EXOR GROUP PROFILE AND KEY DATA

EXOR is one of Europe's leading investment companies and is controlled by Giovanni Agnelli e C. S.a.p.az., which holds 51.39% of ordinary share capital.
Listed on Borsa Italiana's Stock Exchange with a Net Asset Value of more than €10 billion at December 31, 2014, EXOR is headquartered in Turin, Italy.
EXOR makes long-term investments focused on global companies in diversified sectors, mainly in Europe and in the United States.
EXOR's objective is to increase its Net Asset Value and outperform the MSCI World Index in Euro.

The EXOR Group's investments are the following:

Percentages updated on the basis of the latest available information
(a) EXOR holds 44.31% of the voting rights on issued capital.
(b) EXOR holds 39.99% of the voting rights. In addition, FCA holds a 1.17% stake in CNH Industrial and 1.74% of the voting rights on issued capital.

Fiat Chrysler Automobiles ("FCA") (29.19% stake) is listed on the New York Stock Exchange (NYSE) and the Mercato Telematico Azionario (MTA) managed by Borsa Italiana and is included in the FTSE MIB Index. FCA is the holding company for the Fiat Chrysler Group and was formed on October 12, 2014 on completion of the merger of Fiat S.p.A. with and into Fiat Investments N.V., which at the same time took the name of Fiat Chrysler Automobiles N.V. FCA, the seventh-largest automaker in the world, designs, engineers, manufactures and sells passenger cars, light commercial vehicles, components and production systems worldwide. The Group's brands are: Abarth, Alfa Romeo, Chrysler, Dodge, Fiat, Fiat Professional, Jeep, Lancia, Ram, Ferrari and Maserati in addition to the SRT performance vehicle designation, and Mopar, the parts and service brand. The Group's businesses also include Comau (production systems), Magneti Marelli (components) and Teksid (iron and castings). FCA is an international auto group engaged in industrial activities through companies located in 40 countries and has commercial relationships with customers in approximately 150 countries. FCA's operations relating to mass market brands passenger cars, light commercial vehicles and related parts and services are run on a regional basis and attributed to four regions representing four geographical areas: NAFTA (U.S., Canada and Mexico), LATAM (South and Central America, excluding Mexico), APAC (Asia and Pacific countries) and EMEA (Europe, Russia, Middle East and Africa).
At December 31, 2014 FCA had 165 factories and 232,165 employees throughout the world.

CNH Industrial (26.97% stake; 1.17% stake also held by FCA) is listed on the New York Stock Exchange (NYSE) and the Mercato Telematico Azionario (MTA) managed by Borsa Italiana and is included in the FTSE MIB Index. Operational since September 29, 2013 when the merger between Fiat Industrial S.p.A. and CNH Global N.V. was completed, CNH Industrial's goal is the strategic development of its business. The large industrial base, a wide range of products and its worldwide geographical presence make CNH Industrial a global leader in the capital goods segment. Through its brands, the company designs, produces and sells trucks, commercial vehicles, buses and specialty vehicles (Iveco), agricultural and construction equipment (the families of Case and New Holland brands), as well as engines and transmissions for those vehicles and engines for marine applications (FPT Industrial). Each of the Group's brands is a prominent international player in the respective industrial segment.
At December 31, 2014 CNH Industrial was present in approximately 190 countries giving it a unique competitive position across its 12 brands, 64 manufacturing plants, 49 research and development centers and more than 69,000 employees.

C&W Group (80.89% of share capital) is engaged in commercial real estate services, and has its headquarters in New York, where it was founded in 1917. The company advises and represents clients on all aspects of property occupancy and investment, and has established a preeminent position in the world's major markets within the following service lines: Leasing, Capital Markets, Corporate Occupier & Investor Services (CIS), Valuation & Advisory (V&A) and Global Consulting.
It currently has approximately 248 offices and more than 16,000 employees in 58 countries.

almacantar	Juventus	BANCA LEONARDO	Banijay Group	The Economist
38.29%	63.77%	17.37%	17.09%	4.72%

Almacantar (38.29% of share capital) is a property investment and development company, for offices and residential units, situated in London.

Juventus Football Club (63.77% of share capital) is listed on the Mercato Telematico Azionario (MTA) managed by Borsa Italiana. Founded in 1897, it is one of the most prominent professional football teams in the world.

Banca Leonardo (17.37% of share capital) is a privately held and independent international investment bank offering a complete range of advisory and private banking services and other activities connected with the financial markets.

Banijay Holding (17.09% of share capital) is headquartered in Paris. The company is a player in TV production through a network of companies specialized in the production and distribution of multimedia content.

The Economist Group (4.72% of share capital) is a company with its center of operations in London and head of the editorial group that publishes *The Economist*, a weekly magazine that with a global circulation of more than one million copies represents one of the most important sources of analysis in the international business world.

EXOR Group – Consolidated Data – Shortened (a) € million	2014	2013	Change
Profit attributable to owners of the parent	**323.1**	2,084.5	(1,761.4)
Share of earnings (losses) of investments and dividends	**430.1**	615.8	(185.7)
Investments and non-current other financial assets	**7,509.6**	5,764.0	1,745.6
Issued capital and reserves attributable to owners of the parent	**7,995.0**	6,947.4	1,047.6
Consolidated net financial position of EXOR's "Holdings System"	**563.0**	1,281.2	(718.2)

(a) The basis of preparation is presented in the following "Review of the Consolidated Results of the EXOR Group - Shortened".

Earnings per share (€) (a)	2014	2013	Change
Profit attributable to owners of the parent – basic:			
per ordinary share	**1.46**	9.34	(7.88)
Profit attributable to owners of the parent – diluted:			
per ordinary share	**1.44**	9.33	(7.89)
Issued capital and reserves attributable to owners of the parent	**35.96**	31.25	4.71

(a) Further details on the calculation of basic and diluted earnings per share are provided in Note 13 to the consolidated financial statements.

EXOR S.p.A. - Separate Financial Statement Data € million	2014	2013	Change
Profit	**51.8**	92.7	(40.9)
Equity	**3,409.9**	3,434.0	(24.1)
Net financial position	**(1,199.7)**	(474.2)	(725.5)

The board of directors' meeting held on April 14, 2015 put forward a motion to the ordinary shareholders' meeting called to approve the separate financial statements for the year ended December 31, 2014 for the payment of dividends per share of €0.35 for a total of €77,821,136.40 million to the 222,346,104 ordinary shares outstanding at the same date.

EXOR in 2014, from the profit for the year ended December 31, 2013, paid dividends per share of €0.335 to the 223,346,104 ordinary shares outstanding for a total €74.5 million.

NET ASSET VALUE

At December 31, 2014 EXOR's Net Asset Value (NAV) is €10,164 million which increased by €1,312 million (+14.8%) from €8,852 million at December 31, 2013.

The composition and change in NAV are the following:

€ millions	01/03/2009 (a)	31/12/2013	31/12/2014	Change vs 12/31/2013	
				Amount	%
Investments	2,921	6,445	8,347	1,902	+29.5%
Financial investments	274	663	663	0	+0.0%
Cash and cash Equivalents	1,121	2,572	2,233	(339)	-13.2%
Treasury stock	19	633	762	129	+20.4%
Gross Asset Value	**4,335**	**10,313**	**12,005**	**1,692**	**+16.4%**
Gross Debt	**(1,157)**	**(1,291)**	**(1,671)**	**(380)**	**+29.4%**
Ordinary holding costs over ten years	**(210)**	**(170)**	**(170)**	**-**	**-**
Net Asset Value (NAV)	**2,968**	**8,852**	**10,164**	**1,312**	**+14.8%**

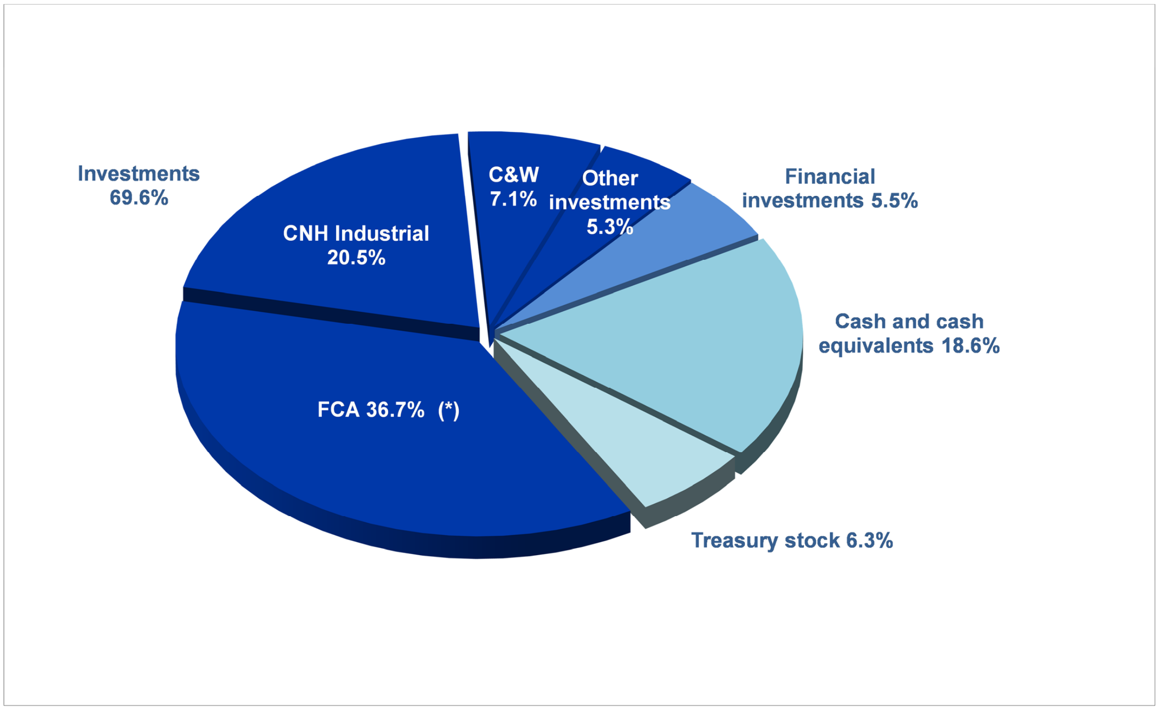
(a) Effective date of the merger of IFIL in IFI and the name change of the latter to EXOR.

The gross asset value at December 31, 2014 has been calculated by valuing listed investments and other equity shares at trading prices, other private equity investments at fair value determined annually by independent experts and other private investment holdings (funds and similar instruments) at the most recently available fair value. Bonds held to maturity are measured at amortized cost. EXOR treasury stock is measured at share trading prices, except those used to service stock option plans (measured at their option exercise price, if below the share trading price) and those granted to recipients of the stock grant plan. The latter are deducted from the total number of treasury shares.

NAV is presented with the aim of aiding financial analysts and investors in forming their own assessments.

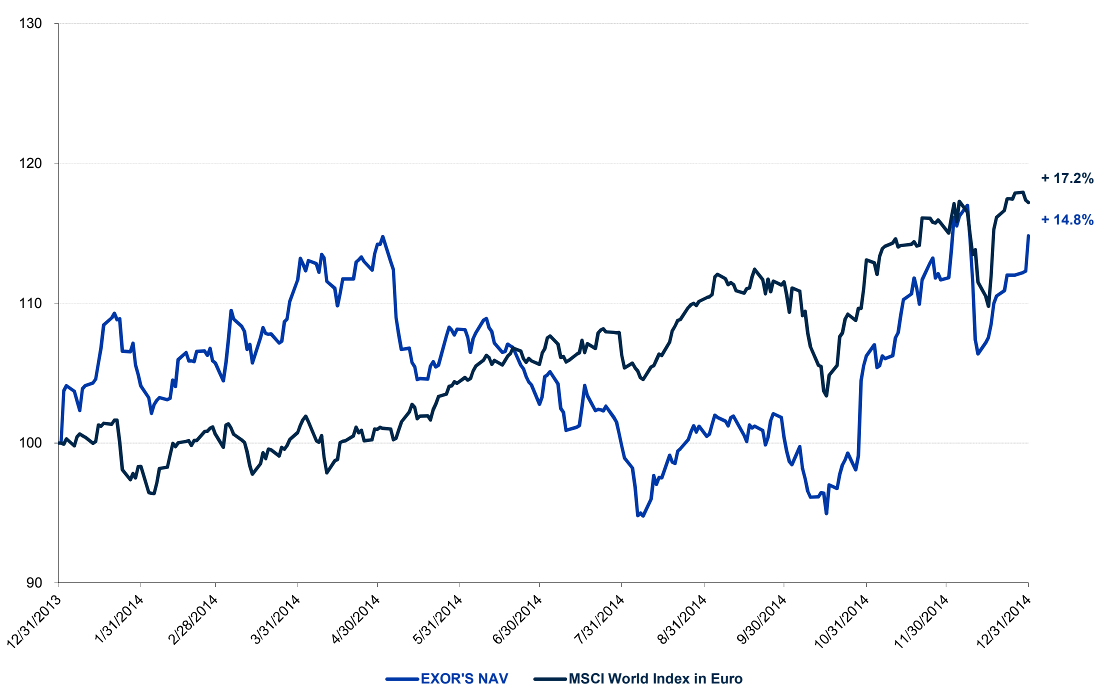
The following pie chart shows the composition of gross asset value at December 31, 2014 (€12,005 million).
"Other investments" include the investments in Almacantar, Juventus Football Club, Banca Leonardo, Banijay Holding and The Economist Group, in addition to minor sundry investments.

Investments denominated in U.S. dollars and Pounds sterling are translated to Euro at the official exchange rates at December 31, 2014, respectively, of 1.2141 and 0.7789.



(*) Including the mandatory convertible securities issued by FCA on December 16, 2014.

Change in NAV compared to the MSCI World Index in Euro



Stock Market Data	1/1/2015 3/31/2015	1/1/2014 12/31/2014
Ordinary share price (in Euro):		
period-end	42.3515	34.1175
maximum	42.3515	36.0779
minimum	33.3887	27.3141
Average daily volume exchanged during period:	502,579	457,777
Euro volume exchanges during period (in Euro): (a)	19,126,745	14,288,227

(a) Average daily value (official daily trading price by daily volume) handled by Borsa Italiana during period.

So as to ensure timely, comprehensive and updated information about its goals and the most important events affecting its business, in 2014 EXOR has continued to communicate and broaden relations with the various national and international operators of the financial press, as well as financial analysts, institutional investments and retail investors.

The publication of the Letter to Shareholders, which for five years now denotes an occasion to communicating especially with the financial community, offers an opportunity to sum up the performance of the main investments and EXOR's strategy for the growth of the Company.
Both topics were covered in greater detail by top management during the conference call with investors and financial analysts at the end of the annual general meeting of the shareholders in May.

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SIGNIFICANT EVENTS IN 2014

Resolutions passed by the May 22, 2014 shareholders' meeting

The EXOR shareholders' meeting held May 22, 2014 approved the payment of dividends of €0.335 per share for a maximum total of €74.5 million. The declared dividends were paid beginning June 26, 2014.
The same shareholders' meeting approved the Compensation Report pursuant to art. 123-*ter* of Legislative Decree 58/98 and the renewal of the authorization for the purchase and disposal of EXOR shares. The authorization allows the Company to purchase and sell shares on the market for 18 months from the date of the shareholders' resolution for a maximum number of shares not to exceed the limit set by law, for a maximum disbursement of €450 million. Consequently the authorization for the purchase and disposal of treasury stock approved by the shareholders' meeting on May 30, 2013, for the part not used, was revoked.

Sale of the remaining investment in Alpitour

On June 30, 2014 an agreement was signed between EXOR and Alpitour in which both companies agreed to settle the pending disputes and every other potential future controversy by way of a novatory agreement. According to the terms of the agreement, EXOR waived the Deferred Price (residual amount of €7.5 million, net of accruals set aside) and any performance-related earn-out payment.
At the same time EXOR sold the remaining stake held in Alpitour (7.17%) for consideration of €5 million, recording a loss for the same amount.

Subscription to capital increase and partial sale of investment in Sequana

On July 29, 2014 the capital increase by Sequana (announced on April 10, 2014 as part of a major operational and financial restructuring plan) was concluded successfully. EXOR S.A. subscribed only to its share of the increase for a total equivalent amount of €11.1 million. After this transaction EXOR S.A. held 17.03% of Sequana's capital and 16.21% of the voting rights. Subsequently during the period September to December 2014 EXOR S.A. sold on the market 3,158,313 Sequana shares (6.19% of capital) for a total equivalent amount of €9.1 million.
At December 31, 2014 EXOR S.A. holds 10.85% of Sequana share capital and 10.50% of the voting rights.

Tender offer for the partial buyback and cancellation of EXOR 2007-2017 bonds

On September 30, 2014 EXOR announced a tender offer to buy back its original nominal €750 million EXOR 2007-2017 bonds (€690 million outstanding at the offer announcement date) for cash. At the end of the offer EXOR had purchased an aggregate nominal amount of €238.6 million and payment was made on October 14, 2014.
The offer was tendered for the purpose of improving the management of EXOR's financial resources.
On November 13, 2014 EXOR announced the partial cancellation of bonds for a nominal amount of €238.6 million purchased as part of the buyback and another nominal amount of €11.4 million previously purchased on the market, for a total of €250 million. Therefore, currently, bonds are outstanding for a nominal amount of €440 million.

Issue of EXOR 2014-2024 bonds

On October 8, 2014 EXOR concluded the issue of bonds for a nominal €500 million (at the issue price of 99.329% of the nominal amount), reopened on December 23, 2014 and increased by another €150 million (at the issue price of 102.613% of the nominal amount). The total bonds amount to €650 million, due October 8, 2024, with a fixed annual coupon of 2.50%. The bonds, admitted for listing on the regulated market of the Luxembourg Stock Exchange, were rated BBB+ by the Standard & Poor's rating agency.
The issue is aimed at extending the average maturity of EXOR's debt.

Merger of Fiat S.p.A. with and into Fiat Investments N.V.

On October 12, 2014 the merger of Fiat S.p.A. with and into Fiat Investments N.V. became effective. At the same time Fiat Investments N.V. was renamed Fiat Chrysler Automobiles N.V. (FCA) and became the holding company for the Fiat Chrysler Group.
In connection with the merger, FCA issued 1,167,181,255 common shares for allotment to Fiat shareholders on the basis of the merger exchange ratio of one FCA common share for each Fiat ordinary share.
The next day, the FCA common shares were admitted for listing on the New York Stock Exchange (NYSE) and on Borsa Italiana's Mercato Telematico Azionario (MTA).
Lastly, FCA issued 408,941,767 special voting shares (not admitted for trading) to eligible Fiat shareholders who elected to participate in FCA's loyalty voting program.
EXOR, with its 375,803,870 Fiat ordinary shares, received 375,803,870 FCA common shares (31.26% of the class of stock) and the same number of FCA special voting shares which, together with the above common shares, at that time brought EXOR's holding to 46.65% of the voting rights.

Spin-off of Ferrari S.p.A. from FCA

On October 29, 2014 the FCA board of directors, in connection with a capital plan appropriate to support the Group's long-term success, authorized the separation of Ferrari S.p.A. from FCA and its subsequent listing on the stock market. The separation will be effected through a public offering of FCA's interest in Ferrari equal to a part of Ferrari's outstanding shares held by FCA and a distribution of FCA's remaining Ferrari shares to FCA shareholders.

Additional FCA capital transactions

In the fourth quarter of 2014 the CEO of FCA and certain managers of the Group exercised their stock options, with consequent effects on FCA share capital.
In addition, 100,000,000 FCA common shares, including 65,000,000 new shares and 35,000,000 common shares held in treasury were placed with qualified investors, at a price of $11 per share.
EXOR did not take part in the offering and thus its diluted ownership interest in FCA is 29.25% of common shares and 44.37% of the voting rights.

Subscription to mandatory securities convertible into FCA shares

On December 15, 2014 EXOR purchased a nominal $886 million of mandatory convertible securities issued by FCA for an investment of €711.2 million.
The mandatory convertible securities pay a coupon of 7.875% per annum and will be mandatorily converted in FCA common shares on December 15, 2016, unless converted earlier at the option of the holder or FCA or upon the occurrence of certain specified events in accordance with their terms. The investment preserves EXOR ownership interest in FCA without any diluting effects.

Investment in Almacantar

During 2014 EXOR S.A. paid the remaining amount due to Almacantar S.A. for the capital increase subscribed in July 2013, disbursing in the months of June, September and December 2014, respectively, £4.8 million (€5.9 million), £9.5 million (€12.2 million) and £9.5 million (€12 million).

SIGNIFICANT EVENTS IN THE FIRST QUARTER OF 2015

Dividends and distribution of reserves to be received during 2015

Declared dividends and approved distributions of reserves by certain investment holdings are as follows:

Company	Class of stock	Number of shares	Dividends Per share (€)	Total (€/ml)
CNH Industrial N.V.	common	366,927,900	0.2	73.4
EXOR's share				**73.4**
Banca Leonardo S.p.A.	ordinary	45,459,968	0,12	5,5
EXOR S.A.'s share				**5,5**

Line of credit granted to Juventus Football Club

In January 2015 EXOR approved the opening of a line of credit to the subsidiary Juventus Football Club for a maximum of €50 million, with effect from February 1, 2015 and expiring on December 31, 2015, at an interest rate equal to the one-month Euribor plus a spread of 2%.
The extension of the credit line allows EXOR to invest a part of its short term liquidity at an interesting rate of return.

Partial sale of investment in Sequana

In the first quarter of 2015 EXOR S.A. sold on the market another 3,133,962 Sequana shares (6.14% of capital) for a total equivalent amount of €9 million.
At March 31, 2015 EXOR S.A. holds 4.71% of Sequana's capital and 4.561% of the voting rights.

Information regarding the investment in C&W Group

During 2015 EXOR began a process for the evaluation of a possible disposal of Cushman & Wakefield. To date non-binding expressions of interest have been received and due diligence is in progress by potential buyers. At present it is not possible to foresee the end result of the process.

BUSINESS OUTLOOK

EXOR S.p.A. expects to report a profit for the year 2015.

At the consolidated level, 2015 will show a profit which, however, will largely depend upon the performance of the principal subsidiaries and associates. The forecasts formulated under IFRS and reported in their financial reports at December 31, 2014 are presented below.

FCA

FCA indicates the following guidance for 2015:

- Worldwide shipments in 4.8 to 5.0 million unit range;
- Net revenues of approximately €108 billion;
- EBIT, excluding eventual unusual items, in €4.1 to €4.5 billion range;
- Net income, excluding eventual unusual items, in €1.0 to €1.2 billion range, with EPS, calculated including the mandatory convertible securities conversion at minimum number of shares at 222 million, in €0.64 to €0.77 range;
- Net Industrial Debt in €7.5 billion to €8.0 billion range.

Figures do not include any impacts for the previously announced capital transactions regarding Ferrari.

CNH Industrial

CNH Industrial expects improved profitability in Commercial Vehicles and Construction Equipment, coupled with structural cost improvement measures from the Group's Efficiency Program now extended to Agricultural Equipment. These actions are expected to buffer, but not fully offset the negative impact from the continuation of challenging trading conditions in the row crop sector of the agricultural industry, and the impact of the recent significant appreciation of the U.S. dollar against CNH Industrial's other trading currencies, allowing it to hold operating margin unless there are further currency deteriorations from the current rate levels outside the United States.

C&W Group

During 2014, demand from investors and occupiers continued to drive global real estate markets. C&W Group's strategic focus to mobilize its global services and talent around the firm's clients led to solutions that enhanced its presence globally, resulting in activity increasing across C&W Group's platform, as compared with 2013. Subject to the continuation of these positive trends, C&W Group expects positive activity to continue at the current pace into 2015. In particular, rising employment in the U.S. should boost demand for space across property types at a time of modest inventory growth, leading to an overall trend of lower vacancy rates and upward pressure on rents.
In addition, C&W Group's strong financial performance and the recent refinancing of its Senior Credit Facility on an unsecured basis provide C&W Group the flexibility to act upon strategic growth opportunities in its foundation cities around the world.

Almacantar

During 2014 Almacantar continued to prepare Centre Point for future refurbishment. In January 2015 vacant possession of the building was achieved and refurbishment works began on site. The refurbishment of the building is expected to take 27 months with practical completion scheduled for April 2017.
In July 2014 the planning applications for both the Marble Arch Tower and Edgware Road schemes were approved. A revised application for Marble Arch Tower was submitted in November 2014 with several improvements, this application was approved in February 2015. Almacantar plans to maximize income generation in the period before any potential redevelopment.
It is Almacantar's intention to further expand the portfolio and a range of investment opportunities are being reviewed.
The London real estate market should remain stable due to strong demand for commercial and residential space from institutional investors.
Positive results are expected for the year ended December 31, 2015.

Juventus Football Club

During the first phase of the 2014-2015 Transfer Campaign, Juventus Football Club allocated significant resources to further strengthen the First Team bench, keep players on its staff and lay the foundation for the future inclusion of young players with excellent prospects.

As a consequence, the operating result for the full year that will end on June 30, 2015 is currently still expected to be a loss, will be influenced by increases in costs relating to sports management and the changes, also with respect to future revenues, that will derive from the sporting results actually achieved in Italy and Europe.

Juventus' objective is to build on the improvement in financial performance achieved during the previous three financial years.

REVIEW OF THE RESULTS OF THE SEPARATE FINANCIAL STATEMENTS

EXOR S.p.A. ended the year 2014 with a profit of €51.8 million (€92.7 million in 2013).

The decrease is due to lower net gains of €79.1 million (2013 included the €87 million gain on the disposal of The Black Ant Value Fund to the subsidiary EXOR S.A), higher net financial expenses (€12.4 million) and higher non-recurring expenses (€4.3 million), net of higher dividends received from investments (€40.7 million), lower general expenses (€4.7 million) and lower current and other taxes and duties (€9.5 million).

The separate **condensed income statement** and **condensed statement of financial position**, as well as comments on the most significant line items are presented below.

