LETTER FROM THE CHAIRMAN AND THE CEO

FCA closed on a very strong note its first full year as a single, unified global group.

Our results were well in excess of our full-year guidance, further underscoring our commitment to achieve the ambitious 2018 financial targets set out in our five-year plan, and our determination to be a global automaker performing at the highest level.

Excluding Ferrari, net revenues for the year climbed 18 percent to €110.6 billion. Adjusted EBIT came in at €4.8 billion, 43 percent higher than 2014, with NAFTA more than doubling and EMEA returning to profitability one year ahead of plan.

Our net industrial debt was significantly reduced during 2015 and, after the effects of the Ferrari spinoff completed at the beginning of January, the Group begins 2016 operations with net industrial debt of €5 billion, down from the €7.7 billion at year-end 2014.

In order to further fund the capital requirements of the Group's five-year business plan, the Board of Directors has decided not to recommend a dividend on FCA common shares for 2015.

Worldwide shipments totaled 4.6 million units, in line with prior year, with continued global expansion for the Jeep brand, which posted an all-time annual record of 1.3 million vehicles shipped worldwide.

Looking at the performance of our mass-market operations by region, in NAFTA we continued to outperform the market, with sales up seven percent over the prior year.

In the United States, we closed the year posting our 69th consecutive month of year-over-year sales gains and our best annual sales since 2006. In Canada, we finished the year as market leader, with 73 straight months of growth and the strongest annual sales performance in our history.

In LATAM, our results were down due to continued macroeconomic weakness in the region resulting in poor trading conditions. Despite this situation, FCA maintained its leadership in Brazil, a position we have held for 14 years. The opening of the new Pernambuco industrial complex in April 2015 is a key move to further consolidate our leadership and to increase the profitability of our operations in the region going forward.

In APAC, results were positive, although below the prior year's level primarily due to the contraction in demand for imported vehicles in China, as competition from local producers continues to intensify. Results were also impacted by the interruption of supply following the Tianjin port explosion in August.

On the back of a more favorable product mix, higher volumes and positive pricing actions, results in EMEA improved significantly, with the region posting an Adjusted EBIT of €213 million, compared with negative €41 million in the prior year.

There were also positive contributions from Maserati, although below the 2014 level, and from Components.

With regard to the near-term outlook, we gave guidance for the current year, with expected revenues of €110 billion or higher, Adjusted EBIT in excess of €5.0 billion and net industrial debt below €5.0 billion.

We will work towards the achievement of these targets with the same spirit that has brought us this far, that of a global company that operates by linking the achievement of financial targets with respect for all stakeholders, convinced that success will ultimately be judged by how it is achieved.

In an era where values such as transparency, integrity and reliability are often put to the test, we believe it is increasingly important that the entire organization work to ensure that our development is responsible. This is why our commitment to sustainable growth is deeply rooted in our corporate culture; it is integral to our business model and, above all, it is something that is non-negotiable.

We believe that the true value of a multi-national organization such as ours is also determined by its level of environmental awareness, respect for people, fair and transparent conduct in commercial relationships and positive contribution to local communities.

We are pleased that our sustainability efforts have been recognized by the world's leading sustainability rating agencies. For the seventh consecutive year, FCA was included in the prestigious DJSI World Index. It was also named to the Climate "A" list in the CDP Climate Change Program 2015 and actively participates in additional CDP initiatives on Water, Forest and Supply Chain.

We also supported the UN Climate Change Conference of the Parties (COP21) through specific commitments and signed the CEO Climate Leadership for Automotive Declaration, signaling our support for the vision of decarbonizing automotive transport. FCA's commitment to sustainable use of the world's resources was also marked by the signing of the Charter of Milan. This document, which was presented to UN Secretary General Ban Ki-moon at the closing of the Milan EXPO, reaffirms our involvement in the common goal of protecting and preserving our planet.

To name just a few examples, during 2015 we implemented more than 4,300 new environmental projects at our plants worldwide, leading to about €65 million in savings, while specific projects to reduce water consumption at our facilities resulted in €2.7 million in cost savings and 2.3 billion m^3 of water saved, with our group-wide recycling index reaching 99% in 2015.

As a result of continuous improvements over the years, the percentage of electric energy used in our manufacturing activities that is derived from renewable sources reached 22% in 2015.

Work-related injuries at Group facilities decreased by 20% compared to previous year, representing the 9^{th} consecutive year of improvement.

FCA employees worldwide volunteered thousands of hours to serve the community in the various locations where we operate. In addition, the Group committed more than €22 million to local communities around the world.

A pioneer and leader in natural gas vehicles for 15 years, FCA recently revealed the Chrysler Pacifica Hybrid, the industry's first electrified minivan.

We are convinced that the significant steps we have already taken and the objectives that we have set for the future guarantee FCA and all its stakeholders that "good practices" are not left to individual discretion, but form an integral part of the Group's business strategy.

We want to thank everyone in the FCA organization for their professional and personal contributions, for their courage and determination to change together for the better, constantly guided by a sense of responsibility toward those who have placed their trust in us.

Thank you also to our shareholders and to all of our stakeholders for having been loyal partners on our journey so far and for continuing to support us as we embark on the next phase of our development.

29 February 2016

/s/	/s/
John Elkann	*Sergio Marchionne*
Chairman	Chief Executive Officer

Certain Defined Terms

In this report, unless otherwise specified, the terms “we,” “our,” “us,” the “Group,” “Fiat Group,” the “Company” and “FCA” refer to Fiat Chrysler Automobiles N.V., together with its subsidiaries and its predecessor prior to the completion of the merger of Fiat S.p.A. with and into Fiat Investments N.V. on October 12, 2014 (at which time Fiat Investments N.V. was renamed Fiat Chrysler Automobiles N.V. , or FCA NV), the “Merger” or any one or more of them, as the context may require. References to “Fiat” refer solely to Fiat S.p.A., the predecessor of FCA NV prior to the Merger. References to “FCA US” refers to FCA US LLC, together with its direct and indirect subsidiaries.

Selected Financial Data

The following tables set forth selected historical consolidated financial and other data of FCA and has been derived, in part, from:

- the Consolidated Financial Statements of FCA for the years ended December 31, 2015, 2014 and 2013, included elsewhere in this report; and
- the Consolidated Financial Statements of FCA for the year ended December 31, 2012 and the Fiat Group for the year ended December 31, 2011, which are not included in this report.

This data should be read in conjunction with *Risk Factors, Operating Results* and the Consolidated Financial Statements and related notes included elsewhere in this report.

On May 24, 2011, the Group acquired an additional 16 percent (on a fully-diluted basis) of FCA US, 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, the Group was deemed to have obtained control of FCA US for purposes of consolidation. The operating activities from this acquisition date through May 31, 2011 were not material to the Group. As such, FCA US was consolidated on a line-by-line basis by FCA with effect from June 1, 2011. Therefore the results of operations and cash flows for the years ended December 31, 2015, 2014, 2013 and 2012 are not directly comparable with those for the year ended December 31, 2011.

The retrospective application of the amendments to IAS 19 revised and IFRS 11, which were adopted by the Group from January 1, 2013, were not applied to the Consolidated Income Statements, Consolidated Statement of Comprehensive Income/(Loss), Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity for the year ended December 31, 2011. Accordingly, the Statements for the year ended December 31, 2011 are not directly comparable with those for the years ended December 31, 2015, 2014, 2013, and 2012.

Consolidated Income Statement Data

	2015 (1)	2014 (1)	2013 (1)	2012 (1)	2011 (1), (4)
			(€ million)		
Net revenues	110,595	93,640	84,530	81,665	57,605
EBIT	2,625	2,834	2,638	3,099	2,993
Profit before taxes	259	783	649	1,190	1,631
Profit from continuing operations	93	359	1,708	661	1,203
Profit from discontinued operations	284	273	243	235	195
Net profit	377	632	1,951	896	1,398
Attributable to:					
Owners of the parent	*334*	*568*	*904*	*44*	*1,199*
Non-controlling interest	*43*	*64*	*1,047*	*852*	*199*
Earnings per share from continuing operations (in Euro)					
Basic per ordinary share	0.055	0.268	0.568	(0.132	0.827
Diluted per ordinary share	0.055	0.265	0.562	(0.130	0.821
Basic per preference share	—	—	—	—	0.827
Diluted per preference share	—	—	—	—	0.821
Basic per savings share	—	—	—	—	0.935
Diluted per savings share	—	—	—	—	0.929
Earnings per share from discontinued operations (in Euro)					
Basic per ordinary share	0.166	0.197	0.176	0.168	0.135
Diluted per ordinary share	0.166	0.195	0.174	0.166	0.134
Basic per preference share	—	—	—	—	0.135
Diluted per preference share	—	—	—	—	0.134
Basic per savings share	—	—	—	—	0.136
Diluted per savings share	—	—	—	—	0.134
Earnings per share (in Euro) from continuing and discontinued operations					
Basic per ordinary share	0.221	0.465	0.744	0.036	0.962
Diluted per ordinary share	0.221	0.460	0.736	0.036	0.955
Basic per preference share	—	—	—	—	0.962
Diluted per preference share	—	—	—	—	0.955
Basic per savings share	—	—	—	—	1.071
Diluted per savings share	—	—	—	—	1.063
Dividends paid per share (in Euro)(2)					
Ordinary share	—	—	—	—	0.090
Preference share(3)	—	—	—	0.217	0.310
Savings share(3)	—	—	—	0.217	0.310
Other Statistical Information (unaudited):					
Shipments (in thousands of units)	4,602	4,601	4,345	4,223	3,175
Number of employees at period end	238,162	232,165	229,053	218,311	197,021

(1) The operating results of FCA for the years ended December 31, 2014, 2013, 2012 and 2011 have been re-presented following the classification of Ferrari as a discontinued operation for the year ended December 31, 2015; Ferrari operating results were excluded from the Group's continuing operations and are presented as a single line item within the Consolidated Income Statements for each of the years presented.
(2) Dividends paid represent cash payments in the applicable year that generally relates to earnings of the previous year.
(3) 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.
(4) Numbers from Form F-1 filed with U.S. Securities Exchange Commission ("SEC") on December 4, 2014.

Consolidated Statement of Financial Position Data

	At December 31,				
	2015 [1]	2014	2013	2012	2011[2]
			(€ million)		
Cash and cash equivalents	20,662	22,840	19,455	17,666	17,526
Total assets	105,040	100,510	87,214	82,633	80,379
Debt	27,786	33,724	30,283	28,303	27,093
Total equity	16,255	13,738	12,584	8,369	9,711
Equity attributable to owners of the parent	*16,092*	*13,425*	*8,326*	*6,187*	*7,358*
Non-controlling interests	*163*	*313*	*4,258*	*2,182*	*2,353*
Share capital	17	17	4,477	4,476	4,466
Shares issued (in thousands of shares):					
Fiat S.p.A					
Ordinary	—	—	*1,250,688*	*1,250,403*	*1,092,681*
Preference[4]	—	—	—	—	*103,292*
Savings[4]	—	—	—	—	*79,913*
FCA					
Common[3]	*1,288,956*	*1,284,919*			
Special Voting	*408,942*	*408,942*			

(1) The assets and liabilities of Ferrari have been classified as Assets held for distribution and Liabilities held for distribution within the Consolidated Statement of Financial Position at December 31, 2015, while the assets and liabilities of Ferrari have not been classified as such within the comparative Consolidated Statement of Financial Position for any of the periods presented.

(2) The amounts at December 31, 2011 include the consolidation of FCA US.

(3) Book value per common share at December 31, 2015 amounted to €12.48.

(4) 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.

CREATING VALUE FOR OUR SHAREHOLDERS

RESPONSIBLE MANAGEMENT ACROSS THE VALUE CHAIN

FCA is a global Group that touches countless lives as it strives to chart a sustainable path for the future. Beginning with the highest level of management, every area of activity is involved in responsibly conducting operations across the 150 countries where the Group has a presence or commercial relationships.

Managing our business responsibly requires that we consider the potential implications of our strategic decisions and projects. This approach takes on even greater importance in today's increasingly competitive landscape, where market conditions are challenging and customer tastes, trends and preferences are changing rapidly.

To ensure tangible long-term value is created for stakeholders, the Group places particular emphasis on the following:

- a governance model based on transparency and integrity
- safe and eco-friendly products
- a competitive product offering and innovative mobility solutions
- promoting awareness and effective communication with consumers
- management and professional development of employees
- promotion of safe working conditions and respect for human rights
- mutually beneficial relationships with business partners and local communities
- reducing impacts from manufacturing and non-manufacturing processes on the environment.

The Group uses multiple channels, including the corporate website and social networks, to provide up-to-date and transparent information on its sustainability commitments and results.

SUSTAINABILITY LEADERSHIP

Our Group's commitment to sustainability has received recognition at the global level from several leading organizations and indices.

In 2015, FCA was included in the prestigious Dow Jones Sustainability Index World for the seventh time with a score of 88/100. The average for all Automobiles sector companies evaluated by RobecoSAM, the specialists in sustainability investment, was 60/100.

For the fourth consecutive year, the Group was recognized as a leader for its commitment and results in addressing climate change. FCA was named to the Climate "A" List in the CDP Climate Change Program 2015 and achieved a transparency score of 98/100. Only 5 percent of the corporations participating in this CDP program are named to the A List. The results are published in the CDP Global Climate Change Report 2015, which tracks five years of progress from the world's largest listed companies.

FCA is also a member of numerous other leading indices. These results place FCA firmly among the world's leading companies in terms of combined economic, environmental and social performance.

Additional information relating to the Group's sustainability commitments and results are provided in the interactive Sustainability Report available on fcagroup.com.

Risk Factors

We face a variety of risks in our business. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties that we are unaware of or that we currently believe to be immaterial, may also become important factors that affect us.

Risks Related to Our Business, Strategy and Operations

Our profitability depends on reaching certain minimum vehicle sales volumes. If our vehicle sales deteriorate, particularly sales of our pickup trucks, larger utility vehicles and minivans, our results of operations and financial condition will suffer.

Our success requires us to achieve certain minimum vehicle sales volumes. As is typical for an automotive manufacturer, we have significant fixed costs and, therefore, changes in vehicle sales volume can have a disproportionately large effect on our 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 ten percent decrease in our 2015 vehicle shipments would reduce our Adjusted Earnings Before Interest and Taxes ("Adjusted EBIT") by approximately 29 percent for 2015, without considering actions and cost containment measures we may take in response to decreased vehicle sales.

In addition, our profitability in the U.S., Canada, Mexico and Caribbean islands ("NAFTA"), a region which contributed a majority of our profit in 2015, is particularly dependent on demand for our pickup trucks, larger utility vehicles and minivans. A shift in demand away from these vehicles within the NAFTA region, and towards compact and mid-size passenger cars, whether in response to higher fuel prices or other factors, could adversely affect our profitability. Our pickup trucks, larger utility vehicles and minivans accounted for approximately 41 percent of our total U.S. retail vehicle sales in 2015 and the profitability of this portion of our portfolio is approximately 39 percent higher than that of our overall U.S. retail portfolio on a weighted average basis. A shift in demand such that U.S. industry market share for pickup trucks, larger utility vehicles and minivans deteriorated by 10 percentage points, whether in response to higher fuel prices or other factors, holding other variables constant, including overall industry sales and our market share of each vehicle segment, would have reduced the Group's Adjusted EBIT by approximately 10 percent for 2015. 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.

Our dependence within the NAFTA region on pickup trucks, larger utility vehicles and minivans is expected to increase further as we intend to shift production in that region away from compact and mid-size passenger cars.

Moreover, we tend to operate with negative working capital as we generally receive 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 we pay for such parts and materials; therefore, if vehicle sales decline we will suffer a significant negative impact on cash flow and liquidity as we continue to pay suppliers during a period in which we receive reduced proceeds from vehicle sales. If vehicle sales decline, or if they were to fall short of our 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, our financial condition and results of operations would be materially adversely affected.

Our businesses are affected by global financial markets and general economic and other conditions over which we have little or no control.

Our 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, fuel prices, the cost of commodities or other raw materials, the rate of unemployment and foreign currency exchange rates—within the various countries in which we operate.

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 us in any of the markets in which we operate.

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 we operate and, together with the other factors referred to previously, could have a material adverse effect on our financial condition and results of operations.

We may be unsuccessful in efforts to expand the international reach of some of our brands that we believe have global appeal and reach.

The growth strategies reflected in our 2014-2018 Business Plan announced in May 2014 and updated in January 2016 (our "Business Plan") require us to make significant investments, including the expansion of several brands that we believe to have global appeal into new markets. Most notably, these strategies include expanding global sales of the Jeep brand through localized production in Asia and Latin America. Additionally, our plans include the launch of new large utility vehicle models in North America, the reintroduction in North America, and expansion in Europe and Asia, of our Alfa Romeo brand, and the further development of our Maserati brand portfolio to include the all-new Levante sport utility vehicle. These strategies require significant investments in our production facilities and distribution networks. If we are unable to introduce vehicles that appeal to consumers in these markets and achieve our brand expansion strategies, we may be unable to earn a sufficient return on these investments and this could have a material adverse effect on our financial condition and results of operations.

Product recalls and warranty obligations may result in direct costs, and any resulting loss of vehicle sales could have material adverse effects on our business.

We, and the U.S. automotive industry in general, have recently experienced a significant increase in recall activity to address performance, compliance or safety-related issues. Our recent costs to recall vehicles have been significant and typically include the cost of replacement parts and labor to remove and replace parts. These costs substantially depend on the nature of the remedy and the number of vehicles affected, and may arise many years after a vehicle's sale. Product recalls may also harm our reputation, force us to halt the sale of certain vehicles and may cause consumers to question the safety or reliability of our products. Given recent increases in both the cost and frequency of recall campaigns and increased regulatory activity across the automotive industry in the U.S. and Canada, ongoing compliance may become even more costly.

Any costs incurred, or lost vehicle sales, resulting from product recalls could materially adversely affect our financial condition and results of operations. Moreover, if we face consumer complaints, or we receive information from vehicle rating services that calls into question the safety or reliability of one of our vehicles and we do not issue a recall, or if we do not do so on a timely basis, our reputation may also be harmed and we may lose future vehicle sales. We are also obligated under the terms of our warranty agreements to make repairs or replace parts in our vehicles at our expense for a specified period of time. Therefore, any failure rate that exceeds our assumptions may result in unanticipated losses.

In addition, compliance with U.S. regulatory requirements for product recalls has received heightened scrutiny recently. In connection with the failure in three specified campaigns to provide an effective remedy, and noncompliance with various reporting requirements under the National Traffic and Motor Vehicle Safety Act of 1966 and the Transportation Recall Enhancement, Accountability and Documentation (TREAD) Act, FCA US has recently agreed to pay substantial civil penalties, become subject to supervision and in certain instances been required to buy back vehicles as an additional alternative to a repair remedy. There can be no assurance that we will not be subject to additional regulatory inquiries and consequences in the future.

Our future performance depends on our ability to expand into new markets as well as enrich our product portfolio and offer innovative products in existing markets.

Our success depends, among other things, on our ability to maintain or increase our 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.

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 we believe 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 favorably to those of our 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 our strategy, which would have a material adverse effect on our financial condition and results of operations. Additionally, our high proportion of fixed costs, both due to our significant investment in property, plant and equipment as well as the requirements of our collective bargaining agreements, which limit our flexibility to adjust personnel costs to changes in demand for our products, may further exacerbate the risks associated with incorrectly assessing demand for our vehicles.

Further, if we determine that a safety or emissions defect, a mechanical defect or a 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 we remedy 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 we may suffer from those factors more than some of our competitors.

Substantially all of our 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. We face 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 our competitors are better capitalized with larger market shares.

In addition, global vehicle production capacity significantly exceeds current demand and this overcapacity has intensified and may further intensify pricing pressures. Our competitors may respond to these conditions by attempting to make their vehicles more attractive or less expensive to customers by adding vehicle enhancements, providing subsidized financing or leasing programs, 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 that have lower production costs may choose to export lower-cost automobiles to more established markets. These actions have had, and may continue to have, a negative impact on our 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 industry or our inability to adapt effectively to external market conditions coupled with more limited capital than many of our principal competitors could have a material adverse impact on our financial condition and results of operations.

Laws, regulations and governmental policies, including those regarding increased fuel economy requirements and reduced greenhouse gas emissions, may have a significant effect on how we do business and may adversely affect our results of operations.

In order to comply with government regulations related to fuel economy and emissions standards, we must devote significant financial and management resources, as well as vehicle engineering and design attention, to these legal requirements. We expect 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, we may face limitations on the types of vehicles we produce and sell, and where we can sell them, which could have a material adverse impact on our financial condition and results of operations.

Government scrutiny has also increased industry-wide, and is expected to remain high, in connection with a recent significant EPA action involving the tailpipe emissions of a competitor's diesel vehicles. As a result, original equipment manufacturers (“OEMs”) will likely experience additional regulation, increased enforcement and a more lengthy regulatory approval process.

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 we plan to employ are not yet commercially practical and depend on significant future technological advances by us and by suppliers. There can be no assurance that these advances will occur in a timely or feasible manner, that the funds we have budgeted or expended for these purposes will be adequate, or that we will be able to obtain rights to use these technologies. Further, our competitors and others are pursuing similar technologies and other competing technologies, and there can be no assurance that they will not acquire and implement similar or superior technologies sooner than we will or on an exclusive basis or at a significant price advantage.

Our success largely depends on the ability of our current management team to operate and manage effectively.

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

We may be subject to more intensive competition if other manufacturers pursue consolidations.

We have advocated consolidation in our industry due to our view that the automotive industry is characterized by significant duplication in product development costs, much of which does not drive value as perceived by consumers. We believe that sharing product development costs among manufacturers, preferably through consolidation, will enable automakers to improve their return on capital employed for product development and manufacturing and enhance utilization of tooling, machinery and equipment. While we continue to implement our Business Plan, and we believe that our business will continue to grow and our operating margins will continue to improve, if our competitors are able to successfully integrate with one another and we are not successful with our own efforts to enhance collaboration or adapt effectively to increased competition, our competitors’ integration could have a material adverse impact on our financial condition and results of operations.

