permanent representative.

No Luxembourg estate or inheritance taxes are levied on the transfer of the Notes upon the death of a holder of Notes in cases where the deceased was not a resident of Luxembourg for inheritance law purposes.

No Luxembourg gift tax will be levied on the transfer of the Notes by way of gift unless the gift is registered in Luxembourg.

### ***Taxation of FCFE***

FCFE is a company subject to corporate income tax and municipal business tax in Luxembourg at the standard rate, with a minimal corporate income tax liability of €3,210 (including the solidarity surcharge) if the sum of its financial assets, the amounts owed by affiliated undertakings and undertakings linked by virtue of a participating interest, the transferable securities, the cash in postal cheque accounts, the cheques for collection, the bills for collection, the cash in hand and the cash at bank exceeds 90 per cent. of its total balance sheet.

FCFE will not be subject to VAT in Luxembourg in respect of payments in consideration for the issue of the Notes or in respect of payments of interest or principal under the Notes or the transfer of the Notes.

Luxembourg VAT may however be payable in respect of fees charged for certain services rendered to FCFE if, for Luxembourg VAT purposes, such services are rendered or are deemed to be rendered in Luxembourg and an exemption from Luxembourg VAT does not apply with respect to such services.

### Italy

Legislative Decree No. 66 of April 24, 2014 (“Legislative Decree 66”), as converted, with amendments, into Law No. 89 of June 23, 2014, partially amended the tax regime applicable to income earned in connection with financial instruments, including, but not limited, the Notes, as illustrated, where applicable, below. Such new rules are effective as of July 1, 2014.

Prospective investors are urged to consult their own tax advisors as to the consequences arising thereto in connection with the purchase, holding and/or disposal of the Notes as a result of the changes introduced by Legislative Decree 66.

### Interest Income

Legislative Decree No. 239 of April 1, 1996, as amended (“Legislative Decree 239”) provides for the tax treatment applicable to interest, premium and other income (including the difference between the redemption amount and the issue price; such interest, premium and other income collectively referred to as the “Notes Income”) arising from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by foreign companies, such as the Notes, provided that these securities are deposited with banks, qualified financial intermediaries (SIMs), fiduciary companies, asset management companies (SGRs), stockbrokers and other entities identified by a decree of the Ministry of Economy and Finance (each an “Intermediary”). An Intermediary must (i) be resident in Italy or be the Italian permanent establishment of a non-Italian resident financial intermediary and (ii) intervene, in any way, in the collection of interest accrued on, or in the transfer of, the notes. For the purpose of Legislative Decree 239, a transfer of notes includes any assignment or transfer, made either with or without consideration, which results in a change of the ownership of the relevant notes or in a change of the Intermediary with which the notes are deposited.

### Italian Resident Holders

Where an Italian resident holder of the Notes is (i) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has opted for the application of the discretionary investment portfolio regime — see section “*Capital gains*”, below), (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income tax, any Notes Income accrued by such holder during the relevant holding period is subject to a final withholding tax referred to as “*imposta sostitutiva*”, levied at the rate of 26%, when the Notes Income is cashed or deemed to be cashed upon the disposal for a consideration of the Notes.

In case the holders falling under (i) or (iii), above, are engaged in an entrepreneurial activity to which the Notes are connected, the Notes Income is currently included in their overall year-end taxable income on an accrual basis and taxed at progressive rates of personal income tax (IRPEF) with respect to individuals doing business either directly or through a partnership (currently, the marginal rate equals 43%, plus an additional surcharge of up to 3.2% depending on the municipality of residence and an extraordinary surcharge — called “*contributo di solidarietà*” — of 3% on any income in excess of Euro 300,000, such extraordinary surcharge being deductible from taxable income and currently applicable for the 2014-2016 tax periods) or corporate income tax (IRES), with respect to private and public institutions, currently levied at a rate of 27.5%. In such cases, the *imposta sostitutiva* is levied as a provisional tax creditable against the overall income tax due.

Where an Italian resident holder is a company or similar commercial entity, the Notes Income would not be subject to the *imposta sostitutiva*, but currently included in the holder’s overall year-end income as accrued and is therefore subject to corporate income tax and, in addition, in certain circumstances, depending on the “status” of the holder (*i.e.*, generally, in the case of banks or financial institutions), to a regional quasi-income tax (IRAP), generally levied at a rate that may vary between 3.50% and 6.22%, depending on the holder’s actual “status” and region of residence.

The Notes Income received by (i) Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of January 25, 1994 or pursuant to Article 14-*bis* of Law No. 86 of January 25, 1994, or (ii) pursuant to Law Decree No. 225 of December 29, 2010, an Italian resident open-ended or a closed-ended investment fund, or a SICAV, is exempt from taxation at the level of such entities.

Where an Italian resident holder is a pension fund subject to the regime provided for by article 17 of Legislative Decree No. 252 of December 5, 2005, the Notes Income accrued during the holding period is not subject to the

*imposta sostitutiva* but is included in the year-end result of the fund's relevant portfolio, which is subject to a substitute tax currently levied at a rate of 11.5%.

The *imposta sostitutiva* is levied by the Intermediary with which the Notes are deposited that intervenes in the collection of the Notes Income.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying the Notes Income to a Notes' holder.

### **Non-Italian Resident Holders**

No Italian tax is applicable to payments of Notes Income made to a non-Italian resident holder that does not have a permanent establishment in Italy through which the Notes are held, provided that such holder makes a statement to that effect, if and when required according to the applicable Italian tax regulations.