EXOR S.p.A. - Condensed Income Statement

€ million	Note	2014	2013	Change
Dividends from investments	1	**143.5**	102.8	40.7
Gains (losses) on disposals, impairment (losses) reversals of investments	2	**3.1**	82.2	(79.1)
Net financial income (expenses)	3	**(72.7)**	(60.3)	(12.4)
Net general expenses	4	**(18.1)**	(22.8)	4.7
Non-recurring other income (expenses) and general expenses	5	**(6.2)**	(1.9)	(4.3)
Income taxes and other taxes and duties		**2.2**	(7.3)	9.5
Profit for the year		**51.8**	92.7	(40.9)

EXOR S.p.A. - Condensed Statement of Financial Position

		12/31/2014		12/31/2013		
€ million	Note	Amount	%	Amount	%	Change
Investments and other financial assets available-for-sale	6	**4,632.8**	**90.7**	3,930.8	83.0	702.0
Other non-current financial assets	8	**26.7**	**0.5**	94.2	2.0	(67.5)
Current financial assets and cash and cash equivalents	8	**443.1**	**8.7**	702.7	14.9	(259.6)
Financial receivables from subsidiaries	8	**1.1**	**0.0**	1.0	0.0	0.1
Tax Receivables		**6.0**	**0.1**	6.0	0.1	0.0
Other current and non-current assets		**0.9**	**0.0**	1.2	0.0	(0.3)
Total Assets		**5,110.6**	**100.0**	4,735.9	100.0	374.7
Equity	7	**3,409.9**	**66.7**	3,434.0	72.6	(24.1)
Bonds	8	**1,624.9**	**31.8**	1,228.5	25.9	396.4
Other current financial liabilities	8	**45.6**	**0.9**	33.7	0.7	11.9
Current and non-current provisions and other liabilities		**30.2**	**0.6**	39.7	0.8	(9.5)
Total Equity and Liabilities		**5,110.6**	**100.0**	4,735.9	100.0	374.7

1. Dividends from investments

In 2014 dividends from investments amount to €143.5 million and include dividends received from CNH Industrial for €73.4 million, EXOR S.A. for €70 million and Emittenti Titoli for €0.1 million.

In 2013 this line item totaled €102.8 million and consisted of dividends received from CNH Industrial for €82.6 million, EXOR S.A. for €20 million, Rho Immobiliare Fund for €0.1 million and Emittenti Titoli €0.1 million.

2. Gains (losses) on disposals, impairment (losses) reversals of investments

In 2014, gains (losses) on disposals, impairment (losses) and reversals of investments consist of gains of €5.8 million on the sale of listed securities and total losses of €10.6 million, of which €5 million refers to the sale of the remaining investment in Alpitour (7.17% of capital) and €5.6 million (price adjustment) established by the agreement signed by EXOR and Alpitour on June 30, 2014 which definitely closed all present and future disputes.
The line item also includes €8 million for the reinstatement of the carrying amount of Fiat preferred shares written down in 2001, which had not been fully reinstated in subsequent years.

In 2013, gains (losses) on disposals, impairment (losses) reversals of investments include the gain of €87.2 million relating to the sale of The Black Ant Value Fund to the subsidiary EXOR S.A., net of price adjustments relating to the sale of Alpitour in 2012.

3. Net financial income (expenses)

Net financial expenses in 2014 amount to €72.7 million, with a net increase of €12.4 million compared to 2013 (€60.3 million), principally on account of higher average net debt and non-recurring expenses totaling €32.5 million relating to the partial cancellation (€250 million nominal amount) of the non-convertible bonds 2007-2017.

In 2013 net financial expenses included €18.2 million relating to the partial cancellation (€60 million nominal amount) of the same bonds and the closing of interest rate hedging instruments following the early extinguishment of non-current loans.

4. Net general expenses

Net general expenses amount to €18.1 million (€14.9 million net of the notional cost of the EXOR stock option plan), with a decrease of €4.7 million (€3.3 million net of the notional cost of the EXOR stock option plan) compared to an amount in 2013 of €22.8 million (€18.2 million net of the notional cost of the EXOR stock option plan), owing to the reduction in staff, the benefits of which in 2014 were partially absorbed by the costs for non-recurring expenses.

5. Non-recurring other income (expenses) and general expenses

Net expenses of €6.2 million refer to the reduction in staff and defense fees in legal proceedings pertaining to the press releases issued by IFIL and Giovanni Agnelli e C. on August 24, 2005.
They also include the expenses for the non-recoverability of the interest earned on the Deferred Price relating to the sale of Alpitour (€2.1 million) under the agreement signed by Alpitour on June 30, 2014.

€ million	2014	2013
Expenses connected with the reduction in staff	**(3.2)**	(0.2)
Non-recoverable receivables	**(2.1)**	0.0
Defense fees in legal proceedings	**(0.4)**	(0.9)
Other miscellaneous income (expenses)	**(0.5)**	(0.8)
Total	**(6.2)**	(1.9)

6. Investments

€ million	12/31/2014	12/31/2013	Change
Investments accounted for at cost			
Fiat Chrysler Automobiles N.V. - common shares	**1,328.5**	1,324.7	3.8
Fiat Chrysler Automobiles N.V. - mandatory convertible securities maturing 12/15/2016	**711.2**	0.0	711.2
Fiat Chrysler Automobiles N.V.	**2,039.7**	1,324.7	715.0
CNH Industrial N.V.	**1,694.5**	1,690.3	4.2
EXOR S.A.	**746.5**	746.4	0.1
Juventus Football Club S.p.A.	**95.7**	95.7	0.0
Arenella Immobiliare S.r.l.	**26.0**	26.0	0.0
Emittenti Titoli S.p.A.	**0.3**	0.3	0.0
	4,602.7	3,883.4	719.3
Financial assets available-for-sale			
Rho Immobiliare Fund	**11.3**	11.7	(0.4)
Other	**18.8**	35.7	(16.9)
	30.1	47.4	(17.3)
Total	**4,632.8**	3,930.8	702.0

The increase from December 31, 2013 is largely due to the subscription of the mandatory convertible securities issued by Fiat Chrysler Automobiles N.V. in December 2014.

A comparison between carrying amounts and trading prices of listed investments at year-end 2014 is as follows:

		Carrying amount		Trading price December 30, 2014	
	Number	Per share (€)	Total (€ million)	Per share (€)	Total (€ million)
Fiat Chrysler Automobiles N.V. - common shares	375,803,870	3.535	1,328.5	9.652	**3,627.3**
Fiat Chrysler Automobiles N.V. - mandatory convertible securities maturing 12/15/2016	8,860,000	80.272 (a)	711.2	88.104 (b)	**780.6**
			2,039.7		**4,407.9**
CNH Industrial N.V.	366,927,900	4.618	1,694.5	6.721	**2,466.1**
Juventus Football Club S.p.A.	642,611,298	0.149	95.7	0.219	**140.7**
Total			**3,829.9**		**7,014.7**

(a) Issued in nominal amounts of $100, translated at the exchange rate of 1.2457.
(b) Trading price of $106.967, translated at the exchange rate of 1.2141.

7. Equity

Equity at December 31, 2014 amounts to €3,409.9 million (€3,434 million at December 31, 2013). The reduction of €24.1 million is summarized as follows:

€ million	
Equity at December 31, 2013	**3,434.0**
Dividends paid	(74.5)
Other net changes	(1.4)
Profit for the year	51.8
Net change during the year	**(24.1)**
Equity at December 31, 2014	**3,409.9**

Additional details are provided in the statement of changes in equity in the separate financial statements of EXOR S.p.A. at December 31, 2014.

8. Net financial position

The net financial position at December 31, 2014 is a negative €1,199.7 million, with an increase of €725.5 million from the negative balance of €474.2 million at year-end 2013.

The balance consists of the following:

	12/31/2014			12/31/2013		
€ million	Current	Non current	Total	Current	Non current	Total
Financial assets (a)	**167.0**	**26.3**	**193.3**	117.3	83.9	201.2
Financial receivables from subsidiaries	**1.1**	**0.0**	**1.1**	1.0	0.0	1.0
Cash and cash equivalents	**276.4**	**0.0**	**276.4**	585.7	0.0	585.7
Total financial assets	**444.5**	**26.3**	**470.8**	704.0	83.9	787.9
EXOR bonds 2007-2017	**(13.2)**	**(438.9)**	**(452.1)**	(20.7)	(687.8)	(708.5)
EXOR bonds 2012-2019	**(1.5)**	**(147.9)**	**(149.4)**	(1.5)	(147.5)	(149.0)
EXOR bonds 2013-2020	**(0.9)**	**(198.3)**	**(199.2)**	(0.9)	(198.0)	(198.9)
EXOR bonds 2014-2024	**(3.8)**	**(648.3)**	**(652.1)**	0.0	0.0	0.0
EXOR bonds 2018-2025	**(4.8)**	**(98.0)**	**(102.8)**	(4.8)	(97.8)	(102.6)
EXOR bonds 2011-2031	**(0.7)**	**(68.6)**	**(69.3)**	(0.7)	(68.8)	(69.5)
Bank debt and other financial liabilities	**(45.6)**	**0.0**	**(45.6)**	(33.6)	0.0	(33.6)
Total financial liabilities	**(70.5)**	**(1,600.0)**	**(1,670.5)**	(62.2)	(1,199.9)	(1,262.1)
Net financial position of EXOR S.p.A.	374.0	(1,573.7)	(1,199.7)	641.8	(1,116.0)	(474.2)

(a) €25 million in the current portion and €26.3 million in the non-current portion (in 2013, €25.7 million in the current portion and €83.5 million in the non-current portion) relate to bonds issued by leading counterparties, listed on active and open markets which the Company intends, and is able, to hold until their natural repayment date as an investment for a part of its available cash, in order to ensure a constant attractive flow of financial income. This designation was decided in accordance with IAS 39, paragraph 9. Such financial instruments are free of whatsoever restriction and, therefore, can be monetized whenever the Company should so decide. Their classification as non-current in the financial position has been adopted only in view of the fact that their natural maturity date is 12 months beyond the closing date of the financial statements. There are no trading restrictions and their degree of liquidity or the degree to which they can be converted into cash is considered high.

The net negative change of €725.5 million during 2014 is described in the following table:

€ million			
Net financial position at December 31, 2013			**(474.2)**
Dividends received from investment holdings			143.5
- CNH Industrial N.V.	73.4		
- EXOR S.A.	70.0		
- Emittenti Titoli	0.1		
Net change in financial assets available-for sale			24.2
Subscription to Fiat Chrysler Automobiles N.V. mandatory convertible securities maturing 12/15/2016			(711.2)
Financial income on Fiat Chrysler Automobiles N.V. mandatory convertible securities maturing 12/15/2016			2.4
Dividends paid by EXOR S.p.A.			(74.5)
Other changes			(109.9)
- Net general expenses	(16.3)		
- Non-recurring other income (expenses) and general expenses	(4.2)		
- Net financial expenses	(75.4)	(a)	
- Indirect taxes and duties	(0.4)		
- Other net changes	(13.6)	(b)	
Net change during the year			**(725.5)**
Net financial position at December 31, 2014			**(1,199.7)**

(a) Does not include interest income on the mandatory convertible securities (€2.4 million) and interest income on the financial receivable from Alpitour (€0.3 million), which had no impact on the net financial position.

(b) Includes the measurement of the cross currency swap on the Japanese yen bonds 2011-2031 of €11.7 million and other net changes of €1.9 million.

9. Reconciliation between the separate financial statements of EXOR S.p.A. and the consolidated financial statements of the Group

The following reconciliation of the profit for the year and equity in the separate financial statements of EXOR S.p.A. for the years ended December 31, 2014 and December 31, 2013 and the corresponding figures in the consolidated financial statements of the EXOR Group at the same dates are presented as required by Consob Communication 6064293 of July 28, 2006.

	Profit (Loss)		Equity	
€ million	**2014**	2013	**12/31/2014**	12/31/2013
Separate financial statements of EXOR S.p.A.	**52**	93	**3,410**	3,434
Difference between the carrying amounts of investments and the corresponding equity at the end of the prior year			**3,513**	2,649
Net balance between the changes during the year in the equity of consolidated companies and companies accounted for by the equity method (excluding the result)			**655**	(1,233)
Share of the profit (loss) of consolidated companies and companies accounted for by the equity method, net of consolidation adjustments	**427**	2,182	**513**	2,182
Elimination of dividends received from consolidated companies and companies accounted for by the equity method	**(146)**	(105)		
Adjustments of gains/losses on disposals and impairments and reversals of investments	**(8)**	(85)	**(94)**	(85)
Other consolidation adjustments	**(2)**		**(2)**	0
Consolidated financial statements of the EXOR Group (attributable to owners of the parent)	**323**	2,085	**7,995**	6,947

REVIEW OF THE CONSOLIDATED RESULTS OF THE EXOR GROUP - SHORTENED

EXOR holds its investments and manages its financial resources directly or through certain subsidiaries. These companies, together with the holding company, EXOR, constitute the so-called "Holdings System".

EXOR presents the interim consolidated financial statements at March 31 and September 30 of each year (statement of financial position and income statement) in shortened form prepared by applying the "shortened" consolidation criteria. In accordance with this criteria, the financial statements or accounting data drawn up in accordance with IFRS by EXOR and by the subsidiaries in the "Holdings System" are consolidated line by-line; the investments in the operating subsidiaries and associates (FCA, CNH Industrial, C&W Group, Almacantar, Juventus Football Club and Arenella Immobiliare) are accounted for using the equity method on the basis of their financial statements or accounting data drawn up in accordance with IFRS.

The financial statements drawn up using the "shortened" criteria, in order to facilitate the analysis of financial condition and cash flows, as well as the results of operations of the Group, are also presented along with the annual consolidated financial statements and the half-year condensed consolidated financial statements of each year.

The FCA figures at December 31, 2014 refer to the Fiat Group after the merger of Fiat S.p.A. with and into Fiat Investments N.V. which became effective on October 12, 2014. The merger had no effect on the operations of the previous Fiat Group and therefore the figures presented in the Report on Operations relating to the share of the results of the investment holding and the value of the investment (accounted for using the equity method) are consistent with and comparable to those previously reported by the EXOR Group.
For purposes of the consolidation of FCA at December 31, 2014, the mandatory convertible securities were treated as an increase in the investment already held in FCA.

The following table shows the consolidation and valuation methods of the investment holdings:

	% of consolidation	
	12/31/2014	12/31/2013
Holding Company - EXOR (Italy)		
Companies in the Holdings System consolidated line-by-line		
- EXOR S.A. (Luxembourg)	100	100
- Exor Capital Limited (Ireland)	100	100
- Exor Inc. (USA)	100	100
- Ancom USA Inc. (USA)	100	100
- Exor N.V. (Netherlands)	100	100
- Exor SN LLC (USA) (a)	100	-
Investments in operating subsidiaries and associates, accounted for using the equity method		
- FCA	29.25	30.90
- CNH Industrial	27.42	27.96
- C&W Group (b)	83.06	82.40
- Almacantar	38.29	38.29
- Juventus Football Club S.p.A.	63.77	63.77
- Arenella Immobiliare S.r.l.	100	100

(a) Company incorporated on August 4, 2014.
(b) Percentages calculated on issued share capital, net of treasury stock held and net of the estimate of stock purchases from non-controlling interests to be made by C&W Group.

The EXOR Group ends the year 2014 with a consolidated profit of €323.1 million; the year 2013 closed with a consolidated profit of €2,084.5 million. The decrease of €1,761.4 million is principally due to lower gains realized during the year of €1,565.1 million, the reduction in the share of the results of the investment holdings of €128.9 million, lower dividends received of €56.8 million and higher net financial expenses of €11.8 million. In 2013, in particular EXOR had reported a net gain of €1,534 million on the sale of the entire investment in SGS from which it had also received dividends of €55.7 million.

At December 31, 2014 consolidated equity attributable to owners of the parent amounts to €7,995 million, with a net increase of €1,047.6 million compared to €6,947.4 million at year-end 2013. Additional details are provided in the following Note 10.

The consolidated net financial position of the Holdings System at December 31, 2014 is a positive €563 million, with a decrease of €718.2 million from the positive balance of €1,281.2 million at year-end 2013. Additional details are provided in the following Note 11.

The shortened consolidated **income statement** and **statement of financial position** and notes on the most significant line items are presented below.

EXOR GROUP – Consolidated Income Statement - shortened

€ million	Note	2014	2013	Change
Share of the profit (loss) of investments accounted for using the equity method	1	**425.2**	554.1	(128.9)
Dividends from investments	2	**4.9**	61.7	(56.8)
Gains (losses) on disposals and impairments on investments, net	3	**(36.9)**	1,528.2	(1,565.1)
Net financial income (expenses)	4	**(42.0)**	(30.2)	(11.8)
Net general expenses	5	**(21.3)**	(26.0)	4.7
Non-recurring other income (expenses) and general expenses	6	**(6.8)**	(3.6)	(3.2)
Income taxes and other taxes and duties		**0.0**	0.3	(0.3)
Profit attributable to owners of the parent		**323.1**	2,084.5	(1,761.4)

EXOR GROUP – Consolidated Statement of Financial Position - shortened

€ million	Note	12/31/2014		12/31/2013		Change	
Non-current assets							
Investments accounted for using the equity method	7	**6,596.8**		4,809.9		1,786.9	
Other financial assets:							
- Investments measured at fair value	8	**350.2**		367.8		(17.6)	
- Other investments	9	**558.4**		572.9		(14.5)	
- Other financial assets		**4.2**		10.9	(a)	(6.7)	
Other property, plant and equipment and intangible assets		**1.2**		0.2		1.0	
Total Non-current assets		**7,510.8**		5,761.7		1,749.1	
Current assets							
Financial assets and cash and cash equivalents	11	**2,157.1**		2,488.0		(330.9)	
Tax receivables and other receivables		**7.2**	(b)	7.5	(b)	(0.3)	
Total Current assets		**2,164.3**		2,495.5		(331.2)	
Total Assets		**9,675.1**		8,257.2		1,417.9	
Capital issued and reserves attributable to owners of the parent	10	**7,995.0**		6,947.4		1,047.6	
Non-current liabilities							
Bonds and other financial debt	11	**1,600.0**		1,199.9		400.1	
Provisions for employee benefits		**2.9**		2.3		0.6	
Deferred tax liabilities, other liabilities and provisions		**0.9**		7.3		(6.4)	(c)
Total Non-current liabilities		**1,603.8**		1,209.5		394.3	
Current liabilities							
Bonds, bank debt and other financial liabilities	11	**70.5**		90.8		(20.3)	
Other payables and provisions		**5.8**		9.5		(3.7)	
Total Current liabilities		**76.3**		100.3		(24.0)	
Total Equity and Liabilities		**9,675.1**		8,257.2		1,417.9	

a) At December 31, 2013 the balance mainly included the financial receivable due by EXOR from Alpitour for €10 million, which represented the remaining balance of the Deferred Price on the sale of Alpitour (€15 million), inclusive of interest capitalized (€1.7 million) and net of expenses (€6.7 million) recorded in 2012 and 2013 following the settlement of certain disputes that arose with the buyer in the period subsequent to acquisition and relating to events prior to the sale by EXOR. At June 30, 2014, following the agreement reached with Alpitour, EXOR waived in full the remaining Deferred Price of €10.4 million, inclusive of interest capitalized (€2.1 million), definitively closing all present and future disputes.

b) Receivables from the tax authorities total €6.3 million (€6.1 million at December 31, 2013) and refer mainly to EXOR.

c) The change is mainly due to the release of expenses set aside in provision accounts at December 31, 2013 (€2.9 million) after having reached the agreement between EXOR and Alpitour, which led to the definitive closing of all present and future disputes.

1. Share of the profit (loss) of investments accounted for using the equity method

In 2014 the share of the profit (loss) of investments accounted for using the equity method is a profit of €425.2 million, with a decrease of €128.9 million compared to the profit reported in the year 2013 (€554.1 million). The decrease is principally attributable to the reduction in the share of the profit of FCA (-€109.9 million) and CNH Industrial (-€48.9 million), partially offset by the increase in the share of the profit of C&W Group (€25.1 million) and the reduction in share of the loss of Juventus (+€2.7 million).

		Profit (loss) (million)				EXOR's share (€ million)		
		2014		2013	Change	2014	2013	Change
FCA (a)	€	568.0	€	904.0 (b)	(336.0)	164.8 (c)	274.7	(109.9)
CNH Industrial (a)	$	917.0	$	1,048.0 (d)	(131.0)	189.4	238.3 (e)	(48.9)
C&W Group	$	68.7	$	28.7	40.0	42.9	17.8	25.1
Almacantar	£	83.1	£	83.3	(0.2)	39.5	37.5	2.0 (f)
Juventus Football Club S.p.A.	€	(18.2) (g)	€	(22.4) (g)	4.2	(11.6)	(14.3)	2.7
Arenella Immobiliare S.r.l.	€	0.2	€	0.1	-	0.2	0.1	0.1
Total						**425.2**	554.1	(128.9)

(a) Includes consolidation adjustments.
(b) FCA's profit (€1,951 million including the profit of non-controlling interests) comprises €1,500 million from the recognition of net deferred tax assets relating to FCA US since the conditions resulting in their non-recognition are no longer present.
(c) The percentage of the profit of FCA considers that the merger between Fiat and Fiat Investment was completed on October 12, 2014; therefore it includes a percentage equal to 30.78% of FCA's profit for the nine months to September 30, 2014 for €41.9 million and a percentage equal to 29.25% of the profit for the fourth quarter for €122.9 million.
(d) Amounts recast in order to reflect the change in presentation currency from euro to U.S. dollar.
(e) The percentage of profit of CNH Industrial considers that the merger between Fiat Industrial and CNH Global was completed on September 29, 2013; therefore it includes a percentage equal to 30.88% of CNH Industrial Group's profit for the nine months to September 30, 2013 for €190.1 million and a percentage equal to 27.96% of the profit for the fourth quarter of 2013 for €48.2 million.
(f) With the profit basically the same for both years, the increase in EXOR's share is due to the exchange rate effect.
(g) The loss results from the accounting data prepared for the company's consolidation by EXOR and refers to the period January 1 to December 31, 2014.

For comments on the Review of Performance of the Operating Subsidiaries and Associates, please refer to the next sections.

2. Dividends from investments

Details are as follows:

€ million	2014	2013	Change
Dividends received from investments accounted for using the equity method			
- CNH Industrial	**73.4**	82.6	(9.2)
- C&W Group	**2.2**	2.0	0.2
Dividends received from other investment holdings:			
- The Economist Group	**2.5**	2.3	0.2
- Banca Leonardo	**0.7**	2.3	(1.6)
- SGS	**0.0**	55.7	(55.7)
- Other	**1.7**	1.4	0.3
Dividends included in the net financial position	**80.5**	**146.3**	(65.8)
Dividends received from investments accounted for using the equity method	**(75.6)**	(84.6)	9.0
Dividends included in the income statement	**4.9**	61.7	(56.8)

3. Gains (losses) on disposals and impairments of investments, net

Details are as follows:

€ million	2014		2013		Change
Sales:					
- Alpitour	**(10.6)**	(a)	(5.0)	(b)	(5.6)
- SGS	**0.0**		1,534.0	(c)	(1,534.0)
- Other	**4.3**		(0.8)		5.1
Impairments:					
- Sequana	**(30.6)**	(d)	0.0		(30.6)
Total	**(36.9)**		1,528.2		(1,565.1)

(a) Of which €5.6 million relates to the reduction of the Deferred Price and €5 million to the sale of the remaining investment in Alpitour.
(b) Reduction of the Deferred Price on the sale of Alpitour relating to certain disputes that arose with the buyer.
(c) Determined by recording the balance of the fair value reserve relating to SGS in the income statement at the date of finalizing its sale (€1,575.2 million), net of the negative difference of €41.2 million between the fair value of the investment determined at the same date on the basis of its trading price (€2,044.9 million) and the sales price agreed between the parties (€2,003.7 million, net of expenses on the sale of €0.1 million).
(d) Following the prolonged and continuing decline in the share price, the investment was written down in the income statement for the fair value adjustement in 2014 (€10.8 million) and the reclassification to the income statement of the fair value reserve at December 31, 2013 (€19.8 million).

4. Net financial income (expenses)

In 2014 the net financial expenses balance is €42 million (a net financial expenses balance of €30.2 million in 2013). Details of the composition of the balance are as follows:

€ million	2014		2013		Change
Net interest income and other financial income					
Interest income on:					
- bank current accounts and deposits	**16.3**		16.6		(0.3)
- bonds	**12.2**		10.6		1.6
Income (expenses) and fair value adjustments to financial assets held for trading	**8.1**		8.8		(0.7)
Other financial income	**0.1**		0.5		(0.4)
Net interest income and other financial income	**36.7**		36.5		0.2
Interest expenses and other financial expenses					
Interest expenses and other expenses on EXOR bonds	**(63.3)**		(58.2)		(5.1)
Non-recurring expenses on cancellation of EXOR 2007-2017 bonds (a)	**(32.5)**		(6.5)		(26.0)
Expenses for interest rate hedges	**0.0**		(15.5)	(b)	15.5
Interest expenses and other expenses on bank borrowings	**(3.0)**		(4.7)		1.7
Interest expenses and other financial expenses	**(98.8)**		(84.9)		(13.9)
Net exchange gains (losses)	**1.4**		(0.6)		2.0
Financial income (expenses) generated by the financial position	**(60.7)**		(49.0)		(11.7)
Income on other investments (c)	**18.4**	(d)	17.6	(d)	0.8
Exchange gains (losses) and sundry financial income	**0.3**		1.2		(0.9)
Other financial income	**18.7**		18.8		(0.1)
Financial income (expenses) recorded in the income statement	**(42.0)**		(30.2)		(11.8)

(a) Derives from the difference between the average unit purchase price (€113.01) and nominal amount (€100) on the notional amount of €250 million cancelled in 2014. In 2013 the expenses arise from the difference between the average unit purchase price (€110.77) and nominal amount (€100) on the notional amount of €60 million.
(b) Included non-recurring expenses of €11.7 million relating to the closing of the interest rate hedging instruments following the early extinguishment of non-current loans for a total of €200 million.
(c) Included in other non-current financial assets.
(d) Includes mainly the net gains realized on the redemptions of the Perella Weinberg Funds of €13 million (€16.8 million in 2013) and The Black Ant Value Fund of €4.8 million (€1.2 million in 2013).