We may be exposed to shortfalls in our pension plans.

Certain of our defined benefit pension plans are currently underfunded. As of December 31, 2015, our defined benefit pension plans were underfunded by approximately €5.1 billion (€4.9 billion of which relates to FCA US's defined benefit pension plans). Our 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. Our 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.

To determine the appropriate level of funding and contributions to our defined benefit plans, as well as the investment strategy for the plans, we are 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 our pension expenses and required contributions and, as a result, could constrain liquidity and materially adversely affect our financial condition and results of operations. If we fail to make required minimum funding contributions, we 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. As a result of our 100 percent indirect ownership of FCA US, we may be subject to certain U.S. legal requirements making us secondarily responsible for a funding shortfall in certain of FCA US's pension plans in the event these pension plans were terminated and FCA US were to become insolvent.

Our lack of a captive finance company in certain key markets could place us at a competitive disadvantage to other automakers that may be able to offer consumers and dealers financing and leasing on better terms than our customers and dealers are able to obtain.

Our dealers enter into wholesale financing arrangements to purchase vehicles from us to hold in inventory and facilitate retail sales, and retail customers use a variety of finance and lease programs to acquire vehicles.

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

In other markets, we rely on controlled finance companies, joint ventures and commercial relationships with third parties, including third party financial institutions, to provide financing to our dealers and retail customers. The ability of a finance company to provide financing services at competitive rates is subject to various factors, 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 our joint ventures and controlled finance companies, will also face other demands on its capital, including the need or desire to satisfy funding requirements for dealers or customers of our 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 our dealers and retail customers.

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

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

In certain regions, including NAFTA, 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. As interest rates rise generally, market rates for new vehicle financing are expected to rise as well, which may make our vehicles less affordable to retail customers or steer consumers to less expensive vehicles that tend to be less profitable for us, adversely affecting our 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, our retail customers may not desire to or be able to obtain financing to purchase or lease our vehicles. Furthermore, because our customers may be relatively more sensitive to changes in the availability and adequacy of financing and macroeconomic conditions, our vehicle sales may be disproportionately affected by changes in financing conditions relative to the vehicle sales of our competitors.

Limitations on our liquidity and access to funding may limit our ability to execute our Business Plan and improve our financial condition and results of operations.

Our future performance will depend on, among other things, our 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 we have 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 our operating activities. For a discussion of these factors, see *—Liquidity and Capital Resources* below. We could, therefore, find ourselves in the position of having to seek additional financing and/or having to refinance existing debt, including in unfavorable market conditions, with limited availability of funding and a general increase in funding costs. Any limitations on our liquidity, due to decreases in vehicle sales, the amount of or restrictions in our existing indebtedness, conditions in the credit markets, general economic conditions or otherwise, may adversely impact our ability to execute our Business Plan and impair our financial condition and results of operations. In addition, any actual or perceived limitations of our liquidity may limit the ability or willingness of counterparties, including dealers, customers, suppliers, lenders and financial service providers, to do business with us, which may adversely affect our financial condition and results of operations.

Our current credit rating is below investment grade and any further deterioration may significantly affect our funding and prospects.

Our ability to access the capital markets or other forms of financing and the related costs depend, among other things, on our credit ratings and we are currently rated below investment grade. The rating agencies review our ratings regularly and, accordingly, new ratings may be assigned to us in the future. It is not currently possible to predict the timing or outcome of any ratings review.

Any downgrade may increase our cost of capital and potentially limit our access to sources of financing, which may cause a material adverse effect on our business prospects, earnings and financial position.

Since the rating agencies may separately review and rate FCA US on a stand-alone basis, it is possible that our credit ratings may not benefit from any improvements in FCA US's credit ratings or that a deterioration in FCA US's credit ratings could result in a negative rating review of us. See *—Liquidity and Capital Resources* below for more information on our financing arrangements.

Our ability to achieve cost reductions and to realize production efficiencies is critical to maintaining our competitiveness and long-term profitability.

While some productivity improvements are within our 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 we may sustain larger than expected production expenses, materially affecting our 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 and government regulations.

Our business operations may be impacted by various types of claims, lawsuits, and other contingent obligations.

We are involved in various product liability, warranty, product performance, asbestos, personal injury, dealer and supplier disputes, environmental claims and lawsuits, antitrust, intellectual property, tax and other legal proceedings including those that arise in the ordinary course of our business. We estimate such potential claims and contingent liabilities and, where appropriate, record provisions to address these contingent liabilities. The ultimate outcome of the legal matters pending against us is uncertain, and although such claims, lawsuits and other legal matters are not expected individually to have a material adverse effect on our financial condition or results of operations, such matters could have, in the aggregate, a material adverse effect on our financial condition or results of operations. Furthermore, we could, in the future, be subject to judgments or enter into settlements of lawsuits and claims that could have a material adverse effect on our results of operations in any particular period. While we maintain insurance coverage with respect to certain claims, we 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. See also Notes 22 and 28 of the Consolidated Financial Statements included elsewhere in this report for additional information.

A significant malfunction, disruption or security breach compromising the electronic control systems contained in our vehicles could damage our reputation, disrupt our business and adversely impact our ability to compete.

Our vehicles, as well as vehicles manufactured by other OEMs, contain interconnected and increasingly complex systems that control various vehicle processes including engine, transmission, safety, steering, brakes, window and door lock functions. Such internal and vehicle systems are susceptible to malfunctions and interruptions due to equipment damage, power outages, and a range of other hardware, software and network problems. These systems are also susceptible to cybercrime, or threats of intentional disruption, which are increasing in terms of sophistication and frequency. A significant malfunction, disruption or security breach compromising the electronic control systems contained in our vehicles could damage our reputation, expose us to significant liability and have a material adverse effect on our results of operations.

We may not be able to realize anticipated benefits from acquisitions that we may undertake, and challenges associated with strategic alliances may have an adverse impact on our results of operations.

We may engage in acquisitions or enter into, expand or exit from strategic alliances which could involve risks that may prevent us from realizing the expected benefits of the transactions or achieving our 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, our product lines, businesses, financial position and results of operations could be adversely affected.

There can be no assurance that we will be able to offset the earnings power lost as a result of the Ferrari separation.

In January 2016, we completed the previously announced separation of Ferrari N.V., which was intended to, among other things, strengthen our capital base. The separation consisted primarily of the October 2015 initial public offering of 10 percent of the common shares of Ferrari N.V. and the January 2016 transaction in which holders of our common shares and mandatory convertible securities received our remaining 80 percent interest in Ferrari N.V. The initial public offering and spin-off will in the aggregate ultimately have a positive €1.5 billion impact on our Net industrial debt. However, Ferrari N.V. contributed approximately €2.6 billion in revenue and €444 million in EBIT in 2015, and is now accounted for as a discontinued operation. If the improvement in our capital position resulting from the separation of Ferrari N.V. is not sufficient to offset the related loss of revenue and EBIT, we could experience a material adverse impact on our results of operations and financial condition.

Failure to maintain adequate financial and management processes and controls could lead to errors in our financial reporting, which could harm our business reputation and cause a default under certain covenants in our credit agreements and other debt.

We continuously monitor and evaluate changes in our internal controls over financial reporting. In support of our drive toward common global systems, we have extended our finance, procurement, and capital project and investment management systems to new areas of operations. As appropriate, we continue to modify the design and documentation of internal control processes and procedures relating to the new systems to simplify and automate many of our previous processes. Our management believes that the implementation of these systems will continue to improve and enhance internal controls over financial reporting. If we fail to maintain adequate financial and management processes and controls, however, it could lead to errors in our financial reporting, which could harm our business reputation and cause a default under certain covenants in our credit agreements and other debt.

In addition, if we do not maintain adequate financial and management personnel, processes and controls, we may not be able to accurately report our financial performance on a timely basis, which could cause a default under certain covenants in the indentures governing certain of our public indebtedness, and other credit agreements.

A disruption or security breach in our information technology systems could disrupt our business and adversely impact our ability to compete.

A significant malfunction, disruption or security breach compromising the operation of our information technology systems could damage our reputation, disrupt our business and adversely impact our ability to compete.

Our ability to keep our business operating effectively depends on the functional and efficient operation of our information, data processing and telecommunications systems, including our vehicle design, manufacturing, inventory tracking and billing and payment systems. A significant or large-scale malfunction or interruption of any one of our computer or data processing systems could adversely affect our ability to manage and keep our operations running efficiently, and damage our reputation if we are unable to track transactions and deliver products to our dealers and customers. A malfunction or security breach that results in a wider or sustained disruption to our business could have a material adverse effect on our business, reputation, financial condition and results of operations.

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

We may not be able to adequately protect our intellectual property rights, which may harm our business.

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

The laws of some countries in which we operate do not offer the same protection of our 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 us to protect our intellectual property from misuse or infringement there. Our inability to protect our intellectual property rights in some countries may harm our business, financial condition or results of operations.

We are subject to risks relating to international markets and exposure to changes in local conditions.

We are 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; and
- the introduction of more stringent laws and regulations.

Unfavorable developments in any one or a combination of these areas (which may vary from country to country) could have a material adverse effect on our financial condition and results of operations.

Developments in emerging market countries may adversely affect our business.

We operate 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) and have recently taken steps to expand our manufacturing presence in our South and Central America (“LATAM”) region and Asia and Pacific countries (“APAC”) region. Our exposure to other emerging countries has increased in recent years, as have the number and importance of such joint ventures and cooperation agreements. Economic developments in certain LATAM markets, as well as China, have had and could have in the future material adverse effects on our financial condition and results of operations. Further, in certain markets in which we or our joint ventures operate, government approval may be required for certain activities, which may limit our ability to act quickly in making decisions on our operations in those markets.

The automotive market in these emerging markets is highly competitive, with competition from many of the largest global manufacturers as well as numerous smaller domestic manufacturers. We anticipate that additional competitors, both international and domestic, will also 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 our inability to gain or hold market share, which could have a material adverse effect on our financial condition and results of operations.

Our reliance on joint ventures in certain emerging markets may adversely affect the development of our business in those regions.

We intend to expand our presence in emerging markets, including China and India, through partnerships and joint ventures. For instance, we have entered into a joint venture with Guangzhou Automobile Group Co., Ltd ("GAC Group") which has commenced local production of the Jeep Cherokee and will locally produce two other new Jeep vehicles for the Chinese market, expanding the portfolio of Jeep sport utility vehicles ("SUVs") currently available to Chinese consumers as imports. We have also entered into a joint venture with TATA Motors Limited for the production of certain of our vehicles, engines and transmissions in India.

Our reliance on joint ventures to enter or expand our presence in these markets may expose us to risk of conflict with our joint venture partners and the need to divert management resources to oversee 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 we would if we were operating on our own or may take actions that are different from what we would do on a standalone basis in light of the need to consider our partners' interests. As a result, we may be less able to respond timely to changes in market dynamics, which could have an adverse effect on our financial condition and results of operations.

We depend on our relationships with suppliers.

We purchase raw materials and components from a large number of suppliers and depend on services and products provided by companies outside the Group. Close collaboration between an 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 we depend on our suppliers and are 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 our financial condition and results of operations.

We face risks associated with increases in costs, disruptions of supply or shortages of raw materials, parts, components and systems used in our vehicles.

We use a variety of raw materials in our business including steel, aluminum, 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 our ability to manage our cost of sales over the short term. We may not be successful in managing our exposure to these risks. Substantial increases in the prices for raw materials would increase our 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. We cannot guarantee that we 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 our control and the control of our 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, we are also at risk for supply disruption and shortages in parts and components for use in our vehicles for many reasons including, but not limited to, tight credit markets or other financial distress, natural or man-made disasters, or production difficulties. We will continue to work with suppliers to monitor potential disruptions and shortages and to mitigate the effects of any emerging shortages on our production volumes and revenues. However, there can be no assurances that these events will not have an adverse effect on our 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 our ability to achieve our 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 our financial condition and/or results of operations.

Labor laws and collective bargaining agreements with our labor unions could impact our ability to increase the efficiency of our operations.

Substantially all of our production employees are represented by trade unions, are covered by collective bargaining agreements and/or are protected by applicable labor 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 our collective bargaining agreements may impede our ability to restructure our 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 our financial condition and results of operations.

We are subject to risks associated with exchange rate fluctuations, interest rate changes, credit risk and other market risks.

We operate in numerous markets worldwide and are 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 our manufacturing activities and commercial activities, resulting in cash flows from sales being denominated in currencies different from those connected to purchases or production activities.

We use various forms of financing to cover funding requirements for our industrial activities and for providing financing to our dealers and customers. Moreover, liquidity for industrial activities is also principally invested in variable-rate or short-term financial instruments. Our 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.

In addition, although we manage risks associated with fluctuations in currency and interest rates through financial hedging instruments, fluctuations in currency or interest rates could have a material adverse effect on our financial condition and results of operations.

Our financial services activities are also subject to the risk of insolvency of dealers and retail customers, as well as unfavorable economic conditions in markets where these activities are carried out. Despite our efforts to mitigate such risks through the credit approval policies applied to dealers and retail customers, there can be no assurances that we will be able to successfully mitigate such risks, particularly with respect to a general change in economic conditions.

We are a Dutch public company with limited liability, and our shareholders may have rights different from those of shareholders of companies organized in the U.S.

The rights of our shareholders may be different from the rights of shareholders governed by the laws of U.S. jurisdictions. We are a Dutch public company with limited liability (*naamloze vennootschap*). Our corporate affairs are governed by our articles of association and by the laws governing companies incorporated in the Netherlands. The rights of shareholders and the responsibilities of members of our board of directors may be different from the rights of shareholders and the responsibilities of members of our board of directors in companies governed by the laws of other jurisdictions including the U.S. In the performance of its duties, our board of directors is required by Dutch law to consider our interests and the interests of our shareholders, our employees and other stakeholders, in all cases with due observation of the principles of reasonableness and fairness. It is possible that some of these parties will have interests that are different from, or in addition to, your interests as a shareholder.

It may be difficult to enforce U.S. judgments against us.

We are incorporated under the laws of the Netherlands, and a substantial portion of our assets are outside of the U.S. Most of our directors and senior management and our independent auditors are resident outside the U.S., and all or a substantial portion of their respective assets may be located outside the U.S. As a result, it may be difficult for U.S. investors to effect service of process within the U.S. upon these persons. It may also be difficult for U.S. investors to enforce within the U.S. judgments predicated upon the civil liability provisions of the securities laws of the U.S. or any state thereof. In addition, there is uncertainty as to whether the courts outside the U.S. would recognize or enforce judgments of U.S. courts obtained against us or our directors and officers predicated upon the civil liability provisions of the securities laws of the U.S. or any state thereof. Therefore, it may be difficult to enforce U.S. judgments against us, our directors and officers and our independent auditors.

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

We are not a company incorporated in the United Kingdom ("U.K."). Therefore, whether we are resident in the U.K. for tax purposes depends on whether our "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 ("HMRC"), suggest that we, a group holding company, are likely to be regarded as having become U.K.-resident on this basis from incorporation and remaining so if, as we intend, (i) at least half of the meetings of our 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 us and our subsidiaries; (iii) those meetings are properly minuted; (iv) at least some of our directors, together with supporting staff, are based in the U.K.; and (v) we have permanent staffed office premises in the U.K. HMRC has accepted that our "central management and control" is in the U.K.

Although it has been accepted that our "central management and control" is in the U.K., we would nevertheless not be treated as U.K.-resident if (a) we 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 were a tie-breaker provision in that tax treaty which allocated exclusive residence to that other jurisdiction.

Our residence 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 ("CTA"). However, we have set up and thus far maintained, and intend to continue to maintain, our management and organizational structure in such a manner that we should be deemed resident in the U.K. from our incorporation for the purposes of the Italy-U.K. tax treaty. The result of this is that we should not be regarded as an Italian tax resident either for the purposes of the Italy-U.K. tax treaty or for Italian domestic law purposes. Because this analysis is highly factual and may depend on future changes in our management and organizational structure, there can be no assurance regarding the final determination of our tax residence. Should we be treated as an Italian tax resident, we would be subject to taxation in Italy on our 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.

Although it has been accepted that our "central management and control" is in the U.K., we will be resident in the Netherlands for Dutch corporate income tax and Dutch dividend withholding tax purposes on the basis that we are incorporated there. Nonetheless, we 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. We have applied for and received a ruling from the U.K. and Dutch competent authorities that we should be treated as resident solely in the U.K. for the purposes of the treaty. 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.

The U.K.'s controlled foreign company taxation rules may reduce net returns to shareholders.

On the assumption that we are resident for tax purposes in the U.K., we will be subject to the U.K. controlled foreign company ("CFC") rules. The CFC rules can subject U.K.-tax-resident companies (in this case, us) to U.K. tax on the profits of certain companies not resident for tax purposes in the U.K. in which they have at least a 25 percent direct or indirect interest. Interests of connected or associated persons may be aggregated with those of the U.K.-tax-resident company when applying this 25 percent threshold. For a company to be a CFC, it must be treated as directly or indirectly controlled by persons resident for tax purposes in the U.K. The definition of control is broad (it includes economic rights) and captures some joint ventures.

Various exemptions are available. One of these is that a CFC must be subject to tax in its territory of residence at an effective rate not less than 75 percent of the rate to which it would be subject in the U.K., after making specified adjustments. Another of the exemptions (the "excluded territories exemption") is that the CFC is resident in a jurisdiction specified by HMRC in regulations (several jurisdictions in which our group has significant operations, including Brazil, Italy and the U.S., are so specified). For this exemption to be available, the CFC must not be involved in an arrangement with a main purpose of avoiding U.K. tax and the CFC's income falling within certain categories (often referred to as the CFC's "bad income") must not exceed a set limit. In the case of the U.S. and certain other countries, the "bad income" test need not be met if the CFC does not have a permanent establishment in any other territory and the CFC or persons with an interest in it are subject to tax in its home jurisdiction on all its income (other than non-deductible distributions). We expect that our principal operating activities should fall within one or more of the exemptions from the CFC rules, in particular the excluded territories exemption.

Where the entity exemptions are not available, profits from activities other than finance or insurance will only be subject to apportionment under the CFC rules where:

- some of the CFC's assets or risks are acquired, managed or controlled to any significant extent in the U.K. (a) other than by a U.K. permanent establishment of the CFC and (b) other than under arm's length arrangements;
- the CFC could not manage the assets or risks itself; and
- the CFC is party to arrangements which increase its profits while reducing tax payable in the U.K. and the arrangements would not have been made if they were not expected to reduce tax in some jurisdiction.

Profits from finance activities (whether considered trading or non-trading profits for U.K. tax purposes) or from insurance may be subject to apportionment under the CFC rules if they meet the tests set out above or specific tests for those activities. A full or 75 percent exemption may also be available for some non-trading finance profits.

Although we do not expect the U.K.'s CFC rules to have a material adverse impact on our financial position, the effect of the new CFC rules on us is not yet certain. We will continue to monitor developments in this regard and seek to mitigate any adverse U.K. tax implications which may arise. However, the possibility cannot be excluded that the CFC rules may have a material adverse impact on our financial position, reducing net returns to our shareholders.

If we are deemed to not maintain a permanent establishment in Italy, we could experience a material increase in our tax liability.

Whether we have maintained a permanent establishment in Italy after the Merger (an "Italian P.E.") is largely a question of fact based on all the circumstances. We believe that, on the understanding that we should be a U.K.-resident company under the Italy-U.K. tax treaty, we are likely to be treated as maintaining an Italian P.E. because we have maintained and intend to continue 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 our assets connected with the Italian P.E. cannot be taxed as a result of the Merger; (ii) our tax-deferred reserves cannot be taxed, inasmuch as they have been recorded in the Italian P.E.'s financial accounts; and (iii) the Italian fiscal unit that was headed by Fiat before the Merger (the "Fiscal Unit"), continues with respect to our Italian subsidiaries whose shareholdings are part of the Italian P.E.'s net worth.

FCA filed a ruling request with the Italian tax authorities in respect of the continuation of the Fiscal Unit via the Italian P.E. on April 16, 2014. The Italian tax authorities issued the ruling on December 10, 2014 (the "2014 Ruling"), confirming that the Fiscal Unit may continue via the Italian P.E. Moreover, in another ruling issued on October 9, 2015 (the "2015 Ruling", and together with the 2014 Ruling, the "Rulings"), the Italian tax authorities confirmed that the separation of Ferrari from the Group (including the first demerger of certain assets held through the Italian P.E.) will qualify as a tax-free, neutral transaction from an Italian income tax perspective. However, the Rulings are not assessments of certain sets of facts and circumstances. Therefore, even though the 2014 Ruling confirms that the Fiscal Unit may continue via the Italian P.E. and the 2015 Ruling assumes such a P.E. to exist, this does not rule out that the Italian tax authorities may in the future verify whether FCA actually has a P.E. in Italy and potentially challenge the existence of such a P.E. Because the analysis is highly factual, there can be no assurance regarding our maintenance of an Italian P.E. after the Merger.

Risks Related to Our Substantial Existing Indebtedness

We have significant outstanding indebtedness, which may limit our ability to obtain additional funding on competitive terms and limit our financial and operating flexibility.

The extent of our indebtedness could have important consequences on our operations and financial results, including:

- we may not be able to secure additional funds for working capital, capital expenditures, debt service requirements or general corporate purposes;
- we may need to use a portion of our projected future cash flow from operations to pay principal and interest on our indebtedness, which may reduce the amount of funds available to us for other purposes;
- we are more financially leveraged than some of our competitors, which may put us at a competitive disadvantage; and
- we may not be able to adjust rapidly to changing market conditions, which may make us more vulnerable to a downturn in general economic conditions or our 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.