### **Capital Gains**

#### **Italian Resident Holders**

Capital gains realized upon the sale or redemption of the Notes is currently included in the overall taxable income of an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected. As such, it is subject to corporate or personal income tax, as the case may be, at the rates illustrated above. In addition, in certain circumstances, depending on the "status" of the holder, it may also be subject to IRAP.

Capital gains arising from the sale or redemption of the Notes realized by an Italian resident holder who is an individual not engaged in an entrepreneurial activity to which the Notes are connected, are subject to a capital gains tax (*imposta sostitutiva sulle plusvalenze azionarie*), levied at the rate of 26%, pursuant to one of the following regimes:

- (i) under the tax return regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the capital gains tax is chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realized by any such holder on all sales or redemptions of the Notes occurring in any given tax year. Capital losses in excess of capital gains may be carried forward and offset against capital gains realized in any of the four succeeding years. Pursuant to Legislative Decree 66, carried-forward capital losses may be offset against gains realized as of July 1, 2014 for an amount equal to (i) 48.08%, if realized up to December 31, 2011, and (ii) 76.92%, if realized between January 1, 2012 and June 30, 2014. Capital gains, net of any relevant incurred deductible capital loss, must be reported in the year-end tax return and the tax must be paid on the capital gain together with any income tax due for the relevant tax year; or
- (ii) under the non-discretionary portfolio regime (*regime del risparmio amministrato*), the holder may elect to pay the tax separately on capital gains realised on each sale or redemption of the Notes. This separate taxation of capital gains is allowed subject to (x) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries and (y) the holder making a timely election in writing for the *regime del risparmio amministrato*, addressed to any such intermediary. The depository is then responsible for accounting for the tax in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, withholding and remitting it to the Treasury the tax due. Capital losses in excess of capital gains realized within the depository relationship may be carried forward and offset against capital gains realized in any of the four succeeding years. Pursuant to Legislative Decree 66, carried-forward capital losses may be offset against gains realized as of July 1, 2014 for an amount equal to (i) 48.08%, if realized up to December 31, 2011, and (ii) 76.92%, if realized between January 1, 2012 and June 30, 2014; or
- (iii) under the discretionary portfolio regime (*regime del risparmio gestito*), eligible when the Notes are included in a portfolio discretionarily managed by an authorised intermediary, the capital gains tax is paid on the appreciation of the overall investment portfolio of the holder managed by such intermediary accrued in any given year (including the gains realised on the sale or redemption of the Notes). The tax is paid by the authorised intermediary. Any depreciation of the investment portfolio accrued at year-end may be carried forward and netted against the appreciation accrued in any of the four succeeding tax years.

Pursuant to Legislative Decree 66, carried-forward depreciations may be offset against increases in value accrued as of July 1, 2014 for an amount equal to (i) 48.08%, if accrued up to December 31, 2011, and (ii) 76.92%, if accrued between January 1, 2012 and June 30, 2014.

Capital gains realised by (i) Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 1994 or pursuant to Article 14-*bis* of Law No. 86 of 1994, or (ii) pursuant to Law Decree No. 225 of 2010, an Italian resident open-ended or a closed-ended investment fund, or a SICAV, is exempt from taxation at the level of such entities.

Any capital gains realised by a holder that is an Italian pension fund (subject to the regime provided for by article 17 of Legislative Decree No. 252 of 2005) is included in the balance of the fund's relevant portfolio accrued at the end of the tax period, to be subject to the 11.5% substitute tax.

### **Non-Italian Resident Holders**

Capital gains realized by non-Italian resident holders from the sale or redemption of the Notes are not subject to Italian taxation, provided that the Notes are held outside Italy.

### ***Inheritance and Gift Taxes***

Pursuant to Law Decree No. 262 of October 3, 2006, as converted in law, with amendments, pursuant to Law No. 286 of November 24, 2006, a transfer of the Notes by reason of death or gift is subject to an inheritance and gift tax levied on the value of the inheritance or gift, as follows:

- Transfers to a spouse or direct descendants or ancestors up to €1,000,000 to each beneficiary are exempt from inheritance and gift tax. Transfers in excess of such threshold will be taxed at a 4% rate on the value of the Notes exceeding such threshold;
- Transfers between relatives up to the fourth degree other than siblings, and direct or indirect relatives by affinity up to the third degree are taxed at a rate of 6% on the value of the Notes (where transfers between siblings up to a maximum value of €100,000 for each beneficiary are exempt from inheritance and gift tax); and
- Transfers by reason of gift or death of Notes to persons other than those described above will be taxed at a rate of 8% on the value of the Notes.

If the beneficiary of any such transfer is a disabled individual, whose handicap is recognised pursuant to Law No. 104 of February 5, 1992, the tax is applied only on the value of the assets (including the Notes) received in excess of €1,500,000 at the rates illustrated above, depending on the type of relationship existing between the deceased or donor and the beneficiary.

### ***Stamp Duty on the Notes***

Pursuant to Article 13(2-ter) of the Tariff (*tariffa*) attached to Presidential Decree No. 642 of October 26, 1972 (as amended with Law Decree No. 201 of December 6, 2011, converted into law with Law No. 214 of December 22, 2011, and subsequently with Law Decree No. 16 of March 2, 2012, converted into law with Law No. 44 of April 26, 2012, with Law No. 228 of December 24, 2012 and with Law No. 147 of December 27, 2013), regulating the Italian stamp duty, a proportional stamp duty applies on the periodic reporting communications sent by Italian-based financial intermediaries to their clients with respect to any financial instruments (including bonds, such as the Notes). The stamp duty does not apply to the communications sent or received by pension funds and health funds.