5. Net general expenses

In 2014 net general expenses amount to €21.3 million, with a decrease of €4.7 million compared to the prior year (€26 million) arising principally from the reduction in personnel costs.
The balance includes the notional cost of the EXOR stock option plans of approximately €3.3 million (€4.7 million in 2013). The reduction of €1.4 million is attributable to the forfeiture of the options on the Stock Option Plan EXOR 2008-2019 and the Stock Option Plan EXOR 2012-2021. Additional details are provided on capital issued and reserves attributable to owners of the parent in the following Note 10.

Details of the main items are as follows:

€ million	2014	2013	Change
Personnel costs	**(9.7)**	(13.9)	4.2
Compensation to and other costs relating to directors	**(5.3)**	(5.3)	0.0
Purchases of goods and services	**(6.5)**	(6.0)	(0.5)
Other operating expenses, net of revenues and cost recoveries	**0.2**	(0.8)	1.0
Total	**(21.3)**	(26.0)	4.7

6. Non-recurring other income (expenses) and general expenses

Details of the main items are as follows:

€ million	2014	2013	Change
Expenses connected with the reduction in staff	**(3.2)**	(1.6)	(1.6)
Defense fees in legal proceedings	**(0.6)**	(0.4)	(0.2)
Costs connected with transactions on investments	**(0.4)**	(1.0)	0.6
Other	**(2.6)** (a)	(0.6)	(2.0)
Total	**(6.8)**	(3.6)	(3.2)

(a) Includes principally the expenses for non-recoverable interest income earned on the Deferred Price (€2.1 million) as part of the agreement reached on June 30, 2014 with Alpitour, in which both companies agreed to settle the pending disputes and every other potential future controversy by way of a novatory agreement.

7. Investments accounted for using the equity method

Details are as follows:

	Carrying amount at		
€ million	12/31/2014	12/31/2013	Change
FCA	**4,077.6**	2,634.1	1,443.5
CNH Industrial	**1,615.8**	1,410.2	205.6
C&W Group	**572.8**	480.5	92.3
Almacantar	**281.8**	225.1	56.7
Juventus Football Club S.p.A.	**22.7**	34.1	(11.4)
Arenella Immobiliare S.r.l.	**26.1**	25.9	0.2
Total	**6,596.8**	4,809.9	1,786.9

The positive change in EXOR's share of the investment in FCA is mainly due to the increase in the equity attributable to owners of FCA following the acquisition of the remaining 41.5% ownership interest in FCA US from the VEBA Trust (€387.7 million), with the consequent reduction in the equity attributable to non-controlling interests, the increase from the placement of mandatory convertible securities (€711.2 million), the capital increase (€248.3 million), the increase in exchange differences on translating foreign operations (+€361.6 million) and the profit for the year (€162.2 million), partially offset by the reimbursement of capital and reserves (-€121.8 million), the reduction in the cash flow hedge reserve (-€56.1 million) and the defined benefit plans remeasurement reserve (-€89.5 million).

The positive change in EXOR's share of the investment in CNH Industrial is mainly due to the profit for the year (€189.4 million), the increase in the exchange differences on translating foreign operations (€165.9 million), partially offset by the reduction in the cash flow hedge reserve (-€31.5 million), the defined benefit plans remeasurement reserve (-€64.4 million) and dividends paid (-€77.4 million).

The positive change in EXOR's share of the investment in the C&W Group is mainly due to the increase in the exchange differences on translating foreign operations (€52.5 million) and the profit for the period (€42.9 million).

8. Other non-current financial assets – Investments measured at fair value

These are investments available-for-sale. Details are as follows:

€ million	12/31/2014 %		12/31/2014 Carrying amount		12/31/2013 %		12/31/2013 Carrying amount		Change	
Banca Leonardo S.p.A.	17.37		**60.0**		17.37		76.0		(16.0)	
Banijay Holding S.A.S.	17.09		**41.0**		17.09		37.0		4.0	
The Economist Group	4.72		**40.4**		4.72		37.0		3.4	
NoCo A L.P.	2.00	(a)	**17.5**		2.00	(a)	16.0		1.5	(b)
Sequana S.A.	10.85		**14.6**		17.38		24.8		(10.2)	
Other			**176.7**	(c)			177.0	(c)	(0.3)	
Total			**350.2**				367.8		(17.6)	

(a) Percentage ownership interest in the limited partnership, measured at cost.
(b) Exchange differences on translating foreign operations.
(c) Relates to listed investments (€173.5 million at December 31, 2013).

The decrease in the investment in Banca Leonardo is due to the negative fair value adjustment of €11.2 million (with recognition in equity) and the reimbursement of reserves of €4.8 million.

The increase in the investment in Banijay Holding arises from the positive fair value adjustment of €4 million (with recognition in equity).

The increase in the investment in The Economist Group is attributable to the positive fair value adjustment of €3.4 million (with recognition in equity).

At June 30, 2014 the investment in Sequana was adjusted to fair value on the basis of the per share trading price at that date (€4.08 per share) for a total of €7.1 million. The negative fair value reserve recognized in equity was at the same time reclassified to the income statement, as set out in IAS 39, deeming the capital increase operation and the trend of the share price determining factors in evaluating the existence of an impairment such as to justify the recognition in the income statement of a correction of the investment value for a total expense of €26.9 million.
On July 26, 2014 EXOR S.A. subscribed to Sequana's share capital increase for a total payment of €11.1 million and in the following months sold on the market 3,158,313 shares for a total equivalent amount of €9.1 million, recording a net loss of €1.4 million.
The total impairment charge recognized in the income statement in 2014 is €30.6 million and includes the fair value adjustment in 2014 of €10.8 million and the reclassification to the income statement of the fair value reserve at December 31, 2013 of €19.8 million.
At December 31, 2014 the remaining 5,537,687 shares were measured at fair value on the basis of the per share trading price at December 31, 2014 (€2.64 per share), recording an additional correction in value of €3.7 million owing to the continual reduction in the share's trading price.

9. Other non-current financial assets – Other investments

These are financial assets available-for-sale and held to maturity. Details are as follows:

€ million	12/31/2014	12/31/2013	Change	
Investments measured at fair value				
- The Black Ant Value Fund	**392.0**	381.6	10.4	
- Perella Weinberg Funds	**13.0**	46.5	(33.5)	
- Rho Immobiliare Fund	**11.3**	11.7	(0.4)	
- Other funds	**65.8**	49.6	16.2	
	482.1	489.4	(7.3)	
Investments measured at amortized cost				
- Bonds held to maturity	**76.3**	83.5	(7.2)	(a)
Total	**558.4**	572.9	(14.5)	

(a) Includes mainly purchases made during the year of €50 million, net of decreases of €57 million (of which €25 million for reclassifications among current financial assets).

The net increase in The Black Ant Value Fund of €10.4 million is due to the positive fair value adjustment of €29.5 million, partially offset by the redemption of 142,500 shares, according to the agreements signed and taking into account the positive performance recorded during 2013, for a total equivalent amount of €19.1 million. The redemption resulted in a net gain of €4.8 million relating to the realization of a part of the fair value reserve. At December 31, 2014 the positive fair value adjustment recognized in equity amounts to €121.3 million.

The net decrease in the Perella Weinberg Funds of €33.5 million is due principally to the redemption of the NoCo B and Perella Weinberg Real Estate I Funds, respectively, for $28.5 million (€21.1 million) and €19.3 million, partially offset by investments during the period of €1 million and the positive fair value adjustment of €5.9 million. The net gain realized of €13 million refers to the realization of a part of the fair value reserve. At December 31, 2014 the fair value adjustment recorded in equity is a negative €0.5 million.
At December 31, 2014, the remaining investment commitments in NoCo B L.P. and in the Perella Weinberg Real Estate I Fund total, respectively, $8.2 million (€6.8 million) and €18.9 million.

10. Capital issued and reserves attributable to owners of the parent

Details are as follows:

€ million	12/31/2014	12/31/2013	Change
Share capital	**246.2**	246.2	0.0
Reserves	**8,092.9**	7,045.3	1,047.6
Treasury stock	**(344.1)**	(344.1)	0.0
Total	**7,995.0**	6,947.4	1,047.6

Details of changes during the period are as follows:

€ million		
Balance at December 31, 2013	**6,947.4**	
Fair value adjustments to investments and other financial assets:		
- The Black Ant Value Fund	29.5	
- Banca Leonardo	(11.2)	
- Perella Weinberg Funds	6.0	
- Other financial assets	50.3	
Reclassification of fair value to income statement:		
- Sequana	19.8	
- Perella Weinberg Funds	(13.0)	
- The Black Ant Value Fund	(4.8)	
- Other financial assets	1.4	
Measurement of EXOR's derivative financial instruments	(11.7)	
Dividends paid by EXOR	(74.5)	
Attributable other net changes recorded in equity, shown by EXOR, its subsidiaries and the investments consolidated and accounted for using the equity method		
- Acquisition of interests in subsidiaries by the FCA Group	387.7	(a)
- FCA capital increase	248.3	
- Exchange differences on translating foreign operations	594.5	
- Cash flow hedge reserve (net of deferred taxes)	(105.9)	
- Defined benefits plans remeasurement reserve (net of deferred taxes)	(157.4)	
- Other	(234.5)	
Profit attributable to owners of the parent	323.1	
Net change during the year	**1,047.6**	
Balance at December 31, 2014	**7,995.0**	

(a) EXOR's share of the increase in the equity attributable to owners of FCA principally following the acquisition of the remaining 41.5% ownership interest in FCA US from the VEBA Trust, with the consequent reduction in the equity attributable to non-controlling interests.

EXOR S.p.A. stock option plans

The composition and the change in the stock option plans are as follow:

	Stock Option Plan 2008-2019		Stock Option Plan 2012-2021 Company Performance	Stock Option Plan 2012-2021 Long Term Stock Grant
Balance at December 31, 2013	**7,123,000**		**2,510,732**	**347,456**
Options forfeited	(1,011,000)		(1,133,132)	(180,790)
Balance at December 31, 2014	**6,112,000**	(a)	**1,377,600**	**166,666**
Cost referring to the year (€ million):				
- personnel costs	0.7		0.4	0.6
- compensation to the Chairman and Chief Executive Officer	1.2		0.4	-
Total	**1.9**		**0.8**	**0.6**

(a) Corresponding to 1,619,680 shares.

The reduction in the number of options is mainly due to the reduction in staff and, as regards "Company Performance", failure to reach the performance targets linked to the change in EXOR's NAV, which was lower than the change in the MSCI World Index in Euro.

11. Consolidated net financial position of the Holdings System

At December 31, 2014 the consolidated net financial position of the Holdings System is a positive €563 million, with a decrease of €718.2 million from the balance at year-end 2013 (€1,281.2 million) principally on account of the purchase of mandatory convertible securities issued by FCA (€711.2 million). The balance is composed as follows:

€ million	12/31/2014 Current	12/31/2014 Non current	12/31/2014 Total	12/31/2013 Current	12/31/2013 Non current	12/31/2013 Total	Change Current	Change Non current	Change Total
Financial assets	**937.9**	**76.4**	**1,014.3**	581.7	83.9	665.6	356.2	(7.5)	348.7
Financial receivables	**1.9**	**0.0**	**1.9**	6.1	0.0	6.1	(4.2)	0.0	(4.2)
Cash and cash equivalents	**1,217.3**	**0.0**	**1,217.3**	1,900.2	0.0	1,900.2	(682.9)	0.0	(682.9)
Total financial assets	**2,157.1**	**76.4**	**2,233.5**	2,488.0	83.9	2,571.9	(330.9)	(7.5)	(338.4)
EXOR bonds	**(24.9)**	**(1,600.0)**	**(1,624.9)**	(28.6)	(1,199.9)	(1,228.5)	3.7	(400.1)	(396.4)
Financial payables to associates	**0.0**	**0.0**	**0.0**	(28.5)	0.0	(28.5)	28.5	0.0	28.5
Other financial liabilities	**(45.6)**	**0.0**	**(45.6)**	(33.7)	0.0	(33.7)	(11.9)	0.0	(11.9)
Total financial liabilities	**(70.5)**	**(1,600.0)**	**(1,670.5)**	(90.8)	(1,199.9)	(1,290.7)	20.3	(400.1)	(379.8)
Consolidated net financial position of the Holdings System	**2,086.6**	**(1,523.6)**	**563.0**	2,397.2	(1,116.0)	1,281.2	(310.6)	(407.6)	(718.2)

During 2014 a part of cash (€685 million) was used to purchase mutual funds, including €338 million that was redeemed at the end of the year.

Current financial assets include bonds issued by leading issuers, listed on active and open markets, and mutual funds. Such financial assets, if held for trading, are measured at fair value on the basis of the trading price at year end or using the value determined by an independent third party in the case of mutual funds, translated, where appropriate, at the year-end exchange rates, with recognition of the fair value in the income statement. They also include the current portion of bonds held to maturity.

Non-current financial assets include bonds issued by leading counterparties and listed on active and open markets which the Group intends, and is able, to hold until their natural repayment date as an investment for a part of its available cash so that it can receive a constant attractive flow of financial income. Such designation was made in accordance with IAS 39, paragraph 9.

These financial instruments are free of whatsoever restriction and, therefore, can be monetized whenever the Group should so decide. Their classification as non-current in the financial position has been adopted only in view of the fact that their natural maturity date is 12 months beyond the closing date of the financial statements. There are no trading restrictions and their degree of liquidity or the degree to which they can be converted into cash is considered high.

Cash and cash equivalents include demand deposits or short-term deposits, and readily negotiable money market instruments and bonds. Investments are spread over an appropriate number of counterparties since the primary objective is having investments which can readily be converted into cash. The counterparties are chosen according to their creditworthiness and reliability.

At December 31, 2014 the **bonds** issued by EXOR are described as follows:

Issue date	Maturity date		Issue price	Coupon	Rate (%)	Currency	Nominal amount (million)	Balance at (a) 12/31/2014 (€ million)	12/31/2013
6/12/2007	6/12/2017		99.554	Annual	fixed 5.375	€	440.0	**(452.1)**	(708.3)
10/16/2012	10/16/2019		98.136	Annual	fixed 4.750	€	150.0	**(149.4)**	(149.0)
11/12/2013	11/12/2020		99.053	Annual	fixed 3.375	€	200.0	**(199.2)**	(198.9)
10/8/2014	10/8/2024		99.329	Annual	fixed 2.50	€	650.0	**(652.1)**	0.0
12/7/2012	1/31/2025		97.844	Annual	fixed 5.250	€	100.0	**(102.8)**	(102.7)
5/9/2011	5/9/2031	(b)	100.000	Semiannual	fixed 2.80	Yen	10,000.0	**(69.3)**	(69.6)
								(1,624.9)	(1,228.5)

(a) Includes the current portion.
(b) To protect against currency fluctuations, a hedging transaction was put in place using a cross currency swap. The cost in Euro is fixed at 6.012% per year.

At December 31, 2013 **financial payables to associates** of €28.5 million refer to the payable to Almacantar S.A. for the share of the capital increase subscribed by EXOR S.A. in July 2013, but not yet paid. This payable was extinguished in full during 2014.

Other financial liabilities principally consist of the measurement of cash flow hedge derivative instruments.

The net negative change of €718.2 million in 2014 is described in the following table:

€ million			
Consolidated net financial position of the Holdings System at December 31, 2013		**1,281.2**	
Dividends from investment holdings		80.5	
- CNH Industrial	73.4		
- The Economist Group	2.5		
- C&W Group	2.2		
- Banca Leonardo	0.7		
- Other	1.7		
Reimbursements of reserves		7.5	
- Banca Leonardo	4.8		
- Other	2.7		
Financial income from Fiat Chrysler Automobiles N.V. mandatory convertible securities maturing 12/15/2016		2.4	
Investments		(724.0)	
- Subscription to Fiat Chrysler Automobiles N.V. mandatory convertible securities maturing 12/15/2016	(711.2)		
- Subscription to Sequana capital increase, net of partial sale of shares	(2.0)		
- Current other financial assets	(10.8)		
Sales/Redemptions		98.7	
- Noco B	39.4		
- The Black Ant Value Fund	19.1		
- Alpitour	5.0		
- Other non-current financial assets	35.2		
Dividends paid by EXOR		(74.5)	
Other changes			
- Net general expenses		(18.0)	
- Non-recurring other income (expenses) and general expenses		(4.7)	
- Net financial expenses		(60.7)	(a)
- Other taxes and duties		(0.6)	
- Other net changes		(24.8)	(b)
Net change during the year		**(718.2)**	
Consolidated net financial position of the Holdings System at December 31, 2014		**563.0**	

(a) Of which €32.5 million refers to expenses relating to the cancellation of EXOR bonds 2007-2017.
(b) Includes primarily the negative measurement of the cross currency swap on bonds 2011-2031 in Japanese yen for €11.7 million.

At December 31, 2014 EXOR has unused irrevocable credit lines for €425 million (including €80 million due by December 31, 2015 and €345 million after December 31, 2015), in addition to unused revocable credit lines for more than €595 million.

EXOR's long-term debt and short-term debt are rated by Standard & Poor's, respectively, at "BBB+" and "A-2", with a stable outlook.

CORPORATE GOVERNANCE

In its meeting held on April 14, 2015 the EXOR S.p.A. board of directors also approved the "Report on the Company's Corporate Governance and Ownership Structure" written in accordance with Legislative Decree 58 of February 24, 1998 art. 123-*bis*, as subsequently integrated and amended (TUF – Consolidated Law on Finance).
The Report was published with the 2014 Annual Report and is available on the website www.exor.com.

OTHER INFORMATION

Management and coordination

EXOR S.p.A. is not subject to the management and coordination of any other company or entity and is fully independent in decisions regarding its general strategic and operating guidelines.

Related party transactions

Information and balances in the statement of financial position and in the income statement originating from transactions with related parties are disclosed in specific notes to the separate and consolidated financial statements.

Information pertaining to personnel

Information pertaining to personnel is reported in the notes to the separate and consolidated financial statements.

REVIEW OF PERFORMANCE OF THE OPERATING SUBSIDIARIES AND ASSOCIATES

(The percentages indicated in relation to the stake, voting rights and share capital are calculated on the basis of the figures at the date of December 31, 2014)

(29.25% stake, 44.37% of voting rights on issued capital)

The key consolidated figures of FCA reported for the year 2014 are the following:

€ million	Year 2014	2013 (1)	Change
Net revenues	**96,090**	86,624	9,466
EBITDA	**8,120**	7,637	483
EBIT	**3,223**	3,002	221
EBIT Adjusted for unusual items	**3,651**	3,521	130
Profit for the year	**632**	1,951	(1,319)
Profit attributable to owners of the parent	**568**	904	(336)

(1) Adjusted for the retrospective adoption of IFRS 11: Net revenues -€192 million, EBIT +€30 million, Profit unchanged.

€ million	At 12/31/2014	12/31/2013 (1)
Total assets	**100,510**	87,214
Net debt	**(10,849)**	(10,158)
- of which: Net industrial debt	**(7,654)**	(7,014)
Equity attributable to owners of the parent	**13,425**	8,326

(1) At December 31, 2013, adjusted for the retrospective adoption of IFRS 11: Net industrial debt +€365 million.

Net revenues

Net revenues increased by €9.5 billion year-over-year (+11%; +12% on a constant currency basis) to €96.1 billion, driven mainly by **NAFTA** (+15%), **APAC** (+34%) and **Maserati** (+67%), with increases also for **EMEA** (+4%) and **Components** (+7%). These increases were partly offset by a 13% reduction for **LATAM** (-7% on a constant currency basis), where vehicle shipments were down due to continued weak demand in the region's main markets.

€ million	Year 2014	2013(1)	Change %
NAFTA (Mass-Market brands)	**52,452**	45,777	14.6
LATAM (Mass-Market brands)	**8,629**	9,973	-13.5
APAC (Mass-Market brands)	**6,259**	4,668	34.1
EMEA (Mass-Market brands)	**18,020**	17,335	4.0
Ferrari	**2,762**	2,335	18.3
Maserati	**2,767**	1,659	66.8
Components (Magneti Marelli, Teksid, Comau)	**8,619**	8,080	6.7
Other	**831**	929	-10.5
Eliminations and adjustments	**(4,249)**	(4,132)	-
Net revenues	**96,090**	86,624	10.9

(1) Adjusted for the retrospective adoption of IFRS 11. Revenues: Group -€192 million, APAC +€47 million, EMEA -€85 million, Eliminations and adjustments -€154 million.

EBIT

EBIT totals €3,223 million for the year, a 7% increase (+9% on a constant currency basis) over the €3,002 million in 2013. EBIT includes unusual items which totaled a €428 million net charge in 2014, compared to €519 million in 2013.

In 2014 unusual items include primarily €495 million charge connected with the UAW Memorandum of Understanding entered into by FCA US on January 21, 2014 and €98 million negative impact from the devaluation of the Venezuelan bolivar (VEF) net of €223 million non-cash and non-taxable gain resulting from the fair value of the options representing approximately 10% of FCA US equity interest which was a portion of the 41.5% stake that FCA acquired from the VEBA Trust on January 21, 2014. In 2013 unusual items included €390 million in asset writedowns mainly associated with the rationalization of architectures associated with the new product strategy. In addition there was a €56 million writeoff of the book value of the Equity Recapture Agreement Right in connection with the acquisition of the minority stake in FCA US and a €43 million charge related to the devaluation of the VEF. EBIT adjusted for these unusual items increased by €130 million on the back of strong improvements for **APAC** and **Maserati**, with **EMEA** reducing losses by €198 million, benefiting primarily from higher volumes and better product mix, manufacturing and purchase efficiencies. In **LATAM**, EBIT adjusted for unusual items decreased by €330 million mainly reflecting lower volumes, €51 million in negative exchange rate translation impacts and €45 million in start-up costs for the Pernambuco plant. **NAFTA** was substantially in line with the prior year despite the impact of higher warranty and recall costs.

EBIT by segment is detailed as follows:

	Year		Change
€ million	**2014**	2013 (1)	
NAFTA (Mass-Market brands)	**1,647**	2,290	(643)
LATAM (Mass-Market brands)	**177**	492	(315)
APAC (Mass-Market brands)	**537**	335	202
EMEA (Mass-Market brands)	**(109)**	(506)	397
Ferrari	**389**	364	25
Maserati	**275**	106	169
Components (Magneti Marelli, Teksid, Comau)	**260**	146	114
Other	**(114)**	(167)	53
Eliminations and adjustments	**161** (2)	(58)	219
EBIT	**3,223**	3,002	221

(1) Adjusted for the retrospective adoption of IFRS 11. EBIT: Group +€30 million, APAC +€17 million, EMEA +€14 million, Eliminations and adjustments -€1 million.
(2) Includes the unusual non-cash and non-taxable gain of €223 million recognized in the first quarter of 2014 resulting from the fair value of the options representing approximately 10% of FCA US equity interest which was a portion of the 41.5% stake that Fiat acquired from the VEBA Trust on January 21, 2014.

Profit for the year

Net financial expenses totaled €2,047 million, €60 million higher than 2013, with the impact of higher average debt levels partially offset by the benefits of FCA US refinancing transactions completed in February. Excluding the impact of stock option-related equity swaps, net financial expenses were substantially in line with the prior year.

Tax expenses totaled €544 million for the year, compared with tax income of €936 million for 2013. In 2013, income taxes included a €1.5 billion positive one-time recognition of net deferred tax assets related to FCA US; excluding this item, net income tax expenses totaled €564 million. Higher deferred tax expense in 2014 due to utilization of a portion of the deferred tax assets recognized in 2013 were largely offset by non-recurring deferred tax benefits which did not occur in the prior year.

Net debt

Net industrial debt at year-end was €7.7 billion, compared to €7.0 billion at year-end 2013 (adjusted for the retrospective application of IFRS 11 – €0.4 billion impact). Excluding the effect of the acquisition of the minority interest in FCA US and fourth quarter capital transactions, net industrial debt increased by €0.3 billion, with investments in property, plant and equipment and intangible assets of €8.1 billion almost fully covered by cash flows from operations.

	At		
€ million	**12/31/2014**	12/31/2013 (1)	Change
Third parties debt	**(32.892)**	(28.899)	(3.993)
- Bank debt	**(13.120)**	(8.932)	(4.188)
- Capital market instruments (2)	**(17.729)**	(14.220)	(3.509)
- Other debt (3)	**(2.043)**	(5.747)	3.704
Asset-backed financing (4)	**(469)**	(756)	287
Accruals and other adjustments	**(305)**	(601)	296
Gross debt	**(33.666)**	**(30.256)**	**(3.410)**
Cash and cash equivalents	**23.050**	19.702	3.348
Assets/(Liabilities) from derivative financial instruments	**(233)**	396	(629)
Net debt	**(10.849)**	**(10.158)**	**(691)**
Industrial Activities	**(7.654)**	(7.014)	(640)
Financial Services	**(3.195)**	(3.144)	(51)

(1) Adjusted for the retrospective application of IFRS 11: net debt +€365 million (fully attributable to Industrial Activities).
(2) Includes bonds and other securities issued in financial markets.
(3) Includes: HCT Notes (Canadian Health Care Trust Notes), arrangements accounted for as a lease under IFRIC 4 – Determining whether an arrangement contains a lease and other non-bank financing. (At year-end 2013, also included VEBA Trust Note).
(4) Advances on sale of receivables and securitizations on book.

Significant events in 2014

On January 29, 2014, the board of directors of Fiat S.p.A. (“Fiat”) approved a proposed corporate reorganization resulting in the formation of Fiat Chrysler Automobiles N.V. ("FCA") as a fully integrated global automaker.

On August 1, 2014 the extraordinary general meeting of the shareholders of Fiat S.p.A. approved the cross-border legal merger of Fiat S.p.A. into its 100 percent-owned direct dutch subsidiary Fiat Investments N.V.

On October 12, 2014 the merger of Fiat S.p.A. with and into Fiat Investments N.V. became effective and at that time Fiat Investments N.V. was renamed Fiat Chrysler Automobiles N.V. (“FCA”) and became the holding company for the Fiat Chrysler Group. In connection with the merger, FCA issued 1,167,181,255 common shares for allotment to Fiat shareholders on the basis of the merger exchange ratio of one FCA common share for each Fiat ordinary share.
In addition FCA retained 35,000,000 common shares formerly constituting the share capital of Fiat Investments N.V. as treasury stock.
FCA also issued 408,941,767 special voting shares to eligible Fiat shareholders who elected to participate in its loyalty voting program.
The next day, FCA common shares commenced trading on the NYSE of New York and the MTA of Milan.

