



Fiat Industrial Finance Europe S.A.

(Incorporated with limited liability under the laws of the Grand-Duchy of Luxembourg;
Registre de Commerce et des Sociétés de Luxembourg No. 155849)

Fiat Industrial Finance North America, Inc.

(Incorporated under the laws of the State of Delaware)

€10,000,000,000

Global Medium Term Note Programme

unconditionally and irrevocably guaranteed by

Fiat Industrial S.p.A.

(incorporated as a *Società per Azioni* under the laws of the Republic of Italy)

This base prospectus supplement (the **Supplement**) is supplemental to and should be read in conjunction with the Base Prospectus dated 28 February 2011 (the **Base Prospectus**) in relation to the €10,000,000,000 Global Medium Term Note Programme (the **Programme**) of Fiat Industrial Finance Europe S.A. and Fiat Industrial Finance North America, Inc. (each an **Issuer** and together the **Issuers**) and guaranteed by Fiat Industrial S.p.A. (the **Guarantor**). This Supplement constitutes a base prospectus supplement for the purposes of Directive 2003/71/EC (the **Prospectus Directive**) and is prepared in connection with the Programme. This Supplement has been approved by the Central Bank of Ireland (the **Central Bank**), as competent authority under the Prospectus Directive. The Central Bank only approves this Supplement as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive.

Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

The Guarantor accepts responsibility for the information contained or incorporated by reference in the Supplement. To the best of the knowledge of the Guarantor, the information contained or incorporated by reference in the Supplement is in accordance with the facts and does not omit anything likely to affect the importance of such information. Each of the Issuers accepts responsibility only for the information contained or incorporated by reference in the Supplement relating to itself. To the best of the knowledge of each of the Issuers, the information contained in those parts of the Supplement relating to such Issuer is in accordance with the facts and does not omit anything likely to affect the importance of such information.

On 27 July 2011, the Guarantor published its 2011 Half-year Financial Report for the first half of 2011 which includes its unaudited consolidated financial statements as at and for the six months ended 30 June 2011. Copies of such financial statements were filed with Borsa Italiana S.p.A. (the **Italian Stock Exchange**), and the Irish Stock Exchange and, by virtue of this Supplement, such financial statements are deemed to be incorporated in, and form part of, the Base Prospectus. Copies of all documents incorporated by reference in the Base Prospectus can be obtained free of charge from the registered offices of the Issuers, the Guarantor and at the offices of the paying agents. Copies of the documents incorporated by reference relating to the Guarantor are available on the Guarantor's website at www.fiatindustrial.com. The Guarantor's website does not form part of this Supplement.

In July 2011, Irisbus Italia S.p.A. initiated the information procedure with the trade unions in relation to the divestiture of its operations in Valle Ufita to DR, an Italian automotive group. On 22 July 2011, Irisbus Italia S.p.A. also reached an agreement with trade unions to cease activities at the plant in Barcelona by the first quarter of 2012.

On 26 April 2011, CNH announced its plans to set up a local manufacturing site in Argentina for the production of combines and tractors destined for the Latin American market.

On 31 March 2011, CNH Global N.V. announced that it acquired from Larsen & Toubro Limited its 50% interest in the capital stock of L&T – CASE Equipment Private Limited, a formerly unconsolidated joint venture established in 1999 to manufacture and sell construction and building equipment in India.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in, or incorporated by reference in, the Base Prospectus, such statements described in clause (b) will be deemed to be superseded by such statements described in clause (a).

Save as disclosed in this Supplement no significant new factor, material mistake or inaccuracy relating to the information included in the Base Prospectus, which is capable of affecting the assessment of Notes issued under the Programme, has arisen or been noted, as the case may be, since the publication of the Base Prospectus.

BASE PROSPECTUS



Fiat Industrial Finance Europe S.A.

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Under the €10,000,000,000 Global Medium Term Note Programme (the "Programme") described in this base prospectus (the "Base Prospectus"), Fiat Industrial Finance Europe S.A. ("FIFE") and Fiat Industrial Finance North America, Inc. ("FIFNA") (each an "Issuer" and together, the "Issuers") may from time to time issue notes (the "Notes") denominated in any currency agreed between the relevant Issuer and the relevant Dealer (as defined below). The payments of all amounts due in respect of Notes will be unconditionally and irrevocably guaranteed by Fiat Industrial S.p.A. (the "Company," "Fiat Industrial" or the "Guarantor").

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

The Base Prospectus has been approved by the Central Bank of Ireland (the "Central Bank") as competent authority under Prospectus Directive 2003/71/EC (the "Prospectus Directive"). The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any member state of the European Economic Area. Application has been made to the Irish Stock Exchange for the Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list (the "Official List") and trading on its regulated market. References in the Base Prospectus to the "Irish Stock Exchange" (and all related references) shall mean the regulated market of the Irish Stock Exchange. In addition, references in the Base Prospectus to the Notes being "*listed*" (and all related references) shall mean that such Notes have been admitted to listing on the Official List of the Irish Stock Exchange and admitted to trading on its regulated market or, as the case may be, a MiFID Regulated Market (as defined below). The regulated market of the Irish Stock Exchange is a regulated market for the purposes of Directive 2004/39/EC (each such regulated market being a "MiFID Regulated Market"). This document may be used to list Notes on the regulated market of the Irish Stock Exchange pursuant to the Programme. The Programme provides for Notes to be listed on such other or further stock exchange(s) as may be agreed between the relevant Issuer, the Guarantor and the relevant Dealer. Each Issuer may also issue unlisted Notes. The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €10,000,000,000 (or its equivalent in other currencies, subject to increase as provided herein). The Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer and as specified in the applicable Final Terms, save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency (as defined below) and save that the minimum denomination of each Note admitted to trading on a regulated market situated or operating within the European Economic Area (the "EEA") and/or offered to the public in an EEA state in circumstances which require the publication of a prospectus under the Prospectus Directive will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in final terms (the "Final Terms") which, with respect to Notes to be listed on the Irish Stock Exchange, will be delivered to the Central Bank on or before the date of issue of the Notes of such Tranche. Copies of the Final Terms relating to Notes which are listed on the Irish Stock Exchange or offered in circumstances which require a prospectus to be published will be available free of charge, at the registered office of each Issuer and the Guarantor.

Arrangers

BNP PARIBAS

Citi

Dealers

Banca IMI

Barclays Capital

BNP PARIBAS

Citi

Crédit Agricole CIB

Société Générale Corporate & Investment Banking

The Royal Bank of Scotland

UniCredit Bank

The date of the Base Prospectus is 28th February 2011

The Base Prospectus is a base prospectus for the purposes of Article 5.4 of the Prospectus Directive.

The Guarantor accepts responsibility for the information contained in the Base Prospectus. To the best of the knowledge of the Guarantor, the information in the Base Prospectus is in accordance with the facts and does not omit anything likely to affect the importance of such information. Each of the Issuers accepts responsibility only for the information contained in the Base Prospectus relating to itself. To the best of the knowledge of each of the Issuers, the information contained in those parts of the Base Prospectus relating to itself is in accordance with the facts and does not omit anything likely to affect the importance of such information. Copies of Final Terms will be available from the registered office of each Issuer, the Guarantor and the specified office set out below of each of the Paying Agents (as defined below).

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

The data related to market shares or ranks in particular markets that is included in the section entitled “*The Fiat Industrial Group*” beginning on page 85 hereof has been extracted from a variety of official, non-official and internal sources believed by each Issuer and the Guarantor to be reliable, including the following: the Association of Equipment Manufacturers, the Committee for European Construction Equipment, the Associação Nacional dos Fabricantes de Veículos Automotores (Brazil), the Japanese Construction Equipment Manufacturers’ Association, the Korea Construction Equipment Manufacturers’ Association, IHS Global Insight, the European Automobile Manufacturers’ Association, the Ministero delle Infrastrutture e dei Trasporti (Italy), the Association Auxiliaire des Automobiles (France), the Kraftfahrzeug Bundesamt (Germany), the Direccion General de Trafico (Spain) and the Society of Motor Manufacturers and Traders (the United Kingdom).

Each Issuer and the Guarantor confirms that such third-party information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

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

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

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

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

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

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

Neither the Base Prospectus nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by either Issuer, the Guarantor or any of the Dealers that any recipient of the Base Prospectus, or of any other information supplied in connection with the Programme or any Notes, should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the relevant Issuer and/or the Guarantor.

In the absence of Final Terms, neither the Base Prospectus, nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of any of the Issuer, the Guarantor or any Dealers to any person to subscribe for or to purchase any Notes.