Such stamp duty is generally levied by the above-mentioned financial intermediaries, and computed on the fair market value of the financial instruments or, in case the fair market value cannot be determined, on their face or redemption values (or purchase cost) at a rate of, as of 2014, 0.2% with a cap of Euro 14,000 for clients other than individuals. The stamp duty is levied on an annual basis. In case of reporting periods of less than 12 months, the stamp duty is pro-rated.

Moreover, pursuant to Article 19(18-23) of Law Decree No. 201 of December 6, 2011 (as amended with Law No. 228 of December 24, 2012 and with Law No. 147 of December 27, 2013), a similar duty applies on the fair market value (or, in case the fair market value cannot be determined, on their face or redemption values, or purchase cost)

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of any financial asset (including bonds such as the Notes) held abroad by Italian resident individuals. Such duty will apply at a rate of 0.2% as of 2014. A tax credit is granted for any foreign property tax levied abroad on such financial assets.

*Prospective investors are urged to consult their own tax advisors as to the tax consequences of the application of the stamp duty on their investment in Notes.*

### ***Payments made by the Guarantor***

There is no authority directly addressing the Italian tax regime of payments made by the Guarantor under the Guarantee.

According to one interpretation of Italian tax law, payments in lieu of interest made by the Guarantor under the Guarantee may be subject to the same regime described above under section “*Interest Income*”.

According to another interpretation of Italian tax law, any payments made by the Guarantor under the Guarantee to such holders may be subject to a 26% tax levied by means of a final or provisional withholding, depending on “status” of the relevant holder of the Notes.

No Italian taxation would apply with respect to payments made to a non-Italian resident holder that does not have a permanent establishment in Italy through which the Notes are held.

**Prospective investors are urged to consult their own tax advisors as to the tax consequences of any such withholding, including the potential availability of foreign tax credits or deductions for such withholding.**

### **Canada**

Subject to the following, in the case of a Note issued by FCFC (a “Canadian Issuer Note”), interest paid or credited by FCFC or the Guarantor or deemed to be paid or credited by FCFC or the Guarantor on such Note (including accrued interest on such Note in certain cases involving the assignment or transfer of such Note to FCFC) to a Non-Resident of Canada (as defined below) who is the beneficial owner of such Note, will not be subject to Canadian non-resident withholding tax for the purposes of the Canadian federal income tax laws provided such interest is not “participating debt interest” for purposes of the Canadian federal income tax laws. Interest paid or deemed to be paid on the Canadian Issuer Notes will be participating debt interest for these purposes if all or any portion of such interest on the Canadian Issuer Notes is contingent or dependent upon the use of, or production from, property in Canada or is computed by reference to revenue, profit, cash flow, commodity price or any other similar criterion or by reference to dividends paid or payable on any class of shares of the capital stock of a corporation. The Canadian non-resident withholding tax is at the rate of 25 per cent., or such lower rate as may be provided for under the terms of any applicable bilateral tax treaty.

For the purposes of this summary a “Non-Resident of Canada” means a person who, at all relevant times and for the purposes of the Canadian federal income tax laws, deals at arm’s length with FCFC and the Guarantor, is not a “specified shareholder” (as defined in subsection 18(5) of the Act) of FCFC and deals at arm’s length with any such “specified shareholder” of FCFC (within the meaning of the Act), is the beneficial owner of the Note and is neither a resident nor deemed to be a resident of Canada (and to whom the Canadian Issuer Note is not a “designated insurance property” within the meaning of the Act), who does not use or hold and is not deemed to use or hold the Canadian Issuer Note in or in the course of carrying on a business in Canada and is not otherwise required by or for the purposes of such laws to include an amount in respect of the Canadian Issuer Note in computing income from a business carried on in Canada.

In the event that a Canadian Issuer Note is redeemed, cancelled, repurchased or purchased by FCFC from a Non-Resident of Canada or assigned or otherwise transferred by a Non-Resident of Canada to a resident or deemed resident of Canada at a time when there is accrued interest on the Canadian Issuer Note, or for an amount which exceeds, generally, the issue price thereof (as calculated in Canadian dollars at the time of issue), the accrued interest or the difference between the price for which such Note is redeemed, cancelled, repurchased or purchased or otherwise assigned or transferred (as calculated in Canadian dollars at such time) and the issue price (as calculated in Canadian dollars at the time of issue) may, in certain circumstances, be deemed to be interest on such Note. Such deemed interest on such Note will be subject to Canadian non-resident withholding tax if such interest is not otherwise exempt from Canadian non-resident withholding tax (as described above) or if the Non-Resident of Canada does not deal at arm’s length, within the meaning of the Canadian federal income tax laws, with the

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resident or deemed resident of Canada to which the Canadian Issuer Note is assigned or otherwise transferred. An exception to this deemed interest rule (except in the case of accrued interest) may apply if the Canadian Issuer Note was issued for at least 97 per cent. of its principal amount and its annual yield is not more than four-thirds of the interest stipulated to be payable on such Note. Depending upon the terms set forth in the applicable Final Terms, Canadian Issuer Notes issued at a discount or redeemable at a premium may be subject to these deemed interest rules, and accordingly may be subjected to Canadian non-resident withholding tax.

Under the existing federal laws of Canada, generally, there are no other taxes on income (including taxable capital gains) payable in respect of a Canadian Issuer Note or interest, discount, or premium thereon by a Non-Resident of Canada.