<u>Before the merger</u>
On January 1, 2014, the Fiat Group announced an agreement with the VEBA Trust, under which its wholly-owned subsidiary, Fiat North America LLC (“FNA”), would acquire all of the VEBA Trust’s equity membership interests in Chrysler, representing remaining 41.5% of capital. The transaction closed on January 21, 2014. In consideration for the sale of its membership interests in Chrysler, the VEBA Trust received an aggregate consideration of:
- a special distribution of $1.9 billion paid by Chrysler to its members on January 21, 2014 (FNA directed its portion of the special distribution to the VEBA Trust as part of the purchase consideration) and
- a payment of $1.75 billion from FNA to the VEBA Trust.

On January 21, 2014, Chrysler and the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (”UAW”) entered into a memorandum of understanding under the collective bargaining agreement with the UAW in which the UAW made commitments to support Chrysler industrial operations, including to use its best efforts to cooperate in the continued roll-out of World Class Manufacturing, or WCM, programs and to actively assist in the achievement of Chrysler’s long-term business plan. In consideration of these commitments, Chrysler agreed to make payments to the VEBA Trust totaling $700 million to be paid in four equal annual installments. The initial payment of $175 million was made on January 21, 2014 and additional payments will be payable on each of the next three anniversaries of the initial payment.

Following the acquisition of the VEBA Trust's equity interests in Chrysler, on February 7, 2014 Chrysler repaid all amounts outstanding including accrued and unpaid interest of approximately $5.0 billion under the VEBA Trust Note.

On May 6, 2014 the CEO along with members of the executive management of the Group presented the Group's 2014-2018 Business Plan to financial analysts and institutional investors in Auburn Hills (Michigan, U.S.).

After the merger

On October 29, 2014 the board of directors of FCA announced that in connection with FCA's implementation of a capital plan appropriate to support the Group's long-term success, it has authorized the separation of Ferrari S.p.A. from FCA. The separation will be effected through a public offering of FCA's interest in Ferrari equal to 10% of Ferrari's outstanding shares and a distribution of FCA's remaining Ferrari shares to FCA shareholders.

The same board of directors meeting authorized the offer and sale of FCA common shares and mandatory convertible securities. FCA will offer up to 100 million FCA common shares including 35 million common shares currently held in treasury by FCA and approximately 54 million common shares that will be issued by FCA to replenish the share capital canceled following the exercise by Fiat S.p.A. shareholders of cash exit rights under Italian law in connection with the cross-border merger of Fiat S.p.A. into FCA. Those Fiat shares were redeemed and cancelled in the merger as required by Italian law.

$2.5 billion in aggregate principal amount of mandatory convertible securities are expected to be offered in an SEC-registered offering to U.S. and international institutional investors. The mandatory convertible securities will be mandatorily convertible into FCA common shares at maturity. The interest rate, conversion rates and other terms and conditions of the mandatory convertible securities will be determined at pricing of the offering. It is expected that investors participating in the offering, subject to completion of the spin-off of Ferrari, will be entitled to participate in the spin-off and receive shares of Ferrari pursuant to customary provisions adjusting the conversion terms.

In connection with discussions regarding capital planning to support the Group's 2014-2018 Business Plan, FCA confirmed its intention to eliminate any contractual terms limiting the free flow of capital among members of the Group. As a result, FCA expects to redeem each series of FCA US outstanding secured senior notes no later than at its initial optional redemption date of June 2015 for the 8% Senior Secured Notes due 2019 and June 2016 for the 8-1/4% Secured Senior Notes due 2021.

On December 16, 2014, FCA announced that it had completed the sale of 100 million common shares, nominal value €0.01 per share, and $2,875 million in aggregate notional amount of its 7.875% mandatory convertible securities due 2016. The common shares sold consisted of the common shares previously held by FCA as treasury shares and additional common shares that FCA issued to replenish the share capital canceled in accordance with applicable law following the exercise by Fiat S.p.A. shareholders of cash exit rights under Italian law in connection with the cross-border merger of Fiat into FCA. The offerings reflect the exercise in full of the underwriters' options to purchase additional common shares and mandatory convertible securities.

The common shares were sold to the public at a public offering price of $11.00 per common share. The mandatory convertible securities were sold to the public at 100% of the notional amount of $100 per mandatory convertible security. Total net proceeds, before expenses, from both offerings were approximately $3,887 million.

The mandatory convertible securities will be mandatorily converted into FCA common shares on December 15, 2016, unless earlier converted at the option of the holder or FCA or upon certain specified events in accordance with their terms. The mandatory convertible securities will pay a coupon of 7.875% per annum, payable annually in arrears, on December 15, 2015 and 2016, which may, at FCA's discretion, be paid in common shares of FCA at the mandatory conversion date. FCA will have the option to defer payment of coupons, provided that such deferral may not extend past the maturity date. The mandatory convertible securities were issued in denominations of $100 per mandatory convertible security. The maximum conversion rate of the mandatory convertible securities was set at 9.0909 common shares per mandatory convertible security and the minimum conversion rate was set at 7.7369 common shares per mandatory convertible security, in each case subject to adjustment in certain circumstances.

(27.07% stake, 40.11% of the voting rights on issued capital.
In addition, FCA holds a 1.18% stake, 1.74% of the voting rights)

The key consolidated figures of CNH Industrial for the year 2014 (drawn up in accordance with IFRS) are as follows:

	Year		
$ million	**2014**	2013 (1)	Change
Net revenues	**32,957**	34,231	(1,274)
Trading profit	**2,399**	2,637	(238)
Operating profit	**2,167**	2,481	(314)
Profit for the year	**916**	1,218	(302)
Profit attributable to owners of the parent	**917**	1,048	(131)

	At	
$ million	**12/31/2014**	12/31/2013 (1)
Total assets	**54.441**	56.462
Net debt	**(23.590)**	(23.290)
- of which: Net industrial debt	**(2.874)**	(2.195)
Equity attributable to owners of the parent	**7.534**	7.591

(1) Amounts recast in order to reflect the change in presentation currency from euro to U.S. dollar.

Net revenues

The CNH Industrial Group reported net revenues of $32,957 million for 2014, a 3.7% decrease compared to 2013 (down 2.0% on a constant currency basis). **Net revenues of Industrial Activities** were $31,408 million in 2014, a 4.4% decrease compared to the prior year (down 2.7% on a constant currency basis) with revenue growth for **Construction Equipment** and **Powertrain** more than offset by a decline in **Agricultural Equipment**, due to lower volumes and unfavorable product mix primarily in LATAM and NAFTA and **Commercial Vehicle**s in LATAM, as well as by the negative impact of currency translation, primarily relating to the Brazilian real. **Financial Services** recorded net revenues of $2,086 million in 2014, an increase of 7.0% compared to 2013, principally due to the higher average portfolio value.

	Year		Change
$ million	**2014**	2013 (1)	%
Agricultural Equipment	**15,204**	16,763	-9.3
Construction Equipment	**3,346**	3,258	2.7
Commercial Vehicles	**11,087**	11,447	-3.1
Powertrain	**4,475**	4,423	1.2
Eliminations and other	**(2,704)**	(3,050)	-
Total Industrial Activities	**31,408**	32,841	**-4.4**
Financial Services	**2,086**	1,950	7.0
Eliminations and other	**(537)**	(560)	-
Net revenues	**32,957**	34,231	**-3.7**

(1) Amounts recast in order to reflect the change in presentation currency from euro to U.S. dollar.

Trading profit

Group **trading profit** was $2,399 million, or 7.3% of net revenues, in 2014. Trading profit decreased of $238 million compared to a trading profit of $2,637 million, or 7.7% of net revenues, in 2013. **Trading profit of Industrial Activities** was $1,867 million, a decrease of $252 million compared to prior year, with an operating margin of 5.9%, down 0.6 percentage points compared to 2013. Trading profit increases in **Construction Equipment** and **Powertrain** were more than offset by declines in **Agricultural Equipment** and **Commercial Vehicles**. Construction Equipment benefitted from favorable volume and mix in all regions, positive price realization, and cost efficiencies. For **Powertrain**, the improvement was mainly due to the increase in sales, primarily with third parties, and continued industrial cost efficiencies partially offset by an increase in research and development costs. For **Commercial Vehicles**, positive performance in **EMEA** and **APAC** and significant reductions in selling, general and administrative ("SG&A") costs were more than offset by the negative effects of challenging trading conditions in **LATAM**, due to a significant decline in market demand. For **Agricultural Equipment**, lower volume and negative product mix were partially offset by positive net price realization, industrial efficiencies and structural cost reductions in SG&A costs and research and development expenses. Foreign exchange translation impacts were not material to the operating profit of **Industrial Activities. Trading profit for Financial Services** totaled $532 million, an increase of 2.7% compared to 2013.

$ million	Year		Change
	2014	2013 (1)	
Agricultural Equipment	**1,689**	1,949	(260)
Construction Equipment	**66**	(109)	175
Commercial Vehicles	**2**	145	(143)
Powertrain	**220**	210	10
Eliminations and other	**(110)**	(76)	(34)
Total Industrial Activities	**1,867**	2,119	**(252)**
Financial Services	**532**	518	14
Eliminations and other	**-**	-	-
Trading profit	**2,399**	2,637	(238)

(1) Amounts recast in order to reflect the change in presentation currency from euro to U.S. dollar.

Operating profit

Gains/(losses) on the disposal of investments amount to zero in 2014. In 2013, this item amounted to $25 million, in connection with the sale of the investment in Kobelco Construction Machinery Co., which took place in 2012, following an adverse ruling issued by the arbitrator on the price of the transaction.

In 2014, **restructuring costs** amounted to $192 million, as part of the Group's Efficiency Program announced in July 2014. **Agricultural Equipment** recorded $46 million primarily for the planned closure of a joint venture in China and cost reduction activities as a result of negative demand conditions. **Commercial Vehicles** recorded $103 million mainly due to actions to reduce SG&A costs and business support costs as a result of the transition to CNH Industrial's regional structure, and costs related to the completion of manufacturing product specialization programs. **Construction Equipment** recorded $43 million restructuring costs mainly due to the realignment of the dealer networks in **EMEA** as a result of the re-positioning of the Case and New Holland brand offerings, and the announced closure of an assembly plant in Calhoun, Georgia, USA. For 2013, restructuring costs were $54 million, mainly referring to Commercial Vehicles and primarily related to manufacturing product specialization programs.

Other unusual expenses were $40 million in 2014 mainly due to the closure of an indirect taxes claim and costs for the rationalization of strategic suppliers. Other unusual expenses were $77 million in 2013, largely reflecting expenses related to the dissolution of the previous joint venture with Barclays group and its consolidation into Financial Services and costs for the rationalization of strategic suppliers.

The CNH Industrial Group recorded an **operating profit** of $2,167 million (or 6.6% of net revenues) in 2014, a decrease of $314 million compared to $2,481 million (or 7.2% of net revenues) recorded for 2013. **Operating profit for Industrial Activities** was $1,635 million, down $369 million from 2013, with lower trading profit and higher restructuring costs partially offset by lower loss on disposal of investments. Operating profit for **Financial Services** totaled $532 million, up $55 million over 2013.

Profit for the year

Net financial expenses were $776 million in 2014, compared to $615 million in 2013, and included a pre-tax charge of $71 million due to the re-measurement of Venezuelan assets denominated in bolivars. Excluding this exceptional charge, net financial expenses totaled $705 million, an increase of $90 million over the prior year, mainly deriving from higher average net industrial debt, partially offset by more favorable interest rates.

Result from investments was a net gain of $91 million in 2014 (compared to a net gain of $136 million in 2013). The decrease of $45 million is mainly due to lower earnings from the joint ventures in APAC as a result of more difficult trading conditions.

Income taxes totaled $566 million in 2014 compared to $784 million in 2013, representing an effective tax rate of 38.2% for the year (2013 effective tax rate of 39.2%).

Net debt

At December 31, 2014 consolidated **net debt** was $23,590 million, an increase of $300 million compared to $23,290 million at the end of 2013.
During 2014, **net industrial debt** increased $679 million to $2,874 million from $2,195 million at December 31, 2013. Cash generation in the operations before changes in working capital contributed for $1,946 million while changes in working capital negatively impacted by $942 million. Capital expenditures activity totaled $1,681 million and dividend payments, net of capital increases, were $364 million. Currency translation differences positively affected net industrial debt by $555 million.

	At		
$ million	**12/31/2014**	12/31/2013	Change
Debt	**(29.701)**	(29.946)	245
- Asset-backed financing	**(13.587)**	(14.727)	1.140
- Other debt	**(16.114)**	(15.219)	(895)
Other financial assets (liabilities) (1)	**(30)**	167	(197)
Cash and cash equivalents	**6.141**	6.489	(348)
Net debt	**(23.590)**	(23.290)	(300)
Industrial Activities	**(2.874)**	(2.195)	(679)
Financial Services	**(20.716)**	(21.095)	379

(1) Includes the positive or negative fair value of derivative financial instruments.

Significant events in 2014

On April 28, 2014, CNH Industrial announced that it intended to enter into a new licensing agreement with Sumitomo (S.H.I.) Construction Machinery Co. Ltd, a wholly owned subsidiary of Sumitomo Heavy Industries Ltd.
Under this new technology license and component supply agreement, CNH Industrial will manufacture Sumitomo designed crawler excavators (models ranging from 13 to 35 tons). Start of production of the new localized models is planned for mid-2016.
This agreement also extends the existing Global Product Supply Agreement between CNH Industrial and Sumitomo (S.H.I.) Construction Machinery for the sourcing of excavators manufactured in Sumitomo plants. Since 1992, Sumitomo has been a supplier to the CNH Industrial global distribution network of excavators ranging from 7 to 80 tons.
This next step will further strengthen the partnership between the two companies.

In June 2014, CNH Industrial announced that it will close its assembly plant in Calhoun, Georgia (USA) in the third quarter of 2015 as part of the business footprint optimization program and in order to achieve the targets of the Business Plan.
In June 2014, CNH Industrial announced a comprehensive efficiency program designed to enhance the efficiency and competitiveness of its Industrial Activities.
The program is expected to result in a total cumulative charge of approximately $280 million over the next three years, with a non-cash impact of approximately 20%. The majority of the restructuring charges are expected to impact the statement of operations in 2014 and 2015. Benefits from this program are expected as early as the second half of 2014, with annualized savings of approximately $160 million by the end of 2016.

Restructuring actions in Agricultural Equipment are mainly related to the closure of a joint venture as the business model is no longer viable in the current environment.
Actions identified by Construction Equipment are related to the re-tooling of its industrial footprint in connection with the recently announced enlargement of the licensing agreements with Sumitomo (S.H.I.) Construction Machinery Co., Ltd, as well as the re-positioning of Case and New Holland brand offerings and the consequent alignment of their dealer networks. The recently announced closure of the assembly plant in Calhoun, Georgia (USA) represents one of those actions.
Commercial Vehicles actions will focus on SG&A expenses and business support costs as a result of the transition to CNH Industrial's regional structure, as well as on the completion of manufacturing product specialization programs.

In September 2014, CNH Industrial Group announced the definitive agreement to acquire substantially all of the assets of precision spraying equipment manufacturer Miller-St. Nazianz, Inc. ("Miller"). These assets will become part of the New Holland Agriculture brand, providing a strong platform to grow the self-propelled sprayer business on a global scale. The agreement is subject to customary closing conditions, with the goal of closing before the end of the year.

(80.89% of share capital through EXOR S.A.)

The data presented and commented on below is taken from C&W Group's consolidated accounting data as of and for the year ended December 31, 2014, prepared in accordance with International Financial Reporting Standards ("IFRS").

$ million	2014	2013	Change Amount	Change %
Net revenues (commissions and service fee)	**2,096.1**	1,808.5	287.6	15.9
Reimbursed costs – managed properties and other costs	**752.9**	690.1	62.8	9.1
Gross revenues	**2,849.0**	2,498.6	350.4	14.0
Costs	**1,982.0**	1,719.4	262.6	15.3
Reimbursed costs – managed properties and other costs	**752.9**	690.1	62.8	9.1
Total costs	**2,734.9**	2,409.5	325.4	13.5
Operating income (1)	**114.1**	89.1	25.0	28.1
Adjusted EBITDA (2)	**171.0**	130.1	40.9	31.4
EBITDA, as reported	**165.3**	119.1	46.2	38.8
Adjusted income attributable to owners of the parent (3)	**56.3**	34.0	22.3	65.6
Income attributable to owners of the parent, as reported	**68.7**	28.7	40.0	n.s.

(1) Operating income excludes the impact of the changes in C&W's non-controlling minority shareholders put option liability, foreign exchange gains and losses and miscellaneous income (expense), net, which are included in other expense, net in the consolidated statements of operations.

(2) EBITDA represents earnings before net interest expense, income taxes, and depreciation and amortization, while Adjusted EBITDA removes the total impact of certain acquisition and non-recurring reorganization-related charges in the current and prior year of $5.7 million and $11.0 million, respectively. Management believes that EBITDA and Adjusted EBITDA are useful in evaluating operating performance compared to that of other companies in the industry, as these financial measures assist in providing a more complete picture of the results from operations. Because EBITDA and Adjusted EBITDA are not calculated under IFRS, C&W Group's EBITDA and Adjusted EBITDA may not be comparable to similarly titled measures used by other companies.

(3) Adjusted income attributable to owners of the parent excludes the tax-affected impacts of certain acquisition and non-recurring reorganization-related charges of $3.0 million and $9.1 million for the current and prior year, respectively, the tax-affected impacts of certain computer software accelerated depreciation and impairment charges of $1.8 million for the current year and certain non-recurring income tax benefits of $17.2 million and $3.8 million for the current and prior year, respectively.

$ million	12/31/2014	12/31/2013	Change
Equity attributable to owners of the parent	**837,2**	804,2	33,0
Consolidated net financial position – (principally debt in excess of cash) / principally cash in excess of debt)	**(56,8)**	3,9	(60,7)

C&W Group delivered record revenues and profitability in 2014, as gross revenues reached a record high of $2.8 billion and Adjusted EBITDA increased 31% year-over-year. Net revenues also increased to a record $2.1 billion fueled by a 42.1% growth in CIS, as property under management increased 7.0% to 1.1 billion square feet as of December 31, 2014. Transaction revenues from both Capital Markets, which increased 16.2%, and Leasing, which increased 7.1% on a record value of transaction volumes, was driven by strong performance advising clients across property sectors and working seamlessly across geographies and services. Net revenues increased by double-digits across all regions with percentage gains ranging from approximately 15% to 25%.

In addition to record financial performance during 2014, on December 31, 2014, C&W Group acquired Massey Knakal Realty Services, a premier investment sales firm and one of the leaders in New York for midsized office, retail and apartment building sales, which is expected to significantly enhance C&W Group's Capital Markets presence in the New York Tri-State region.

C&W Group also advised world class clients, including salesforce.com, Millennium Partners and Ericsson on significant transactions. Reflecting the innovative real estate solutions resulting in transformational changes that help clients achieve their business objectives, C&W Group was named Best Overall Advisory Firm in North America, the United States, Canada and India in Euromoney's 10th Annual Real Estate Survey.

Furthermore, C&W Group undertook several initiatives to reimagine services provided, including anticipating clients' needs by launching Risk Management Services, which offers select global clients tailored solutions to identify, mitigate and respond to risks around the world, as well as structuring services around clients by forming U.S. Investor Services, which is comprised of Capital Markets, Agency Leasing, and Asset and Property Management services.

With respect to its financial performance, C&W Group reported gross revenue growth of 14.0%, or 15.0% excluding the impact of foreign exchange, to $2,849.0 million, as compared with $2,498.6 million for the prior year, while net revenues increased 15.9%, or 17.2% excluding the impact of foreign exchange, to a record $2,096.1 million, as compared with $1,808.5 million for the prior year.

The following presents the breakdown of gross and net revenues by geographical area:

					Change	
$ million	2014		2013		Amount	%
Americas	**2,043.3**	**71.7%**	1,842.5	73.7%	200.8	10.9
EMEA	**557.7**	**19.6%**	463.8	18.6%	93.9	20.2
Asia Pacific	**248.0**	**8.7%**	192.3	7.7%	55.7	29.0
Gross revenues	**2,849.0**	**100.0%**	2,498.6	100.0%	350.4	14.0
Americas	**1,464.7**	**69.9%**	1,271.2	70.3%	193.5	15.2
EMEA	**458.6**	**21.9%**	399.1	22.1%	59.5	14.9
Asia Pacific	**172.8**	**8.2%**	138.2	7.6%	34.6	25.0
Net revenues	**2,096.1**	**100.0%**	1,808.5	100.0%	287.6	15.9

Gross and net revenues both reported notable revenue gains globally and across the regions, led by the Americas, more specifically the U.S., where gross and net revenues increased $230.5 million, or 14.6% and $213.7 million, or 20.6%, respectively, as C&W Group continues to gain market share and macro conditions continued to improve.

The following table presents the breakdown of net revenues by service line:

					Change	
$ milioni	2014		2013		Amount	%
Leasing	**955.4**	**45.6%**	892.3	49.3%	63.1	7.1
Capital Markets	**309.7**	**14.8%**	266.5	14.7%	43.2	16.2
CIS	**604.7**	**28.8%**	425.4	23.5%	179.3	42.1
V&A and Global Consulting	**226.3**	**10.8%**	224.3	12.5%	2.0	0.9
Net revenues	**2,096.1**	**100.0%**	1,808.5	100.0%	287.6	15.9

The following table presents the changes in net revenues by region and by service line for the full-year 2014, as compared with the same period in the prior year:

	Americas		EMEA		ASIA PACIFIC		Total	
$ million	Change	%	Change	%	Change	%	Change	%
Leasing	40.2	5.7	19.6	14.3	3.3	5.9	63.1	7.1
Capital Markets	26.1	16.2	16.5	19.5	0.6	2.9	43.2	16.2
CIS	136.7	53.0	13.4	11.5	29.2	57.6	179.3	42.1
V&A and Global Consulting	(9.5)	(6.2)	10.0	16.5	1.5	13.3	2.0	0.9
Net revenues	**193.5**	**15.2**	**59.5**	**14.9**	**34.6**	**25.0**	**287.6**	**15.9**

Leasing revenue performance registered positive growth in all three regions, paced by the Americas and EMEA. Strong revenue gains were notable in the U.S. and the UK, up $57.6 million, or 9.6%, and $12.1 million, or 28.3%, respectively, as Group's initiatives to gain market shares started to materialize and macro conditions continued to improve. Positive growth in Asia Pacific, was driven by a strong finish in the fourth quarter, reflecting a rebound in transactional activity from the low levels experienced in the first nine months. In the Americas, revenues in Canada, South America and Mexico declined, year-over-year, as fewer high profile transactions have been completed, reflecting an uneven economic recovery among geographies. In addition, revenues outside of the U.S. were further depressed by negative foreign exchange impact. Leasing commission and service fee revenue growth in 2014 was driven by strong performance advising clients across property sectors, primarily Office and Retail Leasing, which increased $41.8 million, or 7.3% and $18.7 million, or 14.1%, respectively, on record value of transaction volumes,

which increased 15.6% to $63.9 billion. Working seamlessly across geographies and services, C&W advised world class clients on several significant leasing transactions. C&W Group represented salesforce.com for a new headquarters, the largest office lease in San Francisco history, as well as for an expanded lease in London. C&W Group also advised Brookfield Property at Principal Place on London's largest 2014 office leasing transaction. In addition, C&W Group represented Millennium Partners' development at Downtown Crossing in the most significant retail project in Boston in recent history featuring Primark, a leading European fashion retailer.
C&W is also well-positioned to capture future opportunities, as evidenced by its appointment as joint marketing and leasing agent for Swire Properties and HKR International of two office towers totaling 1.9 million square feet for their new Dazhongli development in Shanghai.

Capital Markets continued with its positive momentum, as capital has moved increasingly across investor classes during the year, boosted by the improved credit environment, robust liquidity and continued low interest rates. Growth was paced by strong revenue gains in the Investment Sales & Acquisitions subservice line, which contributed $42.2 million to the total increase, $23.4 million in the EMEA region, $18.0 million in the Americas, and $0.9 million in Asia Pacific. Revenue gains were particularly impressive in the U.S. and the UK, up $15.9 million, or 13.4%, and $7.9 million, or 24.4%, respectively. Other noteworthy revenue gains occurred in Germany, up $4.4 million, Spain, $4.1 million, France, $3.1 million and Canada, and Poland, $1.6 million, each. During 2014, Capital Markets executed several high-profile assignments including advising salesforce.com in the largest Occupier transaction in San Francisco history for the purchase of 50 Fremont Street from TIAA-CREF. C&W also advised Blackstone on the acquisition of a pan-European logistics portfolio in Europe from SEB Asset Management for €275 million. In addition, C&W Group arranged Canada's largest hotel investment sale in 2014 of the iconic Fairmont Empress in Victoria, as well as advised the State Oil Fund of the Republic of Azerbaijan (SOFAZ) on the largest investment transaction in Seoul, South Korea in 2014. Cushman & Wakefield's acquisition of Massey Knakal on December 31, 2014 significantly enhances C&W Group's Capital Markets presence. Being the #1 Investment Sales Firm based on number of transactions in the New York metro area transforms C&W both locally and around the world.

CIS continued with its robust growth, registering double-digit revenue growth in all three regions. Revenue performance was fueled by significant revenue gains in the Facilities Management subservice line, led by the Americas, where a major assignment in the U.S. added about 27 million square feet of managed facilities, and the Project Management segment of the business, primarily in Asia Pacific, largely due to the acquisition of the Singapore-based project management company, Project Solution Group ("PSG"), which was acquired on July 1,2013, as C&W Group continues to expand its platform across the globe and enhance its recurring revenue streams. Facilities Management, which increased $146.4 million globally, grew $134.1 million in the Americas, $7.8 million in Asia Pacific and $4.5 million in EMEA. Project Management increased $29.6 million globally, of which $19.9 million was in Asia Pacific, followed by EMEA, up $5.5 million, and the Americas, up $4.2 million. Property Management increased $6.5 million, $3.6 million in the Americas, and $1.7 million and $1.3 million in EMEA and Asia Pacific, respectively. Property under management globally as of December 31, 2014 increased 7.0% compared with year-end 2013 to 1.1 billion square feet. CIS also expanded several client relationships including Ericsson, which awarded C&W comprehensive services related to one of Silicon Valley's largest office leasing transactions in 2014 for a new campus of over 400,000 square feet. In addition, IndCor appointed C&W as property manager for an additional 6.9 million square feet of industrial assets.