Even though we are the 100 percent indirect owner of FCA US, it operates separately from a cash management standpoint. Additionally, we have not provided guarantees or security or undertaken any other similar commitment in relation to any financial obligation of FCA US, nor do we have any commitment to provide funding to FCA US in the future. However, with the replacement of the prior FCA revolving credit facilities with the new FCA revolving credit facilities entered into in June 2015, FCA no longer has limitations in providing funding to FCA US.

Furthermore, certain of our notes include covenants that may be affected by FCA US's circumstances. In particular, these notes include cross-default clauses which may accelerate the relevant issuer's obligation to repay its notes in the event that FCA US fails to pay certain debt obligations at maturity or is otherwise subject to an acceleration in the maturity of any of those obligations. Therefore, these cross-default provisions could require early repayment of those notes in the event FCA US's debt obligations are accelerated or are not repaid at maturity. There can be no assurance that the obligation to accelerate the repayment by FCA US of its debts will not arise or that it will be able to pay its debt obligations when due at maturity.

Restrictive covenants in our debt agreements could limit our financial and operating flexibility.

The indentures governing certain of our outstanding public indebtedness, and other credit agreements to which companies in the Group are a party, contain covenants that restrict the ability of certain 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.

For more information regarding our credit facilities and debt, see —*Liquidity and Capital Resources* below.

Restrictions arising out of FCA US's senior credit facilities may hinder our ability to manage our operations on a consolidated, global basis.

FCA US is party to credit agreements for certain senior credit facilities. These debt instruments include covenants that restrict FCA US'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 and February 2015, FCA US paid distributions of U.S.$1.9 billion (€1.4 billion) and U.S.$1.3 billion (€1.2 billion), respectively, to its members. Further distributions will be limited to 50 percent of FCA US'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 amounts of the January 2014 and February 2015 distributions. See *—Liquidity and Capital Resources* below.

These restrictive covenants could have an adverse effect on our business by limiting our 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 limit FCA US's ability to prepay certain of its indebtedness or impose limitations that make prepayment impractical. The senior credit facilities require FCA US 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 FCA US or result in cross-default under certain of its or our indebtedness.

If FCA US 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, FCA US 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 FCA US in such circumstances, it may not be available on acceptable terms.

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

Should FCA US be unable to undertake strategic initiatives due to the covenants provided for by the above-referenced instruments, our business prospects, financial condition and results of operations could be impacted.

No assurance can be given that restrictions arising out of FCA US's senior credit facilities will be eliminated.

In connection with our capital planning to support the Business Plan, we have announced our intention to eliminate existing contractual terms limiting the free flow of capital among Group companies, including through prepayment, refinancing and/or amendment of the outstanding FCA US senior credit facilities. No assurance can be given regarding the timing of such transactions or that such transactions will be completed.

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

FCA US is an obligor and several of its U.S. subsidiaries are guarantors under FCA US's senior credit facilities. The obligations under the senior credit facilities are secured by senior priority security interests in substantially all of the assets of FCA US and its U.S. subsidiary guarantors. The collateral includes 100 percent of the equity interests in FCA US's U.S. subsidiaries, 65 percent of the equity interests in certain of its non-U.S. subsidiaries held directly by FCA US and its U.S. subsidiary guarantors. An event of default under FCA US's senior credit facilities could trigger its lenders' contractual rights to enforce their security interest in these assets.

Risks Related to our Common Shares

Our maintenance of two exchange listings may adversely affect liquidity in the market for our common shares and could result in pricing differentials of our common shares between the two exchanges.

Our common shares are listed and traded on both the New York Stock Exchange ("NYSE") and the Mercato Telematico Azionario ("MTA") operated by Borsa Italiana. The dual listing of our common shares may split trading between the two markets and may result in limited trading liquidity of the shares in one or both markets, which may adversely affect the development of an active trading market for our common shares on either or both exchanges and may result in price differentials between the exchanges. Differences in the trading schedules, as well as volatility in the exchange rate of the two trading currencies, among other factors, may result in different trading prices for our common shares on the two exchanges, which may contribute to volatility in the trading of our shares.

The loyalty voting structure may affect the liquidity of our common shares and reduce our common share price.

The implementation of the loyalty voting structure could reduce the liquidity of our common shares and adversely affect the trading prices of our common shares. The loyalty voting structure is intended to reward shareholders for maintaining long-term share ownership by granting initial shareholders and persons holding our common shares continuously for at least three years at any time following the effectiveness of the Merger the option to elect to receive our special voting shares. Our special voting shares cannot be traded and, immediately prior to the deregistration of common shares from the FCA Loyalty Register, any corresponding special voting shares shall be transferred to us for no consideration (*om niet*). This loyalty voting structure is designed to encourage a stable shareholder base and, conversely, it may deter trading by those shareholders who are interested in gaining or retaining our special voting shares. Therefore, the loyalty voting structure may reduce liquidity in our common shares and adversely affect their trading price.

The loyalty voting structure may make it more difficult for shareholders to acquire a controlling interest, change our management or strategy or otherwise exercise influence over us, and the market price of our common shares may be lower as a result.

The provisions of our articles of association which establish the loyalty voting structure may make it more difficult for a third party to acquire, or attempt to acquire, control of our company, even if a change of control were considered favorably by shareholders holding a majority of our common shares. As a result of the loyalty voting structure, a relatively large proportion of our voting power could be concentrated in a relatively small number of shareholders who would have significant influence over us. As of February 26, 2016, Exor had a voting interest in FCA of approximately 44.27 percent due to its participation in the loyalty voting structure and as a result will have the ability to exercise significant influence on matters involving our shareholders. Such shareholders participating in the loyalty voting structure could effectively prevent change of control transactions that may otherwise benefit our shareholders. The loyalty voting structure may also prevent or discourage shareholders' initiatives aimed at changing our management or strategy or otherwise exerting influence over us.

There may be potential Passive Foreign Investment Company tax considerations for U.S. Shareholders.

Shares of our stock held by a U.S. holder would be stock of a passive foreign investment company ("PFIC") for U.S. federal income tax purposes with respect to a U.S. Shareholder if for any taxable year in which such U.S. Shareholder held our common shares, after the application of applicable look-through rules (i) 75 percent or more of our gross income for the taxable year consists of passive income (including dividends, interest, gains from the sale or exchange of investment property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business, as defined in applicable Treasury Regulations), or (ii) at least 50 percent of its assets for the taxable year (averaged over the year and determined based upon value) produce or are held for the production of passive income. U.S. persons who own shares of a PFIC are subject to a disadvantageous U.S. federal income tax regime with respect to the income derived by the PFIC, the dividends they receive from the PFIC, and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC.

While we believe that shares of our stock are not stock of a PFIC for U.S. federal income tax purposes, this conclusion is based on a factual determination made annually and thus is subject to change. Moreover, shares of our stock may become stock of a PFIC in future taxable years if there were to be changes in our assets, income or operations.

Tax consequences of the loyalty voting structure are uncertain.

No statutory, judicial or administrative authority directly discusses how the receipt, ownership, or disposition of special voting shares should be treated for Italian, U.K. or U.S. tax purposes and as a result, the tax consequences in those jurisdictions are uncertain.

The fair market value of our special voting shares, which may be relevant to the tax consequences, is a factual determination and is not governed by any guidance that directly addresses such a situation. Because, among other things, the special voting shares are not transferable (other than, in very limited circumstances, together with our associated common shares) and a shareholder will receive amounts in respect of the special voting shares only if we are liquidated, we believe and intend to take the position that the fair market value of each special voting share is minimal. However, the relevant tax authorities could assert that the value of the special voting shares as determined by us is incorrect.

The tax treatment of the loyalty voting structure is unclear and shareholders are urged to consult their tax advisors in respect of the consequences of acquiring, owning and disposing of special voting shares.

Tax may be required to be withheld from dividend payments.

Although the U.K. and Dutch competent authorities have ruled that we should be treated as solely resident in the U.K. for the purposes of the Netherlands-U.K. double tax treaty, under Dutch domestic law dividend payments made by us to Dutch residents are still subject to Dutch dividend withholding tax and we would have no obligation to pay additional amounts in respect of such payments.

Should Dutch or Italian withholding taxes be imposed on future dividends or distributions with respect to our common shares, whether such withholding taxes are creditable against a tax liability to which a shareholder is otherwise subject depends on the laws of such shareholder's jurisdiction and such shareholder's particular circumstances. Shareholders are urged to consult their tax advisors in respect of the consequences of the potential imposition of Dutch and/or Italian withholding taxes.

See "*We 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."* in the section *—Risks Related to Our Business, Strategy and Operations*.

Overview

We are an international automotive group engaged in designing, engineering, manufacturing, distributing and selling vehicles, components and production systems. We are the seventh largest automaker in the world based on total vehicle sales in 2015. We have operations in approximately 40 countries and sell our vehicles directly or through distributors and dealers in more than 150 countries. We design, engineer, manufacture, distribute and sell 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. We support our vehicle sales by after-sales services and parts worldwide using the Mopar brand for mass market vehicles. We make available retail and dealer financing, leasing and rental services through our subsidiaries, joint ventures and commercial arrangements. In addition, we design, engineer, manufacture, distribute and sell luxury vehicles under the Maserati brand, which we support with financial services provided to our dealers and retail customers through our subsidiaries, joint ventures and commercial arrangements. We also operate in the components and production systems sectors under the Magneti Marelli, Teksid and Comau brands.

Our activities are carried out through six reportable segments: four regional mass-market vehicle segments (NAFTA, LATAM, APAC and EMEA), Maserati, our global luxury brand segment, and a global Components segment (see *—Overview of Our Business* for a description of our reportable segments).

Excluding the operations of Ferrari, in 2015, we shipped 4.6 million vehicles, we had Net revenues of €110.6 billion, EBIT of €2.6 billion and Net profit of €0.1 billion. At December 31, 2015, excluding Ferrari, we had available liquidity of €24.6 billion (including €3.4 billion available under undrawn committed credit lines) and we had net industrial debt of €5.0 billion. See *—Operating Results—Non-GAAP Financial Measures—Net Debt*.

History of FCA

Fiat Chrysler Automobiles N.V. was originally incorporated as a public limited liability company (*naamloze vennootschap*) under the laws of the Netherlands on April 1, 2014 and became the parent company of the Group on October 12, 2104 through the Merger described below. Its principal office is located at 25 St. James's Street, London SW1A 1HA, United Kingdom (telephone number: +44 (0)20 7766 0311).

Fiat, the predecessor to FCA, was founded as *Fabbrica Italiana Automobili Torino*, 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.

Beginning in 2008, Fiat pursued a process of transformation in order to meet the challenges of a changing marketplace characterized by global overcapacity in automobile production and the consequences of economic recession that persisted particularly in the European markets on which it had historically depended. As part of its efforts to restructure operations, Fiat 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.

In April 2009, Fiat and Old Carco LLC, formerly known as Chrysler LLC ("Old Carco") entered into a master transaction agreement, pursuant to which FCA US LLC, formerly known as Chrysler Group LLC, ("FCA US") agreed to purchase the principal operating assets of Old Carco and to assume certain of Old Carco's liabilities. 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 the closing of that transaction on June 10, 2009, Fiat held an initial 20 percent ownership interest in FCA US, with the UAW Retiree Medical Benefits Trust (the "VEBA Trust"), the U.S. Treasury and the Canadian government holding the remaining interests. FCA US's operations were funded with financing from the U.S. Treasury and Canadian government. In addition, Fiat held several options to acquire additional ownership interests in FCA US.

Over the following years, Fiat acquired additional ownership interests in FCA US, leading to majority ownership and full consolidation of FCA US's results into our financial statements. On May 24, 2011 FCA US refinanced the U.S. and Canadian government loans and in July 2011, Fiat acquired the ownership interests in FCA US held by the U.S. Treasury and Canadian government.

On January 21, 2014, Fiat purchased all of the VEBA Trust's equity interests in FCA US, which represented the 41.5 percent of FCA US interest not then held by us, resulting in FCA US becoming an indirect 100 percent owned subsidiary of FCA.

The FCA Merger

On January 29, 2014, the Board of Directors of Fiat approved a proposed corporate reorganization resulting in the formation of FCA and decided to establish FCA, organized in the Netherlands, as the parent company of the Group with its principal executive offices in the United Kingdom.

On June 15, 2014, the Board of Directors of Fiat approved the terms of a cross-border legal merger of Fiat, the parent of the Group, into its 100 percent owned direct subsidiary, FCA, (the "Merger"). Fiat shareholders received in the Merger one (1) FCA common share for each Fiat ordinary share that they held. Moreover, under the Articles of Association of FCA, FCA shareholders received, if they so elected and were otherwise eligible to participate in the loyalty voting structure, one (1) FCA special voting share for each FCA common share received in the Merger. The loyalty voting structure is designed to provide eligible long-term FCA shareholders with two votes for each FCA common share held.

FCA was incorporated under the name Fiat Investments N.V. with issued share capital of €200,000, fully paid and divided into 20,000,000 common shares having a nominal value of €0.01 each. Capital increased to €350,000 on May 13, 2014.

Fiat shareholders voted and approved the Merger at their extraordinary general meeting held on August 1, 2014. After this approval, Fiat shareholders not voting in favor of the Merger were entitled to exercise cash exit rights (the "Cash Exit Rights"). The redemption price payable to these shareholders was €7.727 per share (the "Exit Price"), equivalent to the average daily closing price published by Borsa Italiana for the six months prior to the date of the notice calling the meeting.

As a result of the exercise of the Cash Exit Rights, concurrent with the Merger, a total of 53,916,397 Fiat shares were canceled in the Merger with a resulting net aggregate cash disbursement of €417 million.

The Merger became effective on October 12, 2014 and, on October 13, 2014, FCA common shares commenced trading on the NYSE and on the MTA. The Merger is recognized in FCA's consolidated financial statements from January 1, 2014. As a result, FCA, as successor of Fiat, is the parent company of the Group. There were no accounting effects as a direct result of the Merger.

Ferrari Spin-off

On October 26, 2015, Ferrari N.V., a subsidiary of FCA, completed its initial public offering ("IPO") in which FCA sold 10 percent of Ferrari N.V. common shares ("Ferrari IPO") and received net proceeds of approximately €0.9 billion, resulting in FCA owning 80 percent of Ferrari N.V. common shares, Piero Ferrari owning 10 percent of common shares and public shareholders owning the remaining 10 percent of Ferrari N.V. common shares. The Ferrari IPO was accounted for as an equity transaction.

In October 2015, in connection with the Ferrari IPO and in preparation for the spin-off of the remaining shares of Ferrari N.V. owned by FCA, FCA carried out an internal corporate restructuring. As part of this reorganization, FCA transferred its shares of Ferrari S.p.A. to Ferrari N.V. and provided a capital contribution to Ferrari N.V., while Ferrari N.V. issued a note payable to FCA in the amount of €2.8 billion. This internal restructuring was a common control transaction and did not have an accounting impact on FCA's Consolidated Financial Statements. However, as a result and in connection with the transactions in which Piero Ferrari exchanged his shares in Ferrari S.p.A. for Ferrari N.V. shares, FCA paid €280 million to Piero Ferrari as consideration for the dilution of his share value due to the issuance of the €2.8 billion note payable, which was recorded as a reduction to non-controlling interests.

The transactions necessary to separate FCA's remaining ownership interest in Ferrari N.V. and to distribute that ownership interest to holders of FCA shares and mandatory convertible securities were approved at a meeting of FCA shareholder on December 3, 2015. The transactions to separate Ferrari N.V. from the Group were completed on January 3, 2016.

As the spin-off of Ferrari N.V. was highly probable after the approval was obtained at the extraordinary general meeting of FCA shareholders and since it was available for immediate distribution, the Ferrari segment met the criteria to be classified as a disposal group held for distribution to owners on December 3, 2015. As a result, the Group classified the Ferrari segment as a discontinued operation for the year ended December 31, 2015. The results of Ferrari have been excluded from the Group's continuing operations, the after-tax result of Ferrari's operations are shown as a single line item within the Consolidated Income Statement for the year ended December 31, 2015 and all prior periods have been re-presented accordingly. In addition, the assets and liabilities of the Ferrari segment have been classified as Assets held for distribution and Liabilities held for distribution within the Consolidated Statement of Financial Position at December 31, 2015, while the assets and liabilities of Ferrari have not been re-classified as such for the comparative Consolidated Statement of Financial Position at December 31, 2014. Refer to the section *—Principal Activities* within the Consolidated Financial Statements included elsewhere in this report for additional detail.

Our Business Plan

In May 2014, we announced our 2014-2018 Business Plan, which focused on: strengthening and differentiating our portfolio of brands, including the globalization of Jeep and Alfa Romeo; volume growth; continued platform convergence and focus on cost efficiencies, as well as enhancing margins and strengthening our capital structure.

We presented an update to our Business Plan in January 2016 in order to address intervening market changes and announced the following actions:

- Due to a continued shift in consumer preference towards utility vehicles and pickup trucks in the NAFTA region, we intend to realign our installed capacity in the region to better meet demand for Ram pickup trucks and Jeep vehicles within our existing plant infrastructure by discontinuing production of our Chrysler 200 and Dodge Dart passenger cars. As a result, we recorded a total charge of €834 million as described in more detail within the section —*Results by Segment - NAFTA* below. We intend to maintain our presence in the market for passenger cars through other arrangements.

- We intend to slow the pace of our investments in the Alfa Romeo brand and the timing of future product launches, primarily in response to reduced demand for premium and imported vehicles in China.

- The commencement of production at our new Pernambuco plant has coincided with a significant industry decline, intensified competitive pressures from non-major OEMs, and currency devaluation pressures in the LATAM region. As a result, we are offsetting inflation with pricing actions and we intend to explore opportunities to export vehicles produced in Brazil without an impact on our Pernambuco strategy.

- Based on the Jeep brand's significant volume growth across all regions and nameplates over the past six years, we have increased our expectations for the brand's future growth.

Notwithstanding these market changes and the actions described above, we have stated our intent to deliver positive operating cash flows for each remaining year of the Business Plan and reiterated our goal to achieve a net industrial cash position by the end of 2018.

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 meters 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 meters to 4.4 meters and include three- and five-door hatchbacks and sedans. Compact cars, known as “C segment” vehicles in Europe, range in length from 4.3 meters to 4.7 meters, 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 meters to 4.9 meters, typically have a sedan body or are station wagons. Full-size cars range in length from 4.9 meters to 5.1 meters 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 SUVs, which are available with four-wheel drive systems that provide true off-road capabilities, and cross utility vehicles, or CUVs, which are not designed for heavy off-road use.

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 pickup trucks, which are light motor vehicles with an open-top rear cargo area and which range in length from 4.8 meters to 5.2 meters (in North America, the length of pickup trucks typically ranges from 5.5 meters to 6 meters). In North America, minivans and utility vehicles are categorized within trucks. In Europe, vans and pickup trucks are categorized as light commercial vehicles.

We characterize 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 characterize a vehicle as “significantly refreshed” if it continues its previous vehicle platform but has extensive changes or upgrades from the prior model.

Our 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 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 2015, 87 million automobiles were sold around the world. Although China is the largest single automotive sales market with approximately 19 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 has also played an increasingly important part in global automotive demand in recent years.

The automotive industry is highly competitive, especially in our key markets, such as the U.S., Brazil, China 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 subsidized or subvented financing or leasing programs to compete for vehicle sales. Since 2009, manufacturers generally have worked to maintain a reduced 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 vehicle 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 labor expenses. Due to the capital intensive nature of our industry, we expect there will be greater levels of cooperation among automakers in the future.

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 normalize 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 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 restructuring 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 installment 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 rates and the rates offered to the customer within the promotional campaign.

Many 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 securitization of receivables either in negotiated sales or through securitization 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 and to manage risks with particular reference to credit risks. OEMs within their global strategy aimed to expand their business, may provide access to financial services to their dealers and retail customers, for the financing of parts and accessories, as well as pre-paid service contracts.

Overview of Our Business

We design, engineer, develop and manufacture vehicles, components and production systems worldwide through 164 manufacturing facilities and 84 research and development centers (excluding Ferrari facilities and centers).

Our activities are carried out through six reportable segments: four regional mass-market vehicle segments, the Maserati global luxury brand segment and a global Components segment.

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, LATAM, APAC and EMEA. We also operate on a global basis in the luxury vehicle and components sectors. In the luxury vehicle sector, we have the Maserati operating segment, while in the components sector we have three operating segments: Magneti Marelli, Teksid and Comau.

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 through strategic commercial arrangements with third party financial institutions.

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

The following list sets forth our six reportable segments:

(i) NAFTA: our operations to support distribution and sales of mass-market vehicles in the United States, Canada, Mexico and Caribbean islands primarily through the Chrysler, Dodge, Fiat, Jeep, Ram and Alfa Romeo brands, and the sales of related parts and accessories under the Mopar brand name.

(ii) LATAM: our operations to support the distribution and sale of mass-market vehicles in South and Central America primarily under the Fiat, Jeep, Chrysler, Dodge 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) 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 of the European Union and the members of the European Free Trade Association), the Middle East and Africa primarily under the Abarth, Alfa Romeo, Chrysler, Fiat, Fiat Professional, Jeep and Lancia brand names.

(v) Maserati: the design, engineering, development, manufacturing, worldwide distribution and sale of luxury vehicles under the Maserati brand.

(vi) Components: production and sale of lighting components, body control units, suspensions, shock absorbers, electronic systems, and exhaust systems and activities in powertrain (engine and transmissions) components, engine control units, plastic molding 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 aluminum 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 mass-market vehicle brands we sell in each mass-market regional segment:

	NAFTA	LATAM	APAC	EMEA
Abarth	X		X	X
Alfa Romeo	X		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 our 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 for the Group as well as CNH Industrial N.V. ("CNHI"), manage central treasury activities and operate in media and publishing.

Mass-Market Vehicle Brands

We design, engineer, develop, manufacture, distribute and sell vehicles and service parts under 11 mass-market vehicle brands and designations. We believe that we can continue to increase our vehicle sales by building the value of our mass-market vehicle brands in particular by ensuring that each of our brands has a clear identity and market focus. Our mass-market vehicle brands are:

- **Abarth**: Abarth, named after the company founded by Carlo Abarth in 1949, specializes in performance modification for on-road sports cars.