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

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

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

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

Italy, the United Kingdom and The Netherlands. See “*Subscription and Sale, and Transfer and Selling Restrictions.*”

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

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

The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation 1060/20/EC (the “CRA Regulation”) will be disclosed in the Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7th June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

U.S. INFORMATION

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

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

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

NOTICE TO POTENTIAL INVESTORS IN THE UNITED KINGDOM

This communication is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). The Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

NOTICE TO NEW HAMPSHIRE RESIDENTS

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

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are “restricted securities” within the meaning of the Securities Act, the Issuers and the Guarantor have undertaken in a deed poll dated 28th February 2011 (the “Deed Poll”) to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, the relevant Issuer is neither a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, (the “Exchange Act”) nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

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

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain Defined Terms

The group consisting of the Guarantor and its subsidiaries (the “Fiat Industrial Group” or the “Group”) was formed as a result of the demerger of the following capital goods businesses of Fiat S.p.A. in favour of Fiat Industrial: the agricultural and construction equipment business (“CNH” or “Case New Holland”), the truck and commercial vehicles business (“Iveco”), and the “Industrial & Marine” business line of Fiat S.p.A.’s FPT Powertrain Technologies sector (“FPT Industrial”), as further described under “*The Fiat Industrial Group—Demerger from Fiat S.p.A.*” herein. This demerger was completed on 1st January 2011. Accordingly, in this Base Prospectus:

- (a) references to the “Demerger” are to the transaction pursuant to which Fiat S.p.A. transferred a portion of its assets and liabilities to Fiat Industrial in the form of a *scissione parziale proporzionale* (in accordance with Article 2506 of the Italian Civil Code), as described in the foregoing paragraph and as described in more detail under “*The Fiat Industrial Group—Demerger from Fiat S.p.A.*” herein;
- (b) references to “Fiat Industrial Group” are, as noted above, to the group consisting of the Guarantor and its subsidiaries or, for periods prior to Demerger, to the group of companies of which the Group is now comprised;
- (c) references to “Fiat Group post-Demerger” are to Fiat S.p.A. and its subsidiaries, following the Demerger;
- (d) references to “Fiat Group pre-Demerger” are to Fiat S.p.A. and its subsidiaries, prior to the Demerger;
- (e) references to “CNH,” “Case New Holland,” “CNH – Case New Holland” or the “Agricultural and Construction Equipment sector” are to the business sector of the Fiat Industrial Group that consists of direct and indirect subsidiaries of Fiat Industrial operating in the agricultural and construction equipment businesses (including CNH Global N.V., a majority-owned indirect subsidiary of Fiat Industrial, whose stock is listed on the New York Stock Exchange);
- (f) references to “Iveco” or the “Trucks and Commercial Vehicles sector” are to the business sector of the Fiat Industrial Group that consists of direct and indirect subsidiaries of Fiat Industrial operating in the trucks and commercial vehicles business (including Iveco S.p.A.); and
- (g) references to “FPT Industrial” or the “FPT Industrial sector” are to the business sector of the Fiat Industrial Group that consists of direct and indirect subsidiaries of Fiat Industrial operating in the “Industrial & Marine” powertrain components business (including FPT Industrial S.p.A.).

Presentation of Financial Information

The Fiat Industrial Group’s financial information as of and for the years ended 31st December 2010 and 2009 included in this Base Prospectus under “*Selected Financial and Statistical Information Relating to the Fiat Industrial Group*,” “*Fiat Industrial Group Financial Review*” and “*Financial Information Relating to the Fiat Industrial Group*” (the “Fiat Industrial Group financial information”) represents the aggregation of financial information of the companies of which the Group is now comprised, and has been derived from the Fiat Group pre-Demerger’s audited consolidated financial statements as of and for the year ended 31st December 2010 and 2009, prepared in accordance with International Financial Reporting Standards (“IFRS”), as adopted by the European Union, which financial statements are incorporated by reference herein, as described under “*Documents Incorporated by Reference*” below.

Potential investors must take into account that the Notes will be guaranteed only by Fiat Industrial. Fiat S.p.A. and the Fiat Group post-Demerger will have no obligations under the Notes or the Guarantee. The aforementioned Fiat Industrial Group financial information has been extracted from the audited consolidated financial statements of the Fiat Group pre-Demerger because the Fiat Industrial Group did not exist separately from the Fiat Group pre-Demerger before the Demerger and, as such, no separately audited financial statements of the Fiat Industrial Group are available as of the relevant dates or for the relevant years.

In the Fiat Group pre-Demerger financial statements, the Fiat Industrial Group companies are treated and presented as “discontinued operations” in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*. This treatment does not attempt to give effect retroactively to the Demerger in the manner of pro forma financial statements. In addition, there is a risk that there may either be significant differences or differences in the manner of presentation between the financial information relevant to Fiat Industrial Group published in this prospectus and the financial information of the Fiat Industrial Group to be prepared as of future dates, particularly as regards the periods covered by this financial information.

The pro forma consolidated financial information for the Fiat Industrial Group as of and for the year ended 31st December 2009 and as of and for the nine months ended 30th September 2010 incorporated by reference herein (as described under “*Documents Incorporated by Reference*” below) has been prepared in accordance with Consob Communication DEM/1052803 of 5th July 2001 to illustrate, on a retroactive basis, the theoretical effects of the Demerger on certain historical data published by the Fiat Group pre-Demerger prior to the date of the Information Document. This information has since been superseded by the Fiat Industrial Group financial information contained in the Fiat Group pre-Demerger’s annual report for 2010, incorporated by reference herein. Investors should not place undue reliance on such pro forma consolidated financial information, and such information should only be read and considered together with the other information contained or incorporated by reference in this Base Prospectus. The pro forma consolidated financial information is based on a number of assumptions, which may prove to be incorrect.

The aforesaid pro forma consolidated financial information for the Fiat Industrial Group was prepared to provide, in accordance with the applicable reporting standards, information on the impact of the Demerger on the earnings and financial position of the Fiat Industrial Group, had the Demerger occurred during the period to which those pro forma figures relate. Given that this information is based on assumptions, it should be noted that if the Demerger had taken place on the dates on which the pro forma figures are based rather than the actual effective date, the historic figures may have differed from the pro forma figures provided. In addition, the pro forma figures are not forward-looking and should not be considered a forecast of future earnings for the Fiat Industrial Group as they have been prepared for the sole purpose of providing an illustrative representation of the identifiable and objectively measurable effects of the Demerger. Finally, given that the pro forma data and historic data have different purposes and that different methodologies have been used to calculate the impacts of the Demerger on the statements of financial position, income and cash flows, the pro forma statements of financial position, income and cash flows should be read and analyzed separately from the historic data without attempting to reconcile them.

FIFE’s financial information as of 31st December 2010 and for the period from 29th September 2010 to 31st December 2010 and FIFNA’s financial information as of 31st December 2010 and for the period from 12th October 2010 to 31st December 2010 included in this Base Prospectus under “*Financial Information Relating to Fiat Industrial Finance Europe S.A.*” and “*Financial Information Relating to Fiat Industrial Finance North America, Inc.*” has been derived, respectively, from FIFE’s audited separate financial statements as of and for the period ended 31st December 2010, prepared in accordance with the Luxembourg legal and regulatory requirements, and from FIFNA’s audited separate financial statements as of and for the period ended 31st December 2010 prepared in accordance with IFRS. Each of these sets of financial statements is included herein (beginning on page F-1).

All references in the Base Prospectus to “U.S. dollars,” “U.S.\$” and “\$” refer to the currency of the United States of America, references to “Sterling” and “£” refer to the currency of the United Kingdom, and references to “euro” and “€” refer to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended.

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

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

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

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

STABILISATION

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

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DOCUMENTS INCORPORATED BY REFERENCE

The Fiat Group pre-Demerger's annual report for 2010, including its audited consolidated financial statements as of and for the years ended 31st December 2010 and 2009, which are accompanied by the audit report of Deloitte & Touche S.p.A., has been filed with the Irish Stock Exchange and shall be deemed to be incorporated in, and to form part of, this Base Prospectus.

In addition, pages 148-191 of the "Information Document prepared in accordance with Article 57 (1)(d) of Consob Regulation 11971 of 14 May 1999, as amended, relating to the Partial and Proportional Demerger of Fiat S.p.A. to Fiat Industrial S.p.A." prepared in connection with the Demerger and the listing of the shares of the Guarantor on the Mercato Telematico Azionario (MTA) managed by Borsa Italiana S.p.A. ("Italian Stock Exchange") (the "Information Document") shall be deemed to be incorporated in, and to form part of, this Base Prospectus. The pages of the Information Document that are not herein incorporated by reference are not relevant to investors' evaluation of the Fiat Industrial Group.

The pages of the Information Document that are incorporated by reference herein as aforesaid contain certain pro forma consolidated financial information for the Fiat Industrial Group as of and for the year ended 31st December 2009, and as of and for the six months ended 30th June 2010, as well as as of and for the nine months ended 30th September 2010. Such financial information has been superseded by the Fiat Industrial Group financial information contained in the Fiat Group pre-Demerger's annual report for 2010, referred to above. Investors should not place undue reliance on such pro forma consolidated financial information, and such information should only be read and considered together with the other information contained or incorporated by reference in this Base Prospectus.

To the extent that any information contained on such incorporated pages of the Information Document contradicts or is inconsistent with any other information contained or incorporated by reference in this Base Prospectus, such other information should be given precedence. Please see "*Presentation of Financial and Other Information*" herein for further information.

The Information Document has been filed with the Irish Stock Exchange.

Each Issuer and the Guarantor will provide, without charge, to each person to whom a copy of the Base Prospectus has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded. Requests for such documents should be directed to either Issuer or the Guarantor at its address set out at the end of the Base Prospectus. The Base Prospectus is available on the Guarantor's website at www.fiatindustrial.com. The Guarantor's website does not form part of the Base Prospectus.

Each Issuer and the Guarantor will, in connection with the listing of the Notes on the Irish Stock Exchange, so long as any Notes remain outstanding and listed on such exchange, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus, prepare a supplement to the Base Prospectus in accordance with Article 16 of the Prospectus Directive or publish a new Base Prospectus as may be required by the rules of the Irish Stock Exchange for use in connection with any subsequent issue of the Notes to be listed on the Irish Stock Exchange.