**The foregoing is general information with respect to certain Canadian federal income tax considerations applicable under current law to Non-Residents of Canada. It is not exhaustive. Holders of Notes should consult their own tax advisers for advice with respect to their particular situations. In particular, this summary only considers Notes contemplated by terms and conditions set out herein.**

### United States

The following is a summary of certain United States federal tax considerations that may be relevant to a holder which is a beneficial owner of Notes issued by FCFNA and is a non-resident alien individual, a foreign corporation, or any other person, other than a partnership or a partner therein, that is not subject to U.S. federal income tax on a net income basis in respect of such Notes (any such holder, a “United States Alien Holder”). This summary is based on laws, regulations, rulings and decisions now in effect, all of which are subject to change. The information provided below does not purport to be a complete summary of United States tax law and practice currently applicable.

Under current United States federal income and estate tax law:

- (i) payment on a Note by FCFNA, the Guarantor, or any Paying Agent to a holder that is a United States Alien Holder will not be subject to withholding of United States federal income tax, *provided* that, with respect to payments of interest or original issue discount, (a) the holder does not actually or constructively own 10 per cent. or more of the combined voting power of all classes of stock and is not a controlled foreign corporation related to FCFNA through stock ownership, (b) the interest is not contingent interest described in section 871(h)(4) of the Code (very generally, interest based on or determined by reference to income, profits, cash flow or other comparable attributes of FCFNA or a related person), (c) the beneficial owner provides a statement signed under penalties of perjury that includes its name and address and certifies that it is a United States Alien Holder in compliance with applicable requirements (or satisfies certain documentary evidence requirements for establishing that it is a United States Alien Holder), and (d) the holder has provided any required information with respect to its direct and indirect U.S. owners and, if the Notes are held through (or any payment is made through) a foreign financial institution, the institution has entered into and is in compliance with an agreement, described in Section 1471(b)(1) of the Code and the regulations promulgated thereunder, with the U.S. government to collect and provide to the U.S. tax authorities information about its direct and indirect United States accounts (or is entitled to the benefits of an intergovernmental agreement between a jurisdiction and the United States and is in compliance with relevant implementing legislation);
- (ii) a holder of a Note that is a United States Alien Holder will not be subject to United States federal income tax on gain realised on the sale, exchange or redemption of the Note unless, in the case of gain realised by an individual holder, the holder is present in the United States for 183 days or more in the taxable year of the sale and either (A) such gain or income is attributable to an office or other fixed place of business maintained in the United States by such holder or (B) such holder has a tax home in the United States; and provided further that, in the case of a sale, exchange, redemption or other taxable disposition effected after December 31, 2016, such holder has provided any required information with respect to its direct and indirect U.S. owners, if any, and, if the Notes are held through (or any payment is made through) a foreign financial institution, the institution has entered into and is in compliance with an agreement, described in Section 1471(b)(1) of the Code and the regulations promulgated thereunder, with the U.S. government to collect and provide to the U.S. tax authorities information about its direct and indirect United States accounts (or is entitled to the benefits of an intergovernmental agreement between a jurisdiction and the United States and is in compliance with relevant implementing legislation); and



- (iii) a Note will not be subject to United States federal estate tax as a result of the death of a holder who is not a citizen or resident of the United States at the time of death, provided that such holder did not at the time of death actually or constructively own 10 per cent. or more of the combined voting power of all classes of stock of FCFNA and, at the time of such holder's death, payments of interest on such Note (A) would not have been effectively connected with the conduct by such holder of a trade or business in the United States and (B) are not contingent interest described in section 871(h)(4) of the Code.

Pursuant to Sections 1471 through 1474 of the Code, the regulations promulgated thereunder, and any agreements thereunder, official interpretations thereof, or law implementing an intergovernmental approach thereto ("FATCA"), FCFNA may be required to withhold U.S. tax at a rate of 30% on payments of (i) interest on the Notes or (ii) the gross proceeds from the sale, exchange, redemption or other taxable disposition of the Notes effected after December 31, 2016, made to United States Alien Holders or non-U.S. financial institutions (including financial institutions through which payments on the Notes are made) that fail to comply with certain requirements and information-reporting obligations (as set out in more detail above). If an amount is so withheld pursuant to FATCA, neither FCFNA nor any other person would, pursuant to the Conditions of the Notes, be required to pay additional amounts as a result of such withholding. United States Alien Holders should consult their own tax advisors regarding FATCA and its relevance to their investment.

Information returns may be required to be filed and backup withholding may apply with respect to payments on a Note. The beneficial owners of a Note may be required to comply with applicable certification procedures to establish, under penalties of perjury, their non-U.S. status (or an otherwise applicable exemption) in order to avoid the application of such information reporting requirements and backup withholding.

### **European Union Directive on Taxation of Savings Income**

Under the Savings Directive, each member state of the European Union is required to provide to the tax authorities of another member state details of payments of interest or other similar income paid by a person within its jurisdiction to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entity established in, that other member state. However, for a transitional period, Austria and Luxembourg will (unless during such period they elect otherwise) instead operate a withholding system in relation to such payments. Under such a withholding system, the beneficial owner of the interest payment must be allowed to elect that certain provision of information procedures should be applied instead of withholding. The rate of withholding is 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to exchange of information procedures relating to interest and other similar income. Luxembourg has abolished the withholding system in favour of automatic exchange of information effective 1st January 2015.

A number of non-EU countries and certain dependent or associated territories of certain member states have adopted similar measures to the Savings Directive.

On March 24, 2014 the Council of the European Union adopted a directive amending the Savings Directive (the "Amending Directive") which, when implemented, will broaden the scope of the rules described above. The member states will have until January 1, 2016 to adopt national legislation necessary to comply with the Amending Directive (which national legislation must apply from January 1, 2017). The changes made under the Amending Directive include extending the scope of the Savings Directive to payments made to, or secured for, certain other entities and legal arrangements (including trusts and partnerships), where certain conditions are satisfied. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

Investors who are in any doubt as to their position should consult their professional advisers.