- **Alfa Romeo**: Alfa Romeo, founded in 1910, and part of the Group since 1986, is known for a long, sporting tradition and Italian design. 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.

- **Dodge**: With a traditional focus on "muscle car" performance vehicles, the Dodge brand, which began production in 1914, offers a full line of vehicles 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 and are currently primarily focused on the mini and small vehicle segments. The brand aims to make cars that are flexible, easy to drive, affordable and energy efficient.

- **Fiat Professional**: Fiat Professional, launched in 2007 to replace the "Fiat Veicoli Commerciali" brand, offers light commercial vehicles and MPVs for commercial use by small to medium size business and public institutions.

- **Jeep**: Jeep, founded in 1941, is a globally recognized brand focused exclusively on the SUV and off-road vehicles market. Jeep set an all-time brand record in 2015 with over 1.3 million worldwide shipments.

- **Lancia**: Lancia, founded in 1906, and part of the Fiat Group since 1969, covers the spectrum of small segment cars and is targeted towards the Italian market.

- **Ram**: Ram, established as a standalone brand separate from Dodge in 2009, offers a line of full-size trucks, including light and heavy-duty pickup trucks, as well as light commercial vehicles.

In addition, the Mopar brand provides a full line of service parts and accessories for our mass-market vehicles worldwide. As of December 31, 2015, we had 51 parts distribution centers throughout the world to support our customer care efforts in each of our regions. Our Mopar brand accessories allow our customers to customize 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 2015 in the U.S. and Europe. Finally, our Mopar customer care initiatives support our vehicle distribution and sales efforts in each of our mass-market segments through 25 call centers located around the world.

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, 2015. 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.

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 vehicles manufactured by our joint ventures and third party contract manufacturers. Our sales figures 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. The following table shows our new vehicle sales by geographic market for the periods presented.

	For the Years Ended December 31,		
Segment	**2015**	**2014**	**2013**
		Millions of units	
NAFTA	2.6	2.5	2.1
LATAM	0.6	0.8	0.9
APAC	0.2	0.3	0.2
EMEA	1.3	1.2	1.1
Total Mass-Market Vehicle Brands	**4.7**	**4.8**	**4.4**
Maserati	0.04	0.04	0.02
Total Worldwide	**4.7**	**4.8**	**4.4**

NAFTA

NAFTA Sales and Competition

The following table presents our mass-market vehicle sales and estimated market share in the NAFTA segment for the periods presented:

	For the Years Ended December 31,					
	2015[(1),(2)]		**2014[(1),(2)]**		**2013[(1),(2)]**	
NAFTA	**Group Sales**	**Market Share**	**Group Sales**	**Market Share**	**Group Sales**	**Market Share**
	Thousands of units (except percentages)					
U.S.	2,244	12.6 %	2,091	12.4 %	1,800	11.4 %
Canada	293	15.2 %	290	15.4 %	260	14.6 %
Mexico and Other	87	6.3 %	78	6.7 %	87	7.9 %
Total	**2,624**	**12.4%**	**2,459**	**12.4%**	**2,148**	**11.5%**

(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 and Ward's Automotive.

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:

	For the Years Ended December 31,		
U.S.	**2015**	**2014**	**2013**
Automaker	Percentage of industry		
GM	17.3 %	17.4 %	17.6 %
Ford	14.7 %	14.7 %	15.7 %
Toyota	14.0 %	14.1 %	14.1 %
FCA	**12.6%**	**12.4%**	**11.4%**
Honda	8.9 %	9.2 %	9.6 %
Nissan	8.3 %	8.2 %	7.9 %
Hyundai/Kia	7.8 %	7.8 %	7.9 %
Other	16.4 %	16.2 %	15.9 %
Total	**100.0%**	**100.0%**	**100.0%**

U.S. 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 17.8 million units in 2015, an increase of approximately 68 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.

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, pickup trucks and minivans under those brands, as well as vehicles in smaller segments, such as the Fiat 500 in the micro/small-segment and the Fiat 500X and Jeep Renegade in the small SUV/crossover segment. 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.

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,		
	2015	**2014**	**2013**
NAFTA	3,261	3,251	3,204

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 customized 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 pickup 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., or 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., or 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.

In February 2013, we entered into a private label financing agreement with SCUSA, or 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.

The SCUSA Agreement has 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 amortized 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, 2015, Ally was providing wholesale lines of credit to approximately 37.5 percent of our dealers in the U.S. For the year ended December 31, 2015, we estimate that approximately 85 percent of the vehicles purchased by our U.S. retail customers were financed or leased through our dealer network, of which approximately 50 percent were financed or leased through Ally and SCUSA.

In December 2015, FCA Mexico entered into a ten year private label financing agreement with FC Financial, S.A De C.V., Sofom, E.R., Grupo Financiaro Inbursa ("FC Financial"), a wholly owned subsidiary of Banco Inbursa, under which FC Financial provides a wide range of wholesale and retail financial services to our dealers and retail customers under the FCA Financial Mexico brand name. The wholesale repurchase obligation under the new agreement will be limited to wholesale purchases in case of actual or constructive termination of a dealer's franchise agreement.

LATAM

LATAM Sales and Competition

The following table presents our mass-market vehicle sales and market share in the LATAM segment for the periods presented:

	For the Years Ended December 31,					
	2015[(1)]		**2014[(1)]**		**2013[(1)]**	
LATAM	**Group Sales**	**Market Share**	**Group Sales**	**Market Share**	**Group Sales**	**Market Share**
	Thousands of units (except percentages)					
Brazil	483	19.5 %	706	21.2 %	771	21.5 %
Argentina	74	11.9 %	88	13.4 %	111	12.0 %
Other LATAM	27	2.7 %	37	3.0 %	51	3.6 %
Total	**584**	**14.2%**	**830**	**16.0%**	**933**	**15.8%**

(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,**		
	2015[(1)]	**2014[(1)]**	**2013[(1)]**
Automaker	**Percentage of industry**		
FCA	**19.5%**	**21.2%**	**21.5%**
GM	15.6 %	17.4 %	18.1 %
Volkswagen (*)	15.2 %	17.7 %	18.8 %
Ford	10.2 %	9.2 %	9.4 %
Other	39.5 %	34.5 %	32.2 %
Total	**100.0%**	**100.0%**	**100.0%**

(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.
(*) Including Audi.

The automotive industry within which the LATAM segment operates decreased 20.7 percent from 2014, to 4.1 million vehicles (cars and light commercial vehicles) in 2015 reflecting continued macroeconomic weakness in the region with a decrease of 25.6 percent in Brazil and a decrease of 5 percent in Argentina.

Despite the 30 percent decrease in the Group's sales in LATAM from 2014, the Group remained the market leader in Brazil increasing its lead over its nearest competitor to 380 basis points with market share at 19.5 percent, which decreased 170 basis points due to strong competition and pricing actions taken to protect margins. In Argentina, overall market share declined from 13.4 percent to 11.9 percent mainly due to continued import restrictions.

Our vehicle sales in the LATAM segment 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 58 percent of Brazilian market vehicle sales). Fiat also leads the pickup truck market in Brazil (with the Fiat Strada, 54.1 percent of segment share), although this segment is small as a percentage of total industry and compared to other countries in the LATAM segment. In addition, the all-new Jeep Renegade continued its growth trend reaching 29.7 percent segment market share in Brazil in the fourth quarter of 2015 and was named the “2016 Car of the Year” in Brazil during the annual automotive industry award ceremony hosted by Autoesporte magazine (Editora Globo).

We started production in our new assembly plant in Pernambuco, Brazil in 2015, which is enabling us to introduce new locally-manufactured vehicles that are not subject to 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 our 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:

Distribution Relationships	**At December 31,**		
	2015	**2014**	**2013**
LATAM	442	441	450

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 Compañia Financiera S.A. in Argentina. These captive finance companies offer dealer and retail customer financing. In addition, in Brazil we have two significant commercial partnerships with Banco Itaù and Bradesco to provide financing to retail customers purchasing Fiat brand vehicles. Banco Itaù is a leading vehicle retail financing company in Brazil. 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 only. In July 2015, FCA Fiat Chrysler Automoveis Brasil ("FCA Brasil") and Banco Fidis signed a ten-year partnership contract with Bradesco, through its affiliate Bradesco Financiamentos. Bradesco Financiamentos will finance retail sales of Jeep, Chrysler, Dodge and Ram vehicles in Brazil. Banco Fidis will be in charge of the commercial management of this partnership, intermediating the relationship between FCA Brasil clients and dealers with Bradesco Financiamentos regarding the offer of financial products. Under this agreement, Bradesco has exclusivity on promotional campaigns and FCA Brasil will promote Bradesco as official financial partner. We receive commissions for partnership and for acting as banking agent based on profitability and penetration reached by the partnership.

APAC

APAC Sales and Competition

The following table presents our vehicle sales in the APAC segment for the periods presented:

APAC	**For the Years Ended December 31, 2015[(1),(2),(4)]**		**2014[(1),(2),(4)]**		**2013[(1),(2)]**	
	Group Sales	**Market Share**	**Group Sales**	**Market Share**	**Group Sales**	**Market Share**
	Thousands of units (except percentages)					
China	139	0.8%	171	1.0%	129	0.8%
India[(3)]	9	0.3%	12	0.5%	10	0.4%
Australia	35	3.1%	44	4.0%	34	3.1%
Japan	17	0.4%	18	0.4%	16	0.4%
South Korea	7	0.4%	6	0.5%	5	0.4%
APAC 5 major Markets	207	0.7%	251	0.9%	194	0.7%
Other APAC	8	—	6	—	6	—
Total	**215**	—	**257**	—	**199**	—

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(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 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.

(4) Group sales reflect retail deliveries. APAC industry reflects aggregate for major markets where the Group competes (China, Australia, Japan, South Korea, and India). Market share is based on retail registrations except, as noted above, in India where market share is based on wholesale volumes.

The automotive industry in the APAC segment has shown strong year-over-year growth. Industry sales in the five key markets (China, India, Japan, Australia and South Korea) where we compete increased from 16.1 million in 2009 to 28.2 million in 2015, a compound annual growth rate ("CAGR") of approximately 10 percent. Industry demand increased 5 percent with growth in China (8 percent), India (8 percent), South Korea (11 percent), Australia (4 percent), offsetting a 10 percent decline in Japan.

We sell a range of vehicles in the APAC segment, including small and compact cars and utility vehicles. Although 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 and in October 2015, we began local production of the Jeep Cherokee at our joint-venture plant in Changsha, with deliveries of the first Chinese-made Jeep Cherokee in December 2015. In addition, the Fiat Ottimo and Fiat Viaggio, along with our other Fiat-branded vehicles imported from Europe and North America, are distributed through the joint venture's local dealer network in that country. We also work with a joint venture partner in India to manufacture Fiat branded vehicles that we distribute through wholly-owned subsidiaries. In other parts of the APAC segment, we distribute vehicles that we manufacture in the U.S. and Europe through our dealers and distributors.

APAC Distribution

In the key markets in the APAC segment (China, Australia, India, Japan and South Korea), we sell our vehicles through a wholly-owned subsidiary or through our joint ventures to local independent dealers. In other markets where we do not have a substantial presence, we have agreements with general distributors for the distribution of our 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:

Distribution Relationships	At December 31,		
	2015	2014	2013
APAC	681	729	671

APAC Dealer and Customer Financing

In the APAC segment, we operate a wholly-owned captive finance company, FCA 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 CNHI. Cooperation agreements are also in place with third party financial institutions to provide dealer network and retail customer financing in India, South Korea, Australia and Japan.

EMEA

EMEA Sales and Competition

The following table presents our passenger car and light commercial vehicle sales in the EMEA segment for the periods presented:

	For the Years Ended December 31,					
	2015[(1),(2),(3)]		2014[(1),(2),(3)]		2013[(1),(2),(3)]	
EMEA Passenger Cars	**Group Sales**	**Market Share**	**Group Sales**	**Market Share**	**Group Sales**	**Market Share**
	Thousands of units (except percentages)					
Italy	446	28.3%	377	27.7%	374	28.7%
Germany	90	2.8%	84	2.8%	80	2.7%
UK	83	3.2%	80	3.2%	72	3.2%
France	71	3.7%	62	3.5%	62	3.5%
Spain	47	4.5%	36	4.3%	27	3.7%
Other Europe	127	3.3%	121	3.5%	123	3.7%
Europe*	864	6.1%	760	5.8%	738	6.0%
Other EMEA**	124	—	126	—	137	—
Total	**988**	**—**	**886**	**—**	**875**	**—**

** 28 members of the European Union 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.

	For the Years Ended December 31,					
	2015[(1),(2),(3)]		2014[(1),(2),(3)]		2013[(1),(2),(3)]	
EMEA Light Commercial Vehicles	**Group Sales**	**Market Share**	**Group Sales**	**Market Share**	**Group Sales**	**Market Share**
	Thousands of units (except percentages)					
Europe*	217	11.3%	197	11.5%	182	11.6%
Other EMEA**	77	—	68	—	68	—
Total	**294**	**—**	**265**	**—**	**250**	**—**

** 28 members of the European Union 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 categorized under light commercial vehicles.
(3) Sale data includes vehicle sales by our joint venture in Turkey.

The following table summarizes 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,		
	2015(*)	2014(*)	2013(*)
Automaker	Percentage of industry		
Volkswagen	24.8 %	25.5 %	25.1 %
PSA	10.4 %	10.7 %	10.9 %
Renault	9.6 %	9.5 %	8.9 %
Ford	7.2 %	7.3 %	7.3 %
GM	6.7 %	7.1 %	7.9 %
BMW	6.6 %	6.4 %	6.4 %
FCA (1)	**6.1%**	**5.9%**	**6.0%**
Daimler	5.9 %	5.4 %	5.5 %
Toyota	4.3 %	4.3 %	4.4 %
Other	18.4 %	17.9 %	17.6 %
Total	**100.0%**	**100.0%**	**100.0%**

** Including all 28 European Union (EU) Member States and the 4 European Free Trade Association, or EFTA member states.*
*** Including all 27 European Union (EU) Member States and the 4 European Free Trade Association, or EFTA member states.*
(1) Market share data is presented based on the European Automobile Manufacturers Association, or ACEA Registration Databases, which also includes Ferrari and Maserati within our Group.

In 2015, there was an improvement in passenger car industry volumes in Europe (EU28+EFTA), with industry unit sales increasing 9.2 percent over the prior year to a total of 14.2 million, although still well below the pre-crisis level of approximately 16 million units in 2007. As a result of production over-capacity, however, significant price competition among automotive OEMs continues to be a factor, particularly in the small and mid-size segments.

Fiat brand continued its leadership in the minicar segment with a market share of 27.7 percent in EU 28+EFTA. In Italy, the Fiat 500X led its segment with a market share of 18.1 percent.

In EMEA the Jeep brand continued its growth, by selling 119,000 units, up 56 percent over the prior year. Volumes were also higher in the light commercial vehicle, or LCV, segment, with industry sales up 11.4 percent over the prior year to about 1.92 million units. The Ducato continued its strong performance in 2015, leading its segment in Europe with 13 percent growth.

After the world preview at the Istanbul Motor Show in May 2015, the all-new Fiat Tipo was presented to the international press in November, launched in Italy in December and is being sold in over forty countries across EMEA. This four-door compact sedan marks the return of the Fiat brand in the compact sedan segment.

In Europe, FCA's sales are largely weighted to passenger cars, with approximately 47 percent of our total vehicle sales in Europe in 2015 in the small car segment, reflecting demand for smaller vehicles driven by driving conditions prevalent in many European cities and stringent environmental regulations.

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 summarizes 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:

Distribution Relationships	At December 31,		
	2015	**2014**	**2013**
EMEA	2,090	2,143	2,300

EMEA Dealer and Customer Financing

In the EMEA segment, dealer and retail customer financing is primarily managed by FCA Bank, our 50/50 joint venture with Crédit Agricole Consumer Finance S.A., or Crédit Agricole. FCA Bank operates in 17 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, FCA Bank 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 securitization and debt markets. FCA Bank provides retail and dealer financing to support our mass-market vehicle brands and Maserati vehicles, 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 FCA Bank 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.

Maserati

Maserati, a luxury vehicle brand founded in 1914, became part of our business in 1993. 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, the Maserati brand was re-launched by the introduction of the next generation Quattroporte and the introduction of the all-new Ghibli (luxury four door sedans), the first addressed to the flagship large sedan segment and the second was designed to address the luxury full-size sedan vehicle segment. Maserati's current vehicles also include the GranTurismo, the brand's first modern two door, four seat coupe, also available in a convertible version. In 2016, Maserati will launch a luxury SUV, designed on the same platform as the Quattroporte and the Ghibli that will complete Maserati's product portfolio with full coverage of the global luxury vehicle market.

The following tables show the distribution of Maserati sales by geographic regions as a percentage of total sales for each year ended December 31, 2015, 2014 and 2013:

	As a percentage of 2015 sales	**As a percentage of 2014 sales**	**As a percentage of 2013 sales**
Europe Top 4 countries[1]	14%	13%	9%
U.S.	37%	39%	41%
Japan	5%	4%	4%
China	22%	25%	26%
Other countries	22%	19%	20%
Total	**100%**	**100%**	**100%**

(1) Europe Top 4 Countries by sales, includes Italy, UK, Germany and Switzerland.

In 2015, a total of 31.5 thousand Maserati vehicles were sold to retail customers, a decrease of 4.1 percent compared to 2014, primarily due to decreased volumes of the Quattroporte resulting from weaker segment demand in the U.S. and China.

We sell our Maserati vehicles through a worldwide distribution network of approximately 415 Maserati dealers as of December 31, 2015, that is separate from our mass-market vehicle distribution network.

FCA Bank provides access to retail customer financing for Maserati brand vehicles in Europe. In other regions, we rely on local agreements with financial services providers for financing of Maserati brand vehicles.

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 units, electronic systems, suspension systems and exhaust systems, and plastic components and modules. The Automotive Lighting business line, headquartered in Reutlingen, Germany, is dedicated to the development, production and sale of automotive exterior lighting products for all major OEMs worldwide. The Powertrain business line 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 centers, applied research centers and production plants. The Electronic Systems business line 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 characterized 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, onboard comfort and powertrain technologies. Magneti Marelli products that are intended to improve energy efficiency (including hybrid systems, Xenon and LED lights, gasoline direct injection systems and automated manual transmissions) contributed €2.1 billion in revenues for 2015. With 89 production facilities (including joint ventures) and 43 research and development centers, Magneti Marelli has a presence in 18 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 partners' local relationships. Thirty-eight percent of Magneti Marelli's 2015 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 grey and nodular iron castings production. Teksid produces iron engine blocks, cylinder heads, engine components, transmission parts, gearboxes and suspensions. Teksid Aluminum produces aluminum engine blocks and cylinder heads. Forty-five percent of Teksid's 2015 revenue is derived from sales to the Group.

Comau. Founded in 1973, Comau, which originally derived its name from the acronyms 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 and training to customers. Comau's main activities include powertrain metalcutting systems, mechanical assembly systems and testing, innovative and high performance body welding and assembly systems and robotics. Comau's automation technology is used in a variety of industries, including automotive and aerospace. Comau also provides maintenance services in Latin America. Thirty percent of Comau's 2015 revenue is derived from sales to the Group.

Operating Results

Non-GAAP Financial Measures

We monitor our operations through the use of several non-generally accepted accounting procedures, or non-GAAP, financial measures: Net Debt, Net Industrial Debt, Adjusted EBIT 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 EU-IFRS.

Net Debt

The following table details our Net Debt at December 31, 2015 and 2014 and provides a reconciliation of this non-GAAP measure to Debt, which is 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 centralized treasury activities, such as raising funding in the market and financing Group companies, but do not, however, provide financing to third parties. Financial services includes companies that provide retail and dealer finance, leasing and rental services in support of the mass-market vehicle brands in certain geographical segments and for Maserati.

Net Industrial Debt (*i.e.*, Net Debt of industrial activities) is management's primary measure for analyzing our financial leverage and capital structure and is one of the key targets used to measure our performance, however it should not be considered as a substitute for cash flow or other methods of analyzing our results as reported under EU-IFRS.

	December 31, 2015			December 31, 2014		
	Industrial Activities	Financial Services	Consolidated	Industrial Activities	Financial Services	Consolidated
			(€ million)			
Debt with third parties	**(26,682)**	**(1,104)**	**(27,786)**	**(31,743)**	**(1,981)**	**(33,724)**
Net intercompany financial receivables/payables and current financial receivables from jointly-controlled financial services companies	545	(568)	(23)	1,511	(1,453)	58
Other financial assets/(liabilities) (net)	103	14	117	(229)	(4)	(233)
Current securities	457	25	482	180	30	210
Cash and cash equivalents	20,528	134	20,662	22,627	213	22,840
Net Debt	**(5,049)**	**(1,499)**	**(6,548)**	**(7,654)**	**(3,195)**	**(10,849)**

Adjusted EBIT

Adjusted EBIT is calculated as EBIT excluding: gains/(losses) on the disposal of investments, restructuring, impairments, asset write-offs and other unusual income/(expenses) that are considered rare or discrete events that are infrequent in nature. Adjusted EBIT is used for internal reporting to assess performance and as part of the Group's forecasting, budgeting and decision making processes as it provides additional transparency of the Group's core operations. We believe this measure allows management to view operating trends, perform analytical comparisons and benchmark performance between periods and among our segments. We also believe that Adjusted EBIT provides useful information to investors as it is a common performance measure to compare results or estimate valuations across companies in our industry. Refer to the section —*Results of Operations* below for further discussion and refer to Note 29 within the Consolidated Financial Statements included elsewhere in this report for a reconciliation of Adjusted EBIT to EBIT, which is the most directly comparable measure included in our Consolidated Income Statement. Adjusted EBIT should not be considered as a substitute for net profit/(loss), cash flow or other methods of analyzing our results as reported under EU-IFRS.