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

GENERAL DESCRIPTION OF THE PROGRAMME

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

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

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

Issuers:	Fiat Industrial Finance Europe S.A. Fiat Industrial Finance North America, Inc.
Guarantor:	Fiat Industrial S.p.A.
Risk Factors:	There are certain factors that may affect the ability of each of the Issuers to fulfil its obligations under Notes issued under the Programme. These are set out under “ <i>Risk Factors</i> ” below. There are also certain factors that may affect the Guarantor’s ability to fulfil its obligations under the Guarantee. These are also set out under “ <i>Risk Factors</i> ” below. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are also set out under “ <i>Risk Factors</i> ” and include the fact that the Notes may not be a suitable investment for all investors, certain risks relating to the structure of particular Series of Notes and certain market risks.
Description:	Global Medium Term Note Programme
Arranger:	BNP PARIBAS Citigroup Global Markets Limited
Dealers:	Banca IMI S.p.A. Barclays Bank PLC BNP PARIBAS Citigroup Global Markets Limited Crédit Agricole Corporate and Investment Bank Société Générale The Royal Bank of Scotland plc UniCredit Bank AG and any other Dealers appointed in accordance with the Programme Agreement (as defined in “ <i>Subscription and Sale, and Transfer and Selling Restrictions</i> ”).
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “ <i>Subscription and</i>

Sale, and Transfer and Selling Restrictions”) including the following restriction applicable at the date of the Base Prospectus:

Notes issued on terms such that they must be redeemed before their first anniversary will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent (see “*Subscription and Sale, and Transfer and Selling Restrictions*”).

Issuing and Principal Paying Agent:	Citibank, N.A., London Branch
Registrar:	Citigroup Global Markets Deutschland AG
Programme Size:	Up to €10,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuers and the Guarantor may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, any currency agreed between the relevant Issuer and the relevant Dealer.
Redenomination:	The applicable Final Terms may provide that certain Notes may be redenominated in euro.
Maturities:	Such maturities as may be agreed between the relevant Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer or the relevant Specified Currency. Notes issued by FIFNA may not have maturities of 183 days or less.
Issue Price:	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	The Notes will be issued in bearer or registered form as described in “ <i>Form of the Notes.</i> ” Registered Notes will not be exchangeable for Bearer Notes (as defined below) or vice versa.
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the relevant Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction (as defined in the “ <i>Terms and Conditions of the Notes</i> ”) as may be agreed between the relevant Issuer and the relevant Dealer.
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate determined: <ul style="list-style-type: none">(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as

at the Issue Date of the first Tranche of the Notes of the relevant Series);

- (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (iii) on such other basis as may be agreed between the relevant Issuer and the relevant Dealer.

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

Index Linked Notes:

Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the relevant Issuer and the relevant Dealer may agree.

Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:

Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.

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

Dual Currency Notes:

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the relevant Issuer and the relevant Dealer may agree.

Zero Coupon Notes:

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

Redemption:

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

The applicable Final Terms may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.

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

Denomination of Notes:

Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer save that the

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

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

Change of Control: If a Change of Control occurs, except in certain circumstances, the relevant Issuer will be required to offer to repurchase the Notes at a purchase price equal to 101 per cent. of their aggregate principal amount, plus accrued and unpaid interest, if any, to the date of purchase.

Negative Pledge: The terms of the Notes will contain a negative pledge provision as further described in Condition 4.

Cross Default: The terms of the Notes will contain a cross default provision as further described in Condition 10.

Status of the Notes: The Notes and any related Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the relevant Issuer and (subject as aforesaid) rank and will rank *pari passu* without any preference among themselves, with all other present and future outstanding unsubordinated and unsecured obligations of the relevant Issuer (subject to mandatorily preferred obligations under applicable laws).

Guarantee: The payment of principal and interest in respect of the Notes and any related Receipts and Coupons has been irrevocably and unconditionally guaranteed by the Guarantor pursuant to the Guarantee. The obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Guarantor and (subject as aforesaid) rank and will rank *pari passu* (subject to mandatorily preferred obligations under applicable laws) with all other present and future outstanding unsecured and unsubordinated obligations of the Guarantor.

Listing and admission to trading: Application has been made to the Irish Stock Exchange for the Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the Official List and to trading on its regulated market.

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which

are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Notes are to be listed or admitted to trading and, if so, on which stock exchange(s).

Governing Law:

The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.

Selling Restrictions:

There are restrictions on the offer, sale and transfer of the Notes in the United States, Canada, Japan and the EEA (including Italy, the United Kingdom and The Netherlands) and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See “*Subscription and Sale, and Transfer and Selling Restrictions.*”

RISK FACTORS

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

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

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

Risks Concerning the Ability of the Issuers and the Guarantor to Fulfil their Obligations under the Notes and the Guarantee

The Group's businesses are affected by global economic and other conditions over which it has no control

The earnings and financial position of the group formed by Fiat Industrial and its subsidiaries (the "Group" or the "Fiat Industrial Group") may be influenced by various macroeconomic factors – including increases or decreases in gross domestic product, the level of consumer and business confidence, interest rates on consumer and business credit, the costs of raw materials and the rate of unemployment – which exist in the various countries in which it operates.

For example, the global economic recession in 2008 and the first half of 2009 had a negative impact on the earnings of the companies within the Group. Weak economic conditions resulted in a significant decline in demand for most of the products produced by companies within the Group. In general, the sectors in which the Group operates have historically been subject to high cyclicality, which can cause sudden declines in demand with negative effects on inventory levels and product pricing, tending to reflect the overall performance of the economy and, in certain cases, even amplifying the effects of economic trends. Demand in the capital goods sector in particular is highly correlated to the economic cycle and can be subject to even greater levels of volatility. Given the difficulty in predicting the magnitude and duration of economic cycles, the Guarantor is unable to offer any assurances as to future trends in the demand for, or supply of, products sold by the Group in any of the markets in which it operates.

Moreover, certain major economies are still in recession or have recently suffered periods of low growth or economic stagnation. These conditions or any return to economic recession in markets that have recently recovered could ultimately affect the industrial development of many businesses, including those of the Group. There can be no certainty that measures taken by governments and monetary authorities will be successful in re-establishing the conditions necessary for sustainable economic growth. Consequently, uncertainty remains as to the global economic outlook and some national economies could experience extended periods of slow economic growth or recession.

Additionally, even in the absence of slow economic growth or recession, other economic circumstances – such as increases in energy prices, fluctuations in prices of commodities or other raw materials, or contractions in infrastructure spending – could have negative consequences for the industries in which the Group operates and, together with the other factors referred to above, could have a material adverse effect on the Group's business prospects, earnings and/or financial position.

The Group faces risks associated with corporate transactions such as mergers, acquisitions, and joint ventures

The Group has engaged in the past, and may engage in the future, in significant corporate transactions such as mergers, acquisitions, and joint ventures, the success of which is difficult to predict. There can be no assurance that any such transaction will function as intended or produce the expected benefits. For example, there can be no assurance that the Group will succeed in achieving the synergies, cost savings, expansions in its product offerings or other benefits expected from any such transaction. The failure of any significant merger, acquisition, joint venture or other similar transaction could have an adverse effect on the Group's business prospects, earnings and/or financial position.

The Group has no track record as an independent group

Prior to the Demerger, the Group's activities were carried out within the group consisting of Fiat S.p.A. and its subsidiaries. The Group has no track record as an independent group since the Demerger only took effect on 1st January 2011.

The Group operates in highly competitive industries

Substantially all of the Group's revenues are generated in the highly competitive global agricultural and construction equipment and commercial vehicles industries, which comprise the production and distribution of agricultural and construction equipment, trucks and commercial vehicles, and related powertrain components. The Group faces competition from other international commercial vehicle manufacturers in Europe and Latin America and from global, regional and local agricultural and construction equipment manufacturers, distributors and component suppliers in Europe, North America and Latin America, in each case in terms of product quality, innovation, pricing, fuel economy, reliability, safety, customer service, related financial services and other factors. 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 external market conditions, this could have an adverse effect on the Group's business prospects, earnings and/or financial position.

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 share in existing markets and/or to expand into new markets through the development of innovative, high-quality products that provide adequate profitability. In particular, any failure to develop and offer innovative products that compare favourably to those of the Group's principal competitors in terms of price, quality, functionality and features, or delays in bringing strategic new models to market, could result in reduced market share, which could have a material adverse effect on the Group's business prospects, earnings and/or financial position.

The Group faces risks related to its debt obligations and the financing of its business

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 or facilities and/or recourse 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, any declines in sales volumes could have a negative impact on the cash-generating capacity of its operating activities. The Group could, therefore, find itself in the position of having to seek additional financing and/or refinance existing debt, including in unfavourable 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, earnings and/or financial position.

On 23rd December 2010, financial institutions, including Banca IMI S.p.A., Barclays Capital, BNP Paribas, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Société Générale Corporate & Investment Banking, The Royal Bank of Scotland plc and UniCredit S.p.A. (the

“Bookrunners”) signed a financing package for a total of €4.2 billion in financing to Fiat Industrial Group which will be used for general corporate purposes and working capital needs. It has already been partially used for the repayment, in accordance with the contractual terms, of intercompany financing provided by Fiat S.p.A. up to the Demerger date, as well as the net debt of €1,227,000,000 that was transferred to Fiat Industrial as part of the Demerger. The financing package includes a three-year €2.0 billion revolving credit facility with a syndicate of 23 international and Italian banks, including the Bookrunners. The Bookrunners also provided a €2.2 billion non-syndicated one-year term facility, with the possibility of a one-year extension at Fiat Industrial’s option. The financing is subject to covenants and other conditions typical for such facilities; the failure to satisfy these could result in the unavailability of the revolving facility or the acceleration of amounts due thereunder and/or under the term facility.