### **The Proposed European Union Financial Transactions Tax ("FTT")**

On February 14, 2013, the European Commission published a proposal (the "Commission's Proposal") for a directive for the introduction of an FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "Participating Member States").

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. In May 2014, a joint statement by ministers of the FTT Participating Member States (excluding Slovenia) proposed "progressive implementation" of the FTT,

with the initial form applying the tax to transactions in shares and some derivatives and the first steps occurring by January 1, 2016.

Following the FTT Participating Member States' joint statement, it is unclear which aspect of the draft FTT proposed will be implemented. Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State, or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

The FTT proposal remains subject to negotiation between the Participating Member States and may be subject to legal challenge in the future. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional European member states may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

### **Hong Kong**

The following is a general description of certain tax considerations relating to the Notes and is based on law and relevant interpretations thereof in effect as at the date of this Base Prospectus, all of which are subject to change, and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective holders of Notes who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction are advised to consult their own professional advisers.

#### ***Withholding tax***

Under the existing Hong Kong law, no withholding tax in Hong Kong is payable on payments of principal or interest with respect to the Notes.

#### ***Profits tax***

Profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of assessable profits arising in or derived from Hong Kong from such trade, profession or business.

Under the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "Inland Revenue Ordinance") as it is currently applied, interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (i) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a company (other than a financial institution) carrying on a trade, profession or business in Hong Kong; or
- (iii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person (other than a company) carrying on a trade, profession or business in Hong Kong and is in respect of the funds of the trade, profession or business.

Sums derived from the sale, disposal or redemption of the Notes will be subject to Hong Kong profits tax where received by or accrued to a person who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source.

#### ***Stamp duty***

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Note.

### People's Republic of China

The following summary describes the principal PRC tax consequences of ownership of the Notes by beneficial owners who, or which, are residents of mainland China for PRC tax purposes. Holders of Notes should consult their own tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.

If the holder of the Notes is a PRC entity or individual who, or which, is a resident of the PRC, for PRC tax purposes, pursuant to the PRC Enterprise Income Tax Law and the PRC Individual Income Tax Law and their implementation rules, an income tax shall be levied on both capital gains and payment of interest gained by a PRC resident in respect of the Notes. The current rates of such income tax are twenty per cent. (20%) for individual PRC resident and twenty five per cent. (25%) for any enterprise incorporated in the PRC.

In addition, pursuant to the PRC Enterprise Income Tax Law, if an enterprise incorporated outside the PRC has its “de facto management body” located within the PRC, such enterprise may be regarded as a “PRC resident enterprise” and thus may be subject to the enterprise income tax at the rate of twenty five per cent. (25%) on its worldwide income. Under the Implementation Rules on the PRC Enterprise Income Tax Law, “de facto management body” is defined as the bodies that substantially exert comprehensive management and control on the business, personnel, accounts and assets of an enterprise. If any holder of the Notes is determined as a “PRC resident enterprise” because its “de facto management body” is located in the territory of the PRC, any interest and capital gains paid to such holders may be subject to PRC enterprise income tax at a rate of twenty five per cent. (25%).

PRC income tax are generally applicable at the rate of 10% to interest and other gains payable to holders that are non-resident enterprises of the PRC, or at the rate of 20% to interest and other gains payable to holders that are non-resident individuals of the PRC, to the extent such interest or gains are regarded as income derived from sources within the PRC. Such 10% or 20% tax rate could be reduced by applicable treaties between PRC and the jurisdiction of the holder.

The holders of Notes who are not resident in the PRC for PRC tax purposes are generally not subject to withholding tax, income tax or any other taxes or duties imposed by any governmental authority in the PRC in respect of their Notes or any repayment of principal and payment of interest made thereon. However, if any of the Issuers or the Guarantor is deemed as a PRC tax resident for PRC tax purposes, such payment of interest or other gains may be deemed to be derived from sources within PRC and subject to PRC income tax.

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## SUBSCRIPTION AND SALE, AND SELLING AND TRANSFER RESTRICTIONS

The Dealers have, in an amended and restated programme agreement (the “Programme Agreement”) dated December 19, 2014 agreed with the Issuers and the Guarantor a basis upon which they or any of them may from time to time agree to purchase Notes and resell such Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Notes*”. In the Programme Agreement, each of the Issuers (failing which the Guarantor) has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

In order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the relevant Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time. Under U.K. laws and regulations stabilising activities may only be carried on by the Stabilising Manager named in the applicable Final Terms and only for a period of 30 days following the Issue Date of the relevant Tranche of Notes.

### Transfer Restrictions

*As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.*

Each purchaser of Registered Notes (other than a person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or vice versa, will be required to acknowledge, represent and agree as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (i) that either: (a) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A or (b) it is outside the United States and is not a U.S. person;
- (ii) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (iii) that, unless it holds an interest in a Regulation S Global Note and either is a person located outside the United States or is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the date which is one year after the later of the last Issue Date for the Series and the last date on which the relevant Issuer or an affiliate of the relevant Issuer was the owner of such Notes, only (a) to the Issuer or any affiliate thereof, (b) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (c) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (d) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;

## SUBSCRIPTION AND SALE, AND SELLING AND TRANSFER RESTRICTIONS

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- (iv) that it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (iii) above, if then applicable;
- (v) that Notes initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Notes and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;
- (vi) that the Notes, other than the Regulation S Global Notes, will bear a legend to the following effect unless otherwise agreed to by the relevant Issuer:

“THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT REFERRED TO HEREIN AND, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).”;

- (vii) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the closing date with respect to the Tranche of which such Registered Notes form part), it will do so only (a)(i) outside the United States in compliance with Rule 903 or 904 under the Securities Act or (ii) to a QIB in compliance with Rule 144A and (b) in accordance with all applicable U.S. State securities laws; and it acknowledges that the

## SUBSCRIPTION AND SALE, AND SELLING AND TRANSFER RESTRICTIONS

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Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the relevant Issuer:

“THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART.”; and

- (viii) that the relevant Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements, and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the relevant Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

No sale of Legended Notes in the United States to any one purchaser will be for less than U.S.\$250,000 (or its foreign currency equivalent) principal amount and no Legended Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$250,000 (or its foreign currency equivalent) of Registered Notes.