Constant Currency Information

The discussion within —*Results of Operations* includes information about our results at constant exchange rates ("CER"), which is calculated by applying the prior-year average exchange rates to current financial data expressed in local currency in which the relevant financial statements are denominated (see —*Significant Accounting Policies* in the Consolidated Financial Statements included elsewhere in this report for information on the exchange rates applied). Although we do not believe that this non-GAAP measure is 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 and trends in our business on a local currency basis.

Results of Operations

Consolidated Results of Operations – 2015 compared to 2014 and 2014 compared to 2013

The following is a discussion of the results of operations for the year ended December 31, 2015 as compared to the year ended December 31, 2014 and for the year ended December 31, 2014 as compared to the year ended December 31, 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 as well as constant exchange rates, to facilitate year-on-year comparisons.

	For the Years Ended December 31,		
(€ million)	**2015**	**2014**	**2013**
Net revenues	110,595	93,640	84,530
Cost of sales	97,620	81,592	73,038
Selling, general and administrative costs	7,728	6,947	6,615
Research and development costs	2,864	2,334	2,275
Result from investments	143	131	84
Gains on disposal of investments	—	12	8
Restructuring costs	53	50	28
Other income/(expenses)	152	(26)	(28)
EBIT	**2,625**	**2,834**	**2,638**
Net financial expenses	2,366	2,051	1,989
Profit before taxes	**259**	**783**	**649**
Tax expense/(income)	166	424	(1,059)
Net profit from continuing operations	**93**	**359**	**1,708**
Profit from discontinued operations, net of tax	284	273	243
Net profit	**377**	**632**	**1,951**
Net profit attributable to:			
Owners of the parent	334	568	904
Non-controlling interests	43	64	1,047

Net revenues

	For the Years Ended December 31,			Increase/(decrease)					
(€ million, except percentages)	**2015**	**2014**	**2013**	**2015 vs. 2014**		**CER**	**2014 vs. 2013**		**CER**
Net revenues	110,595	93,640	84,530	16,955	18.1%	5.9%	9,110	10.8%	11.7%

For a detailed discussion of Net revenues by segment for the years ended December 31, 2015, 2014 and 2013, see—*Results by Segment* below.

Cost of sales

(€ million, except percentages)	For the Years Ended December 31, 2015	Percentage of net revenues	2014	Percentage of net revenues	2013	Percentage of net revenues	Increase/(decrease) 2015 vs. 2014		2014 vs. 2013	
Cost of sales	97,620	88.3%	81,592	87.1%	73,038	86.4%	16,028	19.6%	8,554	11.7%

Cost of sales includes purchases, product warranty and recall campaign costs, labor costs, depreciation, amortization 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, aluminum, 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 generally account for approximately 80 percent of total Cost of sales. Fluctuations in Cost of sales are primarily related to the number of our vehicles we produce and ship, along with changes in vehicle mix, as newer models of vehicles generally have more technologically advanced components and enhancements and therefore additional costs per unit. Cost of sales could also be affected, to a lesser extent, by fluctuations in certain raw material prices.

2015 compared to 2014

The increase in Cost of sales in 2015 compared to 2014 of €16.0 billion or 19.6 percent (7.3 percent at CER) was primarily due to (i) a total €4.0 billion increase related to product mix as well as increased volumes in NAFTA, EMEA and Components, partially offset by a reduction in volumes in LATAM, APAC and Maserati and (ii) foreign currency translation effects of €10.1 billion primarily related to the strengthening of the U.S.$.

2014 compared to 2013

Cost of sales increased in 2014 compared to 2013 by €8.6 billion or 11.7 percent (12.6 percent at CER) was primarily due to the combination of (i) €5.6 billion related to increased vehicle shipments, primarily in the NAFTA, APAC, Maserati and EMEA segments, partially offset by a reduction in LATAM shipments, (ii) €2.5 billion related to vehicle and distribution channel mix primarily attributable to the NAFTA segment (iii) €0.8 billion related to an increase in warranty expense which included the effects of recall campaigns in the NAFTA segment (iv) €0.5 billion arising primarily from price increases for certain raw materials in LATAM, which were partially offset by (v) foreign currency translation effect of €0.7 billion.

In particular, the €2.5 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 shipments as compared to passenger car shipments, along with more retail shipments relative to fleet shipments in NAFTA.

The foreign currency translation impact of €0.7 billion was primarily attributable to the LATAM segment, driven by the weakening of the Brazilian Real against the Euro.

For the year ended December 31, 2014, Cost of Sales included €98 million related to the remeasurement of our VEF denominated net monetary assets, which was excluded from Adjusted EBIT (described in more detail in Note 30 of the Consolidated Financial Statements included elsewhere in this report).

Selling, general and administrative costs

(€ million, except percentages)	For the Years Ended December 31, 2015	Percentage of net revenues	2014	Percentage of net revenues	2013	Percentage of net revenues	Increase/(decrease) 2015 vs. 2014		2014 vs. 2013	
Selling, general and administrative costs	7,728	7.0%	6,947	7.4%	6,615	7.8%	781	11.2%	332	5.0%

2015 compared to 2014

Selling, general and administrative costs include advertising, personnel, and other costs. Advertising costs accounted for approximately 46 percent and 45 percent of total selling, general and administrative costs for the year ended December 31, 2015 and 2014 respectively.

The increase in Selling, general and administrative costs in 2015 compared to 2014 of €781 million (1.9 percent at CER) was due to the combined effects of (i) foreign currency translation primarily resulting from the strengthening of the U.S.$ against the Euro of approximately €650 million, (ii) commercial launch costs related to the all-new 2015 Jeep Renegade and start-up costs for the Pernambuco plant in the LATAM segment totaling €104 million and (iii) an increase of €42 million in advertising expenses for the EMEA segment for the all-new 2015 Jeep Renegade and Fiat 500X, which was partially offset by (iv) lower marketing expenses in APAC.

2014 compared to 2013

The increase in Selling, general and administrative costs in 2014 compared to 2013 of €332 million (6.0 percent at CER) was due to the combined effects of (i) a €293 million increase in advertising expenses driven primarily by the NAFTA, APAC and EMEA segments, (ii) a €157 million increase in other Selling, general and administrative costs primarily attributable to the LATAM and Maserati segments, and to a lesser extent, the APAC segment which were partially offset by (iii) a reduction in other general and administrative expenses in the NAFTA segment and (iv) the impact of foreign currency translation of €68 million.

The increase in advertising expenses was largely attributable to the APAC and NAFTA segments to support the growth of the business in their respective markets. In addition, advertising expenses increased within the NAFTA segment for new product launches, including the all-new 2014 Jeep Cherokee and the all-new 2015 Chrysler 200. There were additional increases in advertising expenses for the EMEA segment related to the Jeep brand growth and new product launches, including the all-new 2014 Jeep Cherokee and Renegade. The foreign currency translation impact of €68 million was primarily attributable to the LATAM segment, driven by the weakening of the Brazilian Real against the Euro.

The increase in other Selling, general and administrative costs attributable to the Maserati segment has been driven by the increase in 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.

Research and development costs

	For the Years Ended December 31,						Increase/(decrease)			
(€ million, except percentages)	2015	Percentage of net revenues	2014	Percentage of net revenues	2013	Percentage of net revenues	2015 vs. 2014		2014 vs. 2013	
Research and development expensed during the year	1,449	1.3 %	1,320	1.4 %	1,257	1.5 %	129	9.8 %	63	5.0 %
Amortization of capitalized development costs	1,194	1.1 %	932	1.0 %	768	0.9 %	262	28.1 %	164	21.4 %
Write-down of costs previously capitalized	221	0.2 %	82	0.1 %	250	0.3 %	139	n.m.(1)	(168)	(67.2)%
Research and development costs	**2,864**	**2.6%**	**2,334**	**2.5%**	**2,275**	**2.7%**	**530**	**22.7%**	**59**	**2.6 %**

(1) Number is not meaningful.

We conduct research and development for new vehicles and technology to improve the performance, safety, fuel efficiency, reliability, consumer perception and environmental impact of our vehicles. Research and development costs consist primarily of material costs and personnel related expenses that support the development of new and existing vehicles with powertrain technologies.

2015 compared to 2014

The increase in amortization of capitalized development costs in 2015 compared to 2014 was mainly attributable to the launch of new products primarily related to the NAFTA segment driven by the all-new 2015 Jeep Renegade, the Jeep Cherokee and the Dodge Challenger, as well as the EMEA segment driven by the all-new 2015 Fiat 500X.

The write-off of costs previously capitalized during the year ended December 31, 2015 mainly related to the Group's plan to realign a portion of its capacity in NAFTA to better meet market demand for Ram pickup trucks and Jeep vehicles within the Group's existing plant infrastructure, which resulted in an impairment charge of €176 million for capitalized development costs that had no future economic benefit and which were excluded from Adjusted EBIT for the year ended December 31, 2015.

2014 compared to 2013

The increase in amortization of capitalized development costs in 2014 compared to 2013 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.

Result from investments

	For the Years Ended December 31,			Increase/(decrease)			
(€ million, except percentages)	**2015**	**2014**	**2013**	**2015 vs. 2014**		**2014 vs. 2013**	
Result from investments	143	131	84	12	9.2%	47	56.0%

2015 compared to 2014 and 2014 compared to 2013

The increase in Result from investments in 2015 compared to 2014 and the increase in 2014 compared to 2013 was primarily attributable to improved results of FCA Bank S.p.A. ("FCA Bank"), a jointly-controlled finance company that manages activities in retail automotive financing, dealership financing, long-term car rental and fleet management in 17 European countries, and Tofas-Turk Otomobil Fabrikasi A.S. ("Tofas") a jointly-controlled Turkish automaker.

Other income/(expenses)

	For the Years Ended December 31,			Increase/(decrease)			
(€ million, except percentages)	**2015**	**2014**	**2013**	**2015 vs. 2014**		**2014 vs. 2013**	
Other income/(expenses)	152	(26)	(28)	178	n.m.[1]	(2)	(7.1)%

(1) Number is not meaningful.

2015 compared to 2014

Other income/(expenses) for the year ended December 31, 2015 included €104 million of income related to the favorable settlements of legal matters to which we were the plaintiff, and which has been excluded from Adjusted EBIT. This was partially offset by a total charge of €81 million resulting from a consent order agreed with NHTSA on July 24, 2015, (the "Consent Order") which resolved the issues raised by NHTSA with respect to FCA US's execution of 23 recall campaigns in NHTSA's Special Order issued to FCA US on May 22, 2015. Pursuant to the Consent Order, FCA US made a U.S.$70 million (€63 million) cash payment to NHTSA in September 2015 and will spend U.S.$20 million (€18 million) on industry and consumer outreach activities and incentives to enhance certain recall and service campaign completion rates. In addition, an amendment to the Consent Order was issued in December 2015 whereby a penalty of U.S.$70 million (€63 million) was imposed by NHTSA following the Group's admission of deficiencies in its Transportation Recall Enhancement, Accountability and Documentation ("TREAD Act") reporting to NHTSA (refer to the section —*Results by Segment - NAFTA* below). The penalty was paid on January 6, 2016. There were no other items that were individually material.

2014 compared to 2013

For the year ended December 31, 2014, Other income/(expenses) included the €495 million expense recognized in connection with the execution of the MOU with the UAW entered into by FCA US in January 2014, which was partially offset by the non-taxable gain of €223 million on the remeasurement to fair value of the previously exercised options on approximately 10 percent of FCA US's membership interest in connection with the acquisition of the remaining equity interest in FCA US previously not owned. There were no other items that were individually material.

EBIT

	For the Years Ended December 31,			Increase/(decrease)			
(€ million, except percentages)	**2015**	**2014**	**2013**	**2015 vs. 2014**		**2014 vs. 2013**	
EBIT	2,625	2,834	2,638	(209)	(7.4)%	196	7.4%

2015 compared to 2014

The decrease in EBIT in 2015 compared to 2014 was primarily attributable to decreases in (i) APAC of €690 million, (ii) LATAM of €483 million and (iii) Maserati of €173 million, which were partially offset by increases in (iv) NAFTA of €1,172 million, (v) EMEA of €275 million and (vi) Components of €84 million. For the year ended December 31, 2015, EBIT included net expenses totaling €2,169 of items that were excluded from our Adjusted EBIT non-GAAP measure, of which €1,631 million related to NAFTA, €219 million to LATAM, €205 million to APAC and €47 million to EMEA.

2014 compared to 2013

The increase in EBIT in 2014 compared to 2013 was primarily attributable to the combined effect of (i) a €397 million decrease in EMEA loss, (ii) a €202 million increase in APAC (iii) a €169 million increase in Maserati, (iv) a €114 million increase in Components and (v) the non-cash and non-taxable gain of €223 million on the re-measurement to fair value of the previously exercised options on approximately 10 percent of FCA US's membership interest in connection with the acquisition of the remaining 41.5 percent interest in FCA US that was not previously owned, which were partially offset by (vi) a €643 million decrease in NAFTA and (vi) a €315 million decrease in LATAM.

Adjusted EBIT

	For the Years Ended December 31,			Increase/(decrease)			
(€ million, except percentages)	2015	2014	2013	2015 vs. 2014		2014 vs. 2013	
Adjusted EBIT	4,794	3,362	3,181	1,432	42.6%	181	5.7%

For a detailed discussion of group Adjusted EBIT by segment for the years ended December 31, 2015, 2014 and 2013, see *—Results by Segment* below. Refer to Note 29 within the Consolidated Financial Statements included elsewhere in this report for a reconciliation of Adjusted EBIT to EBIT, which is the most directly comparable measure included in the Consolidated Income Statement.

Net financial expenses

	For the Years Ended December 31,			Increase/(decrease)			
(€ million, except percentages)	2015	2014	2013	2015 vs. 2014		2014 vs. 2013	
Net financial expenses	2,366	2,051	1,989	315	15.4%	62	3.1%

2015 compared to 2014

The increase in Net financial expenses in 2015 compared to 2014 was primarily due to higher debt levels and interest rates in Brazil, the net loss of €168 million recognized in connection with the prepayments of the FCA US secured senior notes due in 2019 and 2021, which included the call premiums, net of the remaining unamortized debt premiums, as well as unfavorable foreign currency translation. The increase was partially offset by interest cost savings resulting from the refinancing and reduction in overall gross debt in 2015.

2014 compared to 2013

Excluding the gain on the Fiat stock option-related equity swaps of €31 million recognized in 2013, net financial expenses were substantially unchanged as the benefits from the financing transactions completed in February 2014 by FCA US were offset by higher average debt levels (refer to Note 23 within the Consolidated Financial Statements included elsewhere in this report for a more detailed description of FCA US's financings).

Tax expense/(income)

	For the Years Ended December 31,			Increase/(decrease)			
(€ million, except percentages)	2015	2014	2013	2015 vs. 2014		2014 vs. 2013	
Tax expense/(income)	166	424	(1,059)	(258)	(60.8)%	1,483	n.m.(1)

(1) Number is not meaningful.

2015 compared to 2014

The decrease in tax expense in 2015 compared to 2014 was primarily related to lower Profit before taxes and a higher amount of non-taxable incentives. The decrease in tax expense was partially offset by a decrease in certain one-time discrete items as Profit before taxes for the year ended December 31, 2014 included the non-taxable gain related to the fair value remeasurement of the previously exercised options in connection with the acquisition of the remaining equity interest of FCA US previously not owned.

The effective tax rate increased from 46.4 percent in 2014 to 54.4 percent in 2015 as a result of the decrease in Profit before tax and the relative increased impact of losses before tax in jurisdictions in which a tax benefit is not recorded on tax losses.

2014 compared to 2013

Higher deferred tax expense in 2014 was due to the recognition in 2013 of €1,500 million of previously unrecognized deferred tax assets, primarily related to tax loss carry forwards and temporary differences in NAFTA.

Profit from discontinued operations, net of tax

	For the Years Ended December 31,			Increase/(decrease)			
(€ million, except percentages)	2015	2014	2013	2015 vs. 2014		2014 vs. 2013	
Profit from discontinued operations, net of tax	284	273	243	11	4.0%	30	12.3%

As the spin-off of Ferrari was approved on December 3, 2015 and since it was available for immediate distribution, our Ferrari operating segment was presented as a discontinued operation in the Consolidated Financial Statements for the years ended December 31, 2015, 2014 and 2013. For more information, see *—Principal Activities* in our Consolidated Financial Statements included elsewhere in this report.

Results by Segment

The following is a discussion of Net revenues, Adjusted EBIT and shipments for each segment.

(€ million, except shipments which are in thousands of units)	Net revenues for the years ended December 31,			Adjusted EBIT for the years ended December 31,			Shipments for the years ended December 31,		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
NAFTA	69,992	52,452	45,777	4,450	2,179	2,219	2,726	2,493	2,238
LATAM	6,431	8,629	9,973	(87)	289	619	553	827	950
APAC	4,885	6,259	4,668	52	541	338	149	220	163
EMEA	20,350	18,020	17,335	213	(41)	(291)	1,142	1,024	979
Maserati	2,411	2,767	1,659	105	275	171	32	36	15
Components	9,770	8,619	8,080	395	285	208	—	—	—
Other activities	844	831	929	(150)	(116)	(80)	—	—	—
Unallocated items & adjustments[1]	(4,088)	(3,937)	(3,891)	(184)	(50)	(3)	—	—	—
Total	110,595	93,640	84,530	4,794	3,362	3,181	4,602	4,601 [2]	4,345

(1) Primarily includes intercompany transactions which are eliminated in consolidation
(2) Total do not add due to rounding

NAFTA

(€ million, except percentages and shipments which are in thousands of units)	For the Years Ended December 31,			Increase/(decrease)					
	2015	2014	2013	2015 vs. 2014		CER	2014 vs. 2013		CER
Shipments	2,726	2,493	2,238	233	9.3%	—	255	11.4 %	—
Net revenues	69,992	52,452	45,777	17,540	33.4%	13.1%	6,675	14.6 %	14.6 %
Adjusted EBIT	4,450	2,179	2,219	2,271	104.2%	71.3%	(40)	(1.8)%	(1.8)%
Adjusted EBIT margin	6.4%	4.2%	4.8%						

Net revenues

2015 compared to 2014

The increase in NAFTA Net revenues in 2015 compared to 2014 was primarily attributable to (i) an increase in volumes of €5.0 billion, (ii) positive net pricing of €0.7 billion and (iii) favorable foreign currency translation effects of €10.7 billion.

The 9.3 percent increase in vehicle shipments in 2015 compared to 2014 was driven by increased demand for the Jeep and Ram brands, led by the all-new 2015 Jeep Renegade and the Jeep Cherokee.

The €0.7 billion impact resulting from favorable net pricing reflected positive pricing and dealer discount reductions that were partially offset by incentives and foreign exchange transaction effects.

2014 compared to 2013

The increase in NAFTA Net revenues in 2014 compared to 2013 was primarily attributable to (i) an increase in shipments of €4.4 billion, (ii) favorable market and vehicle mix of €1.9 billion and (iii) favorable net pricing of €0.4 billion.

The 11.4 percent increase in vehicle shipments was largely driven by increased demand for 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 favorable mix impact of €1.9 billion, €1.7 billion related to vehicle mix due to a higher proportion of trucks and certain SUVs as compared to passenger cars (as these larger vehicles generally have a higher selling price), and €0.2 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 the U.S. retail market share while maintaining stable fleet shipments.

Favorable net pricing of €0.4 billion reflected favorable pricing and pricing for enhanced content, partially offset by incentive spending on certain vehicles in the portfolio.

Adjusted EBIT

2015 compared to 2014

The increase in NAFTA Adjusted EBIT in 2015 compared to 2014 was mainly attributable to (i) a positive impact of €1,164 million primarily related to the increase in volumes as described above, (ii) an increase of €736 million due to positive net pricing and (iii) an increase of €718 million primarily related to positive foreign currency translation effects, which was partially offset by (iv) an increase in industrial costs of €342 million including increased recall and warranty costs, as described below, as well as product costs for vehicle content enhancements, net of purchasing efficiencies. Adjusted EBIT excluded total net charges of €1,631 million, which primarily consisted of the items discussed below.

As part of the plan to improve margins in NAFTA, the Group will realign a portion of its manufacturing capacity in the region to better meet market demand for Ram pickup trucks and Jeep vehicles within the Group's existing plant infrastructure. As a result, a total of €834 million, of which €422 million related to tangible asset impairments, €236 million related to the payment of supplemental unemployment benefits due to planned extended downtime at certain plants associated with the implementation of the new manufacturing plan and €176 million related to the impairment of capitalized development costs with no future economic benefit, was recorded during the fourth quarter of 2015 and has been excluded from Adjusted EBIT for the year ended December 31, 2015.

Given recent increases in both the cost and frequency of recall campaigns and increased regulatory activity across the industry in the U.S and Canada, an additional actuarial analysis that gives greater weight to the more recent calendar year trends in recall campaign experience was added to the adequacy assessment to estimate future recall costs. This reassessment in the third quarter of 2015 resulted in a change in estimate for the campaign accrual of €761 million for the U.S. and Canada for estimated future recall campaign costs for vehicles sold in periods prior to the third quarter of 2015, which was excluded from Adjusted EBIT for the year ended December 31, 2015. In the second half of 2015, in connection with this reassessment, we incurred additional warranty costs related to the increase in the accrual rate per vehicle, which were included in Adjusted EBIT.

On July 24, 2015, FCA US entered into the Consent Order with NHTSA, which resolved the issues raised by NHTSA with respect to FCA US's execution of 23 recall campaigns in NHTSA's Special Order issued to FCA US on May 22, 2015 and further addressed at a NHTSA public hearing held on July 2, 2015. Pursuant to the Consent Order, FCA US made a U.S.$70 million (€63 million) cash payment to NHTSA in September 2015 and will spend U.S.$20 million (€18 million) on industry and consumer outreach activities and incentives to enhance certain recall and service campaign completion rates. For the year ended December 31, 2015, the total €81 million charge was excluded from Adjusted EBIT. An additional U.S.$15 million (€14 million) payment will be payable by FCA US if it fails to comply with certain terms of the Consent Order.