Capital goods producers, such as CNH and Iveco, are subject, more than companies in other industry sectors, to conditions in the capital markets in terms of availability of financing and rates of interest. CNH, in particular, provides direct financial support to its dealers and end-customers in several key markets and makes considerable use of asset-backed securitization to meet its funding requirements. Negative conditions in the capital markets, and the asset-backed securitization market in particular, and/or any difficulty in obtaining financing could have a significant impact on the Group’s business prospects, earnings and financial position.

The Group faces risks associated with the credit rating of Fiat Industrial

On 24th February 2011, Standard & Poor’s Ratings Services (a division of The McGraw-Hill Companies, Inc.) assigned Fiat Industrial a below-investment-grade corporate credit rating of “BB+” with a negative outlook and a short-term rating of “B.”

On 5th January 2011, Moody’s Investors Service assigned a “Ba1” corporate family rating and a “Not Prime” short-term debt rating to Fiat Industrial with a stable outlook.

The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation 1060/2009 (the “CRA Regulation”) will be disclosed in the Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7th June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

The Group’s ability to access capital markets, and the cost of borrowing in those markets, is highly dependent on its credit ratings. Rating agencies may review their ratings, and any downgrade would increase the Group’s cost of capital, could potentially limit its access to sources of financing and could have a material adverse effect on its business prospects, earnings and financial position.

The Group is subject to risks relating to international sales and exposure to changing local conditions

A significant portion of the Group’s existing activities are conducted and located outside of Italy and the Group expects that revenues from sales outside Italy – and, more generally outside of the European Union – will account for an increasing portion of total revenues. 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; and/or
- the introduction of more stringent laws and regulations, generally.

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

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 through joint-ventures and other cooperation agreements (e.g., China, Turkey, Mexico, Pakistan, India and Russia). The exposure of the businesses forming the Group to these countries has increased in recent years, as have the number and importance of such joint-ventures and cooperation agreements. Economic and political developments in emerging markets, including economic crises or political instability could have a material adverse effect on the Group's business prospects, earnings and/or financial position.

The Group is subject to extensive environmental and other governmental regulation

The Group's products and activities are subject to numerous environmental laws and regulations (local, national and international), which are becoming increasingly stringent in many countries in which it operates (particularly in the European Union). Such regulations govern, among other things, products – with requirements on emissions, fuel consumption and safety becoming increasingly strict – and industrial plants – with requirements on emissions, waste, and water and soil contamination. To comply with such laws and regulations, the Group expects to employ considerable resources and to incur substantial costs in the future.

The Group faces risks associated with its relationships with employees and suppliers

In many countries where the Group operates, Group employees are protected by various laws and/or collective bargaining agreements that guarantee them, through local and national representatives, the right of consultation on specific matters, including any downsizing or closure of production units and/or reductions in personnel. The laws and/or collective labour agreements applicable to the Group could impair its flexibility in reshaping and/or strategically repositioning its business activities. The Group's ability to reduce personnel or implement other permanent or temporary redundancy measures is subject to government approvals and the agreement of labour unions. Industrial action by employees could also have an adverse impact on the Group's business activities.

Furthermore, the Group purchases raw materials and components from a large number of suppliers and relies on services and products provided by companies outside the Group. Some of these companies are highly unionised. Close collaboration between a manufacturer and its suppliers is common in the industries in which the Group operates and although this offers economic benefits in terms of cost reduction, it also means that the Group is reliant on its suppliers and is exposed to the possibility that difficulties, including those of a financial or labour-relations nature, experienced by those suppliers (whether caused by internal or external factors) could have a material adverse effect on the Group's business prospects, earnings and/or financial position.

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

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

The Group uses various forms of financing to cover the funding requirements of its industrial activities and financing offered to customers and dealers. The Group's financial services businesses 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 increase or decrease revenues, the cost of funding and/or interest margins of the Group's financial services businesses. The Group's financial services businesses also involve risks relating to changes in rates of inflation and consumer and dealer insolvency rates, as well as the general state of the economies in which these businesses operate, which the Group seeks to mitigate through the credit approval policies applied to dealers and consumers.

In accordance with its risk management policies, the Group seeks to manage risks associated with fluctuations in currency and interest rates 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, earnings and/or financial position.

The Group's success is largely dependent on the ability of its current management team to operate and manage effectively

The Group's success is largely dependent on the ability of its senior executives and other members of management to effectively manage the Group and individual areas of 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, earnings and/or financial position.

The Group faces risks associated with the agricultural and construction equipment markets

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;
- the demand for food products; and
- agricultural policies, including aid and subsidies to agricultural enterprises provided by major governments and/or supranational organizations (i.e., the European Union).

In addition, unfavourable climactic conditions, especially during the spring, a particularly important period for generating sales orders, could have a negative impact on the decision 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
- rates of new residential and non-residential construction.

The above factors can significantly influence the demand for agricultural and construction equipment and, therefore, the financial results of the Group.

The Group faces risks associated with liability arising from the Demerger

Pursuant to Article 2506-quater (3) of the Italian Civil Code, the Guarantor shall be jointly liable for any liabilities of Fiat S.p.A. remaining unsatisfied at the effective date of the Demerger up to the limit of the value of net assets received. Furthermore, pursuant to Article 173 (13) of Presidential Decree No. 917 of 22nd December 1986 and Article 15(2) of Legislative Decree No. 472 of 18th December 1997, Fiat Industrial may be responsible jointly with Fiat S.p.A. in relation to tax liabilities, even if they exceed the value of the net assets transferred in the Demerger.

The Guarantor is a holding company, which creates structural subordination risks for the holders of the Notes.

The Guarantor is organised as a holding company that conducts essentially all of its operations through its subsidiaries and depends primarily on the earnings and cash flows of, and the distribution of funds from, these subsidiaries to meet its debt obligations, including its guarantee obligations with respect to the Notes. Generally, creditors of a subsidiary, including trade creditors, secured creditors and creditors holding indebtedness and guarantees issued by the subsidiary, and preferred shareholders, if any, of the subsidiary, will be entitled to the assets of that subsidiary before any of those assets can be distributed to shareholders upon liquidation or winding up. As a result, the Guarantor's Guarantee of the Notes will effectively be subordinated to the prior payment of all the debts and other liabilities, including the right of trade creditors and preferred shareholders, if any, of the Guarantor's direct and indirect subsidiaries. The Guarantor's subsidiaries have other liabilities, including liabilities under bank financing facilities and contingent liabilities, which are substantial. See also "*Risks Related to the Notes Generally—The Notes do not restrict the amount of debt which the Issuers and the Guarantor may incur*".

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

The Guarantee provides the holders of the Notes with a direct claim against the Guarantor. However, the enforcement of the Guarantee against Fiat Industrial would be subject to certain defences generally available in connection with guarantees. These laws and defences include those that relate to fraudulent conveyance or transfer, bankruptcy claw-back, corporate purpose, conflicts of interest, or similar laws, regulations or defences affecting the rights of creditors generally.

The Fiat Industrial Group financial information presented in the body of this Base Prospectus has been extracted from the financial statements of the Fiat Group pre-Demerger

The Fiat Industrial Group financial information included herein has been extracted from the financial statements of the Fiat Group pre-Demerger, which are incorporated herein. Investors should refer to those financial statements to inform themselves regarding the purposes of, and the manner of preparation of, such financial statements.

Such financial statements have been prepared to give a full and fair view of the Fiat Group pre-Demerger, and they have not been prepared for the purpose of reporting separately on, and the audit report accompanying them does not speak specifically as to, any subset of such group, including the Fiat Industrial Group.

In the Fiat Group pre-Demerger financial statements, the Fiat Industrial Group is treated and presented as "discontinued operations" in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*. This treatment does not attempt to give effect retroactively to the Demerger in the manner of pro forma financial statements. In addition, there is a risk that there may either be significant differences or differences in the manner of presentation between the financial information relevant to Fiat Industrial Group published in this prospectus and the financial information of the Fiat Industrial Group to be prepared as of future dates, particularly as regards the periods covered by this financial information.

Potential investors must take into account that the Notes will be guaranteed only by Fiat Industrial and that Fiat S.p.A. and the Fiat Group post-Demerger will have no obligations under the Notes or the Guarantee.

Investors must not place undue reliance on the pro forma financial information incorporated by reference herein

The pro forma consolidated financial information included by reference herein has been prepared in accordance with Consob Communication DEM/1052803 of 5th July 2001 to illustrate, on a retroactive basis, the theoretical effects of the Demerger on certain historical data published by the Fiat Group pre-Demerger prior to the date of the Information Document. This information has since been superseded by the financial information contained in the Fiat Group pre-Demerger's annual report for 2010, incorporated by reference

herein. Investors should not place undue reliance on such pro forma consolidated financial information, and such information should only be read and considered together with the other information contained or incorporated by reference in this Base Prospectus. The pro forma consolidated financial information is based on a number of assumptions, which may prove to be incorrect. In addition, the pro forma figures are not forward-looking and should not be considered a forecast of future earnings for the Fiat Industrial Group as they have been prepared for the sole purpose of providing an illustrative representation of the identifiable and objectively measurable effects of the Demerger. Please see “*Presentation of Financial and Other Information*” herein for further information.

Risks Related to Notes Generally

The Notes may not be a suitable investment for all investors

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

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

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

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

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

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

Under the EC Council Directive 2003/48/EC on the taxation of savings income (the “Savings Directive”), each member state of the European Union is required to provide to the tax authorities of another member state details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other member state or to certain limited types of entities established in that other member state. However, for a transitional period, Luxembourg and Austria are instead required (unless

during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other non-EU countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission and the European Parliament have proposed certain amendments to the Directive 2003/48/EC, which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a member state which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the relevant Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The relevant Issuer is required to maintain a Paying Agent in a member state that will not be obliged to withhold or deduct tax pursuant to the Savings Directive.