### *Selling Restrictions*

#### *United States*

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Unless otherwise indicated herein, terms used in this section that are defined in Rule 144A or in Regulation S are used herein as defined therein.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations; provided, however, that FCFNA may not issue Notes in bearer form. Terms used in this paragraph and the following two paragraphs have the meanings given to them by the Code and regulations thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules (each as defined under “*Form of the Notes—Bearer Notes*”) apply or whether TEFRA is not applicable.

In connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S (“Regulation S Notes”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver such Regulation S Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Regulation S Notes are a part or (iii) in the event of a distribution of a Tranche that is fungible therewith, until 40 days after the completion of the distribution of such fungible Tranche, as determined by the parties described in clause (ii), within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Regulation S Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S Notes within the United States or to, or for the account or benefit of, U.S. persons.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration

## **SUBSCRIPTION AND SALE, AND SELLING AND TRANSFER RESTRICTIONS**

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requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Dealers may arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Notes which may be purchased by a QIB pursuant to Rule 144A is U.S.\$100,000 (or the approximate equivalent thereof in any other currency). To the extent that the relevant Issuer is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the relevant Issuer has agreed to furnish to holders of Notes and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

### ***Public Offer Selling Restriction under the Prospectus Directive***

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State (the “Securities”), except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Securities to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

*provided* that no such offer of Securities referred to in (a) to (c) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that member state by any measure implementing the Prospectus Directive in that member state and the expression “Prospectus Directive” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

The European Economic Area selling restriction is in addition to any other selling restriction set out below.

### ***Canada***

The Notes have not been, and will not be, qualified for sale under the securities laws of any province or territory of Canada. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered, and that it will not offer, sell or deliver, any Notes, directly or indirectly, in Canada or to, or for the benefit of, any resident thereof in contravention of the securities laws of any province or territory of Canada or, in the case of Notes issued by FCFC (the “FCFC Notes”), without the consent of FCFC. Each Dealer has also agreed not to distribute the Base Prospectus or any other offering material relating to the Notes, in Canada without the written permission of FCFC. Each Dealer has further agreed that it will deliver to any purchaser who purchases from it any FCFC Notes a notice stating in substance that, by purchasing such FCFC Notes, such purchaser represents and agrees that it has not offered or sold, and until 40 days after any closing date, will not offer or sell, directly or indirectly, any of such FCFC Notes in Canada or to, or for the benefit of, any resident thereof, except pursuant to available exemptions from applicable Canadian provincial or territorial securities laws and will deliver to any other purchaser to whom it sells any of such FCFC Notes a notice containing substantially the same statement as in this sentence.

## **SUBSCRIPTION AND SALE, AND SELLING AND TRANSFER RESTRICTIONS**

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If the Notes may be offered, sold or distributed in Canada, the issue of the Notes will be subject to such additional selling restrictions as the Issuer and the relevant Dealer may agree. Each Dealer will be required to agree that it will offer, sell and distribute such Notes only in compliance with such additional Canadian selling restrictions.

### ***Italy***

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of February 24, 1998, as amended (the “Financial Services Act”) and Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of May 14, 1999, as amended from time to time (“Regulation No. 11971”); or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of October 29, 2007, as amended from time to time, and Legislative Decree No. 385 of September 1, 1993, as amended (the “Banking Act”);
- (b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

### ***United Kingdom***

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their business where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (“FSMA”) by the relevant Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the relevant Issuer or the Guarantor; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA, with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### ***The Netherlands***

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that unless the applicable Final Terms specify that Article 5:20(5) of



## **SUBSCRIPTION AND SALE, AND SELLING AND TRANSFER RESTRICTIONS**

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the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) is not applicable, it will not make an offer of Notes (including rights representing an interest in the Notes in global form) to the public in the Netherlands in reliance on Article 3(2) of the Prospectus Directive (as defined under “*Public Offer Selling Restriction under the Prospectus Directive*” above) unless (i) such offer is made exclusively to persons or entities which are qualified investors as defined in the Dutch Financial Supervision Act or (ii) standard logo and exemption wording are incorporated in the applicable Final Terms, advertisements and documents in which the offer is announced, as required by Article 5:20(5) of the Dutch Financial Supervision Act, provided that no such offer of Notes shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Notes that qualify as savings certificates as defined in the Savings Certificates Act (*Wet inzake Spaarbewijzen*) in definitive form may only be transferred and accepted through the mediation of the relevant Issuer or a member of Euronext Amsterdam N.V. in accordance with the Savings Certificates Act. Such restrictions do not apply (a) to a transfer and acceptance of Notes in definitive form between individuals not acting in the conduct of a business or profession, (b) to the transfer and acceptance of Instruments in definitive form within The Netherlands if all Notes (either in definitive form or as rights representing an interest in the Notes in global form) are issued outside The Netherlands and are not distributed within The Netherlands in the course of primary trading or immediately thereafter, or (c) to the initial issue of such Notes to the first holders thereof. If the Savings Certificates Act is applicable, certain identification requirements in relation to the issue, transfer of or payment on the Notes will have to be complied with. For the purposes of this paragraph, Notes that qualify as savings certificates as defined in the Savings Certificates Act (*Wet inzake Spaarbewijzen*) are Notes that are in bearer form and that constitute a claim for a fixed sum against the relevant Issuer and on which interest does not become due prior to maturity or on which no interest is due whatsoever.