V&A revenues for the full-year experienced a modest decrease year-over-year, driven in large part by reduced revenues across the Americas primarily due to industry-wide fee compression and lower demand, as activity slowed down from high levels in the prior year. The decline was partially offset by strong revenue gains in the EMEA region, where increased capital market transactions, cross border activities and effective execution drove significant growth, and Asia Pacific, primarily due the completion of a number of major deals in the current year. The V&A business, which, along with CIS, is a major component of C&W Group's strategic growth plan and initiatives to enhance recurring EBITDA, remains well positioned to capitalize on C&W Group's strategic initiatives and to continue to grow the business across all regions. During 2014, V&A completed appraisals on behalf of the world's largest real estate investors and lenders with a record global value exceeding $1.2 trillion, a 6.4% increase compared with the prior year. Of particular note, C&W advised Chinese insurance company Anbang Asset Management (Hong Kong) Co. Limited by conducting valuation services on its purchase of the Waldorf Astoria Hotel & Towers from Blackstone for $1.95 billion, the largest hotel sale in U.S. history. In addition, C&W Group was engaged as an independent appraiser of Saks Fifth Avenue's flagship store in Manhattan to value the landmark building and land for a ground mortgage.

Total costs, excluding reimbursed costs of $752.9 million and $690.1 million for 2014 and 2013, respectively, increased $262.6 million, or 15.3%, to $1,982.0 million, as compared with $1,719.4 million for the prior year, primarily due to increases in commission expense, cost of services sold, employment and other operating expenses in line with C&W Group's revenue growth and strategic plan initiatives. Total costs included certain acquisition- and non-recurring reorganization-related charges that are excluded from Adjusted EBITDA for the years ended December 31, 2014 and 2013 of approximately $6.4 million and $4.6 million, respectively, and certain computer software accelerated depreciation and impairment charges which are excluded from Adjusted income attributable to owners of the parent for the year ended December 31, 2014 of $3.5 million.

At the operating level, C&W Group's income increased $25.0 million, or 28.1%, to $114.1 million for the full year 2014, from $89.1 million for the prior year.

Other expense, net decreased $15.0 million, or 75.4%, to $4.9 million (of which a credit of $0.7 million is excluded from Adjusted EBITDA), as compared with $19.9 million (of which a charge of $6.4 million is excluded from Adjusted EBITDA) for the prior year, primarily due to a higher charge related to C&W's non-controlling shareholder put option liability of $11.1 million in the prior year, and the reversal in the current year of approximately $4.2 million of earn-out related to a business combination.

Adjusted EBITDA increased $40.9 million, or 31.4%, to $171.0 million for the full year 2014, as compared with $130.1 million for the prior year. EBITDA, as reported, increased $46.2 million, or 38.8%, to $165.3 million for the full year 2014, as compared with $119.1 million in the prior year.

C&W Group recorded income tax expense of $33.4 million for the full-year 2014, as compared with a provision of $32.0 million for 2013. During 2014 and 2013, Group recognized certain non-recurring income tax benefits of $17.2 million and $3.8 million, respectively, which were excluded from Adjusted income attributable to owners of the parent.

The Adjusted income attributable to owners of the parent for the full-year 2014 was $56.3 million, representing an improvement of $22.3 million, or 65.6%, over an Adjusted income attributable to owners of the parent of $34.0 million for the prior year. The income attributable to owners of the parent, as reported, was $68.7 million for the full-year 2014, representing an improvement of $40.0 million, as compared with $28.7 million for 2013.

On June 27, 2014, C&W Group amended its 2011 existing credit agreement covering its $350 million senior secured revolving credit commitment and $150 million senior secured term loan with an outstanding balance of approximately $132 million. The new agreement, which includes a $350 million senior unsecured revolving credit facility and a $150 million senior unsecured term loan facility, extends maturity from June 2016 to June 2019 and provides for improved borrowing terms and lower cost structure.

C&W Group's net financial position as of December 31, 2014 decreased $60.7 million, to a negative $56.8 million (principally debt in excess of cash), as compared with a positive $3.9 million (principally cash in excess of debt) as of December 31, 2013. The change is primarily attributable to the low cost financing used for the acquisition of Massey Knakal Realty Services, in support of C&W Group's strategic growth initiatives.

almacantar

(38.29% of share capital through EXOR S.A.)

The key consolidated income figures of the Almacantar Group for 2014 are as follows:

£ million	2014	2013	Change
Net property income	**17.1**	17.2	(0.1)
Profit after tax	**83.1**	90.9	(7.8)
Profit attributable to owners of the parent	**83.1**	83.3	(0.2)

Net property income of £17.1 million is in line with the prior year (£17.2 million). As Centre Point moves towards a future start on site, rental income for this property has reduced as commercial tenants vacate the building. This has been offset by the acquisition of 125 Shaftesbury Avenue in September 2013.

Profit after tax has decreased by £7.8 million to £83.1 million from £90.9 million in 2013. This includes investment property revaluation gains pursuant to IAS 40 of £86.1 million (£84.4 million in 2013). Increased financing costs for the Centre Point facility have impacted profit to date.

Almacantar has incurred additional pre-development capital expenditure for Centre Point and Marble Arch Tower and reflects the significant progress made with the planning and pre-development activities for Centre Point and the successful submission of the planning application for the Marble Arch Tower/Edgware Road scheme. Analysis has also begun to explore future redevelopment options available for 125 Shaftesbury Avenue with additional professional fee expenditure incurred during 2014.

The key consolidated balance sheet figures for the Almacantar Group at December 31, 2014 are as follows:

£ million	12/31/2014	12/31/2013	Change
Investment property (a)	**741.6**	614.7	126.9
Net debt	**(146.5)**	(165.2)	18.7

(a) Excluding headlease asset.

The change in investment property reflects the year end revaluation gain and additional pre-development capital expenditure for Centre Point, Marble Arch Tower and 125 Shaftesbury Avenue.

Net debt at December 31, 2014 has decreased by £18.7 million to £146.5 million from December 31, 2013. The decrease primarily reflects the increased cash balances held by the group following the December capital call.

(63.77% of share capital)

The results for the first half of the financial year 2013/2014 of Juventus Football Club S.p.A. are as follows:

€ million	Half I 2014/2015	Half I 2013/2014	Change
Revenues	**156.2**	155.2	1.0
Operating costs	**119.4**	114.1	5.3
Operating income	**2.4**	11.9	(9.5)
Profit (loss) for the period	**(6.7)**	4.8	(11.5)

Interim data cannot be construed as representing the basis for a full-year projection.
For a correct interpretation of the six-month data it should be noted that Juventus' financial year does not coincide with the calendar year but covers the period July 1 – June 30, which corresponds to the football season.
Economic performance is characterized by the highly seasonal nature typical of the sector, determined mainly by participation in football competitions in Europe, particularly the UEFA Champions League, the calendar of sports events and the two phases of the football players' Transfer Campaign.
The financial position and cash flows of Juventus are also affected by the seasonal nature of the income components; in addition, some revenues items are collected in a period different from the recognition period.

€ million	At 12/31/2014	At 6/30/2014	Change
Shareholders' equity	35.5	42.6	(7.1)
Net financial debt	224.0	206.0	18.0

The first half of the financial year 2014/2015 recorded a **loss** of €6.7 million, with a negative change of €11.5 million compared to the profit of €4.8 million reported in the corresponding period of the prior year. This change is principally due to lower income from the management of players' registration rights of €6.7 million, higher expenses from the management of players' rights of €2.3 million, increased players' wages and technical staff costs of €5.4 million and higher amortization of players' rights of €4.5 million, partially offset by other net positive changes of €7.4 million. These changes mainly include television and radio rights and media revenues (+€4.8 million), other revenues (+€2.4 million), provision charges net of releases of provisions (-€0.6 million), income taxes (-€1.4 million), net financial expenses (-€0.6 million) and lower costs for external services (+€2.6 million).

Revenues in the first half of 2014/2015 stand at €156.2 million, with an increase of 0.6% compared to €155.2 million in the first half of the 2013/2014.

Operating costs in the first half of 2014/2015 total €119.4 million, with an increase of 4.6% compared to €114.1 million in the same period of the prior year.

Shareholders' equity at December 31, 2014 amounts to €35.5 million, down from €42.6 million at June 30, 2014 due mainly to the effect of the loss for the six months (-€6.7 million).

Net financial debt at December 31, 2014 amounts to €224 million (€206 million at June 30, 2014). The increase in net financial debt of €18 million is driven by Transfer Campaign payments, (net -€18.8 million), investments in other fixed assets (-€1.2 million), advances made to various suppliers in relation to the Continassa Project (-€0.7 million) and cash flows used in financing activities (-€4 million), partially offset by cash flows from operating activities (+€6.7 million).

Significant events in the first half of the 2014/2015 financial year

Football season

The First Team started its 2014/2015 pre-season training in mid-July at the Juventus Training Centre in Vinovo (Turin), continuing, in August, as part of the Tournée in Australia, Indonesia and Singapore.
On July 11, 2014, the FICG officers, after reviewing the documentation filed by Juventus and materials sent by the Lega Nazionale Professionisti Serie A, issued the National License for the football season underway.
In December 2014, the First Team qualified for the round of sixteen of the UEFA Champions League 2014/2015, ranking second place in its round.

2014/2015 Transfer Campaign – first phase

Purchases and disposals of players' registration rights

The transactions finalized in the first phase of the 2014/2015 Transfer Campaign, held from July 1 to September 2, 2014, led to a total increase in invested capital of €43.2 million resulting from acquisitions and increases of €53.2 million and disposals of €10 million (net book value of disposed rights).

The net capital gains generated by the disposals totaled €4.7 million. The total net financial commitment of €34.9 million is spread over three years and includes auxiliary expenses and financial income and expenses implicit in deferred receipts and payments.

Receivables due from Finanziaria Gilardi S.p.A. and Campi di Vinovo S.p.A.

In September and December 2014 instalments were duly collected for €10.7 million as provided in the repayment plan granted to the counterparties in the April 2014 Framework Agreement.

The remaining receivable, guaranteed by a leading bank, amounts to €1.6 million and is due on July 31, 2016.

Significant events subsequent to December 31, 2014

Football season

In March 2015, the First Team qualified for the quarter-finals of the UEFA Champions League 2014/2015 which will be played in April.

In April 2015, the First Team qualified for the finals of the Italian Cup which will be played in June.

2014/2015 Transfer Campaign – second phase

Purchases and disposals of players' registration rights

The transactions finalized in the second phase of the Transfer Campaign 2014/2015, held from January 5 to February 2, 2015, led to an increase in invested capital of €7.3 million. Disposals will generate net capital gains of €7.1 million in the second half of the financial year.

The total net financial commitment (including auxiliary expenses and financial income and expenses implicit in deferred receipts and payments) is a positive €1.4 million, distributed as follows: -€0.3 million in the second half of the 2014/2015 financial year, +€0.3 million in the 2015/2016 financial year, +€0.3 million in the 2016/2017 financial year and +€1.1 million in the 2017/2018 financial year.

Renewal of players' contracts

In January 2015 the contract of the player Stephan Lichtsteiner was renewed until June 30, 2017. This extension will result in lower amortization in the second half of the 2014/2015 financial year of about €1.7 million.

Termination of players' contracts

During the second phase of the 2014/2015 Transfer Campaign the contracts with Sebastian Giovinco and Marco Motta, expiring on June 30, 2015, were terminated by mutual consent. These transactions resulted in the writeoff of the remaining carrying amounts at December 31, 2014 of approximately €2.2 million.

Mutu/Chelsea FC proceeding

On October 1, 2014 the hearing in the Mutu/Chelsea FC case was held at the *Tribunal Arbitral du Sport* (TAS).

On January 21, 2015, the TAS notified the parties of the arbitration award in its decision which completely rejected the claims made by Chelsea FC and ordered it to pay court costs. This decision has no effect on Juventus' financial statements, as it was fully aware of its position and had not set aside any provision for the pending litigation.

ARENELLA IMMOBILIARE S.r.l.

(100% of capital)

The key figures taken from the financial statements for the year ended December 31, 2014 of Arenella Immobiliare S.r.l. are as follows:

€ million	12/31/2014	12/31/2013	Change
Profit for the year	**0.2**	0.1	0.1
Equity	**26.1**	25.9	0.2
Lido Arenella hotel property	**26.3**	26.7	(0.4)
Net financial position	**(0.3)**	(0.8)	0.5

A profit of €0.2 million is reported for the year 2014, with an increase of €0.1 million compared to the prior year, due to the effect of the tax benefit from ACE transferred to EXOR, in the course of participating in the national tax consolidation with EXOR.

The net reduction in the carrying amount of the Lido Arenella hotel property at December 31, 2014 is due to the depreciation charge for the year of €0.7 million, partially offset by extraordinary maintenance work of €0.3 million.

EXOR S.A.

(100% of capital)

The key figures taken from the financial statements for the year ended December 31, 2014 of EXOR S.A., prepared under the laws of Luxembourg, are as follows:

€ million	12/31/2014	12/31/2013	Change
Profit for the year	**87.7**	1,071.4	(983.7)
Equity	**3,100.5**	3,082.8	17.7
Investments and non-current other financial assets	**3,609.9**	3,544.9	65.0
Net financial position	**(509.1)**	(462.0)	(47.1)

EXOR S.A. closed the year 2014 with a profit of €87.7 million compared to a profit of €1,071.4 million in the prior year. The decrease of €983.7 million comes mainly from lower gains realized during the year and lower dividends collected for a total of €1,043.2 million, partially offset by the reinstatement of the carrying amount of the investment in C&W Group of €90.1 million, which had been written down in 2009.
In particular, in 2013, EXOR S.A. had realized a net gain of €987.5 million as result of the sale of the entire investment in SGS, from which it had also collected dividends of €55.7 million.

At December 31, 2014 investments and non-current other financial assets comprise the following:

	Number of	12/31/2014			
	shares	% of capital	Carrying amount	12/31/2013	Changes
Exor Capital Ltd	4,000,000	100	1,889.0	1,904	(15.0)
C&W Group Inc.	511,015	80.89	495.3	405.0	90.3
EXOR N.V.	450	100	300.0	300.0	0.0
Almacantar S.A.	147,680,355	38.29	171.9	171.9	0.0
Gruppo Banca Leonardo S.p.A.	45,459,968	17.37	60.0	73.6	(13.6)
Banijay Holding S.A.S.	351,590	17.09	35.3	35.3	0.0
The Economist Group	1,190,000	4.72	30.3	30.3	0.0
Sequana S.A.	5,537,687	10.85	14.6	24.8	(10.2)
Other			141.8	135.1	6.7
Total investments			**3,138.2**	3,080.0	58.2
Non-current other financial assets			471.7	464.9	6.8
Total investments and non-current other financial assets			**3,609.9**	3,544.9	65.0

MAIN RISKS AND UNCERTAINTIES TO WHICH EXOR S.P.A. AND ITS CONSOLIDATED SUBSIDIARIES ARE EXPOSED

RISKS ASSOCIATED WITH GENERAL ECONOMIC CONDITIONS

The earnings and financial condition of EXOR and its principal investment holdings are affected by the performance of financial markets and macroeconomic variables over which EXOR exercises little or no control. The major business segments are also highly seasonal and this tends to reflect, if not magnify, the situation of the general economy.

Strong GDP growth in the United States has raised divergent expectations of monetary policy among the major advanced economies, provoking exchange rate fluctuations and discordant economic scenarios in emerging markets.

The recovery in Europe has missed its targets but new factors will raise the short-term outlook. The fall in oil prices and raw materials have triggered a process leading to the redistribution of the wealth of exporting countries to importing countries and provided a further boost to economic activities, strengthening the quantitative easing measures adopted by the ECB. This monetary policy aims to accelerate the normalization of inflation, currently at levels close to zero, and support the devaluation of the euro in order to buttress the competitiveness of companies. However, there are still uncertainties surrounding growth in the eurozone nations and situations of instability in the surrounding countries.

It is not possible to provide an indication of the future effects of the aforementioned factors and variables which may have an adverse impact on the demand for products and services, the results of operations, business prospects and the financial position of EXOR and its subsidiaries and affiliates.

RISKS ASSOCIATED WITH EXOR'S BUSINESS

EXOR conducts investment activities which entail risks that are typical such as high exposure to certain sectors or investments, difficulties in identifying new investment opportunities that meet the characteristics of its objectives or difficulties in disposing of investments owing to changes in general economic conditions. The potential difficulties connected with making new investments, such as unexpected costs or liabilities, may have an adverse effect on the EXOR's earnings, financial position and cash flows.

The ability to access capital markets or other forms of financing and the related costs are dependent, among other things, on the assigned credit rating.
Any downgrade by the rating agencies could limit the ability to access capital markets and increase the cost of capital, with a consequent adverse effect on its earnings, financial position and cash flows.
EXOR's long-term debt and short-term debt are rated by Standard & Poor's respectively at "BBB+" and "A-2", with a stable outlook.

EXOR's policy and that of the companies in the so-called Holdings System is to keep liquidity available in demand or short-term deposits and readily negotiable money market instruments, bonds and equity securities, spreading such investments over an appropriate number of counterparties, with the principal purpose of having investments which can readily be converted into cash. The counterparties are chosen according to their creditworthiness and reliability.
However, in consideration of the current international financial market situation, market conditions which may adversely affect the normal operations in financial transactions cannot be excluded.

EXOR's earnings not only depend on the market value of its principal investment holdings but also on the dividends they pay and, in the end, reflect their earnings and financial performance and investment and dividend payment policies. A deterioration of the conditions in the financial markets and the earnings of the principal investment holdings may affect EXOR's earnings and cash flows.

Through its investments in subsidiaries and associates, EXOR is principally present in the automobile segment (FCA), in the agricultural and construction equipment segment (CNH Industrial), real estate services (C&W Group), real estate (Almacantar) and professional football (Juventus Football Club). As a result, EXOR is exposed to the risks typical of the markets and sectors in which such subsidiaries and affiliates operate.

At December 31, 2014, the investments in FCA (29.25% stake) and in CNH Industrial (27.07% stake) represented, respectively, 36.7% and 20.5% of the current value of EXOR's investment portfolio, calculated on the basis of the NAV (Net Asset Value) method described on page 5. Therefore, the performance of the FCA Group and the CNH Industrial Group has a very significant impact on the earnings, financial position and cash flows of EXOR.

EXOR and its subsidiaries and associates are exposed to fluctuations in currency and interest rates and use financial hedging instruments, compatible with the risk management policies adopted by each of them. Despite these hedging transactions, sudden fluctuations in currency or interest rates may have an adverse effect on the earnings and financial position.
The subsidiaries and associates are generally exposed to credit risk which is managed by specific operating procedures. Given its activities, EXOR is not significantly exposed to such risk.

EXOR and its subsidiaries and associates are exposed to risks associated with the outcome of pending litigation for which they have set aside, if appropriate, specific risk provisions. However, negative effects on the earnings, financial position and cash flows of EXOR and/or its subsidiaries and associates connected with such risks cannot be excluded.

EXOR and its subsidiaries and associates are taxed on income in Italy and outside Italy; during the course of ordinary activities they may be subject to controls by Italian and foreign tax authorities. Although the companies consider that the tax estimates are reasonable, any disputes correlated thereto may have a material adverse effect on the results of operations.

The following paragraphs indicate the specific main risks and uncertainties of the companies in consolidation (FCA Group, CNH Industrial Group, C&W Group and Juventus Football Club).

FCA

Risks Related to the Group's Business, Strategy and Operations

FCA – The Group's profitability depends on reaching certain minimum vehicle sales volumes. If vehicle sales deteriorate, particularly sales of minivans, larger utility vehicles and pick-up trucks, the Group's results of operations and financial condition will suffer

The Group's success requires the achievement of certain minimum vehicle sales volumes. As is typical for an automotive manufacturer, the Group has significant fixed costs and, therefore, changes in vehicle sales volume can have a disproportionately large effect on profitability. For example, assuming constant pricing, mix and cost of sales per vehicle, that all results of operations were attributable to vehicle shipments and that all other variables remain constant, a ten percent decrease in 2014 vehicle shipments would reduce Earnings Before Interest and Taxes, or EBIT, by approximately 40% for 2014, without accounting for actions and cost containment measures that may be taken in response to decreased vehicle sales.

Further, a shift in demand away from minivans, larger utility vehicles and pick-up trucks in the U.S., Canada, Mexico and Caribbean islands, or NAFTA, region towards passenger cars, whether in response to higher fuel prices or other factors, could adversely affect the Group's profitability in the NAFTA region. Minivans, larger utility vehicles and pick-up trucks accounted for approximately 44% of total U.S. retail vehicle sales in 2014 (not including vans and medium duty trucks) and the profitability of this portion of the portfolio is approximately 33% higher than that of the overall U.S. retail portfolio on a weighted average basis. A shift in demand such that U.S. industry market share for minivans, larger utility vehicles and pick-up trucks deteriorated by 10 percentage points and U.S. industry market share for cars and smaller utility vehicles increased by 10 percentage points, whether in response to higher fuel prices or other factors, holding other variables constant, including the market share of each vehicle segment, would have reduced the Group's EBIT by approximately 4% for 2014. 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.

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

FCA – The Group's businesses are affected by global financial markets and general economic and other conditions over which the Group has little or no control

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

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

In Europe, in particular, despite measures taken by several governments and monetary authorities to provide financial assistance to certain Eurozone countries and to avoid default on sovereign debt obligations, concerns persist regarding the debt burden of several countries. These concerns, along with the significant fiscal adjustments carried out in several countries, intended to manage actual or perceived sovereign credit risk, led to further pressure on economic growth and to new periods of recession. Prior to a slight improvement in 2014, European automotive industry sales declined over several years following a period in which sales were supported by government incentive schemes, particularly those designed to promote sales of more fuel efficient and low emission vehicles. Prior to the global financial crisis, industry-wide sales of passenger cars in Europe were 16 million units in 2007. In 2014, following six years of sales declines, sales in that region rose 5% over 2013 to 13 million passenger cars. From 2011 to 2014, the Group's market share of the European passenger car market decreased from 7.0% to 5.8%, and the Group has reported losses and negative EBIT in each of the past four years in the Europe, Middle East and Africa, or EMEA, segment. These ongoing concerns could have a detrimental impact on the global economic recovery, as well as on the financial condition of European financial institutions, which could result in greater volatility, reduced liquidity, widening of credit spreads and lack of price transparency in credit markets. Widespread austerity measures in many countries in which the Group operates could continue to adversely affect consumer confidence, purchasing power and spending, which could adversely affect the Group's financial condition and results of operations.

A majority of the Group's revenues have been generated in the NAFTA segment, as vehicle sales in North America have experienced significant growth from the low vehicle sales volumes in 2009-2010. However, this recovery may not be sustained or may be limited to certain classes of vehicles. Since the recovery may be partially attributable to the pent-up demand and average age of vehicles in North America following the extended economic downturn, there can be no assurances that continued improvements in general economic conditions or employment levels will lead to additional increases in vehicle sales. As a result, North America may experience limited growth or decline in vehicle sales in the future.

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

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

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

FCA - The Group may be unsuccessful in efforts to expand the international reach of some of its brands that are believed to have global appeal and reach

The growth strategies reflected in the 2014-2018 Strategic Business Plan, or Business Plan, will require the Group to make significant investments, including the expansion of several brands that are believed to have global appeal into new markets. Such strategies include expanding sales of the Jeep brand globally, most notably through localized production in Asia and Latin America and reintroduction of the Alfa Romeo brand in North America and other markets throughout the world. The Group's plans also include a significant expansion of the Maserati brand vehicles to cover all segments of the luxury vehicle market. This will require significant investments in its production facilities and in distribution networks in these markets. If the Group is unable to introduce vehicles that appeal to consumers in these markets and achieve its brand expansion strategies, the Group may be unable to earn a sufficient return on these investments and this could have a material adverse effect on the Group's financial condition and results of operations.

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

The Group 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. The costs the Group incurs to recall vehicles typically include the cost of replacement parts and labor to remove and replace parts and 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 the Group's reputation and may cause consumers to question the safety or reliability of its products.

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

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

FCA - The Group’s future performance depends on its ability to expand into new markets as well as enrich its product portfolio and offer innovative products in existing markets

The Group’s success depends, among other things, on its ability to maintain or increase its share in existing markets and/or to expand into new markets through the development of innovative, high-quality products that are attractive to customers and provide adequate profitability. Following the January 2014 acquisition of the approximately 41.5% interest in FCA US that was not already owned, the Group announced its Business Plan in May 2014. The Business Plan includes a number of product initiatives designed to improve the quality of the product offerings and grow sales in existing markets and expand in new markets

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

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

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

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

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

The Group’s competitors may respond to these conditions by attempting to make their vehicles more attractive or less expensive to customers by adding vehicle enhancements, providing 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. These actions have had, and could continue to have, a negative impact on the Group’s vehicle pricing, market share, and results of operations.

In the automotive business, sales to end-customers are cyclical and subject to changes in the general condition of the economy, the readiness of end-customers to buy and their ability to obtain financing, as well as the possible introduction of measures by governments to stimulate demand. The automotive industry is also subject to the constant renewal of product offerings through frequent launches of new models. A negative trend in the automotive industry or the Group’s inability to adapt effectively to external market conditions coupled with more limited capital than many of the Group’s principal competitors, could have a material adverse impact on the Group’s financial condition and results of operations.

FCA - The Group's current credit rating is below investment grade and any further deterioration may significantly affect its funding and prospects

The Group's ability to access the capital markets or other forms of financing and the related costs depend, among other things, on its credit ratings. Following downgrades by the major rating agencies, the Group is currently rated below investment grade. The rating agencies review these ratings regularly and, accordingly, new ratings may be assigned in the future. It is not currently possible to predict the timing or outcome of any ratings review. Any downgrade may increase the Group's cost of capital and potentially limit its access to sources of financing, which may cause a material adverse effect on the Group's business prospects, earnings and financial position. Since the ratings agencies may separately review and rate FCA US on a stand-alone basis, it is possible that the Group's 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 the Group.