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

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

Laws may restrict certain investments in the Notes

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

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

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

Risks that May Be Related to Particular Series of Notes

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

Notes subject to optional redemption by the Issuer

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

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

Index Linked Notes and Dual Currency Notes

An Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a “Relevant Factor”). In addition, an Issuer may issue Notes with principal or interest payable in one or more currencies different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical performance of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of its particular circumstances.

Partly-paid Notes

An Issuer may issue Notes for which the issue price is payable in more than one instalment. Failure to pay any instalment could result in an investor losing all of his investment.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

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

Notes issued at a substantial discount or premium

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

Risks Related to the Market Generally

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

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

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

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

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

exchange controls. Appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Investors will face interest-rate risks

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

Credit ratings may not reflect all risks

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

FORM OF THE NOTES

The Notes of each Series will be in either bearer form (“Bearer Notes”), with or without interest coupons (“Coupons”) attached, or registered form (“Registered Notes”), without Coupons attached. Bearer Notes will be issued outside the United States in reliance on Regulation S under the Securities Act (“Regulation S”) and Registered Notes will be issued both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A.

Bearer Notes

Each Tranche of Bearer Notes will be initially issued in the form of either a temporary bearer global note (a “Temporary Bearer Global Note”) or a permanent bearer global note (a “Permanent Bearer Global Note”) as indicated in the applicable Final Terms, which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depository (the “Common Depository”) for Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking, société anonyme (“Clearstream”). Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Note due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only to the extent that a certification (in a form to be provided) to the effect that the beneficial owners of interests in such Bearer Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, and Euroclear and/or Clearstream, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the “Exchange Date”) which is, in respect of each Tranche in respect of which a Temporary Bearer Global Note is issued, 40 days after the Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) definitive Bearer Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and (iii) in the case of definitive Bearer Notes, subject to such notice period as is specified in the applicable Final Terms), and (iv) in each case, against certification of beneficial ownership as described above unless such certification has already been given), provided that purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note issued in exchange for a Temporary Bearer Global Note, or issued pursuant to U.S. Treasury regulation section 1.163-5(c)(2)(i)(C) (“TEFRA C”), will be made through Euroclear and/or Clearstream against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for certification.

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

For these purposes, “Exchange Event” means that (i) an Event of Default (as defined in Condition 10) has occurred and is continuing, (ii) the relevant Issuer has been notified that both Euroclear and Clearstream have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) unless otherwise specified in the applicable Final Terms, the relevant Issuer has or will become subject to adverse tax consequences which would not be suffered were

the Notes represented by the Permanent Bearer Global Note in definitive form. The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the relevant Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Notes issued by FIFNA, as well as on all other Bearer Notes which have an original maturity of more than one year, and on all receipts and interest coupons relating to all such Notes:

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

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

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

Registered Notes

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global note in registered form, without Receipts or Coupons (a “Regulation S Global Note”), which will be deposited with the Common Depository and registered in the name of a nominee of the Common Depository. Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each such Tranche of Notes, beneficial interests in a Regulation S Global Note of such Tranche may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 and may not be held otherwise than through Euroclear or Clearstream and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

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

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

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

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

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

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

Transfer of Interests

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

General

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Principal Paying Agent shall arrange that, when a Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period applicable to the Notes of such Tranche.

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

So long as DTC or its nominee is the registered owner or holder of a Rule 144A Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such

Rule 144A Global Note for all purposes under the Agency Agreement and such Notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

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

A Note may be accelerated automatically by the holder thereof in certain circumstances described in Condition 10. In such circumstances, if any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then, unless within the period of seven days commencing on the relevant due date, payment in full of the amount due in respect of the Global Note, is received by the bearer or the registered holder, as the case may be, in accordance with the provisions of the Global Note, holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream and/or DTC, as the case may be, will become entitled to proceed directly against the relevant Issuer on the basis of statements of account provided by Euroclear, Clearstream and/or DTC on and subject to the terms of a deed of covenant (the "Deed of Covenant") dated 28th February 2011 and executed by the Issuers. In addition, holders of interests in such Global Note credited to their accounts with DTC may require DTC to deliver definitive Notes in registered form in exchange for their interest in such Global Note in accordance with DTC's standard operating procedures.

APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.

[Date]

[[FIAT INDUSTRIAL FINANCE EUROPE S.A. /
FIAT INDUSTRIAL FINANCE NORTH AMERICA, INC.]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
Guaranteed by Fiat Industrial S.p.A.
under the €10,000,000,000
Global Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [] [and the supplement[s] dated [] (together, the “Base Prospectus”) which together constitute] [which constitutes] a base prospectus for the purposes of Directive 2003/71/EC (the “Prospectus Directive”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus. Full information on the Issuer and the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing at [] and copies may be obtained from the Issuer and the Guarantor at their respective registered offices.

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

[When adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

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

1. (i) Issuer: [Fiat Industrial Finance Europe S.A. / Fiat Industrial Finance North America, Inc.]
- (ii) Guarantor: Fiat Industrial S.p.A.
2. (i) Series Number: []
- (ii) Tranche Number: []
- (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
 - (i) Series: []
 - (ii) Tranche: []
5. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued Interest from [insert date] (if applicable)]

6. (i) Specified Denominations: *[(in the case of Registered Notes, this means the minimum integral amount in which transfers can be made)]*
- (Note – where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:*
- “[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].”*
- (N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €100,000 minimum denomination is not required)*
- (ii) Calculation Amount: *[] (If only one Specified Denomination, insert the Specified Denomination.*
- (Applicable to Notes in definitive form.)*
- If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. (i) Issue Date: *[]*
- (ii) Interest Commencement Date: *[Specify/Issue Date/Not Applicable]*
- (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
8. Maturity Date: *[Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month]]*
9. Interest Basis: *[[] per cent. Fixed Rate]*
[[LIBOR/EURIBOR] +/- [] per cent. Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Dual Currency Interest]
[specify other]
(further particulars specified below)
10. Redemption/Payment Basis: *[Redemption at par]*
[Index Linked Redemption]
[Dual Currency Redemption]
[Partly Paid]
[Instalment]
[specify other]
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*

11. Change of Interest Basis or Redemption/Payment Basis: [] *[Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]*
12. Put/Call Options: [Investor Put]
[Issuer Call]
(further particulars specified below)
13. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate[(s)] of Interest: [] per cent. per annum [payable [annually/semi-annually/quarterly/other (*specify*)] in arrear]
(If payable other than annually, consider amending Condition 5.)
- (ii) Interest Payment Date(s): [] in each year up to and including the Maturity Date/*[specify other]*
(N.B. This will need to be amended in the case of long or short coupons)
- (iii) Fixed Coupon Amount(s): [] per Calculation Amount
(Applicable to Notes in definitive form)
- (iv) Broken Amount(s):*(Applicable to Notes in definitive form)* [] per Calculation Amount payable on the Interest Payment Date falling [in/on] []
- (v) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or *[specify other]*]
- (vi) [Determination Date(s): [] in each year
[Insert interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.] (N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration.)
(NB: Only relevant where Fixed Day Count Fraction is Actual/Actual (ICMA))]
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/*Give details*]
15. Floating Rate Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Specified Period(s)/Specified Interest Payment Dates: []

- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/ *specify other*]
- (iii) Additional Business Centre(s): []
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/ *specify other*]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): []
- (vi) Screen Rate Determination:
- Reference Rate: []
(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)
 - Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
 - Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (vii) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
- (viii) Margin(s): [+/-] [] per cent. per annum
- (ix) Minimum Rate of Interest: [] per cent. per annum
- (x) Maximum Rate of Interest: [] per cent. per annum
- (xi) Day Count Fraction: [Actual/Actual (ISDA)
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
30E/360
30E/360 (ISDA)
Other
(See Condition 5 for alternatives)

- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []
16. Zero Coupon Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Accrual Yield: [] per cent. per annum
- (ii) Reference Price: []
- (iii) Any other formula/basis of determining amount payable: []
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 7(e)(iii) and (j) apply/specify other]
(Consider applicable day count fraction if not U.S. dollar denominated)
17. Index Linked Interest Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
- (i) Index/Formula: [give or annex details]
- (ii) Calculation Agent: [give name (and if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address)]
- (iii) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent): []
- (iv) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [need to include a description of market disruption events and adjustment provisions]
- (v) Specified Period(s)/Specified Interest Payment Dates: []
- (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention/specify other]

- (vii) Additional Business Centre(s): []
- (viii) Minimum Rate of Interest: [] per cent. per annum
- (ix) Maximum Rate of Interest: [] per cent. per annum
- (x) Day Count Fraction: []
18. Dual Currency Interest Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (i) Rate of Exchange/method of calculating Rate of Exchange: [give or annex details]
- (ii) Party, if any, responsible for calculating the principal and/or interest payable (if not the Agent): []
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [need to include a description of market disruption events and adjustment provisions]
- (iv) Person at whose option Specified Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

19. Issuer Call: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): [As set out in Condition 7(c)/[] per Calculation Amount/specify other/see Appendix]
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: []
- (b) Maximum Redemption Amount: []
- (iv) Notice period (if other than as set out in the Conditions): []
- (N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of*

information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)

20. Investor Put: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[] per Calculation Amount/specify other/see Appendix]
- (iii) Notice period (if other than as set out in the Conditions): []
- (N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
21. Final Redemption Amount: [[] per Calculation Amount/specify other/see Appendix]
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
22. Early Redemption Amount of each note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7(e)): [] per Calculation Amount/specify other/see Appendix

GENERAL PROVISIONS APPLICABLE TO THE NOTES

23. Form of Notes: [Bearer Notes:
[TEFRA D:
Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event*].
(NB please consider whether item (iii) of the definition of Exchange Event should be disapplied here in the case of securities with a minimum denomination of

* Second alternative not applicable when FIFNA is the Issuer.