FCA US also agreed under the Consent Order to offer, as an alternative remedy, to repurchase vehicles subject to three recall campaigns that had not already been remedied as of the date of the Consent Order at a price equal to the original purchase price less a reasonable allowance for depreciation plus ten percent. In addition, FCA US offered consumer incentives to encourage owners of vehicles subject to the structural reinforcement campaign to participate in the campaign. All premiums paid to repurchase vehicles in the three recall campaigns and customer incentives will be applied as credits to the U.S.$20 million (€18 million) that FCA US has agreed to spend on industry outreach amounts under the Consent Order. Although such amounts may exceed U.S.$20 million (€18 million), FCA US does not expect the net cost of providing these additional alternatives will be material to its financial position, liquidity or results of operations. The Consent Order will remain in place for three years subject to NHTSA's right to extend for an additional year in the event of FCA US's noncompliance with the Consent Order.

Following admission of deficiencies in FCA US's reporting to NHTSA pursuant to the TREAD Act, an amendment to the Consent Order was issued in December 2015 whereby a penalty of U.S.$70 million (€63 million) was imposed. The penalty, which was recorded within Other income/(expenses) and excluded from Adjusted EBIT for the year ended December 31, 2015, was paid on January 6, 2016.

For the year ended December 31, 2015, a total of €104 million of income related to the favorable settlements of legal matters to which we were the plaintiff has been excluded from Adjusted EBIT.

2014 compared to 2013

The decrease in NAFTA Adjusted EBIT in 2014 compared to 2013 was primarily attributable to (i) increased industrial costs of €1,549 million, (ii) a €29 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, which was partially offset by (iii) the favorable volume/mix impact of €1,129 million, driven by the increase in shipments described above, and (iv) favorable net pricing of €411 million primarily due to pricing for enhanced content, partially offset by incentive spending on certain vehicles in the portfolio.

The increase in industrial costs was attributable to an increase in warranty costs of approximately €800 million which included the effects of certain recall campaigns, an increase in base material costs of €978 million mainly related to higher base material costs associated with vehicles and components and content enhancements on new models as well as €262 million in higher research and development costs and depreciation and amortization.

For the year ended December 31, 2014, Adjusted EBIT excluded the €495 million charge recorded in connection with the execution of the MOU with the UAW entered into by FCA US in January 2014.

LATAM

(€ million, except percentages and shipments which are in thousands of units)	For the Years Ended December 31, 2015	2014	2013	Increase/(decrease) 2015 vs. 2014		CER	2014 vs. 2013		CER
Shipments	553	827	950	(274)	(33.1)%	—	(123)	(12.9)%	—
Net revenues	6,431	8,629	9,973	(2,198)	(25.5)%	(17.8)%	(1,344)	(13.5)%	(6.9)%
Adjusted EBIT	(87)	289	619	(376)	n.m.(1)	n.m.(1)	(330)	(53.3)%	(45.1)%
Adjusted EBIT margin	(1.4)%	3.3%	6.2%						

(1) Number is not meaningful.

Net revenues

2015 compared to 2014

The decrease in LATAM Net revenues in 2015 compared to 2014 was primarily attributable to (i) a decrease of €2.3 billion driven by lower shipments and (ii) unfavorable foreign currency translation of €0.7 billion, which was partially offset by (iii) a favorable product mix impact of €0.5 billion driven by the all-new 2015 Jeep Renegade and (iv) positive pricing actions of €0.3 billion.

The 33.1 percent decrease in vehicle shipments in 2015 compared to 2014 reflected the continued macroeconomic weakness in the region resulting in poor trading conditions in Brazil and Argentina. In addition, the decrease in shipments also was due to continued import restrictions in Argentina.

2014 compared to 2013

The decrease in LATAM Net revenues in 2014 compared to 2013 was primarily attributable to (i) a decrease of €1.2 billion driven by lower shipments and (ii) unfavorable foreign currency translation of €0.7 billion, which was partially offset by (iii) favorable net pricing and vehicle mix of €0.6 billion.

The 12.9 percent decrease in vehicle shipments in 2014 compared to 2013 reflected the weaker demand in the region's main markets, where Brazil continued the negative market trend started in 2012, Argentina was impacted by import restrictions and additional tax on more expensive vehicles and Venezuela suffered from weaker trading conditions. The weakening of the Brazilian Real against the Euro impacted Net revenues by €0.6 billion, whereby the average exchange rate used to translate Brazilian Real balances for the year ended December 31, 2014 was 8.9 percent lower than the average exchange rate used for the same period in 2013.

Adjusted EBIT

2015 compared to 2014

The decrease in LATAM Adjusted EBIT in 2015 compared to 2014 was primarily attributable to (i) a negative impact of €344 million resulting from lower shipments in Brazil and Argentina, which was partially offset by favorable product mix driven by the all-new 2015 Jeep Renegade, (ii) an increase in industrial costs of €216 million primarily relating to start-up costs for the Pernambuco plant and higher input cost inflation and (iii) an increase of €125 million in Selling, general and administrative costs primarily for the commercial launch of the all-new 2015 Jeep Renegade, which was partially offset by (iv) favorable net pricing of €279 million.

Adjusted EBIT for the year ended December 31, 2015 excluded total charges of €219 million, of which €83 million related to the devaluation of the Argentinian Peso resulting from changes in monetary policy and €80 million related to the adoption of the Marginal Currency System (the "SIMADI") exchange rate at June 30, 2015 and the write-down of inventory in Venezuela to the lower of cost or net realizable value as described in Note 30 within our Consolidated Financial Statements included elsewhere in this report.

2014 compared to 2013

The decrease in LATAM Adjusted EBIT in 2014 compared to 2013 was primarily attributable to (i) an unfavorable volume/mix impact of €228 million related to a decrease in shipments, partially offset by an improvement in vehicle mix in Brazil, (ii) an increase in industrial costs of €441 million largely attributable to price increases for certain foreign currency denominated purchases, which were impacted by the weakening of the Brazilian Real and (iii) the impact of unfavorable foreign currency translation of €51 million attributable to the weakening of the Brazilian Real against the Euro, which was partially offset by (v) favorable pricing of €381 million driven by pricing actions in Brazil and Argentina.

LATAM Adjusted EBIT for the year ended December 31, 2014 excluded €98 million for the re-measurement charge on the Venezuelan subsidiary's net monetary assets from VEF into U.S.$ (refer to Note 30 within our Consolidated Financial Statements included elsewhere in this report).

APAC

	For the Years Ended December 31,			Increase/(decrease)					
(€ million, except percentages and shipments which are in thousands of units)	**2015**	**2014**	**2013**	**2015 vs. 2014**		**CER**	**2014 vs. 2013**		**CER**
Shipments	149	220	163	(71)	(32.3)%	—	57	35.0%	—
Net revenues	4,885	6,259	4,668	(1,374)	(22.0)%	(30.8)%	1,591	34.1%	34.6%
Adjusted EBIT	52	541	338	(489)	(90.4)%	(94.8)%	203	60.1%	60.1%
Adjusted EBIT margin	1.1%	8.6%	7.2%						

Net revenues

2015 compared to 2014

The decrease in APAC Net revenues in 2015 compared to 2014 was primarily a result of lower shipments as well as negative net pricing.

The 32.3 percent decrease in shipments in 2015 compared to 2014 was due to the interruption in supply from the Tianjin (China) port explosions as described below, strong competition from local producers and the transition to local production in China. In addition, pricing actions to offset the weakness of the Australian Dollar had a negative impact on volumes in Australia, while the unfavorable net pricing impact was primarily due to increased incentives in China and foreign exchange effects.

On August 12, 2015, a series of explosions which occurred at a container storage station at the Port of Tianjin, China, impacted several storage areas containing approximately 25,000 FCA branded vehicles, of which approximately 13,300 are owned by FCA and approximately 11,400 vehicles were previously sold to our distributor. As a result of the explosions, nearly all of the vehicles at the Port of Tianjin were affected and some were destroyed. During the year ended December 31, 2015, €89 million was recorded as a reduction to Net revenues that related to incremental incentives for vehicles affected by the explosions, which was excluded from Adjusted EBIT.

2014 compared to 2013

The increase in APAC Net revenues in 2014 compared to 2013 was primarily attributable to an increase in shipments and improved vehicle mix.

The 35.0 percent increase in shipments in 2014 compared to 2013 was largely supported by shipments to China and Australia, driven by the Jeep Grand Cherokee, Dodge Journey and the all-new 2014 Jeep Cherokee.

Adjusted EBIT

2015 compared to 2014

The decrease in APAC Adjusted EBIT in 2015 compared to 2014 was primarily attributable to (i) a negative impact of €334 million related to the decrease in volumes as described above, (ii) unfavorable net pricing of €126 million, which was partially offset by (iii) lower Selling, general and administrative costs of €72 million mainly as a result of reduced advertising expense.

APAC Adjusted EBIT for the year ended December 31, 2015 excluded total charges of €205 million, of which €142 million related to the write-down of inventory (€53 million) and incremental incentives (€89 million) for vehicles affected by the explosions at the Port of Tianjin.

2014 compared to 2013

The increase in APAC Adjusted EBIT in 2014 compared to 2013 was primarily attributable to (i) a positive volume/mix impact of €494 million as a result of the increase in shipments described above, partially offset by (ii) an increase in Selling, general and administrative costs of €111 million to support the growth of the APAC operations, (iii) an increase in industrial costs of €52 million due to higher research and development costs, increased fixed manufacturing costs for new product initiatives and higher production volumes and (iv) unfavorable pricing of €142 million due to the increasingly competitive trading environment, particularly in China.

EMEA

(€ million, except percentages and shipments which are in thousands of units)	For the Years Ended December 31, 2015	2014	2013	Increase/(decrease) 2015 vs. 2014		CER	2014 vs. 2013		CER
Shipments	1,142	1,024	979	118	11.5%	—	45	4.6%	—
Net revenues	20,350	18,020	17,335	2,330	12.9%	10.9%	685	4.0%	3.7%
Adjusted EBIT	213	(41)	(291)	254	n.m.[1]	n.m.[1]	250	n.m.[1]	n.m.[1]
Adjusted EBIT margin	1.0%	(0.2)%	(1.7)%						

(1) Number is not meaningful.

Net revenues

2015 compared to 2014

The increase in EMEA Net revenues in 2015 compared to 2014 was primarily attributable to (i) a total positive impact of €1.9 billion related to higher volumes and favorable product mix, (ii) positive net pricing of €0.1 billion, which was mainly driven by pricing actions in non-European Union markets and (iii) favorable foreign exchange effects of €0.4 billion.

The 11.5 percent increase in vehicle shipments in 2015 compared to 2014 was largely driven by the Fiat 500 family and the Jeep brand, specifically the all-new Fiat 500X and the all-new 2015 Jeep Renegade.

2014 compared to 2013

The increase in EMEA Net revenues in 2014 compared to 2013 was mainly attributable to the combination of (i) a €0.6 billion increase in vehicle shipments, (ii) a €0.3 billion favorable sales mix impact primarily driven by Jeep brand and LCV shipments, partially offset by (iii) unfavorable 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.

The 4.6 percent increase in vehicle shipments in 2014 compared to 2013 was largely driven by the Fiat 500 family, the Jeep brand (the all-new Renegade and Cherokee) and the new Fiat Ducato.

Adjusted EBIT

2015 compared to 2014

The improvement in EMEA Adjusted EBIT in 2015 compared to an Adjusted EBIT loss in 2014 was primarily attributable to (i) increased volumes and favorable mix impact of €400 million reflecting the continued success of the Fiat 500 family and Jeep brand and (ii) a €101 million impact from positive net pricing, which was partially offset by (iii) a €91 million increase in Selling, general and administration costs primarily relating to marketing spending to support the all-new Fiat 500X and Jeep Renegade and (iv) a €187 million increase in industrial costs, reflecting higher costs for U.S. imported vehicles due to a stronger U.S.$, partially offset by cost efficiencies.

Adjusted EBIT for the year ended December 31, 2015 excluded total charges of €47 million which primarily related to asset impairments.

2014 compared to 2013

The improvement in EMEA Adjusted EBIT loss in 2014 compared to 2013 was primarily attributable to (i) a favorable volume/mix impact of €174 million driven by the increase in shipments described above and improved vehicle mix and (ii) a decrease in net industrial costs of €218 million mainly driven by industrial and purchasing efficiencies, which was partially offset by (iii) unfavorable pricing of €85 million as a result of the competitive trading environment and resulting price pressure and (iv) an increase in Selling, general and administrative costs of €67 million mainly related to advertising expenses primarily to support the growth of Jeep brand and the Jeep Renegade launch.

Adjusted EBIT for the year ended December 31, 2014 excluded total net charges of €68 million which primarily related to asset impairments and write-offs.

Maserati

	For the Years Ended December 31,			Increase/(decrease)					
(€ million, except percentages and shipments which are in thousands of units)	2015	2014	2013	2015 vs. 2014		CER	2014 vs. 2013		CER
Shipments	32	36	15	(4)	(10.9)%	—	21	140.0%	—
Net revenues	2,411	2,767	1,659	(356)	(12.9)%	(22.4)%	1,108	66.8%	67.3%
Adjusted EBIT	105	275	171	(170)	(61.8)%	(65.5)%	104	60.8%	61.4%
Adjusted EBIT margin	4.4%	9.9%	10.3%						

Net revenues

2015 compared to 2014

The decrease in Maserati Net revenues in 2015 compared to 2014 was primarily driven by a decrease in Quattroporte volumes in 2015 that resulted from weaker segment demand in the U.S. and China.

2014 compared to 2013

The increase in Maserati Net revenues in 2014 compared to 2013 was primarily driven by an increase in vehicle shipments in 2014.

Adjusted EBIT

2015 compared to 2014

The decrease in Maserati Adjusted EBIT in 2015 compared to 2014 was due to lower volumes as described above, unfavorable mix and an increase in industrial costs related to start-up costs for the all-new Levante, which is expected to be launched in 2016.

2014 compared to 2013

The increase in Maserati Adjusted EBIT in 2014 compared to 2013 was primarily driven by the increase in shipments.

Components

(€ million, except percentages)	For the Years Ended December 31, 2015	2014	2013	Increase/(decrease) 2015 vs. 2014		CER	2014 vs. 2013		CER
Magneti Marelli									
Net revenues	7,262	6,500	5,988	762	11.7 %	10.8 %	512	8.6 %	10.9 %
Adjusted EBIT	321	229	169	92	40.2 %	30.1 %	60	35.5 %	36.7 %
Adjusted EBIT margin	4.4%	3.5 %	2.8 %						
Comau									
Net revenues	1,952	1,550	1,463	402	25.9 %	19.1 %	87	5.9 %	10.0 %
Adjusted EBIT	72	60	49	12	20.0 %	18.6 %	11	22.4 %	24.5 %
Adjusted EBIT margin	3.7%	3.9 %	3.3 %						
Teksid									
Net revenues	631	639	688	(8)	(1.3)%	(2.5)%	(49)	(7.1)%	(5.2)%
Adjusted EBIT	2	(4)	(10)	6	n.m.(1)	n.m.(1)	6	n.m.(1)	n.m.(1)
Adjusted EBIT margin	0.3%	(0.6)%	(1.5)%						
Intrasegment eliminations									
Net revenues	(75)	(70)	(59)						
Components									
Net revenues	9,770	8,619	8,080	1,151	13.4 %	11.3 %	539	6.7 %	9.3 %
Adjusted EBIT	395	285	208	110	38.6 %	28.0 %	77	37.0 %	37.5 %
Adjusted EBIT margin	4.0%	3.3 %	2.6 %						

(1) Number is not meaningful.

Net revenues

2015 compared to 2014

Magneti Marelli

The increase in Magneti Marelli Net revenues in 2015 compared to 2014 primarily reflected positive performance in the lighting and electronic systems businesses.

Comau

The increase in Comau Net revenues in 2015 compared to 2014 was mainly attributable to the body assembly, powertrain and robotics businesses.

Teksid

The decrease in Teksid Net revenues in 2015 compared to 2014 was primarily attributable to a 10 percent decrease in cast iron business volumes, which was partially offset by a 21 percent increase in aluminum business volumes.

2014 compared to 2013

Magneti Marelli

The increase in Magneti Marelli Net revenues in 2014 compared to 2013 reflected positive performance in North America, China and Europe, partially offset by the performance in Brazil, which was impacted by the weakening of the Brazilian Real against the Euro.

Comau

The increase in Comau Net revenues in 2014 compared to 2013 was mainly attributable to the body welding business.

Teksid

The decrease in Teksid Net revenues in 2014 compared to 2013 was primarily attributable to a 4 percent decrease in cast iron business volumes, which were partially offset by a 24 percent increase in aluminum business volumes.

Adjusted EBIT

2015 compared to 2014

Magneti Marelli

The increase in Magneti Marelli Adjusted EBIT in 2015 compared to 2014 primarily related to higher volumes, cost containment actions and efficiencies.

Comau

The increase in Comau Adjusted EBIT in 2015 compared to 2014 was primarily due to increased volumes.

Teksid

The increase in Teksid Adjusted EBIT in 2015 compared to 2014 was primarily attributable to favorable foreign exchange rate effects and industrial efficiencies.

2014 compared to 2013

Magneti Marelli

The increase in Magneti Marelli Adjusted EBIT in 2014 compared to 2013 mainly reflected higher volumes as well as the benefit of cost containment actions and efficiencies.

Comau

The increase in Adjusted EBIT in 2014 compared to 2013 was primarily due to increased volumes in the body welding operations and an improved mix.

Teksid

The increase in Teksid Adjusted EBIT in 2014 compared to 2013 was primarily driven by the increase in aluminum business volumes and improved net pricing.

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, as well as 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 2016 are expected to be in line with 2015 capital expenditures and within the range of €8.5 to €9 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. 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 internationalization 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 vehicle buy-back programs.

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 as well as fulfill 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 and liquidity investment of the Group are centrally coordinated 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.

FCA US continues to manage its liquidity independently from the rest of the Group. Intercompany financing from FCA US 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 FCA US. In addition, certain of FCA US'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 financing agreements) from January 2012 less distributions paid to date (refer to the section *—Capital Market - Senior Credit Facilities - FCA US* below).

FCA has not provided any guarantee, commitment or similar obligation in relation to any of FCA US's financial indebtedness, nor has it assumed any kind of obligation or commitment to fund FCA US. However, with the replacement of the prior FCA revolving credit facilities with the new FCA revolving credit facilities entered into in June 2015, FCA no longer has limitations in providing funding to FCA US. Certain notes issued by FCA and its subsidiaries (other than FCA US and its subsidiaries) include covenants which may be affected by circumstances related to FCA US, in particular there are cross-default clauses which may accelerate repayments in the event that FCA US fails to pay certain of its debt obligations.

Long-term liquidity requirements may involve some level of debt refinancing as outstanding debt becomes due or we are required to make 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 other companies in our industry.

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 the section —*Risk Factors*.

Total Available Liquidity

The following table summarizes our total available liquidity:

	As of December 31,		
(€ million)	**2015 (1)**	**2014**	**2013**
Cash, cash equivalent and current securities (2)	21,144	23,050	19,702
Undrawn committed credit lines (3)	3,413	3,171	3,043
Total available liquidity (4)	**24,557**	**26,221**	**22,745**

(1) The assets of the Ferrari segment have been classified as Assets held for distribution within the Consolidated Statement of Financial Position at December 31, 2015. These assets as well as the undrawn revolving credit facility of €500 million of Ferrari are not included in the figures presented.

(2) Current securities comprise of short term or marketable securities which represent temporary investments but 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).

(3) Excludes the undrawn €0.3 billion medium/long-term dedicated credit lines available to fund scheduled investments at December 31, 2015 (€0.9 billion was undrawn at December 31, 2014 and €1.8 billion was undrawn at December 31, 2013) and the undisbursed €0.4 billion on the Mexico Bank Loan (as defined below) at December 31, 2015, which can be drawn subject to meeting the preconditions for additional disbursements.

(4) The majority of our liquidity is available to our treasury operations in Europe, U.S. (subject to the restrictions on FCA US distributions as described above), 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 presented above.

Our liquidity is principally denominated in U.S.Dollar and in Euro. Out of the total €21.1 billion of cash, cash equivalents and current securities available at December 31, 2015 (€23.0 billion at December 31, 2014, €19.7 billion at December 31, 2013), €12.6 billion, or 59.7 percent were denominated in U.S.$ (€10.6 billion, or 46.0 percent, at December 31, 2014, €8.3 billion, or 42.1 percent, at December 31, 2013) and €3.4 billion, or 16.1 percent, were denominated in Euro (€6.2 billion, or 27.0 percent, at December 31, 2014, €6.1 billion, or 31.0 percent, at December 31, 2013). Liquidity available in Brazil and denominated in Brazilian Real accounted for €1.2 billion or 5.6 percent at December 31, 2015 (€1.6 billion or 7.0 percent, at December 31, 2014, €1.5 billion, or 7.6 percent, at December 31, 2013), with the remainder being distributed in various countries and denominated in the relevant local currencies.

In June 2015, FCA entered into a new €5.0 billion syndicated revolving credit facility ("RCF") for general corporate purposes and the working capital needs of the Group. The RCF replaced and expanded the €2.1 billion three-year revolving credit facility entered into by FCA on June 21, 2013 and replaced the U.S.$1.3 billion five-year revolving credit facility of FCA US ("FCA US RCF") that was scheduled to expire on May 24, 2016. On November 25, 2015, FCA US terminated its undrawn FCA US RCF. The RCF is available in two tranches and as of December 31, 2015, the first tranche of €2.5 billion was available and was undrawn. The first tranche matures in July 2018 and has two extension options (1-year and 11-months, respectively) which are exercisable on the first and second anniversary of signing. The second tranche, which consists of an additional €2.5 billion, matures in June 2020 and will be available upon the elimination of the restrictions under certain of FCA US's financing documentation on the provision of guarantees and payment of dividends by FCA US for the benefit of the rest of the Group (refer to the section *—Capital Market - Senior Credit Facilities - FCA US* below). The covenants of the RCF include financial covenants (Net Debt/Adjusted Earnings Before Interest, Depreciation and Amortization ("Adjusted EBITDA") and Adjusted 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, and in certain cases if not suitably remedied, can lead to the requirement of early repayment of any outstanding amounts. At December 31, 2015, FCA was in compliance with the covenants of the RCF.