### ***Japan***

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended (the “FIEA”)) and each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan, or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan in effect at the relevant time. As used in this paragraph, “resident of Japan” means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

### ***Hong Kong***

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that: (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (“SFO”) and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under that Ordinance.

### ***People’s Republic of China***

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Region of the PRC or Taiwan), except as permitted by the securities laws of the PRC.

### *Singapore*

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore, and the Notes will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the “Securities and Futures Act”). Accordingly, the Notes may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Base Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person under Section 275(1) of the Securities and Futures Act or to any person pursuant to Section 275(1A) of the Securities and Futures Act and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Notes are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Notes pursuant to an offer under Section 275 of the Securities and Futures Act except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the Securities and Futures Act or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act; or
- (ii) where no consideration is or will be given for the transfer; or
- (iii) where the transfer is by operation of law; or
- (iv) pursuant to Section 276(7) of the Securities and Futures Act or Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations.

### *General*

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes the Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuers, the Guarantor nor any of the other Dealers shall have any responsibility therefor.

None of the Issuers, the Guarantor or the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the relevant Issuer and the relevant Dealer shall agree.

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## GENERAL INFORMATION

### Authorisation

The amendment and restatement of the Programme and the issue and guarantee of Notes, as the case may be, have been duly authorised by the resolutions of the board of directors of FCA dated October 28 and 29, 2014, of FCFE dated December 10, 2014 and of FCFNA dated December 16, 2014, and by the resolutions of the sole shareholder of FCFC dated December 16, 2014. The Guarantee has been given pursuant to Article 3 of the Guarantor's articles of association.

### Listing of Notes on the Irish Stock Exchange

The Base Prospectus has been approved by the Central Bank of Ireland (the "Central Bank"), as competent authority under the Prospectus Directive. The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC, as amended and/or which are to be offered to the public in any member state of the European Economic Area. Application has been made to the Irish Stock Exchange for the Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list (the "Official List") and trading on its regulated market.

However, Notes may be issued pursuant to the Programme which will not be listed on the Irish Stock Exchange or any other stock exchange or which will be listed on such stock exchange as the relevant Issuer and the relevant Dealer(s) may agree.

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuers in relation to the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the regulated market of the Irish Stock Exchange for the purposes of the Prospectus Directive.

### Documents Available

Copies of the following documents may be physically inspected at the offices of the Paying Agent in Ireland for the life of the Base Prospectus:

- (i) the constitutional documents (in the case of FCFE, with an English translation thereof) of each Issuer and the articles of association (with an English translation thereof) of FCA;
- (ii) the audited non-consolidated financial statements of each of FCFE, FCFNA and FCFC in respect of the financial years ended December 31, 2013 and 2012 (in the case of FCFE, with an English translation thereof), the audited consolidated financial statements of the FCFE Group in respect of the financial years ended December 31, 2013 and 2012 (with an English translation thereof), and the audited consolidated financial statements of the Guarantor in respect of the financial years ended December 31, 2013 and 2012 as set forth in the Form F-4 (each of FCFNA and FCFC currently prepares audited non-consolidated accounts on an annual basis, and each of FCFE and the Guarantor prepares audited consolidated accounts on an annual basis);
- (iii) the most recently published audited annual financial statements of each Issuer (on a non-consolidated basis only in the case of FCFNA, FCFC, and on a non-consolidated and consolidated basis in the case of the Guarantor and FCFE) and the most recently published unaudited interim financial statements (if any) of each Issuer and the Guarantor (in the case of FCFE, with an English translation thereof);
- (iv) the Agency Agreement, the Guarantee, the Deed of Covenant, the Deed Poll and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (v) a copy of the Base Prospectus;
- (vi) any future prospectuses, information memoranda and supplements to the Base Prospectus and any other documents incorporated herein or therein by reference, including Final Terms (save for Final Terms relating to unlisted Notes, which will only be available for inspection by holders of the

## GENERAL INFORMATION

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relevant Notes upon the production of evidence satisfactory to the relevant Issuer and the Paying Agent as to its holding of such Notes and identity); and

- (vii) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

### Clearing Systems

Notes, other than CMU Notes, in bearer form have been accepted for clearance through Euroclear and Clearstream. The appropriate Common Code and ISIN for each Tranche of Bearer Notes allocated by Euroclear and Clearstream will be specified in the applicable Final Terms.

CMU Notes have been accepted for clearance through the CMU Service. The appropriate CMU instrument number for each Tranche of CMU Notes will be specified in the applicable Final Terms.

In addition, the relevant Issuer may make an application for any Notes in registered form to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of Registered Notes, together with the relevant ISIN and Common Code, will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream is Clearstream Banking, 42, Avenue John F. Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg. The address of CMU Service is 55th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

### Conditions for Determining Price

The price and amount of Notes to be issued under the Programme will be determined by the relevant Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

### Significant or Material Change

Except as disclosed under “*Financial Review of the FCA Group*” herein, there has been no significant change in the financial or trading position of any of (i) FCFE, FCFNA or FCFC since December 31, 2013, or (ii) FCA or the Group since September 30, 2014, and there has been no material adverse change in the prospects of the Issuers or the Guarantor since December 31, 2013.