€100,000 and tradeable integrals of €1,000 thereafter).

[Temporary Bearer Global Note exchangeable for definitive Notes on and after the Exchange Date.]

[TEFRA C:

[Permanent Bearer Global Note exchangeable for definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]**]

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

[Registered Notes:

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

24. Additional Financial Centre(s) or other special provisions relating to Payment Dates:

[Not Applicable/give details] (Note that this item relates to the place of payment and not Interest Period end dates to which items 16(iii) and 18(vii) relate)

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

[Yes/No. If yes, give details]

26. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:

[Not Applicable/give details. NB: new forms of Global Note may be required for Partly Paid issues.]

27. Details relating to Instalment Notes:

[Not Applicable/give details]

(i) Instalment Amount(s):

[Not Applicable/give details]

(ii) Instalment Date(s):

[Not Applicable/give details]

28. Redenomination applicable:

Redenomination [not] applicable

** Not applicable when FIFNA is the Issuer.

(if Redenomination is applicable, specify the terms of Redenomination in an Annex to the Final Terms)

29. Other final terms:

[Not Applicable/give details]

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

DISTRIBUTION

(Consider including a term providing for tax certification if required to enable interest to be paid gross by issuers.)

30. (i) If syndicated, name and address of Manager:

[Not Applicable/give names]

(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, include names of entities agreeing to underwrite the issue on a firm commitment basis and names of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)

(ii) Date of [Subscription] Agreement:

[]

(The above is only relevant if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies).

(iii) Stabilising Manager(s) (if any):

[Not Applicable/give name]

31. If non-syndicated, name of relevant Dealer:

[Not Applicable/give name]

32. U.S. Selling Restrictions:

[Reg. S Compliance Category: TEFRA D/TEFRA C/TEFRA not applicable]

33. Additional selling restrictions:

[Not Applicable/give details]

LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required for issue and admission to trading on the regulated market of the Irish Stock Exchange of the Notes described herein pursuant to the €10,000,000,000 Global Medium Term Note Programme of Fiat Industrial Finance Europe S.A. and Fiat Industrial Finance North America, Inc.

RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in these Final Terms. [Relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index or its components] has been extracted from []. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [], no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of the Issuer:

Signed on behalf of the Guarantor:

By:

By:

Duly authorised

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

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

2. RATINGS

Ratings: The Notes to be issued have been rated:

[S&P: []]

[Moody's []]

[[Other]: []]

[Each such credit rating agency is established in the European Union and has applied for registration under Regulation 1060/2009/EC (the “CRA Regulation”), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7th June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

3. NOTIFICATION

The [name of competent authority in home member state] [has been requested to provide/has provided – include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [names of competent authorities of host member states] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

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

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. – *Amend as appropriate if there are other interests*]

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

5. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

[(i) Reasons for the offer: []]

[(ii) Estimated net proceeds: []]

[(iii) Estimated total expenses: []]

(N.B.: Delete unless the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, in which case (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and, where such reasons are inserted in (i), disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)

6. YIELD (*Fixed Rate Notes only*)

Indication of yield: []

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

7. PERFORMANCE OF INDEX/FORMULA AND OTHER INFORMATION CONCERNING THE UNDERLYING (*Index-Linked Notes only*)

[Need to include details of where past and future performance and volatility of the index/formula can be obtained.]

[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.]

[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]

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

The Issuer [intends to provide post-issuance information [*specify what information will be reported and where it can be obtained*]] [does not intend to provide post-issuance information]

(N.B. This paragraph 7 only applies if the Notes are derivative securities to which Annex XII of the Base Prospectus Regulation applies.)

8. PERFORMANCE OF RATE[S] OF EXCHANGE (Dual Currency Notes only)

[Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]

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

(N.B. This paragraph 8 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

9. OPERATIONAL INFORMATION

- (i) ISIN Code: []
- (ii) Common Code: []
- (iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any): []

TERMS AND CONDITIONS OF THE NOTES

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

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

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

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

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the "Agency Agreement") dated 28th February 2011 and made between (inter alia) the Issuer, Fiat Industrial S.p.A. (the "Guarantor") as guarantor, Citibank, N.A., London office as issuing and principal paying agent and agent bank (the "Principal Paying Agent," which expression shall include any successor principal paying agent) and as exchange agent (the "Exchange Agent," which expression shall include any successor exchange agent), the other paying agents named therein (together with the Principal Paying Agent, the "Paying Agents," which expression shall include any additional or successor paying agents), Citigroup Global Markets Deutschland AG as registrar (the "Registrar," which expression shall include any successor or alternative registrar) and as transfer agent and the other transfer agents named therein (together with the Registrar, the "Transfer Agents," which expression shall include any additional or successor transfer agents).

Interest bearing definitive Bearer Notes (unless otherwise indicated in the applicable Final Terms) have interest coupons ("Coupons") and, if indicated in the applicable Final Terms, talons for further Coupons ("Talons") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Notes repayable in instalments have receipts ("Receipts") for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

The Final Terms for this Note (or the relevant provisions thereof) are attached to or endorsed on this Note and supplement these Terms and Conditions (the "Conditions") and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purpose of this Note. References to the "applicable Final Terms" are to the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

The payment of all amounts in respect of this Note has been guaranteed by the Guarantor pursuant to a guarantee (the “Guarantee”) dated 28th February 2011 executed by the Guarantor. The original of the Guarantee is held by the Principal Paying Agent on behalf of the Noteholders, the Receiptholders and the Couponholders at its specified office.

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

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

As used herein, “Tranche” means Notes which are identical in all respects (including as to listing) and “Series” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the “Deed of Covenant”) dated 28th February 2011 and made (*inter alia*) by the Issuer. The original of the Deed of Covenant is held by the Common Depository for Euroclear (as defined below) and Clearstream (as defined below).

Copies of the Agency Agreement, the Guarantee, a deed poll (the “Deed Poll”) dated 28th February 2011 and made (*inter alia*) by the Issuer, the Guarantor and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Principal Paying Agent, the Registrar and the other Paying Agents and Transfer Agents (such Agents and the Registrar being together referred to as the “Agents”). Copies of the applicable Final Terms are obtainable during normal business hours at the specified office of each of the Agents save that, if this Note is an unlisted Note of any Series, the applicable Final Terms will only be obtainable by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Guarantee, the Deed Poll, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

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

1. FORM, DENOMINATION AND TITLE

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

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Final Terms.

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

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

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

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

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, as the case may be. References to DTC, Euroclear and/or Clearstream shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

2. TRANSFERS OF REGISTERED NOTES

- (a) **Transfers of interests in Registered Global Notes:** Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear or Clearstream, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be exchangeable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.
- (b) **Transfers of Registered Notes in definitive form:** Subject as provided in paragraphs (e), (f) and (g) below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (i) the holder or holders must (a) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder

or holders thereof or his or their attorney or attorneys duly authorised in writing and (b) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request.

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

- (c) **Registration of transfer upon partial redemption:** In the event of a partial redemption of Notes under Condition 7, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.
- (d) **Costs of registration:** Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.
- (e) **Transfers of interests in Regulation S Global Notes:** Prior to the expiry of the applicable Distribution Compliance Period (as defined below), transfers by the holder of, or of a beneficial interest in, a Regulation S Global Note to a transferee in the United States or who is a U.S. person will only be made:
 - (i) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate (a “Transfer Certificate”), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or
 - (ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

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

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

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

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

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

- (g) **Exchanges and transfers of Registered Notes generally:** Holders of Registered Notes in definitive form may exchange such Notes for interests in a Registered Global Note of the same type at any time.

- (h) **Definitions:** In these Conditions, the following expressions shall have the following meanings:

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

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

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

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

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

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

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

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

3. STATUS OF THE NOTES AND THE GUARANTEE

- (a) **Status of the Notes:** The Notes and any related Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and (subject as aforesaid) rank and will rank *pari passu* without any preference among themselves, with all other present and future outstanding unsubordinated and unsecured obligations of the Issuer (subject to mandatorily preferred obligations under applicable laws).
- (b) **Status of the Guarantee:** The payment of principal and interest in respect of the Notes and any related Receipts and Coupons has been irrevocably and unconditionally guaranteed by the Guarantor pursuant to the Guarantee. The obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Guarantor and (subject as aforesaid) rank and will rank *pari passu* (subject to mandatorily preferred obligations under applicable laws) with all other present and future outstanding unsecured and unsubordinated obligations of the Guarantor. To ensure compliance with Italian law, the Guarantee will be limited to 200 per cent. of the aggregate principal amount of the Notes.