At December 31, 2015, undrawn committed credit lines totaling €3.4 billion included the first tranche of €2.5 billion tranche of the new €5.0 billion RCF and approximately €0.9 billion of other revolving credit facilities. At December 31, 2014 and December 31, 2013, undrawn committed credit lines included the €2.1 billion syndicated revolving credit facility entered into by FCA in 2013 and the U.S.$1.3 billion FCA US RCF.

At December 31, 2015, other committed facilities not reflected within total available liquidity include the undisbursed €0.4 billion Mexico Bank Loan (defined in *Capital Market - Bank Debt - Other* below), which is for working capital and general corporate purposes, and the €0.3 billion of undrawn committed credit lines available to the operating entities of the Group for the funding of scheduled investments.

The €1.7 billion decrease in total available liquidity from December 31, 2014 to December 31, 2015 primarily reflects the reduction in total indebtedness, which was partially offset by cash generated by operations, net of investing activities, net proceeds from the Ferrari IPO, favorable translation effects of €0.7 billion and an increase in available undrawn committed credit lines for €0.2 billion. Refer to the section —*Cash Flows* below for additional information.

Cash Flows

Year Ended December 31, 2015 compared to *Years Ended December 31, 2014 and 2013*

The following table summarizes the cash flows from operating, investing and financing activities for each of the years ended December 31, 2015, 2014 and 2013. For a complete discussion of our cash flows, see our Consolidated Statement of Cash Flows within our Consolidated Financial Statements included elsewhere in this report.

	For the Years Ended December 31,		
(€ million)	**2015 (1)**	**2014 (1)**	**2013 (1)**
Cash and cash equivalents at beginning of the period	**22,840**	**19,455**	**17,666**
Cash flows from operating activities during the year from continuing operations	9,224	7,346	7,084
Cash flows from operating activities - discontinued operations	527	823	534
Cash flows used in investing activities from continuing operations	(8,874)	(7,608)	(7,753)
Cash flows used in investing activities - discontinued operations	(426)	(532)	(301)
Cash flows used in financing activities from continuing operations	(5,195)	2,101	3,123
Cash flows from financing activities - discontinued operations	2,067	36	13
Translation exchange differences	681	1,219	(911)
Total change in cash and cash equivalents	(1,996)	3,385	1,789
Cash and cash equivalents at end of the period - included within Assets held for distribution	182	—	—
Cash and cash equivalents at end of the period	**20,662**	**22,840**	**19,455**

(1) The cash flows of FCA for the years ended December 31, 2015, 2014, and 2013 have been re-presented following the classification of Ferrari as a discontinued operation for the year ended December 31, 2015; Ferrari operating results were excluded from the Group's continuing operations and are presented as a single line item within the Consolidated Income Statements for each of the years presented. The assets and liabilities of Ferrari have been classified as Assets held for distribution and Liabilities held for distribution within the Consolidated Statement of Financial Position at December 31, 2015, while the assets and liabilities of Ferrari have not been classified as such within the comparative Consolidated Statement of Financial Position for any of the periods presented.

Operating Activities — Year Ended December 31, 2015

For the year ended December 31, 2015, our net cash from operating activities of €9,751 million was primarily the result of:

(i) net profit from continuing operations of €93 million adjusted to add back €5,414 million for depreciation and amortization expense and other non-cash items of €812 million, which included (a) total €713 million non-cash charges for asset impairments which mainly related to asset impairments in connection with the realignment of the Group's manufacturing capacity in NAFTA to better meet market demand and (b) €80 million charge recognized as a result of the adoption of the SIMADI exchange rate to remeasure our Venezuelan subsidiary's net monetary assets in U.S.$ (reported, for the effect on cash and cash equivalents, within "Translation exchange differences");

(ii) a net increase of €3,206 million in provisions mainly related to an increase in the warranty provision, which includes the change in estimate for future recall campaign costs in NAFTA, and higher accrued sales incentives primarily related to increased sales volumes in NAFTA;

(iii) €112 million dividends received from jointly-controlled entities; and

(iv) €527 million of cash flows from discontinued operations.

These positive cash flows were partially offset by:

(v) negative impact of change in working capital of €158 million primarily driven by (a) €958 million increase in inventories, which reflects the increased consumer demand for our vehicles and inventory buildup in NAFTA due to production changeovers (b) €191 million increase in trade receivables and (c) €580 million increase in net other current assets and liabilities reflecting the net payment of taxes and deferred expenses, which were partially offset by (d) €1,571 million increase in trade payables, mainly related to increased production levels in EMEA.

Operating Activities — Year Ended December 31, 2014

For the year ended December 31, 2014, our net cash from operating activities of €8,169 million was primarily the result of:

(i) net profit from continuing operations of €359 million adjusted to add back (a) €4,607 million for depreciation and amortization expense and (b) other non-cash items of €348 million, which primarily included (i) €381 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 FCA US in January 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.$ (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 percent of FCA US's membership interests in connection with the acquisition of the remaining 41.5 percent interest in FCA US previously not owned;

(ii) a net increase of €1,169 million in provisions, mainly related to a €959 million increase in Other provisions following net adjustments to warranties for NAFTA and higher accrued sales incentives, primarily due to an increase in retail incentives as well as an increase in dealer stock levels to support increased sales volumes in NAFTA, and a €210 million increase in employees benefits mainly related to U.S. and Canada pension plan as the impact of lower discount rates was not fully offset by the higher return on assets;

(iii) positive impact of change in working capital of €779 million primarily driven by (a) €1,470 million increase in trade payables, mainly related to increased production in EMEA and NAFTA as a result of increased consumer demand for our vehicles, (b) €106 million decrease in trade receivables and (c) €24 million increase in net other current assets and liabilities, which were partially offset by (d) €821 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, 2014 compared to December 31, 2013, in part driven by higher production levels in late 2014 to meet anticipated consumer demand in NAFTA, EMEA and Maserati; and

(iv) €87 million dividends received from jointly-controlled entities; and

(v) €823 million of cash flows from discontinued operations.

Operating Activities — Year Ended December 31, 2013

For the year ended December 31, 2013, our net cash from operating activities of €7,618 million was primarily the result of:

(i) net profit from continuing operations of €1,708 million adjusted to add back (a) €4,364 million for depreciation and amortization expense and (b) other non-cash items of €531 million, which primarily included €336 million of impairment losses and asset write-offs on tangible and intangible assets, €59 million loss related to the devaluation of the official exchange rate of the VEF per U.S.$, €56 million write-off of the book value of the equity recapture rights resulting from the acquisition of the remaining 41.5 interest in FCA US that was previously not owned, €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 €1,378 million primarily driven by (a) €1,322 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 in Maserati, (b) €746 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) €232 million decrease in trade receivables principally due to the contraction of sales volumes in EMEA and LATAM which were partially offset by (d) €922 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 the NAFTA, APAC and Maserati segments;

(iii) a net increase of €464 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; and

(v) €534 million of cash flows from discontinued operations.

These positive contributions were partially offset by:

(vi) €1,569 million non-cash impact of deferred taxes mainly arising from the recognition of previously unrecognized deferred tax assets relating to FCA US.

Investing Activities — Year Ended December 31, 2015

For the year ended December 31, 2015, net cash used in investing activities of €9,300 million was primarily the result of:

(i) €8,819 million of capital expenditures, including €2,504 million of capitalized development costs that supported investments in existing and future products. Capital expenditures primarily related to the mass-market vehicle operations in NAFTA and EMEA, investment in Alfa Romeo and the completion of the Pernambuco plant;

(ii) a total of €266 million for investments in joint ventures, associates and unconsolidated subsidiaries, of which €171 million was for the GAC Fiat Chrysler Automobiles Co. Ltd. joint venture; and

(iii) €426 million of cash flows used by discontinued operations.

These cash outflows were partially offset by:

(iv) €410 million of a net decrease in receivables from financing activities which primarily related to the decreased lending portfolio of the financial services activities of the Group in Brazil and China.

Investing Activities — Year Ended December 31, 2014

For the year ended December 31, 2014, net cash used in investing activities of €8,140 million was primarily the result of:

(i) €7,804 million of capital expenditures, including €2,132 million of capitalized development costs, to support investments in existing and future products. Capital expenditures primarily related to the mass-market vehicle operations in NAFTA and EMEA and the ongoing construction of the plant at Pernambuco, Brazil;

(ii) €78 million of a net decrease in receivables from financing activities which primarily related to the decreased lending portfolio of the financial services activities of the Group; and

(iii) €532 million of cash flows used by discontinued operations.

Investing Activities — Year Ended December 31, 2013

For the year ended December 31, 2013, our net cash used in investing activities of €8,054 million was primarily the result of:

(i) €7,219 million of capital expenditures, including €1,950 million of capitalized development costs, to support our investments in existing and future products. The capitalized development costs primarily included 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 expenditures primarily related to the mass-market vehicle operations in NAFTA and EMEA and the ongoing construction of the plant at Pernambuco, Brazil;

(ii) €166 million related to equity investments, which principally included €94 million of additional investment in RCS MediaGroup S.p.A. and €37 million of capital injection into the 50 percent joint venture related to GAC Fiat Chrysler Automobiles Co. Ltd.;

(iii) €409 million of net increase in receivables from financing activities, primarily due to the increased lending portfolio of the financial services activities of the Group; and

(iv) €301 million of cash flows used by discontinued operations.

These cash outflows were partially offset by:

(v) €55 million proceeds from the sale of tangible and intangible assets.

Financing Activities —Year Ended December 31, 2015

For the year ended December 31, 2015, net cash used in financing activities was €3,128 million and was primarily the result of:

(i) the prepayment of FCA US's secured senior notes due June 15, 2019 for an aggregate principal amount of €2,518 million and the prepayment of FCA US's secured senior notes due June 15, 2021 for an aggregate principal amount of €2,833 million;

(ii) the repayment at maturity of two notes that had been issued under the Global Medium Term Note Programme (“GMTN Programme”), one for a principal amount of €1,500 million and another for a principal amount of CHF 425 million (€390 million); and

(iii) the payment of medium-term borrowings for a total of €4,412 million, which included the repayment of the EIB loan of €250 million at maturity, the prepayment of our Mexican development banks credit facilities of €414 million as part of FCA Mexico's refinancing transaction completed in March 2015, total payments of €244 million on the Canadian HCT Notes, and other repayments of borrowings, primarily in Brazil and FCA treasury companies.

These items were partially offset by:

(iv) proceeds from FCA's issuance of U.S.$3,000 million (€2,840 million) total principal amount of unsecured senior notes due in 2020 and 2023 (refer to the section *—Capital Market* below);

(v) proceeds from new medium-term borrowings for a total of €3,061 million which included the initial disbursement received of €0.4 billion under the Mexico Bank Loan of €0.8 billion (U.S.$0.9 billion) as part of FCA Mexico's refinancing transaction completed in March 2015, proceeds from the €600 million loan granted by EIB and SACE (refer to the section *—Capital Market* below) and other financing transactions, primarily in Brazil;

(vi) net proceeds from the Ferrari IPO as discussed in more detail in the section *—History and Development of the Company - Ferrari Spin-off* above; and

(vii) net proceeds of €2.0 billion from the draw-down of the syndicated loan facilities entered into by Ferrari N.V. in November 2015, included within *Cash flows from financing activities - discontinued operations*.

Financing Activities —Year Ended December 31, 2014

For the year ended December 31, 2014, net cash from financing activities of €2,137 million was primarily the result of:

(i) net proceeds of €2,245 million from the issuance of mandatory convertible securities due 2016 and net proceeds of €849 million from the offering of 100 million common shares;

(ii) proceeds from issuances of notes for a total amount of €4,629 million which included (a) approximately €2,556 million of notes issued under the GMTN Programme and (b) €2,073 million (for a total face value of U.S.$2,755 million) of secured senior notes issued by FCA US used to prepay the balance of FCA US's financial liability to the VEBA Trust (the "VEBA Trust Note") that had been issued by FCA US in connection with the settlement of its obligations related to postretirement healthcare benefits for certain UAW retirees;

(iii) proceeds from new medium-term borrowings for a total of €4,873 million, which included (a) the incremental term loan entered into by FCA US of U.S.$250 million (€181 million) under its original tranche B term loan facility and (b) the new U.S.$1,750 million (€1.3 billion) tranche B term loan, issued under a new term loan credit facility entered into by FCA US to facilitate the prepayment of the VEBA Trust Note, and new medium term borrowings in Brazil; and

(iv) a positive net contribution of €496 million from the net change in other financial payables and other financial assets and liabilities.

These positive items, were partially offset by:

(v) the cash payment to the VEBA Trust for the acquisition of the remaining 41.5 percent ownership interest in FCA US held by the VEBA Trust equal to U.S.$3,650 million (€2,691 million) and U.S.$60 million (€45 million) of tax distribution by FCA US to cover the VEBA Trust's tax obligation;

(vi) payment of medium-term borrowings for a total of €5,834 million, mainly related to the prepayment of all amounts under the VEBA Trust Note amounting to approximately U.S.$5.0 billion (€3.6 billion), including accrued and unpaid interest, and repayment of medium term borrowings primarily in Brazil;

(vii) the repayment at maturity of notes that had been issued under the GMTN Programme for a total principal amount of €2,150 million; and

(viii) the net cash disbursement of €417 million for the exercise of cash exit rights in connection with the Merger.

Financing Activities —Year Ended December 31, 2013

For the year ended December 31, 2013, net cash from financing activities of €3,136 million was primarily the result of:

(i) proceeds from the issuance of notes under the GMTN Programme for a total amount of €2,866 million;

(ii) proceeds from new medium-term borrowings for a total of €3,188 million, which mainly included (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 EIB 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 that matures in May 2016. 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; and

(iii) a positive net contribution of €662 million from the net change in other financial payables and other financial assets and liabilities.

These positive items, were partially offset by:

(iv) the repayment at maturity of notes that had been issued under the GMTN Programme for a total principal amount of €1 billion; and

(v) repayment of medium-term borrowings for a total of €2,556 million, including the €595 million (U.S.$790 million) relating to the amendments and re-pricings of the senior credit facilities of FCA US.

The positive translation exchange differences for the years ended December 31, 2015 and 2014 of €681 million and €1,219 million, respectively and the negative translation exchange differences for the year ended December 31, 2013 of €911 million mainly reflected the change in the Euro-translated value of cash and cash equivalent balances denominated in U.S.$.

Net Debt

The following table details our Net debt at December 31, 2015 and 2014 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 centralized treasury activities, such as raising funding in the market and financing Group companies, but do not however, provide financing to third parties. Financial services includes companies that provide retail and dealer financing, leasing and rental services in support of the mass-market vehicle brands in certain geographical segments and for the Maserati global luxury brand.

All FCA US activities are included under industrial activities. Since FCA US's cash management activities are managed separately from the rest of the Group, we also provide the analysis of Net Industrial Debt split between FCA excluding FCA US and FCA US.

	December 31, 2015 [(1)]					December 31, 2014				
	Industrial Activities			*Financial Services*	*Consolidated*	*Industrial Activities*			*Financial Services*	*Consolidated*
(€ million)	*Total*	*FCA ex FCA US*	*FCA US*			*Total*	*FCA ex FCA US*	*FCA US*		
Third Parties Debt (Principal)	(26,555)	(20,916)	(5,639)	(1,105)	(27,660)	(31,381)	(21,011)	(10,370)	(1,980)	(33,361)
Capital Market[(2)]	*(13,382)*	*(13,382)*	*—*	*(264)*	*(13,646)*	*(17,378)*	*(12,473)*	*(4,905)*	*(351)*	*(17,729)*
Bank Debt	*(11,602)*	*(6,707)*	*(4,895)*	*(653)*	*(12,255)*	*(11,904)*	*(7,484)*	*(4,420)*	*(1,216)*	*(13,120)*
Other Debt [(3)]	*(1,571)*	*(827)*	*(744)*	*(188)*	*(1,759)*	*(2,099)*	*(1,054)*	*(1,045)*	*(413)*	*(2,512)*
Accrued Interest and Other Adjustments[(4)]	(127)	(145)	18	1	(126)	(362)	(200)	(162)	(1)	(363)
Debt with third Parties	**(26,682)**	**(21,061)**	**(5,621)**	**(1,104)**	**(27,786)**	**(31,743)**	**(21,211)**	**(10,532)**	**(1,981)**	**(33,724)**
Intercompany Financial Receivables/Payables (net) [(5)]	529	579	(50)	(568)	(39)	1,453	1,515	(62)	(1,453)	—
Current financial receivables from jointly-controlled financial services companies [(6)]	16	16	—	—	16	58	58	—	—	58
Debt, net of intercompany and current financial receivables from jointly-controlled financial services companies	(26,137)	(20,466)	(5,671)	(1,672)	(27,809)	(30,232)	(19,638)	(10,594)	(3,434)	(33,666)
Other financial assets/ (liabilities) (net) [(7)]	103	(32)	135	14	117	(229)	(251)	22	(4)	(233)
Current securities	457	457	—	25	482	180	180	—	30	210
Cash and cash equivalents	20,528	10,142	10,386	134	20,662	22,627	10,653	11,974	213	22,840
Net (Debt)/Cash	**(5,049)**	**(9,899)**	**4,850**	**(1,499)**	**(6,548)**	**(7,654)**	**(9,056)**	**1,402**	**(3,195)**	**(10,849)**

(1) The assets and liabilities of the Ferrari segment have been classified as Assets held for distribution and Liabilities held for distribution within the Consolidated Statement of Financial Position at December 31, 2015 and are not included in the figures presented. The assets and liabilities of the Ferrari segment are included within the balances presented at December 31, 2014.

(2) Includes notes (€13,078 million at December 31, 2015 and €16,980 million at December 31, 2014), the financial liability component of the mandatory convertible securities (€209 million at December 31, 2015 and €373 million at December 31, 2014) and other securities (€359 million at December 31, 2015 and €376 million at December 31, 2014) issued in financial markets, mainly from LATAM financial services companies.

(3) Includes Canadian HCT notes (€354 million December 31, 2015 and €620 million at December 31, 2014), asset-backed financing, i.e. sales of receivables for which de-recognition is not allowed under EU-IFRS (€206 million December 31, 2015 and €469 million at December 31, 2014) and arrangements accounted for as a lease under IFRIC 4 - Determining whether an arrangement contains a lease, and other financial payables.

(4) Includes adjustments for fair value accounting on debt (€43 million at December 31, 2015 and €67 million at December 31, 2014) and (accrued)/deferred interest and other amortizing cost adjustments (€83 million at December 31, 2015 and €296 million at December 31, 2014).

(5) Net amount between Industrial Activities financial receivables due from Financial Services (€664 million at December 31, 2015 and €1,595 million at December 31, 2014) and Industrial Activities financial payables due to Financial Services (€96 million at December 31, 2015 and €142 million at December 31, 2014). It also includes financial receivables due from discontinued operations (€98 million at December 31, 2015) and financial payables due to discontinued operations (€137 million at December 31, 2015).

(6) Financial receivables due from FCA Bank.

(7) Fair value of derivative financial instruments (net positive €77 million at December 31, 2015 and net negative €271 million at December 31, 2014) and collateral deposits (€40 million at December 31, 2015 and €38 million at December 31, 2014).

Change in Net Industrial Debt

As described in the section —*Non-GAAP Financial Measures* above, Net Industrial Debt is management's primary measure for analyzing 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 during 2015, 2014 and 2013.

2015

In 2015, Net Industrial Debt decreased by €2,605 million from €7,654 million at December 31, 2014, which included Ferrari's Net Industrial Debt to €5,049 million at December 31, 2015, which excluded Ferrari's Net Industrial Debt of €963 million. The reduction in Net Industrial Debt during the year was primarily driven by:

(i) cash flow from industrial operating activities of €9,703 million which represents the majority of the consolidated cash flow from operating activities of €9,751 million (refer to the section —Cash Flows section above for an explanation of the drivers in consolidated cash flows from operating activities);

(ii) net cash proceeds from the Ferrari IPO of €866 million;

(iii) the payment to non-controlling interests for €280 million in connection with the Ferrari IPO and in preparation for the spin-off of the remaining common shares of Ferrari N.V. owned by FCA (refer to the section —Principal Activities within our Consolidated Financial Statements included elsewhere in this report);

(iv) positive translation exchange differences of €734 million, primarily reflecting the effect of the devaluation of Brazilian Real when converting the Brazilian companies' net industrial debt to Euro;

These items were partially offset by:

(v) investments in industrial activities of €8,816 million representing investments in property, plant and equipment and intangible assets, acquisition and capital increases in joint ventures, associates and unconsolidated subsidiaries for €268 million and cash used in industrial investing activities of discontinued operations of €372 million.

2014

In 2014, Net Industrial Debt increased by €640 million, from €7,014 million at December 31, 2013 to €7,654 million at December 31, 2014, which included Ferrari Net Industrial Debt. The movements in Net Industrial Debt were primarily driven by:

(i) payments for the acquisition of the remaining 41.5 percent interest in FCA US previously not owned, inclusive of the previously exercised options on approximately 10 percent of FCA US's membership interest, of €2,691 million (U.S.$3,650 million);

(ii) investments in industrial activities of €8,119 million representing investments in property, plant and equipment and intangible assets (including Ferrari);

The increases noted above were partially offset by the reductions in Net Industrial Debt primarily driven by:

(iii) the issuance of the mandatory convertible securities due 2016 of €1,910 million (net proceeds of €2,245 million net of the liability component of €335 million) and the net proceeds from the offering of 100 million common shares of €849 million, net of the exercise of cash exit rights in connection with the Merger for a net aggregate cash disbursement of €417 million; and

(iv) cash flow from industrial operating activities of €8,017 million which represented the consolidated cash flow from operating activities of €8,169 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, refer to the section —*Cash Flows* above.