FCA – The Group may not be able to realize anticipated benefits from any acquisitions and challenges associated with strategic alliances may have an adverse impact on the results of operations

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

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

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

FCA - The Group may not achieve the expected benefits from integration of the Group's operations

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

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

FCA – The Group may be exposed to shortfalls in its pension plans

The Group's defined benefit pension plans are currently underfunded. As of December 31, 2014, the Group's defined benefit pension plans were underfunded by approximately €5.1 billion (€4.8 billion of which relates to FCA US's defined benefit pension plans). The Group's pension funding obligations may increase significantly if the investment performance of plan assets does not keep pace with benefit payment obligations. Mandatory funding obligations may increase because of lower than anticipated returns on plan assets, whether as a result of overall weak market performance or particular investment decisions, changes in the level of interest rates used to determine required funding levels, changes in the level of benefits provided for by the plans, or any changes in applicable law related to funding requirements. The Group's defined benefit plans currently hold significant investments in equity and fixed income securities, as well as investments in less liquid instruments such as private equity, real estate and certain hedge funds. Due to the complexity and magnitude of certain investments, additional risks may exist, including significant changes in investment policy, insufficient market capacity to complete a particular investment strategy and an inherent divergence in objectives between the ability to manage risk in the short term and the ability to quickly rebalance illiquid and long-term investments.

To determine the appropriate level of funding and contributions to its defined benefit plans, as well as the investment strategy for the plans, the Group is required to make various assumptions, including an expected rate of return on plan assets and a discount rate used to measure the obligations under defined benefit pension plans. Interest rate increases generally will result in a decline in the value of investments in fixed income securities and the present value of the obligations. Conversely, interest rate decreases will generally increase the value of investments in fixed income securities and the present value of the obligations.
Any reduction in the discount rate or the value of plan assets, or any increase in the present value of obligations, may increase pension expenses and required contributions and, as a result, could constrain liquidity and materially adversely affect the Group's financial condition and results of operations. If the Group fails to make required minimum funding contributions, the Group could be subject to reportable event disclosure to the U.S. Pension Benefit Guaranty Corporation, as well as interest and excise taxes calculated based upon the amount of any funding deficiency. With ownership in FCA US now equal to 100%, the Group may become subject to certain U.S. legal requirements making the Group 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.

FCA – The Group may not be able to provide adequate access to financing for its dealers and retail customers

The Group's dealers enter into wholesale financing arrangements to purchase vehicles from the Group 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 its competitors, the Group does not own and operate a controlled finance company dedicated solely to its mass-market operations in the U.S. and certain key markets in Europe. Instead the Group has elected to partner with specialized financial services providers through joint ventures and commercial agreements. The Group's lack of a controlled finance company in these key markets may increase the risk that its dealers and retail customers will not have access to sufficient financing on acceptable terms which may adversely affect the Group's vehicle sales in the future. Furthermore, many of the Group's competitors are better able to implement financing programs designed to maximize vehicle sales in a manner that optimizes profitability for them and their finance companies on an aggregate basis. Since the Group's ability to compete depends on access to appropriate sources of financing for dealers and retail customers, the lack of a controlled finance company in those markets could adversely affect the results of operations.
In other markets, the Group relies on controlled finance companies, joint ventures and commercial relationships with third parties, including third party financial institutions, to provide financing to its dealers and retail customers. Finance companies are subject to various risks that could negatively affect their ability to provide financing services at competitive rates, including:

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

Any financial services provider, including the Group's joint ventures and controlled finance companies, will face other demands on its capital, including the need or desire to satisfy funding requirements for dealers or customers of its 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 the Group's dealers and retail customers.
To the extent that a financial services provider is unable or unwilling to provide sufficient financing at competitive rates to the Group's dealers and retail customers, such dealers and retail customers may not have sufficient access to financing to purchase or lease the Group's vehicles. As a result, the Group's vehicle sales and market share may suffer, which would adversely affect its financial condition and results of operations.

FCA - Vehicle sales depend heavily on affordable interest rates for vehicle financing

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

FCA - Limitations on liquidity and access to funding may limit the ability to execute the Group's Business Plan and improve its financial condition and results of operations

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

FCA – The Group's ability to achieve cost reductions and to realize production efficiencies is critical to maintaining its competitiveness and long-term profitability

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

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

The Group is involved in various product liability, warranty, product performance, asbestos, personal injury, environmental claims and lawsuits, governmental investigations, antitrust, intellectual property, tax and other legal proceedings including those that arise in the ordinary course of its business. The Group estimates such potential claims and contingent liabilities and, where appropriate, records provisions to address these contingent liabilities. The ultimate outcome of the legal matters pending against the Group is uncertain, and although such claims, lawsuits and other legal matters are not expected individually to have a material adverse effect on its financial condition or results of operations, such matters could have, in the aggregate, a material adverse effect on the Group's financial condition or results of operations. Furthermore, the Group could, in the future, be subject to judgments or enter into settlements of lawsuits and claims that could have a material adverse effect on its results of operations in any particular period. While the Group maintains insurance coverage with respect to certain claims, it may not be able to obtain such insurance on acceptable terms in the future, if at all, and any such insurance may not provide adequate coverage against any such claims.

FCA - Failure to maintain adequate financial and management processes and controls could lead to errors in the Group's financial reporting, which could harm its business reputation and cause a default under certain covenants in its credit agreements and other debt

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

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

FCA - A disruption in the Group's information technology could compromise confidential and sensitive information

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

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

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

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

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

The laws of some countries in which the Group operates do not offer the same protection of the Group's 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 it to protect its intellectual property from misuse or infringement there. The Group's inability to protect its intellectual property rights in some countries may harm its business, financial condition or results of operations.

FCA – The Group is subject to risks relating to international markets and exposure to changes in local conditions

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

- exposure to local economic and political conditions;
- import and/or export restrictions;
- multiple tax regimes, including regulations relating to transfer pricing and withholding and other taxes on remittances and other payments to or from subsidiaries;
- foreign investment and/or trade restrictions or requirements, foreign exchange controls and restrictions on the repatriation of funds. In particular, current regulations limit the Group's ability to access and transfer liquidity out of Venezuela to meet demands in other countries and also subject the Group to increased risk of devaluation or other foreign exchange losses; 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 the Group's financial condition and results of operations.

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

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

FCA - Developments in emerging market countries may adversely affect the Group's business

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

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

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

The Group intends to expand its presence in emerging markets, including China and India, through partnerships and joint ventures. For instance, the Group has entered into a joint venture with Guangzhou Automobile Group Co., Ltd, or GAC Group, which will localize production of three new Jeep vehicles for the Chinese market and expand the portfolio of Jeep Sport Utility Vehicles, or SUVs, currently available to Chinese consumers as imports. The Group has also entered into a joint venture with TATA Motors Limited for the production of certain of its vehicles, engines and transmissions in India.

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

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

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

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

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

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

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

FCA - Labor laws and collective bargaining agreements with labor unions could impact the Group's ability to increase the efficiency of its operations

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

FCA – The Group depends on its relationships with suppliers

The Group purchases 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 original equipment manufacturer, or OEM, and its suppliers is common in the automotive industry, and although this offers economic benefits in terms of cost reduction, it also means that the Group depends on its suppliers and 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 the Group's financial condition and results of operations.

FCA – The Group faces risks associated with increases in costs, disruptions of supply or shortages of raw materials

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

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

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

FCA – The Group is subject to risks associated with exchange rate fluctuations, interest rate changes, credit risk and other market risks

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

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

The Group seeks to manage risks associated with fluctuations in currency and interest rates through financial hedging instruments. Despite such hedges being in place, fluctuations in currency or interest rates could have a material adverse effect on the Group's financial condition and results of operations. For example, the weakening of the Brazilian real against the Euro in 2014 impacted the results of operations of the Group's LATAM segment.

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

FCA – FCA is a Dutch public company with limited liability, and its shareholders may have rights different from those of shareholders of companies organized in the U.S.

The rights of the shareholders may be different from the rights of shareholders governed by the laws of U.S. jurisdictions. FCA is a Dutch public company with limited liability (*naamloze vennootsehap*). Corporate affairs are governed by the articles of association and by the laws governing companies incorporated in the Netherlands. The rights of shareholders and the responsibilities of members of the board of directors may be different from the rights of shareholders and the responsibilities of members of the board of directors in companies governed by the laws of other jurisdictions including the U.S. In the performance of its duties, the board of directors is required by Dutch law to consider its interests and the interests of its shareholders, its 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.

FCA - It may be difficult to enforce U.S. judgments against FCA

FCA is organized under the laws of the Netherlands, and a substantial portion of its assets are outside of the U.S. Most of the directors and senior management and the independent auditors are resident outside the U.S., and all or a substantial portion of its 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 FCA or its 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 FCA, its directors and officers and independent auditors.

FCA - FCA operates so as to be treated as exclusively resident in the United Kingdom for tax purposes, but the relevant tax authorities may treat FCA as also being tax resident elsewhere

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

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

FCA's 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, or CTA. However, FCA has set up and thus far maintained, and intends to continue to maintain, the management and organizational structure in such a manner that it should be deemed resident in the U.K. from its incorporation for the purposes of the Italy-U.K. tax treaty. The result of this is that FCA should not be regarded as an Italian tax resident either for the purposes of the Italy-U.K. tax treaty or for Italian domestic law purposes. Because this analysis is highly factual and may depend on future changes in FCA's management and organizational structure, there can be no assurance regarding the final determination of FCA's tax residence. Should FCA be treated as an Italian tax resident, it would be subject to taxation in Italy on worldwide income and may be required to comply with withholding tax and/or reporting obligations provided under Italian tax law, which could result in additional costs and expenses.

Even if "central management and control" is in the U.K. as expected, FCA will be resident in the Netherlands for Dutch corporate income tax and Dutch dividend withholding tax purposes on the basis that it is incorporated there. Nonetheless, FCA will be regarded as solely resident in either the U.K. or the Netherlands under the Netherlands-U.K. tax treaty if the U.K. and Dutch competent authorities agree that this is the case. FCA has applied for a ruling from the U.K. and Dutch competent authorities that it should be treated as resident solely in the U.K. for the purposes of the treaty. The outcome of that application cannot be guaranteed and it is possible that the U.K. and Dutch competent authorities may fail to reach an agreement. FCA anticipates, however, that, so long as the factors listed in the third preceding paragraph are present at all material times, the possibility that the U.K. and Dutch competent authorities will rule that it should be treated as solely resident in the Netherlands is remote. If there is a change over time to the facts upon which a ruling issued by the competent authorities is based, the ruling may be withdrawn or cease to apply.

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

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

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

On the assumption that FCA is resident for tax purposes in the U.K., it will be subject to the U.K. controlled foreign company, or CFC, rules. The CFC rules can subject U.K.-tax-resident companies (in this case, FCA) 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% 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% 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% 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 FCA 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). FCA expects that its 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 jurisdictions.

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% exemption may also be available for some non-trading finance profits.

Although FCA does not expect the U.K.'s CFC rules to have a material adverse impact on its financial position, the effect of the new CFC rules on FCA is not yet certain. FCA 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 the Group's financial position, reducing net returns to the shareholders.

FCA – For the Group, the existence of a permanent establishment in Italy after the Merger is a question of fact based on all the circumstances

Whether FCA has maintained a permanent establishment in Italy after the Merger, or an Italian P.E., is largely a question of fact based on all the circumstances. It is believed that, on the understanding that it should be a U.K.-resident company under the Italy-U.K. tax treaty, FCA is likely to be treated as maintaining an Italian P.E. because it has maintained and intends 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 FCA's assets connected with the Italian P.E. cannot be taxed as a result of the Merger; (ii) FCA's 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, or Fiscal Unit, continues with respect to FCA's Italian subsidiaries whose shareholdings are part of the Italian P.E.'s net worth.

According to Article 124(5) of the CTA, a mandatory ruling request should be submitted to the Italian tax authorities, in order to ensure the continuity, via the Italian P.E., of the Fiscal Unit that was previously in place between Fiat and its Italian subsidiaries. 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, or the Ruling, confirming that the Fiscal Unit may continue via the Italian P.E. However, the Ruling is an interpretative ruling. It is not an assessment of a certain set of facts and circumstances. Therefore, even though the Ruling confirms that the Fiscal Unit may continue via the Italian P.E., 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 P.E. Because the analysis is highly factual, there can be no assurance regarding FCA's maintenance of an Italian P.E. after the Merger.

Risks related to the Group's indebtedness

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

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

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

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

Even after the January 2014 acquisition of the approximately 41.5% interest in FCA US that was not already owned by the Group, FCA US continues to manage financial matters, including funding and cash management, separately. Additionally, the Group has not provided guarantees or security or undertaken any other similar commitment in relation to any financial obligation of FCA US, nor are there any commitments to provide funding to FCA US in the future.

Furthermore, certain of the Group's bonds include covenants that may be affected by FCA US's circumstances. In particular, these bonds include cross-default clauses which may accelerate the relevant issuer's obligation to repay its bonds in the event that FCA US fails to pay certain debt obligations on 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 bonds 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.

In addition, one of the Group's existing revolving credit facilities, expiring in July 2016, provides some limits on its ability to provide financial support to FCA US.

FCA - Restrictive covenants in the Group's debt agreements could limit its financial and operating flexibility

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

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

FCA - Restrictions arising out of FCA US's debt instruments may hinder the Group's ability to manage its operations on a consolidated, global basis

FCA US is party to credit agreements for certain senior credit facilities and an indenture for two series of secured senior notes. These debt instruments include covenants that restrict 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 $1.9 billion and $1.3 billion, respectively, to its members. Further distributions will be limited to 50% 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.

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

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

FCA - No assurance can be given that restrictions arising out of FCA US's debt instruments will be eliminated

In connection with the Group's capital planning to support the Business Plan, the Group has announced its intention to eliminate existing contractual terms limiting the free flow of capital among Group companies, including through the redemption of each series of outstanding secured senior notes no later than their optional redemption dates in June 2015 and 2016, as well as the refinancing of outstanding FCA US term loans and its revolving credit facility at or before this time. No assurance can be given regarding the timing of such transactions or that such transactions will be completed.

FCA - 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 secured senior notes and could become subject to lenders' contractual rights if an event of default were to occur

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

Risks relating to the proposed separation of Ferrari

FCA - No assurance can be given that the Ferrari separation will occur

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

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

The terms of the proposed separation of Ferrari and Ferrari's stand-alone capital structure have not yet been determined. However, the final structure and terms of the separation may not coincide with the terms set forth in this report. No assurance can be given as to the terms of the prospective interest in Ferrari or the terms of how it will be distributed.

FCA – The Group may be unable to achieve some or all of the benefits that are expected to be achieved from the separation from Ferrari

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

FCA - Following the Ferrari separation, the price of the Group's common shares may fluctuate significantly

The Group cannot predict the prices at which its common shares may trade after the separation, the effect of the separation on the trading prices of its common shares or whether the market value of its common shares and the common shares of Ferrari held by a shareholder after the separation will be less than, equal to or greater than the market value of the Group's common shares held by such shareholder prior to the separation.

FCA – The Group intends for the Ferrari separation to qualify as a generally tax-free distribution for its shareholders from a U.S. federal income tax perspective, and as a tax-free transaction from an Italian income tax perspective, but no assurance can be given that the separation will receive such tax-free treatment in the United States or in other jurisdictions

It is the Group's intention to structure the Ferrari separation and any spin-off to its shareholders in a tax efficient manner from a U.S. federal income tax perspective, taking appropriate account of the potential impact on shareholders, but no assurance can be given that the intended tax treatment will be achieved, or that shareholders, and/or persons that receive the benefit of Ferrari shares, will not incur substantial tax liabilities in connection with the separation and distribution. In particular, the requirements for favorable treatment differ (and may conflict) from jurisdiction to jurisdiction and the relevant requirements are often complex, and no assurance can be given that any ruling (or similar guidance) from any taxing authority would be sought or, if sought, granted. Following an initial public offering of a portion of the Group's equity interest in Ferrari, the Group currently intends to spin-off its remaining equity interest in Ferrari to holders of its common shares and mandatory convertible securities (which the Group intends to treat as its stock for U.S. federal income tax purposes), and the Group currently intends for such spin-off to qualify as a generally tax-free distribution for holders of the Group's stock for U.S. federal income tax purposes. However, the structure and terms of any distribution have not been determined and there can be no assurance that a distribution of Ferrari or any other spin-off would qualify as a tax-free distribution or that holders of the Group's shares or mandatory convertible securities would not recognize gain for U.S. federal income tax purposes in connection with any such distribution or spin-off.

In addition, no assurance can be given that the Ferrari separation will not give rise to additional taxable income in Italy in the hands of the Italian P.E. of FCA. Depending on how large this additional taxable income is, it may or may not be fully offset by the current year or carried forward losses that the Fiscal Unit may use based on the Ruling.

In addition, no assurance can be given that the Group's shareholders subject to Italian tax will not incur substantial Italian tax liabilities in connection with the Ferrari separation.

Risks related to the FCA common shares

FCA – The Group's maintenance of two exchange listings may adversely affect liquidity in the market for its common shares and could result in pricing differentials of its common shares between the two exchanges

Shortly following the closing of the Merger and the listing of FCA's common shares on the New York Stock Exchange, or NYSE, FCA listed its common shares on the Mercato Telematico Azionario, or MTA. The dual listing of the Group's common shares may split trading between the two markets and adversely affect the liquidity of the shares in one or both markets and the development of an active trading market for the common shares on the NYSE 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 the Group's common shares on the two exchanges.

FCA - The loyalty voting structure may affect the liquidity of the Group's common shares and reduce its common share price

The implementation of the loyalty voting structure could reduce the liquidity of the Group's common shares and adversely affect the trading prices of the common shares. The loyalty voting structure was intended to reward shareholders for maintaining long-term share ownership by granting initial shareholders and persons holding the common shares continuously for at least three years at any time following the effectiveness of the Merger the option to elect to receive special voting shares. The 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 the Group 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 FCA's special voting shares. Therefore, the loyalty voting structure is designed may reduce liquidity in our common shares and adversely affect their trading price.

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

The provisions of the 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 the company, even if a change of control were considered favorably by shareholders holding a majority of the common shares. As a result of the loyalty voting structure, a relatively large proportion of the voting power could be concentrated in a relatively small number of shareholders who would have significant influence over FCA. Based on the most recent data, EXOR had a voting interest in FCA of 44.31% due to its participation in the loyalty voting structure and as a result will have the ability to exercise significant influence on matters involving FCA's shareholders. Such shareholders participating in the loyalty voting structure could effectively prevent change of control transactions that may otherwise benefit the Group's shareholders. The loyalty voting structure may also prevent or discourage shareholders' initiatives aimed at changing FCA's management or strategy or otherwise exerting influence over FCA.

The loyalty voting structure may also prevent or discourage shareholders' initiatives aimed at changes in FCA's management.

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

Shares of the stock held by a U.S. holder would be stock of a passive foreign investment company, or a 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 the Group's common shares, after the application of applicable look-through rules (i) 75% or more of the Group's 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% 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 the Group believes that shares of its 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 the Group's stock may become stock of a PFIC in future taxable years if there were to be changes in the Group's assets, income or operations.

FCA - 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 the Group's 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 the associated common shares) and a shareholder will receive amounts in respect of the special voting shares only if the Group is liquidated, the Group believes and intends 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 the Group 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.

FCA - Tax may be required to be withheld from dividend payments

Unless and until the U.K. and the Dutch competent authorities rule that the Group should be treated as solely resident in the U.K. for the purposes of the Netherlands-U.K. double tax treaty, dividends distributed by the Group will be subject to Dutch dividend withholding tax (subject to any relief which may be available under Dutch law or the terms of any applicable double tax treaty) and the Group will be under no obligation to pay additional amounts in respect thereof.

In addition, even if the U.K. and Dutch competent authorities rule that the Group 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 the Group to Dutch residents may still be required to be paid subject to Dutch dividend withholding tax and the Group would have no obligation to pay additional amounts in respect of such payments. The Group intends to seek confirmation from the Dutch tax authorities that such withholding will not be required, but no assurances can be given.

Should Dutch or Italian withholding taxes be imposed on future dividends or distributions with respect to the Group's 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.

CNH INDUSTRIAL

Risks related to the business, strategy and operations

CNH Industrial - Global economic conditions impact the business of the Group

The Group's earnings and financial position are, and will continue to be, influenced by various macroeconomic factors – including increases or decreases in gross domestic product, the level of consumer and business confidence, changes in interest rates on consumer and business credit, energy prices, and the cost of commodities or other raw materials – which exist in the various countries in which the Group operates. Such macroeconomic factors vary from time to time and their effect on the Group's earnings and financial position cannot be specifically and singularly assessed and/or isolated.

Financial conditions in several regions continue to place significant economic pressures on existing and potential customers, including the Group's dealer networks. As a result, some dealers and customers may delay or cancel plans to purchase the Group's products and services and may not be able to fulfill their obligations to the Group in a timely fashion. Further, the Group's suppliers may be impacted by economic pressures, which may adversely affect their ability to fulfill their obligations to the Group. These factors could result in product delays, increased accounts receivable, defaults and inventory challenges. There is particular concern about economic conditions in Europe (and potentially the long-term viability of the euro currency), which is at risk of being impacted by sovereign debt levels (and government taxing and spending actions to address such issues) and other severe pressures on the banking system in certain European Union countries. It is uncertain whether central bank or governmental measures will reduce or eliminate this risk. In addition, other governments may continue to implement measures designed to slow the economic growth rate in those countries (e.g., higher interest rates, reduced bank lending and other anti-inflation measures). If there is significant deterioration in the global economy or the economies of key countries or regions, the demand for the Group's products and services would likely decrease and the Group's results of operations, financial position and cash flows could be materially and adversely affected.

In addition, the continuation of adverse market conditions in certain businesses in which the Group participates could cause many companies, including the Group, to carefully evaluate whether certain intangible assets have become impaired. The factors that the Group would evaluate to determine whether an impairment charge is necessary require management judgment and estimates. The estimates are impacted by a number of factors, including, but not limited to, worldwide economic factors and technological changes. Any of these factors, or other unexpected factors, may require the Group to consider whether it needs to record an impairment charge. In the event the Group is required to record an impairment charge with respect to certain intangible assets, it would have an adverse impact on the Group's financial position and results of operations.

CNH Industrial - The Group is exposed to political, economic and other risks as a result of operating a global business

The Group manufactures and sells products and offers services in several continents and numerous countries around the world including those experiencing varying degrees of political and economic instability. Given the global nature of the Group's activities, the Group is exposed to risks affecting global business operations, including:

- changes in laws, regulations and policies that affect, among other things:
  - import and export duties and quotas;
  - currency restrictions;
  - the design, manufacture and sale of the Group's products, including, for example, engine emissions regulations;
  - interest rates and the availability of credit to the Group's dealers and customers;
  - property and contractual rights;
  - where and to whom products may be sold such as changing economic sanctions related to Iran, Russia and the crisis in Ukraine; and
  - taxes;
- regulations from changing world organization initiatives and agreements;
- changes in the dynamics of the industries and markets in which the Group operates;
- varying and unpredictable needs and desires of customers;
- varying and unexpected actions of the Group's competitors;
- labor disruptions;
- disruption in the supply of raw materials and components;
- changes in governmental debt relief and subsidy program policies in certain significant markets such as Argentina and Brazil; and
- war, civil unrest and terrorism.

Unfavorable developments in any one of these areas (which vary from country to country) could have a material adverse effect on the Group's business prospects, results of operations and/or financial position.

CNH Industrial - Difficulty in obtaining financing or refinancing existing debt could impact the Group's financial performance

The Group's future performance will depend on, among other things, its ability to finance debt repayment obligations and planned investments from operating cash flow, available liquidity, the renewal or refinancing of existing bank loans and/or facilities and possible access to capital markets or other sources of financing. A decline in revenues could have a negative impact on the cash-generating capacity of its operating activities. The Group could, therefore, find itself in the position of having to seek additional financing and/or having to refinance existing debt, including in unfavorable market conditions with limited availability of funding and a general increase in funding costs. Any difficulty in obtaining financing could have a material adverse effect on the Group's business prospects, results of operations and/or financial position.

The Group's ability to access the capital markets or other forms of financing and related costs are highly dependent on, among other things, the credit ratings of CNH Industrial N.V., other Group subsidiaries, Group asset-backed securities ("ABS") and other debt instruments. Rating agencies may review and revise their ratings from time to time, and any downgrade or other negative action with respect to the Group's credit ratings by one or more rating agencies may increase the Group's cost of capital, potentially limit its access to sources of financing and have a material adverse effect on its business prospects, results of operations and/or financial position.

CNH Industrial - The Group is subject to exchange rate fluctuations, interest rate changes and other market risks

The Group operates in numerous markets worldwide and is accordingly exposed to market risks stemming from fluctuations in currency and interest rates. The exposure to currency risk is mainly linked to the differences in the geographic distribution between the Group's manufacturing and commercial activities, resulting in cash flows from exports denominated in currencies different from those associated with production activities and related purchasing.

The Group uses various forms of financing to cover the funding requirements of its Industrial Activities and for financing offered to customers and dealers. Financial Services implements a matching policy to offset the impact of differences in interest rates on the financed portfolio and related liabilities. Nevertheless, any future changes in interest rates can result in increases or decreases in revenues, finance costs and margins.

Consistent with its risk management policies, the Group seeks to manage currency and interest rate risk through the use of financial hedging instruments. Consistent with its risk management policies, the Group seeks to manage currency and interest rate risk through the use of financial hedging instruments. Despite such hedges being in place, sudden fluctuations in currency or interest rates could have an adverse effect on the Group's business prospects, results of operations and/or financial position. In addition, by utilizing these instruments, the Group potentially foregoes the benefits that may result from favorable fluctuations in currency exchange rates. The Group is also subject to the risk of insolvency of dealers and customers, as well as unfavorable economic conditions in markets where financing activities are carried out, which the Group seeks to mitigate through credit policies applied to dealers and customers. In addition, the Group is subject to laws and government actions that may, among other things, prevent the Group from enforcing legal rights and remedies.