4. NEGATIVE PLEDGE

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

For the purpose of these Conditions and the Guarantee:

- (i) “Fiat Industrial Group” means Fiat Industrial S.p.A. and its direct and indirect subsidiaries consolidated in accordance with International Financial Reporting Standards (“IFRS”); and
- (ii) “Financial Services Subsidiary” means a subsidiary of Fiat Industrial:
- (A) which carries on no material business other than the offer and sale of financial services products to customers of Members of the Fiat Industrial Group (and other related support activities incidental to the offer and sale of such financial services products including, without limitation, input financing and the purchase and sale of equipment in connection with eqpower.com and rental business activities) in any of the following areas:
- (1) retail financing for the purchase, contract hire or lease of new or old equipment manufactured by a Member of the Fiat Industrial Group or any other manufacturer whose products are from time to time sold through the dealer network of a Member of the Fiat Industrial Group;
- (2) other retail and wholesale financing programmes reasonably related thereto, including, without limitation, financing to the dealer network of any Member of the Fiat Industrial Group;

- (3) insurance and credit card products and services reasonably related thereto, together with the underwriting, marketing, servicing and other related support activities incidental to the offer and sale of such financial services products; and
 - (4) licensed banking activities; or
- (B) a holding company of a Financial Services Subsidiary which carries on no material business or activity other than holding shares in that Financial Services Subsidiary and/or activities described in paragraph (A) above;
- (iii) “Indebtedness” means any indebtedness (whether principal, premium or interest) for or in respect of (A) any notes, bonds, debenture stock, loan stock or other securities, (B) any Loan Financing, or (C) any liability under or in respect of any banker’s acceptance or banker’s acceptance credit; *provided*, that (x) Indebtedness of a Member of the Fiat Industrial Group to any other Member of the Fiat Industrial Group and (y) Indebtedness that qualifies as Non-recourse Securitisation Debt shall, in each case, not be deemed to be Indebtedness for purposes of this Condition 4(a) or any other purpose of these Conditions of the Guarantee;
 - (iv) “Industrial Subsidiary” means each subsidiary of the Guarantor other than a Financial Services Subsidiary;
 - (v) “Loan Financing” means any money borrowed from (A) a bank, financial institution, hedge fund, pension fund, or insurance company or (B) any other entity having as its principal business the lending of money and/or investing in loans, in each case other than public or quasi- public entities or international organisations with a public or quasi-public character;
 - (vi) “Member of the Fiat Industrial Group” means each of Fiat Industrial S.p.A. and any direct or indirect subsidiaries it fully consolidates on a line-by-line basis in accordance with IFRS;
 - (vii) “Non-recourse Securitisation” means any securitisation, asset backed financing or transaction having similar effect under which an entity (or entities in related transactions) on commercially reasonable terms:
 - (A) acquires receivables for principally cash consideration or uses existing receivables; and
 - (B) issues any notes, bonds, commercial paper, loans or other securities (whether or not listed on a recognised stock exchange) to fund the purchase of or otherwise backed by those receivables and/or any shares or other interests referred to in Condition 4(a)(ix)(C)(ii) and the payment obligations in respect of such notes, bonds, commercial paper, loans or other securities:
 - (1) are secured on those receivables; and
 - (2) are not guaranteed by any Member of the Fiat Industrial Group (other than as a result of any Lien which is granted by any Member of the Fiat Industrial Group as permitted by Condition 4(a)(ix)(C)(ii) or as to the extent of any Standard Securitisation Undertakings);
 - (viii) “Non-recourse Securitisation Debt” means any Indebtedness incurred by a Securitisation Entity pursuant to a securitisation of receivables where the recourse in respect of that Indebtedness to the Issuer or the Guarantor is limited to:
 - (A) those receivables and/or related insurance and/or any Standard Securitisation Undertakings; and

- (B) if those receivables comprise all or substantially all of the business or assets of such Securitisation Entity, the shares or other interests of any Member of the Fiat Industrial Group in such Securitisation Entity.

provided that any Indebtedness not qualifying as Non-recourse Securitisation Debt solely because the extent of recourse to any Member of the Fiat Industrial Group with respect to such Indebtedness is greater than that provided in clauses (A) and (B) above shall only not qualify as Non-recourse Securitisation Debt with respect to the extent of such additional recourse;

(ix) “Permitted Liens” means:

- (A) Liens existing on the Issue Date; or
- (B) Liens arising by operation of law, by contract having an equivalent effect, from rights of set-off arising in the ordinary course of business between either the Issuer or the Guarantor and any of their respective suppliers or customers, or from rights of set-off or netting arising by operation of law (or by contract having similar effect) by virtue of the provision to the Issuer or the Guarantor of clearing bank facilities or overdraft facilities; or
- (C) any Lien over:
 - (1) the receivables of a Securitisation Entity (and any bank account to which such proceeds are deposited) which are subject to a Non-recourse Securitisation as security for Non-recourse Securitisation Debt raised by such Securitisation Entity in respect of such receivables; and/or
 - (2) the shares or other interests owned by any Member of the Fiat Industrial Group in any Securitisation Entity as security for Non-recourse Securitisation Debt raised by such Securitisation Entity *provided* that the receivables or revenues which are the subject of the relevant Non-recourse Securitisation comprise all or substantially all of the business of such Securitisation Entity; or
- (D) any Liens on assets acquired by a Member of the Fiat Industrial Group after the Issue Date, *provided* that (i) such Lien was existing or agreed to be created at or before the time the relevant asset was acquired by a Member of the Fiat Industrial Group, (ii) such Lien was not created in contemplation of such acquisition, and (iii) the principal amount then secured does not exceed the principal amount of the committed financing then secured (whether or not drawn), with respect to such assets at the time the relevant asset was acquired by a Member of the Fiat Industrial Group; or
- (E) any Lien created to secure all or any part of the purchase price, or to secure Quoted Indebtedness incurred or assumed to pay all or any part of the purchase price or cost of construction, of property (or any improvement thereon) acquired or constructed by the Issuer or the Guarantor after the Issue Date, *provided*, that (i) any such Lien shall extend solely to the item or items of property (or improvement thereon) so acquired or constructed and (ii) the principal amount of Quoted Indebtedness secured by any such Lien shall at no time exceed an amount equal to the fair market value of such property (or any improvement thereon) at the time of such acquisition or construction; or
- (F) any Lien securing Quoted Indebtedness incurred to refinance other indebtedness itself secured by a Lien included in clauses (A), (B), (D) or (E) above, but only if the principal amount of the Quoted Indebtedness is not increased and only the same assets are secured as were secured by the prior Lien; or

- (G) any Lien provided in favour of any bank or governmental (central or local), intergovernmental or supranational body, agency, department or other authority securing any Quoted Indebtedness of the Issuer or the Guarantor under a loan scheme operated by (or on behalf of) Banco Nacional de Desenvolvimento Economico e Social, Finame, Banco de Minas Gerais, a member country of the OECD, Argentina, Brazil, China, India, South Africa or any supranational entity (such as the European Bank for Reconstruction and Development or the International Finance Corporation) where the provision of such Lien is required for the relevant loan; or
- (H) (1) any Lien created on the shares of capital stock of a subsidiary, and (2) any Lien created on the assets of a subsidiary of the type described in Condition 4(a)(ix)(E) other than shares of capital stock of a subsidiary; or
- (x) “Qualifying Guarantee” means a direct or indirectly guarantee in respect of any Indebtedness or a direct or indirect indemnity against the consequences of a default in the payment of any Indebtedness, other than, in each case, by endorsement of negotiable instruments, letters of credit or reimbursement agreements in the ordinary course of business;
- (xi) “Quoted Indebtedness” means any indebtedness in the form of, or represented by, bonds, notes, debentures, loan stock or other securities and which at the time of issue is, or is capable of being, quoted, listed or ordinarily dealt in on any stock exchange or over-the-counter market or other securities market (whether or not initially distributed by means of a private placement);
- (xii) “Securitisation Entity” means any special purpose vehicle created for the sole purpose of carrying out, or otherwise used solely for the purpose of carrying out a Non-recourse Securitisation or any other Industrial Subsidiary which is effecting Non-recourse Securitisations;
- (xiii) “Standard Securitisation Undertakings” means representations, warranties, covenants and indemnities entered into by any Member of the Fiat Industrial Group from time to time which are customary in relation to Non-recourse Securitisations, including any performance undertakings with respect to servicing obligations or undertakings with respect to breaches of representations or warranties; and
- (b) **Reports:** If the Guarantor ceases to be listed on the Italian Stock Exchange or any other stock exchange in the European Economic Area, the Guarantor will furnish to the Noteholders so long as the Notes are outstanding, English language annual and quarterly reports containing financial information substantially similar in scope to that provided in the annual and quarterly reports published in Italy in the financial year ended immediately prior to such cessation. For the avoidance of doubt, the Guarantor shall not be required to provide any U.S GAAP reconciled financial information in any reports it is required to provide pursuant to this Condition 4(b).

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

5. INTEREST

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

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

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

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

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

In these Conditions:

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

- (i) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
 - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “Accrual Period”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if “30/360” is specified in the applicable Final Terms, the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (such number of days being calculated on the basis of 12 30-day months) divided by 360;

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

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

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

(b) Interest on Floating Rate Notes and Index Linked Interest Notes:

(i) *Interest Payment Dates:* Each Floating Rate Note and Index Linked Interest Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrears on either:

- (A) the Specified Interest Payment Date(s) (each an “Interest Payment Date”) in each year specified in the applicable Final Terms; or
- (B) if no express Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each an “Interest Payment Date”) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

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

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

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

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

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms; and
 - (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the “TARGET2 System”) is open.
- (ii) *Rate of Interest:* The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Final Terms.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), “ISDA Rate” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as amended and updated as at the Issue Date of the first Tranche of the Notes, published by the International Swaps and Derivatives Association, Inc. (the “ISDA Definitions”) and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (“LIBOR”) or on the Euro-zone inter-bank offered rate (“EURIBOR”) for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

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

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

(B) Screen Rate Determination for Floating Rate Notes

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

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

(expressed as a percentage rate per annum) for the Reference Rate or Rates which appears or appear, as the case may be, on the Relevant Screen Page as at 11:00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

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

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

- (iv) *Determination of Rate of Interest and calculation of Interest Amounts:* The Principal Paying Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Principal Paying Agent will calculate the amount of interest (the "Interest Amount") payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount:

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

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

- (A) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (B) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (C) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (D) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (E) if “30/360,” “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30; and

- (F) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30;

- (G) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30.