### Litigation

Except as disclosed under “*The FCA Group*” and “*Financial Review of the FCA Group—Litigation*” herein, none of the Issuers nor the Guarantor nor any other member of the Group is or has been involved in any legal, governmental or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuers or the Guarantor are aware) which is reasonably likely to have or have had in the 12 months preceding the date of this document a significant effect on the financial position or profitability of the Issuers, the Guarantor or the Group.

### Material Contracts

Except for those contracts entered into in the ordinary course of business of the Group (including those instrumental to said activities, such as financial contracts, joint venture contracts, supply contracts and acquisition agreements) none of the Issuers nor the Guarantor nor any other member of the Group has, in the last two years up to the date of this Base Prospectus, entered into any material contract outside to the context of the main business of the Group that may have a material impact to the ability of Group to meet its obligations in respect of the Notes.

### Auditors

The independent auditors of FCFE are Ernst & Young S.A., of 7, rue Gabriel Lippmann, Parc d'Activité Syrdall 2, L-5365 Munsbach, Luxembourg, Grand-Duchy of Luxembourg. Ernst & Young S.A. audited (i) the stand-alone accounts of FCFE as of and for the financial years ended on December 31, 2012 and December 31, 2013, which

## GENERAL INFORMATION

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are presented in accordance with Luxembourg GAAP, and issued a report thereon without qualification, in accordance with auditing standards generally accepted in Luxembourg, and (ii) the consolidated accounts of the FCFE Group as of and for the financial years ended on December 31, 2012 and December 31, 2013, which are presented in accordance with IFRS as adopted by the European Union, and issued a report thereon without qualification, in accordance with auditing standards generally accepted in Luxembourg.

Ernst & Young S.A. is a member of the institute of registered auditors (*Institut des Réviseurs d'Entreprises*) which is the Luxembourg member of the International Federation of Accountants and is registered in the public register of approved audit firms held by the CSSF as competent authority for public oversight of approved statutory auditors and audit firms.

The independent auditors of FCFNA and FCFC are Ernst & Young LLP, of 5 Times Square, New York, NY, 10036, United States of America. Ernst & Young LLP audited the accounts of each of FCFNA and FCFC as of and for the financial years ended December 31, 2012 and December 31, 2013, which are each presented in accordance with IFRS, and issued a report on each without qualification, in accordance with auditing standards generally accepted in the United States of America.

Ernst & Young LLP, members of the AICPA, are independent certified public accountants with respect to FCFNA and FCFC under Rule 101 of the AICPA's Code of Professional Conduct, and its interpretations and rulings.

Until September 26, 2014, the independent auditors of Fiat were Reconta Ernst & Young S.p.A., Via Confindenza 10, 10121, Turin, Italy. Reconta Ernst & Young S.p.A. audited Fiat's stand-alone and consolidated accounts as of and for the financial years ended December 31, 2012 and December 31, 2013, which are each presented in accordance with IFRS as adopted by the European Union, and issued reports on each without qualification, in accordance with auditing standards generally accepted in Italy. The independent auditors of Fiat's stand-alone and consolidated accounts as of and for the financial years ended December 31, 2011 were Deloitte & Touche S.p.A., Galleria San Federico 54, 10121 Turin, Italy.

Deloitte & Touche S.p.A. is registered in the Special Register (*Albo Speciale*) maintained by CONSOB and set forth in Article 161 of the Financial Services Act (*Testo Unico della Finanza*) and in the Register of Auditors (*Registro dei Revisori Contabili*) maintained by *Ministero di Grazia e Giustizia*, as per Legislative Decree of January 27, 1992, No. 88. Deloitte & Touche S.p.A. is a member of ASSIREVI, an Italian association of auditing firms.

Reconta Ernst & Young S.p.A. is registered in the Special Register (*Albo Speciale*) maintained by CONSOB and set forth in Article 161 of the Financial Services Act (*Testo Unico della Finanza*) and in the Register of Auditors (*Registro dei Revisori Contabili*) maintained by *Ministero di Grazia e Giustizia*, as per Legislative Decree of January 27, 1992, No. 88. Reconta Ernst & Young S.p.A. is a member of ASSIREVI, an Italian association of auditing firms.

From September 26, 2014, the independent auditors of the FCA Group are Reconta Ernst & Young S.p.A., Via Confindenza 10, 10121 Turin, Italy, and Ernst & Young Accountants LLP, Boompjes 258, 3011 XZ Rotterdam, Postbus 2295, 3000 CG Rotterdam, the Netherlands.

Reconta Ernst & Young S.p.A. and Ernst & Young Accountants LLP are independent auditors with respect to the FCA Group under Rule 101 of the American Institute of Certified Public Accountants' Code of Professional Conduct, and its interpretations and rulings.

### Issues by FCFC

For the purposes of disclosure pursuant to the *Interest Act* (Canada) and not for any other purpose, where in any Note issued by FCFC (i) a rate of interest is to be calculated on the basis of a year of 360 days, the yearly rate of interest to which the 360 day rate is equivalent is such rate multiplied by the number of days in the year for which such calculation is made and divided by 360, or (ii) a rate of interest is to be calculated during a leap year, the yearly rate of interest to which such rate is equivalent is such rate multiplied by 366 and divided by 365.

### Issues by FCFNA

Notes issued by FCFNA may not have maturities of 183 days or less. FCFNA may not issue Notes in bearer form.

### **Dealers Transacting with any of the Issuers and the Guarantor**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuers, the Guarantor and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuers, the Guarantor or the Issuers' affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuers and the Guarantor routinely hedge their credit exposure to such entities consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the purposes of this paragraph the term "affiliates" includes also parent companies.

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