CNH Industrial - The Group faces risks associated with its relationships with its employees

In many countries where the Group operates, Group's employees are protected by various laws and/or collective labor agreements that guarantee them, through local and national representatives, the right of consultation on specific matters, including downsizing or closure of production activities and reductions in personnel. Laws and/or collective labor agreements applicable to the Group could impair its flexibility in reshaping and/or strategically repositioning its business activities. Therefore, the Group's ability to reduce personnel or implement other permanent or temporary redundancy measures is subject to government approvals and/or the agreement of labor unions where such laws and agreements are applicable. Furthermore, the Group is at greater risk of work interruptions or stoppages than non-unionized companies, and any work interruption or stoppage could significantly impact the volume of products the Group has available for sale.

CNH Industrial - Reduced demand for equipment would reduce the Group's sales and profitability

The performance of the agricultural equipment market is influenced, in particular, by factors such as:

- the price of agricultural commodities and the relative level of inventories;
- the profitability of agricultural enterprises and farmers' income;
- the demand for food products; and
- agricultural policies, including aid and subsidies to agricultural enterprises provided by governments and/or supranational organizations as well as alternative fuel mandates.

In addition, unfavorable climatic conditions, especially during the spring, a particularly important period for generating sales orders, could have a negative impact on decisions to buy agricultural equipment and, consequently, on the Group's revenues.

The performance of the construction equipment market is influenced, in particular, by factors such as:

- public infrastructure spending; and
- new residential and non-residential construction.

The performance of the commercial vehicles market is influenced, in particular, by factors such as:

- changes in global market conditions, including changes in levels of business investment and sales of commodities; and
- public infrastructure spending.

The above factors can significantly influence the demand for agricultural and construction equipment, as well as for commercial vehicles, and consequently, the Group's financial results.

CNH Industrial - The Group depends on key suppliers for certain raw materials, parts and components

The Group relies upon key suppliers for certain raw materials, parts and components. The Group cannot guarantee that it will be able to maintain appropriate supply arrangements with these suppliers or otherwise ensure access to raw materials, parts and components. In some cases this access may be affected by factors outside of the Group's control and the control of its suppliers. Adverse financial conditions and natural disasters, such as the March 2011 earthquake and tsunami in Japan, have in the past caused, and could in the future cause, some of the Group's suppliers to face severe financial hardship and disrupt the Group's access to critical raw materials, parts and components. Any disruption or shortage in the supply of raw materials, parts and components could negatively impact the Group's costs of production, its ability to fulfill orders and achieve growth in product sales and the profitability of the Group's business.

Certain Group subsidiaries use a variety of raw materials in their businesses, including steel, aluminum, lead, resin and copper, and precious metals such as platinum, palladium and rhodium. The prices of these raw materials fluctuate, and although the Group seeks to manage this exposure, the Group may not be successful in hedging these risks. Substantial increases in the prices for raw materials would increase the Group's operating costs and could reduce profitability if the increased costs were not offset by changes in product prices.

CNH Industrial - Competitive activity, or failure by the Group to respond to actions by competitors, could adversely affect results of operations

Substantially all of the Group's revenues are generated in highly competitive sectors that include the production and distribution of agricultural and construction equipment, commercial vehicles, and related powertrain systems. The Group faces competition from other international manufacturers and distributors of commercial vehicles in Europe, Asia and Latin America and from global, regional and local agricultural and construction equipment manufacturers, distributors and component suppliers in Europe, Asia, North America and Latin America. Certain of the Group's global competitors have substantial resources and may be able to provide products and services at little or no profit or even at a loss to compete with certain Group product offerings. Aggressive pricing or other strategies pursued by competitors, unanticipated product or manufacturing delays or the Group's failure to price its products competitively could adversely affect its business, results of operations and financial position. Additionally, there has been a trend towards consolidation in the trucks and construction equipment industries that has resulted in larger and potentially stronger competitors in those markets. The markets in which the Group competes are highly competitive in terms of product quality, innovation, pricing, fuel economy, reliability, safety, customer service and financial services offered. Competition, particularly on pricing, has increased significantly in the Group's areas of activity in recent years. Should the Group be unable to adapt effectively to market conditions, this could have an adverse effect on the Group's business prospects, results of operations and/or financial position.

CNH Industrial - Costs of ongoing compliance with, or failure to comply with, environmental laws could have an adverse effect on the Group's results of operations

The Group's products and activities are subject to numerous local, national and international environmental laws, which are becoming increasingly stringent in many countries in which it operates. Such laws govern, among other things, products – with requirements on emissions of polluting gases, increased fuel efficiency and safety becoming increasingly strict – and industrial plants – with requirements for reduced emissions, treatment of waste and water and prohibitions on soil contamination also becoming increasingly strict. To comply with such laws, the Group invests considerable research and development resources and expects to continue to incur substantial costs in the future. Failure to comply with such laws could expose the Group to penalties or clean-up costs, civil or criminal liability and sanctions on certain of the Group's activities, as well as damage to property or natural resources. Liabilities, sanctions, damages and remediation efforts related to any non-compliance with such laws and regulations, including those that may be adopted or imposed in the future, could negatively impact the Group's ability to conduct its operations and its financial position and results of operations. In addition, there can be no assurances that the Group will not be adversely affected by costs, liabilities or claims with respect to any subsequently acquired operations. For instance, the Group's engines are subject to extensive regulatory requirements governing exhaust emissions and noise, including standards imposed by the U.S. Environmental Protection Agency, state regulatory agencies in the United States and other regulatory agencies around the world. National, state or local governments may set new emissions standards that could impact the Group's products and operations in ways that are difficult to anticipate with accuracy. Thus, significant changes in standards, or the adoption of new standards, have the potential to negatively impact the Group's business, results of operations, financial position and competitive position.

CNH Industrial - The Group's business, properties, and products are subject to governmental regulation compliance with which may require the Group to incur expenses, or modify its products or operations, and non-compliance with which may result in harm to the Group's reputation and/or expose the Group to penalties. Governmental regulation may also adversely affect the demand for some of the Group's products and operating results

The Group's business, properties, and products are subject to numerous international, federal and other governmental laws, rules, and regulations relating to restricted substances, including "conflict minerals" disclosure rules. For example, the Restriction of Hazardous Substances (RoHS) Directive in the European Union (EU) requires that certain substances, which may be found in certain products the Group has manufactured in the past, be removed from all electronics components, and the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) Directive in the EU which could require an authorization process for any chemical deemed a Substance of Very High Concern (SVHC), and listed by the European Commission in Annex XIV to REACH, to remain on the market. China and New York City have adopted RoHS restrictions, and many U.S. states are considering similar rules and legislation. Individual EU member states are required to transpose Directives into national legislation. As member states enact new laws and regulations to implement the Directives, the Group continues to review the applicability and impact of both Directives on the sale of its products within the EU. The Group must survey its supply chain and certify to the non-presence or presence of SVHCs to its customers. Compliance with these governmental regulations can be difficult, costly and time consuming, and liabilities or costs relating to such regulations could have a material adverse effect on the Group's business, financial position and results of operations.

CNH Industrial - A decrease in government incentives may adversely affect the Group's results

Government initiatives that are intended to stimulate demand for products sold by the Group, such as changes in tax treatment or purchase incentives for new equipment, can substantially influence the timing and level of the Group's revenues. The terms, size and duration of such government actions are unpredictable and outside of the Group's control. Any adverse change in government policy relating to those initiatives could have a material adverse effect on the Group's business prospects, operating results and/or financial position. For example, on December 31, 2014, the additional first-year "50% bonus" depreciation and increased expensing of property under the U.S. Internal Revenue Code section 179 expired. This could have an adverse effect on the Group's business prospects in the U.S.

CNH Industrial - The Group's future performance depends on its ability to innovate and on market acceptance of new or existing products

The success of the Group's businesses depends on their ability to maintain or increase their market share in existing markets and to expand into new markets through the development of innovative, high-quality products that provide adequate profitability. In particular, the failure to develop and offer innovative products that compare favorably to those of the Group's principal competitors in terms of price, quality, functionality and features, or delays in bringing strategic new products to market, or the inability to adequately protect the Group's intellectual property rights, could result in reduced market share, which could have a material adverse effect on the Group's business prospects, results of operations and/or financial position.

CNH Industrial - The Group's existing operations and expansion plans in emerging markets could entail significant risks

The Group's ability to grow its businesses depends to an increasing degree on its ability to increase market share and operate profitably worldwide and in particular in emerging market countries, such as Brazil, Russia, India, China, Argentina, Turkey, Venezuela and South Africa. In addition, the Group could increase its use of suppliers located in such countries. The Group's implementation of these strategies will involve a significant investment of capital and other resources and entail various risks. For example, the Group may encounter difficulties in obtaining necessary governmental approvals in a timely manner. In addition, the Group may experience delays and incur significant costs in constructing facilities, establishing supply channels, and commencing manufacturing operations. Further, customers in these markets may not readily accept the Group's products as opposed to products manufactured and commercialized by its competitors. The emerging market countries may also be subject to a greater degree of economic and political volatility that could adversely affect the Group's financial position, results of operations and cash flows. The emerging market economies may also be subject to a further slowdown in gross domestic product expansion and/or be impacted by domestic currency volatility, potential hyperinflationary conditions and/or increase of public debt. For example, the Group is subject to the rules and regulations of the Venezuelan government concerning its ability to exchange cash or marketable securities denominated in Venezuelan bolivar into U.S. dollars. Under these regulations, the purchase and sale of foreign currency must be at official rates of exchange and such transactions are subject to volume restrictions. These regulations limit the Group's ability to access and transfer liquidity out of Venezuela to meet funding requirements in other countries and also subject it to increased risk of devaluation or other foreign exchange losses. As of December 31, 2014, the Group has net monetary assets of $125 million at an exchange rate of 12.0 Venezuelan bolivars to one U.S. dollar.

CNH Industrial - CNH Industrial is subject to extensive anti-corruption and antitrust laws and regulations
CNH Industrial's global operations are subject to a number of laws and regulations that govern its operations around the world, including the U.S. Foreign Corrupt Practices Act (FCPA), the U.K. Bribery Act, which apply to conduct around the world, as well as a range of national anti-corruption laws that apply to conduct in a particular jurisdiction. These laws prohibit improper payments in cash or anything of value to improperly influence government officials or other persons to obtain or retain business or gain a business advantage. These laws tend to apply whether or not those practices are legal or culturally acceptable in a particular jurisdiction. Over the past several years there has been a substantial increase in the enforcement of anti-corruption laws both globally and in particular jurisdictions and the Group's employees have from time to time been subject to investigations and charges claiming violations of anti-corruption laws. CNH Industrial is committed to operating in compliance with all applicable laws, in particular anti-corruption laws. The Group has implemented a program to promote compliance with these laws and to identify and minimize the risk of any violations, which could result in criminal or civil prosecution of the Group or its employees. Investigations of alleged violations of these laws tend to require dedication of significant resources in funds and management time and attention and these investigations or any violations, as well as any publicity regarding potential violations, could harm CNH Industrial's reputation and have a material adverse effect on its business, results of operations and financial position.

CNH Industrial - Risks associated with the defined benefit pension plans and other post-employment obligations
At December 31, 2014, CNH Industrial's defined benefit pension plans and other post-employment benefits had an underfunded status of $2,517 million which is included in the consolidated statement of financial position. The funded status is the balance between the present value of the defined benefit obligation and the fair value of related assets, in case of funded plans (plans managed by a separate fund, "trust").
To the extent that the Group's obligations under a plan are unfunded or underfunded, the Group will have to use cash flows from operations and other sources to pay its obligations as they become due. In addition, since the assets that currently fund these obligations are primarily invested in debt instruments and equity securities, the value of these assets is subject to changes due to market fluctuations. In recent years, these fluctuations have been significant and adverse and there is no assurance that they will not be significant and adverse in the future.

CNH Industrial - Dealer equipment sourcing and inventory management decisions could adversely affect the Group's sales
The Group's dealers carry inventories of finished products as part of ongoing operations and adjust those inventories based on their assessment of future sales opportunities. Dealers who carry other products that compete with the Group's products may focus their inventory purchases and sales efforts on goods provided by other suppliers due to industry demand or profitability. Such inventory adjustments and sourcing decisions can adversely impact the Group's sales, financial position and results of operations.

CNH Industrial - Adverse economic conditions could place a financial strain on the Group's dealers and adversely affect the Group's operating results
Global economic conditions continue to place financial stress on many of the Group's dealers. Dealer financial difficulties may impact their equipment sourcing and inventory management decisions, as well as their ability to provide services to their customers purchasing the Group's equipment. Accordingly, additional financial strains on members of the Group's dealer network resulting from current or future economic conditions could adversely impact the Group's sales, financial position and results of operations.

CNH Industrial - The Group may not be able to realize anticipated benefits from any acquisitions and, further, challenges associated with strategic alliances may have an adverse impact on the Group's results of operations

The Group has engaged in the past, and may engage in the future, in mergers and acquisitions or enter into, expand or exit from strategic alliances and joint ventures which could involve risks that could prevent the Group from realizing the expected benefits of the transactions or the achievement of strategic objectives or could divert management's time and attention. Such risks include:

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

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

CNH Industrial - Risks associated with the termination of CNH Global's strategic alliance with Kobelco Construction Machinery Co., Ltd.

Effective December 31, 2012, CNH Global and Kobelco Construction Machinery Co., Ltd. ("KCM") terminated by mutual consent their global alliance (consisting of industrial arrangements and a number of jointly-owned companies) in the construction equipment business. The agreements regulating the dissolution of the alliance provide that, starting from January 1, 2013 until December 31, 2017, the Group will be entitled to purchase components and parts from KCM on a non-exclusive basis in order to continue to manufacture excavators based upon KCM's technology in Group's plants. Moreover, starting from December 31, 2012, the territorial sales and marketing restrictions limiting the right of KCM to distribute its excavators in certain significant markets (such as the Americas and Europe) expired and similar restrictions which applied to the Group's construction equipment activities expired in APAC on July 31, 2013. While the Group expects a smooth transition with respect to implemented changes, commercial issues (such as, by way of example, the weakening of the distributorship network and the subsequent loss of market share) or industrial issues (such as, by way of example, difficulties in maintaining quality standards or inability to source certain components currently provided by KCM) in connection with the termination of the alliance might arise, which could have a material adverse effect upon the Group's construction equipment product lines, construction equipment distribution network, financial position and results of operations.

CNH Industrial - The Group's business operations may be impacted by various types of claims, lawsuits and other contingent obligations

The companies within the Group are involved in various product liability, warranty, product performance, asbestos, personal injury, environmental claims and lawsuits and other legal proceedings that arise in the ordinary course of their businesses. The industries in which the Group operates are also periodically reviewed or investigated by regulators, which could lead to enforcement actions, fines and penalties or the assertion of private litigation claims. The ultimate outcome of these legal matters pending against the Group is uncertain, and although such legal matters are not expected individually to have a material adverse effect on the Group's financial position or profitability, such legal matters could, in the aggregate, in the event of unfavorable resolutions thereof, have a material adverse effect on the Group's consolidated financial position, cash flows and results of operations. Furthermore, the Group could in the future be subject to judgments or enter into settlements of lawsuits and claims that could have a material adverse effect on its results of operations in any particular period. In addition, while the Group maintains insurance coverage with respect to certain claims, it may not be able to obtain such insurance on acceptable terms in the future, if at all, and any such insurance may not provide adequate coverage against any such claims. The Group establishes reserves based on its assessment of contingencies, including contingencies related to legal claims asserted against the Group. Subsequent developments in legal proceedings may affect the Group's assessment and estimates of the loss contingency recorded as a reserve and require the Group to make payments in excess of its reserves, which could have a material adverse effect on the Group's results of operations and/or financial position.

CNH Industrial - The agricultural equipment industry is highly seasonal, which causes the Group's results of operations and levels of working capital to fluctuate significantly

Farmers traditionally purchase agricultural equipment in the spring and fall, the main planting and harvesting seasons. The Group's agricultural equipment business net sales and results of operations have historically been highest in the second quarter, reflecting the spring selling season in the Northern hemisphere, and lowest in the third quarter, when many of the Group's production facilities experience summer shut-down periods, especially in Europe. The Group's agricultural equipment production levels are based upon estimated retail demand. These estimates take into account the timing of dealer shipments, which occur in advance of retail demand, dealer inventory levels, the need to retool manufacturing facilities to produce new or different models and the efficient use of manpower and facilities. However, because the Group spreads its production and wholesale shipments throughout the year, wholesale sales of agricultural equipment products in any given period may not necessarily reflect the timing of dealer orders and retail demand in that period.

Estimated retail demand may exceed or be exceeded by actual production capacity in any given calendar quarter because the Group spreads production throughout the year. If retail demand is expected to exceed production capacity for a quarter, then the Group may schedule higher production in anticipation of the expected retail demand. Often, the Group anticipates that spring-selling season demand may exceed production capacity in that period and schedules higher production, and anticipates higher inventories and wholesale shipments to dealers in the first quarter of the year. As a result, the Group's working capital and dealer inventories are generally at their highest levels during the February to May period and decline towards the end of the year, as both the Group's and its dealers' inventories are typically reduced.

To the extent the Group's production levels (and timing) do not correspond to retail demand, it may have too much or too little inventory, which could have an adverse effect on the Group's financial position and results of operations.

CNH Industrial - The Group has significant outstanding indebtedness, which may limit its ability to obtain additional funding and may limit its financial and operating flexibility

As of December 31, 2014, the Group had an aggregate of $29,701 million (including $22,727 million relating to Financial Services) of consolidated gross indebtedness, and its equity was $7,577 million, including non-controlling interests. The extent of the Group's indebtedness could have important consequences for its operations and financial results, including:

- the Group may not be able to secure additional funds for working capital, capital expenditures, debt service requirements or general corporate purposes;
- the Group may need to use a portion of its projected future cash flow from operations to pay principal and interest on its indebtedness, which may reduce the amount of funds available to the Group for other purposes;
- the Group may be more financially leveraged than some of its competitors, which could put it at a competitive disadvantage;
- the Group may not be able to introduce new products or pursue business opportunities;
- the Group may not be able to adjust rapidly to changing market conditions, which may make it more vulnerable to a downturn in general economic conditions; and
- the Group may not be able to access the capital markets on favorable terms, which may adversely affect its ability to provide competitive retail and wholesale financing programs.

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

Among the anticipated benefits of the Merger is the expected reduction in funding costs over time due to improved debt capital markets positioning of CNH Industrial. However, certain of the circumstances and risks described above, including but not limited to the timing of maturity and anticipated refinancing of existing indebtedness, may delay or reduce the expected cost savings from the future funding structures and the expected cost savings may not be achieved.

CNH Industrial - Restrictive covenants in the Group's debt agreements could limit its financial and operating flexibility

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

- incur additional indebtedness;
- 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.

Although CNH Industrial does not believe any of these covenants materially restrict its operations, a breach of one or more of the covenants could result in adverse consequences that could negatively impact the Group's businesses, results of operations and financial position. These consequences may include the acceleration of amounts outstanding under certain of the Group's credit facilities, triggering an obligation to redeem certain debt securities, termination of existing unused commitments by the Group's lenders, refusal by the Group's lenders to extend further credit under one or more of the facilities or to enter into new facilities or the lowering or modification of CNH Industrial's credit ratings or those of one or more of its subsidiaries.

CNH Industrial - Risks related to increased information technology security threats

The Group relies upon information technology systems and networks in connection with a variety of business activities, and the Group collects and stores sensitive data. Increased information technology security threats and more sophisticated computer crime, including advanced persistent threats, pose a risk to the security of its systems and networks and the confidentiality, availability and integrity of its data.

In order to manage such risks, the Group implemented its information security system, an integrated set of policies, processes, methodologies, teams and technologies aimed at ensuring appropriate protection of the Group's data. The information security system must be constantly aligned with evolving cyber threats scenarios in order for it to be effective. Recent security initiatives included in the Group's information security roadmap concern product development data loss prevention, data classification (both structured and unstructured data) and laptop encryption. Actions are also in progress to increase the Group's capability to prevent, detect, and react to malicious data leakage attempts.

Despite such efforts, a failure or breach in security could expose the Group and its customers, dealers and suppliers to risks of misuse of information or systems, the compromising of confidential information, manipulation and destruction of data, defective products, production downtimes and operations disruptions, which in turn could adversely affect its reputation, competitive position, businesses and results of operations. In addition, such breaches in security could result in litigation, regulatory action and potential liability, as well as higher operational and other costs of implementing further data protection measures.

CNH Industrial - The loss of members of senior management could have an adverse effect on the business of the Group

The Group's success is largely dependent on the ability of its senior executives and other members of management to effectively manage its organization and individual areas of its business. The loss of any senior executive, manager or other key employee without an adequate replacement or the inability to attract and retain new, qualified personnel could therefore have an adverse effect on the Group's business prospects, results of operations and/or financial position.

CNH Industrial - The Group's business may be affected by unfavorable weather conditions, climate change or natural disasters

Poor, severe or unusual weather conditions caused by climate change or other factors, particularly during the planting and early growing season, can significantly affect the purchasing decisions of the Group's agricultural equipment customers. The timing and quantity of rainfall are two of the most important factors in agricultural production. Insufficient levels of rain prevent farmers from planting crops or may cause growing crops to die, resulting in lower yields. Excessive rain or flooding can also prevent planting or harvesting from occurring at optimal times and may cause crop loss through increased disease or mold growth. Temperature affects the rate of growth, crop maturity, crop quality and yield. Temperatures outside normal ranges can cause crop failure or decreased yields, and may also affect disease incidence. Natural disasters such as floods, hurricanes, storms and droughts can have a negative impact on agricultural production. The resulting negative impact on farm income can strongly affect demand for the Group's agricultural equipment in any given period.

In addition, natural disasters, pandemic illness, equipment failures, power outages or other unexpected events could result in physical damage to and complete or partial closure of one or more of the Group's manufacturing facilities or distribution centers, temporary or long-term disruption in the supply of component products from some local and international suppliers, disruption in the transport of the Group's products to dealers and customers and delay in delivery of products to distribution centers. In the event such events occur, the Group's financial results might be negatively impacted. Existing insurance arrangements may not provide protection for all of the costs that may arise from such events.

CNH Industrial - Changes in demand for food and alternate energy sources could impact the Group's revenues

Changing worldwide demand for farm outputs to meet the world's growing food and alternative energy demands, driven in part by government policies and a growing world population, are likely to result in fluctuating agricultural commodity prices, which directly affect sales of agricultural equipment. While higher commodity prices will benefit the Group's crop producing agricultural equipment customers, higher commodity prices also result in greater feed costs for livestock and poultry producers, which in turn may result in lower levels of equipment purchased by these customers. Moreover, changing alternative energy demands may cause farmers to change the types or quantities of the crops they grow, with corresponding changes in equipment demands. Finally, changes in governmental policies regulating bio-fuel utilization could affect demand for the Group's equipment and result in higher research and development costs related to equipment fuel standards.

CNH Industrial - International trade policies may impact demand for the Group's products and its competitive position

Government policies on international trade and investment such as sanctions, import quotas, capital controls or tariffs, whether adopted by individual governments or addressed by regional trade blocs, may affect the demand for the Group's products and services, impact the competitive position of its products or prevent the Group from being able to sell products in certain countries. The implementation of more restrictive trade policies, such as more detailed inspections, higher tariffs or new barriers to entry, in countries where the Group sells large quantities of products and services could negatively impact its business, results of operations and financial condition. For example, a government's adoption of trade sanctions or "buy national" policies or retaliation by another government against such policies could have a negative impact on the Group's results of operations.

CNH Industrial - The Group is subject to negative conditions in the financial markets and the cyclicality of the capital goods sector

Producers in the capital goods sector are subject to:

- the condition of financial markets, in particular, the ability to access the ABS market and prevailing interest rates in that market. In North America, in particular, the Group makes considerable use of ABS transactions to fund financing offered to dealers and customers. Adverse conditions in the financial markets, and the ABS market in particular, could have a significant impact on the Group's business prospects, results of operations and/or financial position;
- cyclicality, which can cause sudden (and sometimes material) declines in demand, with negative effects on inventory levels and product pricing, both new and used. In general, demand in the capital goods sector is highly correlated to the economic cycle and can be subject to even greater levels of volatility.

Risks related to financial services

The Group offers a wide range of financial services and products to Agricultural Equipment, Construction Equipment and Commercial Vehicles dealers and customers including retail financing for the purchase or lease of new and used equipment and vehicles, and wholesale financing to dealers.
In light of the above, the following risks associated with the financial services offered by the Group should be considered.

CNH Industrial - Credit risk

Fundamental to any organization that extends credit is the credit risk associated with its customers/borrowers. The creditworthiness of each customer, rates of delinquency and default, repossessions and net losses on loans to customers are impacted by many factors, including:

- relevant industry and general economic conditions;
- the availability of capital;
- interest rates (and changes in the applicable rates);
- the experience and skills of the customer's management team;
- commodity prices;
- political events;
- the weather; and
- the value of the collateral securing the extension of credit.

Deterioration in the quality of the Group's financial assets, an increase in delinquencies or defaults, or a reduction in collateral recovery rates could have an adverse impact on the performance of the Group's Financial Services business. These risks become more acute in an economic slowdown or recession due to decreased demand for (or availability of) credit, declining asset values, changes in government subsidies, reductions in collateral to loan balance ratios, and an increase in delinquencies, defaults, insolvencies, foreclosures and losses. In such circumstances, the Group's loan servicing and litigation costs may also increase. In addition, governments may pass laws, or implement regulations, that modify rights and obligations under existing agreements, or which prohibit or limit the exercise of contractual rights.

When loans default and the Group's Financial Services business repossess collateral securing the repayment of a loan, its ability to recover or mitigate losses by selling the collateral is subject to the current market value of such collateral. Those values are affected by levels of new and used inventory of agricultural and construction equipment, as well as commercial vehicles, on the market. They are also dependent upon the strength or weakness of market demand for new and used agricultural and construction equipment, as well as for commercial vehicles, which is affected by the strength of the general economy. In addition, repossessed collateral may be in poor condition, which would reduce its value. Finally, relative pricing of used equipment, compared with new equipment, can affect levels of market demand and the resale of repossessed equipment. An industry-wide decrease in demand for agricultural or construction equipment, as well as for commercial vehicles, could result in lower resale values for repossessed equipment, which could increase losses on loans and leases, adversely affecting the Group's financial position and results of operations.