__Capital Market__

At December 31, 2015 and December 31, 2014, capital market debt mainly related to notes issued under the GMTN Programme, the financial liability component of the mandatory convertible securities, and short and medium-term marketable financial instruments issued by various subsidiaries, principally in LATAM. At December 31, 2015, capital market debt also included a total principal amount of U.S.$3.0 billion (€2.8 billion) of unsecured senior debt securities issued by FCA in April 2015, as described below. At December 31, 2014, capital market debt included the secured senior notes of FCA US due in 2019 and 2021, which were prepaid in 2015.

The following table summarizes the outstanding notes at December 31, 2015 and 2014:

	Currency	Face value of outstanding notes (million)	Coupon %	Maturity	December 31, 2015	December 31, 2014
Global Medium Term Notes:					(€ million)	
Fiat Chrysler Finance Europe S.A. (1)	EUR	1,500	6.875	February 13, 2015	—	1,500
Fiat Chrysler Finance Europe S.A. (2)	CHF	425	5.000	September 7, 2015	—	353
Fiat Chrysler Finance Europe S.A. (1)	EUR	1,000	6.375	April 1, 2016	1,000	1,000
Fiat Chrysler Finance Europe S.A. (1)	EUR	1,000	7.750	October 17, 2016	1,000	1,000
Fiat Chrysler Finance Europe S.A. (2)	CHF	400	5.250	November 23, 2016	369	333
Fiat Chrysler Finance Europe S.A. (1)	EUR	850	7.000	March 23, 2017	850	850
Fiat Chrysler Finance North America Inc. (1)	EUR	1,000	5.625	June 12, 2017	1,000	1,000
Fiat Chrysler Finance Europe S.A. (2)	CHF	450	4.000	November 22, 2017	415	374
Fiat Chrysler Finance Europe S.A. (1)	EUR	1,250	6.625	March 15, 2018	1,250	1,250
Fiat Chrysler Finance Europe S.A. (1)	EUR	600	7.375	July 9, 2018	600	600
Fiat Chrysler Finance Europe S.A. (2)	CHF	250	3.125	September 30, 2019	231	208
Fiat Chrysler Finance Europe S.A. (1)	EUR	1,250	6.750	October 14, 2019	1,250	1,250
Fiat Chrysler Finance Europe S.A. (1)	EUR	1,000	4.750	March 22, 2021	1,000	1,000
Fiat Chrysler Finance Europe S.A. (1)	EUR	1,350	4.750	July 15, 2022	1,350	1,350
Others	EUR	7			7	7
Total Global Medium Term Notes					**10,322**	**12,075**
Other notes:						
FCA US (Secured Senior Notes)	U.S.$	2,875	8.000	June 15, 2019	—	2,368
FCA US (Secured Senior Notes)	U.S.$	3,080	8.250	June 15, 2021	—	2,537
FCA Notes (1)	U.S.$	1,500	4.500	April 15, 2020	1,378	—
FCA Notes (1)	U.S.$	1,500	5.250	April 15, 2023	1,378	—
Total other notes					**2,756**	**4,905**
Hedging effect and amortized cost valuation					**363**	**668**
Total notes					**13,441**	**17,648**

(1) Listing on the Irish Stock Exchange was obtained.
(2) Listing on the SIX Swiss Exchange was obtained.

Notes Issued Under The GMTN Programme

Certain notes issued by the Group, excluding FCA US, are governed by the terms and conditions of the GMTN Programme. A maximum of €20 billion may be used under this program, of which notes of approximately €10.3 billion were outstanding at December 31, 2015 (€12.1 billion at December 31, 2014). The GMTN Programme is guaranteed by FCA, which may from time to time buy back notes in the market that have been issued. Such buybacks, if made, depend upon market conditions, the Group's financial situation and other factors which could affect such decisions.

Changes in notes issued under the GMTN Programme during 2015 were due to the:

- repayment at maturity of two notes that had been issued by Fiat Chrysler Finance Europe S.A, one with a principal value of €1,500 million and one with a principal value of CHF 425 million (€390 million).

Changes in notes issued under the GMTN Programme during 2014 were due to the:

- issuance of 4.75 percent notes at par in March 2014, having a principal of €1 billion and due March 2021 by Fiat Chrysler Finance Europe S.A;
- issuance of 4.75 percent notes at par in July 2014, having a principal of €850 million and due July 2022 by Fiat Chrysler Finance Europe S.A; the notes issuance was reopened in September 2014 for a further €500 million principal value, priced at 103.265 percent of par value, increasing the total principal amount to €1.35 billion;
- issuance of 3.125 percent notes at par in September 2014 having a principal of CHF 250 million and due September 2019 by Fiat Chrysler Finance Europe S.A.; and
- repayment at maturity of two notes that had been issued by Fiat Chrysler Finance Europe S.A, one with a principal value of €900 million and one with a principal value of €1,250 million.

The notes issued by Fiat Chrysler Finance Europe S.A. and by Fiat Chrysler Finance North America Inc. impose covenants on the issuer and, in certain cases, on FCA as guarantor, which include: (i) negative pledge clauses which require that, in case any security interest upon assets of the issuer and/or FCA is granted in connection with other notes or debt securities having the same ranking, such security should be equally and ratably extended to the outstanding notes; (ii) *pari passu* clauses, under which the notes rank and will rank *pari passu* with all other present and future unsubordinated and unsecured obligations of the issuer and/or FCA; (iii) periodic disclosure obligations; (iv) cross-default clauses which require immediate repayment of the notes under certain events of default on other financial instruments issued by FCA's main entities; and (v) other clauses that are generally applicable to securities of a similar type. A breach of these covenants may require the early repayment of the notes. At December 31, 2015, FCA was in compliance with the covenants of the GMTN Programme.

FCA US Secured Senior Notes

In February 2014, FCA US and certain of its U.S. subsidiaries, either as a co-issuer or guarantor, issued additional secured senior notes:

- secured senior notes due 2019 – U.S.$1,375 million (€1,133 million at December 31, 2014) aggregate principal amount of 8.0 percent secured senior notes due June 15, 2019 (collectively with the May 2011 issuance of U.S. $1,500 million (€1,235 million at December 31, 2014) secured senior notes due 2019, the "2019 Notes") at an issue price of 108.25 percent of the aggregate principal amount; and
- secured senior notes due 2021 – U.S.$1,380 million (€1,137 million at December 31, 2014) aggregate principal amount of 8.25 percent secured senior notes due June 15, 2021 (collectively with the May 2011 issuance of U.S. $1,700 million (€1,400 million at December 31, 2014) secured senior notes due 2021, the "2021 Notes") at an issue price of 110.50 percent of the aggregate principal amount.

The 2019 Notes and 2021 Notes are collectively referred to as the "Secured Senior Notes".

On May 14, 2015, FCA US prepaid its 2019 Notes with an aggregate principal outstanding amount of U.S.$2,875 million (€2,518 million) at a price equal to the principal amount of the notes redeemed, plus accrued and unpaid interest to the date of redemption and a "make-whole" premium calculated in accordance with the terms of the indenture. The redemption payment of U.S.$3.1 billion (€2.7 billion) was made with cash on hand at FCA US.

On December 21, 2015, FCA US prepaid its 2021 Notes with an aggregate principal outstanding amount of U.S.$3,080 million (€2,833 million) at a price equal to the principal amount of the notes redeemed, plus accrued and unpaid interest to the date of redemption and a "make-whole" premium calculated in accordance with the terms of the indenture. The redemption payment of U.S.$3.3 billion (€3.0 billion) was made with cash on hand at FCA US.

Notes Issued by FCA

In April 2015, FCA issued U.S.$1.5 billion (€1.4 billion) principal amount of 4.5 percent unsecured senior debt securities due April 15, 2020 (the “Initial 2020 Notes”) and U.S.$1.5 billion (€1.4 billion) principal amount of 5.25 percent unsecured senior debt securities due April 15, 2023 (the “Initial 2023 Notes”) at an issue price of 100 percent of their principal amount. The Initial 2020 Notes and the Initial 2023 Notes, collectively referred to as “the Initial Notes”, rank *pari passu* in right of payment with respect to all of FCA's existing and future senior unsecured indebtedness and senior in right of payment to any of FCA's future subordinated indebtedness and existing indebtedness, which is by its terms subordinated in right of payment to the Initial Notes.

On June 17, 2015, subject to the terms and conditions set forth in our prospectus, we commenced an offer to exchange up to U.S.$1.5 billion (€1.4 billion) aggregate principal amount of new 4.5 percent unsecured senior debt securities due 2020 (“2020 Notes”), for any and all of our outstanding Initial 2020 Notes issued on April 14, 2015, and up to U.S.$1.5 billion (€1.4 billion) aggregate principal amount of new 5.25 percent unsecured senior debt securities due 2023 (“2023 Notes”), for any and all of our outstanding Initial 2023 Notes issued on April 14, 2015. The 2020 Notes and the 2023 Notes, collectively referred to as “the Notes”, were identical in all material respects to the Initial Notes, except that the Notes did not contain restrictions on transfer. The exchange offer expired on July 23, 2015. Substantially all of the Initial Notes were tendered for the Notes.

The Notes impose covenants on FCA including: (i) negative pledge clauses which require that, in case any security interest upon assets of FCA is granted in connection with other notes or debt securities having the same ranking, such security should be equally and ratably extended to the outstanding Notes; (ii) *pari passu* clauses, under which the Notes rank and will rank *pari passu* with all other present and future unsubordinated and unsecured obligations of FCA; (iii) periodic disclosure obligations; (iv) cross-default clauses which require immediate repayment of the Notes under certain events of default on other financial instruments issued by FCA’s main entities; and (v) other clauses that are generally applicable to securities of a similar type. A breach of these covenants may require the early repayment of the Notes. At December 31, 2015, FCA was in compliance with the covenants of the Notes.

Bank Debt

Bank debt was primarily comprised of amounts due under (i) the senior credit facilities of FCA US of €4.4 billion at December 31, 2015 and €4.0 billion at December 31, 2014, (ii) financial liabilities of the Brazilian operating entity (€4.1 billion at December 31, 2015 and €4.7 billion at December 31, 2014) relating to a number of financing arrangements with certain Brazilian development banks, primarily used to support capital expenditures, including those in our Pernambuco plant (approximately €1.2 billion at December 31, 2015 and at December 31, 2014), as well as to fund the financial services business in that country, (iii) loans provided by the EIB (€1.2 billion at December 31, 2015 and €1.0 billion at December 31, 2014) to fund our investments and research and development costs, (iv) amounts drawn down by FCA treasury companies (excluding FCA US) under short and medium term credit facilities (€0.6 billion at December 31, 2015 and €1.4 billion at December 31, 2014) and (v) amounts outstanding relating to financing arrangements of FCA Mexico amounting to €0.5 billion at December 31, 2015 (€0.4 billion was outstanding relating to financing arrangements of FCA Mexico with certain Mexico development banks at December 31, 2014).

Senior Credit Facilities - FCA US

The tranche B term loan due 2017 of FCA US consists of the original U.S.$3.0 billion tranche B term loan (€2.8 billion) that matures on May 24, 2017 (the “Original Tranche B Term Loan”) and an additional U.S.$250 million (€230 million at December 31, 2015) term loan entered into on February 7, 2014 under the Original Tranche B Term Loan that also matures on May 24, 2017, collectively the “Tranche B Term Loan due 2017.” At December 31, 2015, €2,863 million (€2,587 million at December 31, 2014), which included accrued interest, was outstanding under the Tranche B Term Loan due 2017. The outstanding principal amount of the Tranche B Term Loan due 2017 is payable in equal quarterly installments of U.S. $8.1 million (€7.4 million) from March 2014, with the remaining balance due at maturity in May 2017. The Tranche B Term Loan due 2017 bears interest, at FCA's option, at either 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. For the years ended December 31, 2015 and 2014, interest was accrued based on LIBOR.

On February 7, 2014, FCA US entered into a new U.S.$1,750 million (€1,607 million) tranche B term loan issued under a new term loan credit facility that matures on December 31, 2018 (the "Tranche B Term Loan due 2018"). At December 31, 2015, €1,574 million (€1,421 million at December 31, 2014), which included accrued interest, was outstanding under the Tranche B Term Loan due 2018. The outstanding principal amount of the Tranche B Term Loan due 2018 is payable in quarterly installments of U.S.$4.4 million (€4.0 million) from June 30, 2014, with the remaining balance due at maturity. The Tranche B Term Loan due 2018 bears interest, at FCA US'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 or a LIBOR floor of 0.75 percent per annum. For the years ended December 31, 2015 and 2014, interest was accrued based on LIBOR.

FCA US may pre-pay, refinance or re-price the Tranche B Term Loan due 2017 and the Tranche B Term Loan due 2018, collectively referred to as the "Senior Credit Facilities", without premium or penalty.

The Senior Credit Facilities are secured by a senior priority security interest in substantially all of FCA US'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 FCA US's U.S. subsidiaries and 65 percent of the equity interests in certain of its non-U.S. subsidiaries held directly by FCA US and its U.S. subsidiary guarantors.

The credit agreements that govern the Senior Credit Facilities (the "Senior Credit Agreements") include a number of affirmative covenants, many of which are customary, including, but not limited to, the reporting of financial results and other developments, compliance with laws, payment of taxes, maintenance of insurance and similar requirements. The Senior Credit Agreements also include 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 including a limit on declaring dividends or distributions to FCA; (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 Agreements require FCA US to maintain a minimum ratio of "borrowing base" to "covered debt" (as defined in the Senior Credit Agreements), as well as a minimum liquidity of U.S.$3.0 billion (€2.8 billion). Furthermore, the Senior Credit Agreements contain 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 note for certain material judgments. While the Senior Credit Facilities are outstanding, distributions to FCA will be limited to 50 percent of FCA US's consolidated net income (as defined in the agreements) from January 2012 less distributions paid to date.

As of December 31, 2015, FCA US was in compliance with the covenants of the Senior Credit Agreements.

European Investment Bank Borrowings

We have financing agreements with the EIB for a total of €1.2 billion outstanding at December 31, 2015 (€1.1 billion outstanding at December 31, 2014), which included the (i) new €600 million facility described below, (ii) a facility of €400 million (maturing in 2018) for supporting certain investments and research and development programs in Italy to protect the environment through the reduction of emissions and improved energy efficiency and (iii) a €500 million facility (maturing in 2021) for an investment program relating to the modernization and expansion of production capacity of an automotive plant in Serbia.

On June 29, 2015, FCA, EIB and SACE finalized a €600 million loan earmarked to support the Group's automotive research, development and production plans for 2015 to 2017 which includes studies for efficient vehicle technologies for vehicle safety and new vehicle architectures. The three-year loan due July 2018 provided by the EIB, which is also 50 percent guaranteed by SACE, relates to FCA's production and research and development sites in both northern and southern Italy. The loan was fully drawn at December 31, 2015.

Brazil

Our Brazilian subsidiaries have access to various local bank facilities in order to fund investments and operations. Total debt outstanding under those facilities amounted to €4.1 billion at December 31, 2015 (€4.7 billion at December 31, 2014), of which €3.6 billion are medium term loans (€4.3 billion at December 31, 2014), with an average residual maturity between 2 to 3 years, while €0.5 billion (€0.4 billion at December 31, 2014) are short-term credit facilities. Medium-term facilities primarily include subsidized loans granted by such public financing institutions as Banco Nacional do Desenvolvimento ("BNDES"), with the aim to support industrial projects in certain areas. This provided the Group the opportunity to fund large investments in Brazil, with loans of sizeable amounts at low rates and with maturities greater than 10 years. At December 31, 2015, outstanding subsidized loans amounted to €1.9 billion (€2.3 billion at December 31, 2014), of which €1.2 billion (€1.2 billion at December 31, 2014), related to the construction of the plant in Pernambuco, which has been supported by subsidized credit lines totaling Brazilian Real ("BRL") 6.5 billion (€1.5 billion). Approximately €0.3 billion (€0.9 billion at December 31, 2014), of committed credit lines contracted to fund scheduled investments in the area were undrawn at December 31, 2015. The average residual maturity of the subsidized loans was approximately 4 years.

Mexico Bank Loan

On March 20, 2015, FCA Mexico, S.A. de C.V., ("FCA Mexico"), our principal operating subsidiary in Mexico, entered into a U.S.$900 million (€0.8 billion) non-revolving loan agreement ("Mexico Bank Loan") maturing on March 20, 2022 and received an initial disbursement of U.S.$500 million (€0.5 billion at December 31, 2015), which bears interest at one-month LIBOR plus 3.35 percent per annum. The proceeds were used to prepay all amounts outstanding under the Mexican development bank credit facilities amounting to approximately €414 million. Effective July 20, 2015, we extended the disbursement term of the Mexico Bank Loan through September 20, 2016, during which time the remaining U.S.$400 million (€0.4 billion at December 31, 2015) is available for disbursement, subject to meeting certain preconditions for additional disbursements and a commitment fee of 0.50 percent per annum on the undisbursed balance. At December 31, 2015, the U.S.$400 million (€0.4 billion) was undisbursed. The loan agreement requires FCA Mexico to maintain certain fixed and other assets as collateral, and comply with certain covenants, including, but not limited to, financial maintenance covenants, limitations on liens, incurrence of debt and asset sales. The Group may not prepay all or any portion of the loan prior to the 18-month anniversary of the effective date of the loan agreement. At December 31, 2015, the Group was in compliance with all covenants under the Mexico Bank Loan.

Other Debt

At December 31, 2015, Other debt included the principal balance of the unsecured Canadian HCT Notes, totaling €354 million (€620 million at December 31, 2014), which represents FCA US's principal Canadian subsidiary'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, or CAW (now part of Unifor), which represented employees, retirees and dependents. During the year ended December 31, 2015, FCA US's Canadian subsidiary prepaid the remaining scheduled payments on the Canada HCT Tranche A Note.

During the year ended December 31, 2014, the balance of the VEBA Trust Note was prepaid. The proceeds of the February 7, 2014 issuances of the Secured Senior Notes and the Senior Credit Facilities were used to prepay all amounts outstanding of approximately U.S.$5.0 billion (€3.6 billion) under the VEBA Trust Note.

At December 31, 2015, debt secured by assets of the Group (excluding FCA US) amounted to €747 million (€777 million at December 31, 2014), of which €373 million (€379 million at December 31, 2014) was due to creditors for assets acquired under finance leases and the remaining amount mainly related to subsidized financing in Latin America. The total carrying amount of assets acting as security for loans for the Group (excluding FCA US) amounted to €1,400 million at December 31, 2015 (€1,670 million at December 31, 2014).

At December 31, 2015, debt secured by assets of FCA US amounted to €5,254 million and included €4,437 million relating to the Senior Credit Facilities, €243 million due to creditors for assets acquired under finance leases and other debt and financial commitments for €574 million. At December 31, 2014, debt secured by assets of FCA US amounted to €9,881 million and included €9,093 million relating to the Secured Senior Notes and Senior Credit Facilities, €251 million due to creditors for assets acquired under finance leases and other debt and financial commitments for €537 million.

Subsequent events

The Group has evaluated subsequent events through February 29, 2016, which is the date the financial statements were authorized for issuance.

Ferrari Spin-off

The transactions to separate Ferrari N.V. from the Group were completed on January 3, 3016. FCA shareholders received one common share of Ferrari N.V. for every ten common shares of FCA and holders of the mandatory convertible securities (Note 19) were entitled to receive 0.77369 common shares of Ferrari N.V. for each mandatory convertible security of U.S.$100 notional amount held of record on January 5, 2016. In addition, FCA shareholders participating in the FCA loyalty voting structure received one special voting share of Ferrari N.V. for every ten special voting shares of FCA held of record on January 5, 2016. Furthermore, on January 13, 2016, holders of FCA shares received a cash payment of €0.01, less any required applicable withholding tax, for each share held of record as of January 5, 2016.

In accordance with the terms of the Mandatory Convertible Securities, certain economic provisions of the Mandatory Convertible Securities (Note 19) were adjusted, effective as of January, 15, 2016, as a consequence of the spin-off of Ferrari N.V. to the holders of the Mandatory Convertible Securities:

- Initial Price was adjusted from U.S.$11.00 to U.S.$7.1244
- Threshold Appreciation Price was adjusted from U.S.$12.9250 to U.S.$8.3712
- Stated Amount was adjusted from U.S.$100.00 to U.S.64.7675
- the common share prices included within the definition of “Early Conversion Rate” applicable to a “fundamental change” (as defined in the prospectus of the Mandatory Convertible Securities) were also adjusted

The relevant fraction used to affect the adjustments noted above was calculated using the average of the daily Volume Weighted Average Price (“VWAP”) from January 5, 2016 to January 15, 2016 for both FCA common shares and Ferrari N.V. common shares.

On January 26, 2016, a conversion factor of 1.5440 was approved by the FCA Compensation Committee and applied to outstanding FCA NV PSU and RSU awards (Note 20) as an equitable adjustment to make equity award holders whole for the diminution in value of an FCA share resulting from the spin-off of Ferrari N.V.

2016 Guidance

As a result of the completion of the spin-off of Ferrari on January 3, 2016, the Group's results for 2016 will no longer include the results or financial position of Ferrari. The Group indicates the following guidance:

Net revenues	> €110 billion
Adjusted EBIT	> €5.0 billion
Adjusted net profit	> €1.9 billion
Net industrial debt	< €5.0 billion

- NAFTA and EMEA continue trend of improved performance
- LATAM returns to modest profitability with Pernambuco reaching full model production in second half of 2016
- APAC profitability improving in second half of 2016 as Jeep manufacturing localization in China completed
- Maserati performance improving in second half of 2016 following Levante launch
- Capital expenditures in line with 2015

February 29, 2016

The Board of Directors

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