CNH Industrial - Funding risk

The Group's Financial Services business have traditionally relied upon the ABS market and committed asset-backed facilities as a primary source of funding and liquidity. Access to funding at competitive rates is essential to the Group's Financial Services business. From mid-2007 through 2009, events occurred in the global financial market, which caused a significant reduction in liquidity in the secondary market for ABS transactions outstanding at such time and a significant increase in funding costs. During these periods, conditions in the ABS market adversely affected the Group's ability to sell receivables on a favorable or timely basis. Similar conditions in the future would have an adverse impact on the Group's access to funding, financial position and results of operations. As Financial Services finances a significant portion of the Group's sales of equipment, to the extent Financial Services is unable to access funding on acceptable terms, the Group's sales of equipment would be negatively impacted.

To maintain competitiveness in the capital markets and to promote the efficient use of various funding sources, the Group chose to increase the reserve funds of certain previously-issued ABS transactions. Such optional support may, in the future, be required to maintain credit ratings assigned to certain transactions if loss experiences are higher than anticipated. The provision of additional reserve support could have an adverse effect on the Group's financial position, results of operations and cash flows.

CNH Industrial - Repurchase risk

In connection with the Group's ABS transactions, the Group makes customary representations and warranties regarding the assets being securitized, as disclosed in the relevant offering documents. While no recourse provisions exist that allow holders of asset-backed securities issued by the Group's ABS trusts to require the Group to repurchase those securities, a breach of these representations and warranties could give rise to an obligation to repurchase non-conforming receivables from the trusts. Any future repurchases could have an adverse effect on the Group's financial position, results of operations and cash flows.

CNH Industrial - Regulatory risk

The operations of the Group's Financial Services business are subject, in certain instances, to supervision and regulation by various governmental authorities. These operations are also subject to various laws, as well as to judicial and administrative decisions and interpretations, imposing requirements and restrictions, which among other things:

- regulate credit granting activities, including establishing licensing requirements;
- establish maximum interest rates, finance and other charges;
- regulate customers' insurance coverage;
- require disclosures to customers;
- govern secured and unsecured transactions;
- set collection, foreclosure, repossession and claims handling procedures and other trade practices;
- prohibit discrimination in the extension of credit and administration of loans; and
- regulate the use and reporting of information related to a borrower.

To the extent that applicable laws are amended or construed differently, new laws are adopted to expand the scope of regulation imposed upon such financial services businesses, or applicable laws prohibit interest rates the Group charges from rising to a level commensurate with risk and market conditions, such events could adversely affect Financial Services and the Group's financial position and results of operations.

CNH Industrial - Potential impact of the Dodd-Frank Act

The various requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank Act"), including its many implementing regulations, may substantially affect the origination, servicing and securitization programs of the Groups' Financial Services business. For example, the Dodd-Frank Act strengthens the regulatory oversight of these securities and capital market activities by the SEC and increases the regulation of the ABS markets through, among other things, a mandated risk retention requirement for securitizers, a loan level disclosure requirement for certain securitizers and a direction to the SEC to regulate credit rating agencies and adopt regulations governing these organizations. While the Group will continue to monitor these developments and their impact upon its access to the ABS market, these and future SEC regulations may impact the Group's ability to engage in these activities or increase the effective cost of ABS transactions in the future, which could adversely affect the Group's financial position, results of operations and cash flows.

Other risks

CNH Industrial - CNH Industrial operates and will continue to operate as a company that is resident in the U.K. for tax purposes, other tax authorities may treat CNH Industrial as being tax resident elsewhere

CNH Industrial is not incorporated in the U.K.; therefore, in order to be resident in the U.K. for tax purposes CNH Industrial's central management and control must be located (in whole or in part) in the U.K. The test of central management and control is largely a question of fact based on all the circumstances. Nevertheless, the decisions of the U.K. courts and the published practice of Her Majesty's Revenue & Customs, or HMRC, suggest that CNH Industrial is likely to be regarded as having become U.K.-resident on this basis from the date of its incorporation. This analysis is supported by the competent authority ruling referred to below. Even if CNH Industrial's "central management and control" is in the U.K., it would not be treated as U.K.-resident if (a) CNH Industrial were concurrently resident in another jurisdiction (applying the tax residence rules of that jurisdiction) which has a double tax treaty with the U.K.; and (b) that tax treaty allocates exclusive residence to that other jurisdiction.

Even if CNH Industrial's central management and control is in the U.K., CNH Industrial would normally be resident in The Netherlands for Dutch corporate income tax and Dutch dividend withholding tax purposes because CNH Industrial is incorporated in The Netherlands. Nonetheless, the U.K. and Dutch competent authorities have agreed, following a mutual agreement procedure (as contemplated by The Netherlands-U.K. tax treaty), that CNH Industrial will be regarded as solely resident in the U.K. provided that CNH Industrial operates as planned and provides appropriate required evidence to the U.K. and Dutch competent tax authorities. If the facts upon which the competent authorities issued this ruling change over time, this ruling may be withdrawn and in that case The Netherlands may levy corporate income tax on CNH Industrial and impose withholding taxes on dividends distributed by CNH Industrial.

CNH Industrial's residence for Italian tax purposes is also largely a question of fact based on all the circumstances. For Italian tax purposes, a rebuttable presumption of CNH Industrial's residence in Italy may apply under Italian legislation. However, CNH Industrial has a management and organizational structure such that CNH Industrial should be deemed resident in the U.K. from the date of its incorporation for purposes of the Italy-U.K. tax treaty. Because this analysis is highly factual and may depend on future changes in CNH Industrial's management and organizational structure, there can be no assurance that CNH Industrial's determination of its tax residence will be respected by all relevant tax authorities. Should CNH Industrial be treated as an Italian tax resident, CNH Industrial would be subject to corporate income tax in Italy and may be required to comply with withholding tax on dividends and other distributions (currently at a withholding rate of 26%, subject to any benefits from double taxation treaties or other reliefs or exemptions that may be available to shareholders) and/or reporting obligations under Italian law, which could result in additional costs and expenses.

CNH Industrial - CNH Industrial, as successor to Fiat Industrial, is jointly liable with FCA for certain obligations

CNH Industrial is successor to Fiat Industrial – a company formed as a result of the demerger of Fiat S.p.A. (which, effective October 12, 2014, was merged into Fiat Investments N.V., which at the same time took the name of Fiat Chrysler Automobiles N.V., "FCA") in favor of Fiat Industrial (the "Demerger"). As such, CNH Industrial continues to be liable jointly with FCA for the liabilities of FCA that arose prior to the effective date of the Demerger (January 1, 2011) and were still outstanding at that date ("the Liabilities"). This statutory provision is limited to the value of the net assets transferred to Fiat Industrial in the Demerger and survives until the Liabilities are satisfied in full. Furthermore, CNH Industrial may be responsible jointly with FCA in relation to tax liabilities, even if such tax liabilities exceed the value of the net assets transferred to Fiat Industrial in the Demerger. At December 31, 2014, the outstanding Liabilities amount to approximately $3.5 billion (of which $3.2 billion consists of bonds guaranteed by FCA). CNH Industrial evaluated as extremely remote the risk of FCA's insolvency and therefore no specific provision has been accrued in respect of the above mentioned potential joint liability.

CNH Industrial - The loyalty voting structure may concentrate voting power in a small number of CNH Industrial's shareholders and such concentration may increase over time

A relatively large proportion of the voting power of CNH Industrial could be concentrated in a relatively small number of shareholders who would have significant influence over the Group. Based on the most recent data EXOR S.p.A. holds a voting interest in CNH Industrial of 39.99% by virtue of its participation in the loyalty voting structure and is thus able to exert a significant influence over the Group.

CNH Industrial - The loyalty voting structure may affect the liquidity of the CNH Industrial's common shares and reduce its share price

CNH Industrial's loyalty voting structure is intended to reward shareholders for maintaining long-term share ownership by granting initial shareholders and persons holding shares continuously for at least three years at any time following the effectiveness of the Merger the option to elect to receive special voting shares. Special voting shares cannot be traded and, immediately prior to the transfer of CNH Industrial's common shares from the CNH Industrial Loyalty Register, any corresponding special voting shares shall be transferred to CNH Industrial 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 special voting shares. Therefore, the loyalty voting structure may reduce liquidity in CNH Industrial's common shares and adversely affect their trading price.

CNH Industrial - The loyalty voting structure may prevent or frustrate attempts by CNH Industrial's shareholders to change CNH Industrial's management and hinder efforts to acquire a controlling interest in the Group, and the market price of CNH Industrial's common shares may be lower as a result

The provisions of CNH Industrial's Articles of Association establishing the loyalty voting structure may make it more difficult for a third party to acquire, or attempt to acquire, control of the Group, even if a change of control is considered favorably by shareholders holding a majority of CNH Industrial's common shares. As a result of the loyalty voting structure, a relatively large proportion of the voting power of CNH Industrial's common shares could be concentrated in a relatively small number of shareholders who would have significant influence over the Group. Such shareholders participating in the loyalty voting structure could effectively prevent change of control transactions that may otherwise benefit CNH Industrial's shareholders.

The loyalty voting structure may also prevent or discourage shareholders' initiatives aimed at changes in CNH Industrial's management.

C&W GROUP

The following is a summary of the main risks and uncertainties that could potentially have a significant impact on the activities of C&W Group, Inc. (C&W).
Additional risks and uncertainties not presently known to C&W or that C&W currently believes to be immaterial may also adversely affect C&W's business.

C&W – Risks associated with general economic conditions

C&W's success depends, in part, on the basic strength of the real estate markets in which C&W operates. Periods of economic weakness or recession, significantly rising interest rates, declining employment levels, declining demand for commercial real estate, falling real estate values, or the public perception that any of these events may occur, may negatively affect the performance of some or all of C&W's business lines.
These economic conditions can result in a general decline in acquisition, disposition and leasing activity, increase in credit cost and lack of credit availability, as well as a general decline in the value of commercial real estate and rents, which in turn can reduce revenue from property management and valuation fees and commissions derived from property sales, leasing and financing activities and increase volatility of certain business lines, such as capital markets, that generate fees based on the timing, size and pricing of transactions. The performance of the real estate markets depends upon many factors, almost all of which are beyond C&W's control. Any prolonged downturn in the real estate markets could have a significant adverse effect on C&W's ability to generate revenue and profits and on C&W's business as a whole.

C&W – Risks associated with C&W's credit facility

C&W's credit agreement imposes operating and other restrictions on C&W and many of its subsidiaries which may limit or prohibit various activities including: financing ongoing operations, strategic acquisitions, investments, paying dividends or making distributions on or repurchases of capital stock. Failure to meet payments or other obligations under C&W's credit agreement (financial covenants) could lead to increased interest rates.

C&W – Risks associated with seasonality

A significant portion of C&W's revenue is seasonal, which can affect C&W's ability to compare financial condition and consolidated results of operations on a quarter-by-quarter basis. Historically, this seasonality has caused revenue, operating income, net income and cash flows from operating activities to be lower in the first two quarters and higher in the third and fourth quarters of each year. The seasonality of C&W's business makes it more difficult to determine during the course of the year whether C&W's business expectations will be achieved, and to adjust timely to changes in conditions.

C&W – Risks associated with the impairment of C&W's goodwill and other intangible assets

In connection with EXOR's acquisition of Cushman & Wakefield, Inc. in 2007 and as a result of subsequent acquisitions, C&W has significant goodwill and other intangible assets on its books. A significant and sustained decline in future cash flows, a significant adverse change in the economic environment or slower revenue and EBITDA growth rates could result in the recognition of goodwill or other intangible asset impairment charges.

C&W – Risks associated with currency fluctuation

C&W's revenue from non-U.S. operations is denominated primarily in the local currency where the associated revenue was earned while the reporting currency of C&W is the U.S. dollar. Over time, fluctuations in the value of the U.S. dollar relative to the other currencies in which earnings are generated could adversely affect C&W's business, financial condition and operating results. In addition, constantly changing currency exposures and the volatility of currency exchange rates may make it more difficult to perform period-to-period comparisons of reported results of operations.

C&W – Risks associated with litigation

C&W's licensed employees and the licensed employees of C&W's global subsidiaries are subject to statutory due diligence, disclosure and standard-of-care obligations. Failure to fulfill these obligations could result in litigation from parties who purchased, sold or leased properties C&W brokered or managed, as well as any party who may have relied on a valuation by C&W. In addition, C&W hires and supervises third-party contractors to provide certain services for C&W's managed properties. Depending on the terms of the contracts with C&W's clients, C&W may be subject to claims resulting from actions of such third-party contractors that it does not control. Any material claim or litigation could divert senior management's attention and delay implementation of C&W's business strategy, which could ultimately harm C&W's financial condition and results of operations. Some of these litigation risks may be mitigated by insurance maintained by C&W in amounts it believes are appropriate.

C&W – Risks associated with competition

C&W competes across a variety of business disciplines within the commercial real estate services industry. Although many of its competitors are local or regional firms and are substantially smaller than C&W, some of these competitors are larger on a local or regional basis. C&W is also subject to competition from other large national and multi-national firms that have similar service competencies to C&W. In general, there can be no assurance that C&W will be able to compete effectively, to maintain current fee levels or margins, or maintain or increase C&W's market share.

C&W – Risks associated with ability to attract and retain qualified and experienced employees

C&W's continued success is highly dependent upon the efforts of its executive officers and other key employees. If any of C&W's key employees leave and C&W is unable to quickly hire and integrate a qualified replacement, C&W's business, financial condition and results of operations may suffer. In addition, the growth of C&W's business is largely dependent upon C&W's ability to attract and retain qualified personnel in all areas of C&W's business, including brokerage and property management personnel, and competition for key employees among C&W and its competitors is intense. If C&W is unable to attract and retain qualified personnel, C&W's growth may be limited and its business and operating results could suffer.

C&W – Risks associated with operations in multiple jurisdictions with complex and varied tax regimes

C&W operates in many jurisdictions with complex and varied tax regimes and is subject to different forms of taxation resulting in a variable effective tax rate. Adverse tax filings, failure to adequately support tax positions, non-compliance with tax regulations, errors in tax preparation and disagreements with the tax authorities on the application of tax law and tax claims arising from tax audits may result in the disqualification of tax positions taken, tax penalties and could have an adverse effect on C&W's results of operations.

C&W – Risks associated with the protection of C&W's intellectual property

C&W's business depends, in part, on C&W's ability to identify and protect proprietary information and other intellectual property such as C&W's trade and service marks, domain names, client lists and information, business methods and research. C&W's inability to detect unauthorized use or take appropriate or timely steps to enforce C&W's intellectual property rights may have an adverse effect on business and lead to claims against C&W.

C&W - Risks associated with non-compliance with policies and Global Code of Business Conduct

The global nature of C&W's business makes it challenging to communicate the importance of adherence to C&W's policies and Global Code of Business Conduct, to monitor and enforce compliance with its provisions on a worldwide basis and to ensure local compliance with US and UK laws that apply globally in some circumstances (e.g. the Foreign Corrupt Practices Act, the Patriot Act and the UK Bribery Act). Breaches of C&W's Global Code of Conduct could have a material adverse effect.

C&W – Risks associated with the security of C&W's information and technology networks, including personally identifiable and client information

C&W collects and stores sensitive data such as personally identifiable information of C&W's employees, clients and other third parties. The secure processing, maintenance and transmission of this information is critical to C&W's operations. Despite C&W's security measures, C&W's information technology systems may be vulnerable to attacks by hackers or breaches due to employee error, malfeasance or other disruptions. Such events could expose C&W to liability, damage C&W's reputation and adversely affect revenues and competitive position.

Additionally, C&W increasingly relies on third-party data storage providers, including cloud storage solution providers, resulting in less direct control over C&W's data. Such third parties may also be vulnerable to security breaches and compromised security systems, which could adversely affect C&W's.

In order to manage such risks, C&W has recently deployed a third-party Managed Security Service to monitor activity and provide alerts of risky events, a third-party application vulnerability assessment service to monitor client-facing, public-facing, and internal web application vulnerabilities, and a risk assessment program for information technology related service providers. C&W is currently taking steps to increase its ability to prevent, detect, and react to malicious activity intended to misappropriate C&W's data or computing resources.

JUVENTUS FOOTBALL CLUB

Juventus Football Club - Risks connected to general economic conditions

Overall, Juventus' financial position, income statement and cash flows are affected by general economic conditions. However, despite the fact that most of Juventus' income items are tied to long-term contracts, if the situation of weakness and uncertainty which characterizes the Italian and European economy lengthens significantly, the activities, strategies and prospects of Juventus may be negatively affected, particularly in terms of the radio and television rights market, sponsorships, revenues for the new stadium and all sales activities targeting supporters.

Juventus Football Club - Risks connected to the sponsorship market

From a general viewpoint, the crisis which has hit financial markets in recent years and the consequent ongoing recession in Italy are affecting the market of sports sponsorships which currently has a narrower timeframe of promotional and advertising investments. This market scenario in the short term has led to a lower level of long-term sponsorship revenues compared to the past. If the economic crisis should continue, growth in sponsorship revenues may fall below expectations, with the result that Juventus' financial position, income statement and cash flows may be impacted.

Juventus Football Club - Risks connected with the ability to attract "human capital"

Achieving sports and economic results depends on the ability to attract and keep top quality managers, players and technical staff and, therefore, requires payment of salaries in line with those of the main competitors in Italy and Europe. The inability to keep "key people" may have a negative impact on the actual ability to manage and on the Club's growth prospects.

Juventus Football Club - Risks connected to funding requirements

Numerous factors affect Juventus' financial position. In particular, these include the fulfilment of sports and business objectives, as well as trends in general economic conditions and in the markets in which Juventus operates. In accordance with its risk management policy, Juventus has credit facilities in place with a number of premier banking institutions to prevent cash flow shortages from arising. In addition to this, Juventus holds its cash and cash equivalents, if any, as demand deposits or short-term deposits with a suitable number of different banks, to ensure the prompt availability of the funds. Nevertheless, given the current situation of financial markets, the emergence of bank and money market situations that may interrupt normal financial transactions cannot be excluded, which would give rise to cash flow shortages in the event that credit facilities were also restricted.

Juventus Football Club - Risks connected to business sector

Players' registration rights represent Juventus' main factor of production. Sports activities are subject to risks connected to players' physical health and fitness. Injuries and accidents, therefore, can potentially have a significant impact at any time on Juventus' financial position and income statement.
In addition, given that the business also focuses on the commercial exploitation of the trademark, trademark infringement by third parties is another risk Juventus faces. The arrival on the market of a large number of imitation goods bearing the Juventus trademark or the occurrence of events that may impair the market value of the trademark would potentially have an adverse impact on Juventus' financial position, income statement and cash flows. Finally, Juventus is exposed to risks connected with supporter behavior, which may result in fines, sanctions or other punishments being levied on Juventus, and indirectly damage the Club's image, which may lead to a lower stadium turnout and lower merchandising sales.

Juventus Football Club - Risks connected to the Transfer Campaign

Juventus' business and financial performance are affected significantly by the acquisitions and disposals made as part of Transfer Campaigns. The difficulties in correlating the single transactions compared to the Development Plan and guidelines related to sports management defined annually could result in negative impacts on Juventus' financial situation. Moreover, the failure to optimize the bench, which could derive from inclusion in the squad of players who no longer meet the technical and tactical requirements of the team manager and the strategic needs of the sporting director, and who do not agree to transfers, raises the risk of unexpected or excessive costs, which, however, is a risk common to all football clubs.

Juventus Football Club - Risks related to relations with players

Like all its main competitors, Juventus has been faced with a significant increase in salaries and bonuses for players in recent years as well as in the cost of players' registration rights. If the value of players were to continue

increasing at a significant rate, purchasing the registration rights for new players could become more problematic, especially if the value of the Club's players to sell did not increase proportionately.
It cannot be excluded that these trends may continue in future years, affecting Juventus' strategy and the dynamic management of its playing assets, and may have negative effects on Juventus' financial position, income statement and cash flows, as well as on its activities, strategies and prospects.

Juventus Football Club - Risks connected to any unlawful behavior of registered players

As current sports regulations hold football clubs liable for certain behavior of its players, the possibility that Juventus may be fined by sports bodies in the future, for facts beyond its control, with negative effects that may also be significant on the financial position and performance, cannot be ruled out.

Juventus Football Club - Risks connected to radio and television rights

Juventus' revenues are closely tied to proceeds from the sale of radio and television rights, the terms and conditions of those rights, and how such rights are sold. Rules governing the ownership of broadcasting rights to sports events and the distribution of proceeds do not allow for direct management by Juventus and may have a significant impact on the financial position, income statement and cash flows of Juventus. A possible decrease in the rights market or a different application of the new criteria adopted by the *Lega* for the distribution of proceeds from the centralized and collective sale of radio and television rights may lead to a significant reduction of revenues in the future with a negative impact on the financial position, income statement and cash flows of Juventus.
Moreover, for several years now, live streaming and piracy on Internet have caused the loss of income for TV broadcasters which could lead them to change the investments in the sector with a negative impact on the financial position, income statement and cash flow of Juventus.

Juventus Football Club - Risks connected to digital media

Juventus has adopted appropriate procedures and rules of conduct to manage media relations. However, as digital media have become more commonplace, the possibility of an improper use of these procedures and rules by some registered players and/or their relatives, relatives by marriage and attorneys-in-fact, as well as the publication of contents by third parties in general, having a negative impact on the image of Juventus, its Directors, executives and/or registered players, with consequent negative effects on the financial position and performance cannot be ruled out.

Juventus Football Club - Risks connected with management of the company-owned stadium

In the 2011-2012 football season, Juventus became the first club in Serie A to own its own stadium, and since the 2014-2015 season it has also directly managed the fan access control and assistance services ("Stewarding"). This means that Juventus is now responsible for the stadium, with the consequent risks related to the structure of the stadium and management of the surrounding public areas used for parking. This may also lead to unexpected costs, including due to damage or vandalism which is beyond Juventus' control. Activities at the Juventus Stadium could also be suspended following natural disasters and other events beyond Juventus' control with consequent negative impacts on Juventus' financial position, income statement and cash flows.
Lastly, a reduction of supporters and played matches would have a negative effect on Juventus' financial position, income statement and cash flows.

Juventus Football Club - Risks connected to the no-fault liability of football clubs

Under current regulations, football clubs have a no-fault liability in relation to certain acts of their registered players and fans, that may result in sports sanctions and/or monetary fines for the clubs and players. In this regard, despite adopting procedures considered necessary to avoid the infringement of these regulations, Juventus cannot rule out the possibility that facts may occur beyond its control that result in sanctions (including suspension from the field, fines, and bans from competitions), and that cause concern among fans at the stadium, reducing their number with a possible reduction in ticket sales and extraordinary costs, nor can it evaluate the sports, economic and financial-related consequences that may arise. Following these events, the need to consolidate security measures during home matches could arise, with additional costs and expenses for the safety of fans and the company's insurance, and with consequent negative effects on the financial position and performance of Juventus, as well as its operations, strategies and prospects.

Juventus Football Club - Risks connected to fluctuations in interest rates and exchange rate

Juventus uses various forms of funding to assure the cash flow needed for its business. These include credit lines for cash advances and credit commitments, factoring, financial leases, and special purpose loans for mid/long-term investments. Changes in interest rates can raise or lower the cost of servicing these loans. The Company has decided to make use of financial instruments to hedge the risk of fluctuations in interest rates to finance medium-long term investments. Despite this, sudden changes in interest rates could potentially have an adverse impact on the Company's financial position and income due to higher financial expenses on short-term borrowing.

Juventus conducts almost all its purchase and sale transactions in euro. As a result, the Company is not exposed in any significant way to the risk of exchange rate fluctuations.

Juventus Football Club - Risks connected to the missed qualification for sports tournaments

The Company’s financial performance is significantly affected, both directly and indirectly, by the results achieved by the team in the various tournaments it takes part in, especially the UEFA Champions League. Direct entry to the tournament is currently assured to the top two ranking teams in the Serie A Championship, while the third-placed team has the opportunity of qualifying through a preliminary qualifying round. Failure to qualify, even where due to a reduction in the number of participating sides, as well as failure to obtain the UEFA license, including in light of the "Financial Fair Play" rules, could potentially have an adverse impact on the Company’s financial position and performance.

Juventus Football Club - Risks connected to Financial Fair Play

A European-wide licensing system is in place for the admission of football clubs to the club competitions organized by UEFA (UEFA Champions League, UEFA Europe League and UEFA Supercup). Based on this system, only football clubs which prove they satisfy the sporting, infrastructure, personnel and administrative, legal and financial criteria, along with the required title are allowed to participate in European competitions and thus obtain the so-called "UEFA License". The UEFA Club Licensing manual also incorporates Financial Fair Play Regulations.

Financial Fair Play is based on the breakeven result, according to which clubs can participate in European competitions only if they can demonstrate a balance between generated revenues and incurred costs. A short description is given below of the man financial-economic and equity parameters applied by UEFA for admission to its competitions. As of the 2013/2014 Football Season, each club will be required to show it has:

- financial statements certified by an independent auditor demonstrating that the club is a going concern;
- non-negative equity;
- no outstanding amounts due to football clubs, employees and/or social/tax authorities;
- compliance with the Breakeven Rule” i.e., a positive "breakeven result” for three consecutive years prior to that in which the UEFA License is applied for.

The Company has obtained a UEFA license to play in European championships for the 2014-2015 Football Season, however it is not possible to predict if in the future these requirements (or any new requirements approved in the meantime) will be complied with, nor can it be excluded that clubs may be required to have additional funding to meet the requirements needed for the UEFA License. If the Company is not able to meet the above requirements, it may be excluded from participation in European competitions, bearing an adverse impact on its financial position and income statement.

Juventus Football Club - Risks connected to the outcome of pending litigation

With the assistance of its legal advisers, the Company manages and constantly monitors all current disputes and, on the basis of the outcome that can be predicted for them, proceeds, when necessary, with the allocation of specific risk provisions.

Future negative effects, both minor and major, on Juventus’ financial position, income statement and cash flows cannot be excluded on the basis of the current disputes.

Juventus Football Club - Risks connected to tax litigation

Considering the specific nature of the football industry and in particular transactions regulating the Transfer Campaign, which are interpreted in different ways by football clubs and the Financial Administration, claims could be made by the Financial Administration in the future, even concerning a significant amount, with adverse effects on the Company's financial position and performance.