- (v) *Notification of Rate of Interest and Interest Amounts:* The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on

which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed with notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression “London Business Day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

- (vi) *Certificates to be final:* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(b), whether by the Principal Paying Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith, negligence or manifest error) be binding on the Issuer, the Guarantor, the Principal Paying Agent, the Calculation Agent (if applicable), the other Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Guarantor, the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.
- (c) **Interest on Dual Currency Interest Notes:** In the case of Dual Currency Interest Notes, if the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the applicable Final Terms.
- (d) **Interest on Partly Paid Notes:** In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.
- (e) **Accrual of interest:** Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:
 - (i) the date on which all amounts due in respect of such Note have been paid; and
 - (ii) the date on which the full amount of the monies payable in respect of such Notes has been received by the Principal Paying Agent or the Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 14.

6. PAYMENTS

(a) Method of payment

Subject as provided below:

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

- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8.

- (b) **Presentation of definitive Bearer Notes, Receipts and Coupons:** Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the states and the District of Columbia and its possessions)).

Payments of instalments of principal (if any) in respect of definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant definitive Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Note to which it appertains. Receipts presented without the definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

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

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

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

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

- (c) **Payments in respect of Bearer Global Notes:** Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global Note in bearer form, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be prima facie evidence that the payment in question has been made.
- (d) **Payments in respect of Registered Notes:** Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the “Register”) (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date (the “Record Date”). Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Notes held by a holder is less than U.S.\$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, “Designated Account” means the account (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and “Designated Bank” means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the “Record Date”) at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Notes which become payable to the holder who has made the initial

application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

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

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

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

- (e) **General provisions applicable to payments:** The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or, as the case may be, the Guarantor will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream or DTC as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream or DTC, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, the Guarantor to, or to the order of, the holder of such Global Note.

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

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

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

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

7. REDEMPTION AND PURCHASE

- (a) **Redemption at maturity:** Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.
- (b) **Redemption for tax reasons:**
 - (i) The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note nor an Index Linked Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Interest Note), on giving not less than 30 nor more than 60 days' notice to the Principal Paying Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if:

- (A) either the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 or the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws, regulations or rulings of the Relevant Tax Jurisdiction or any change in the application or official interpretation of such laws, regulations or rulings, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (B) such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it,

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

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

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

“Relevant Tax Jurisdiction” shall mean, in the case of payment by the Issuer, the Grand-Duchy of Luxembourg (*where the Issuer is FIFE*) or the United States of America (*where the Issuer is FIFNA*) or any political subdivision or any authority thereof or therein having power to tax and, in the case of payment by the Guarantor, shall mean the Republic of Italy and any political subdivision or any authority thereof or therein having power to tax.

(ii) *Where the Issuer is FIFNA:*

If the Issuer shall determine that any payment made outside the United States by the Issuer or any of its paying agents in respect of any Bearer Note, Receipt or Coupon would, under any present or future laws or regulations of the United States, be subject to any certification, documentation, information or other reporting requirement of any kind the effect of which requirement is the disclosure to the Issuer, the Guarantor, any paying agent or any governmental authority of the nationality, residence or identity of a beneficial owner of such Bearer Note, Receipt or Coupon that is a United States Alien (as defined in Condition 8(b)) (other than a requirement (a) that would not be applicable to a payment by the Issuer, the Guarantor or any one of its paying agents (i) directly to the beneficial owner or (ii) to a custodian, nominee or other agent of the beneficial owner, or (b) that can be satisfied by such custodian, nominee or other agent certifying to the effect that the beneficial owner is a United States Alien, provided that, in any case referred to in clauses (a)(ii) or (b), payment by the custodian, nominee or agent to the beneficial owner is not otherwise subject to any such requirement, or (c) that would not be applicable to a payment by at least one paying agent of the Issuer), the Issuer shall elect either (x) to redeem the Notes in whole but not in part, at a price equal to the Early Redemption Amount, together with accrued interest to the date fixed for redemption or (y) if the conditions of the next succeeding paragraph are satisfied, to pay the additional amounts specified in such paragraph. The Issuer shall make such determination as

soon as practicable and publish prompt notice thereof (the “Determination Notice”) stating the effective date of such certification, documentation, information or other reporting requirement, whether the Issuer will redeem the Notes or pay the additional amounts specified in the next succeeding paragraph, and (if applicable) the last date by which the redemption must take place, as provided in the next succeeding sentence. If the Notes are to be redeemed pursuant to this paragraph, such redemption shall take place on such date, not later than one year after the publication of the Determination Notice, as the Issuer shall specify by notice to the Principal Paying Agent at least 45 days before the date fixed for redemption. Notice of such redemption of the Notes will be given to the holders of the Notes not more than 60 nor less than 30 days prior to the date fixed for redemption by publication in accordance with Condition 14. Notwithstanding the foregoing, the Issuer shall not so redeem the Notes if the Issuer shall subsequently determine, not less than 30 days prior to the date fixed for redemption, that subsequent payments on the Bearer Notes, Receipts and Coupons would not be subject to any such certification, documentation, information or other reporting requirement, in which case the Issuer shall give prompt notice of such subsequent determination by publication in accordance with Condition 14 and any earlier redemption notice shall be revoked and of no further effect. Prior to the publication of any Determination Notice pursuant to this paragraph, the Issuer shall deliver to the Principal Paying Agent a certificate signed by one Director of the Issuer stating that the Issuer is obligated to make such determination and setting forth a statement of facts showing that the conditions precedent to the obligation of the Issuer to redeem the Notes or to pay the additional amounts specified in the next succeeding paragraph have occurred, and an opinion of independent legal advisers of recognised standing to the effect that such conditions have occurred.

If and so long as the certification, documentation, information or other reporting requirements referred to in the preceding paragraph would be fully satisfied by payment of a backup withholding tax or similar charge, the Issuer may elect to pay as additional interest such additional amounts as may be necessary so that every net payment made outside the United States following the effective date of such requirement by the Issuer or the Guarantor or any of its paying agents in respect of any Bearer Note, Receipt or any Coupon of which the beneficial owner is a United States Alien (but without any requirement that the nationality, residence or identity, other than status as a United States Alien, of such beneficial owner be disclosed to the Issuer, the Guarantor, any paying agent or any governmental authority), after deduction or withholding for or on account of such backup withholding tax or similar charge (other than a backup withholding tax or similar charge that (i) would not be applicable in the circumstances referred to in the parenthetical clause of the first sentence of the preceding paragraph, or (ii) is imposed as a result of the presentation of such Bearer Note or Coupon for payment more than 15 days after the date on which such payment became due and payable or on which payment thereof was duly provided for, whichever occurred later), will not be less than the amount provided for in such Bearer Note, Receipt or Coupon to be then due and payable. If the Issuer elects to pay additional amounts pursuant to this paragraph, the Issuer shall have the right to redeem the Notes at any time in whole but not in part, subject to the provisions of the last three sentences of the immediately preceding paragraph. Any redemption payments made by the Issuer pursuant to the two immediately preceding sentences shall be subject to the continuing obligation of the Issuer to pay additional amounts pursuant to this paragraph. If the Issuer elects to pay additional amounts pursuant to this paragraph and the condition specified in the first sentence of this paragraph should no longer be satisfied, then the Issuer shall redeem the Notes pursuant to the provisions of the immediately preceding paragraph.

- (c) **Redemption at the option of the Issuer (“Issuer Call”)**: If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given:
- (i) not less than 15 nor more than 30 days’ notice to the Noteholders in accordance with Condition 14; and

- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Principal Paying Agent and, in the case of a redemption of Registered Notes, the Registrar,

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

Except as otherwise specified in the applicable Final Terms, the Optional Redemption Amount in relation to any Notes denominated in euro and redeemed pursuant to this Condition 7(c) shall be an amount equal to 100 per cent. of the principal amount of such Notes together (if appropriate) with interest accrued to (but excluding) the date of redemption, plus the Applicable Premium.

In these Conditions:

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

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

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

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

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

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

- (e) **Early Redemption Amounts:** For the purpose of paragraph (b) above and Condition 10, each Note will be redeemed at its Early Redemption Amount calculated as follows:
- (i) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
 - (ii) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note or a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
 - (iii) in the case of a Zero Coupon Note, at an amount (the “Amortised Face Amount”) calculated in accordance with the following formula:

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

 “RP” means the Reference Price;

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

 “y” is a fraction, the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

 or on such other calculation basis as may be specified in the applicable Final Terms.
- (f) **Instalments:** Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (e) above.
- (g) **Partly Paid Notes:** Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Final Terms.
- (h) **Purchases:** The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Noteholders alike. Such Notes may be held, reissued, resold or, at the option of the Issuer or the Guarantor, surrendered to any Paying Agent and/or the Registrar for cancellation.
- (i) **Cancellation:** All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to paragraph (h) above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.
- (j) **Late payment on Zero Coupon Notes:** If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (e)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
 - (ii) the date on which the full amount of the monies payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent or the Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 14.
- (k) **Repurchase at the Option of Noteholders—Change of Control:** If a Change of Control occurs, the holder of any Note will have the right to require the Issuer thereof to repurchase all (but not, in the case of a Bearer Note in definitive form, any part) of such Note pursuant to a Change of Control Offer. Registered Notes may be repurchased under this Condition 7(k) in any multiple of their lowest Specified Denomination. In the Change of Control Offer, the relevant Issuer will offer a Change of Control Payment in cash equal to 101 per cent. of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest, if any, to the date of purchase. Within thirty (30) days following any Change of Control, the Issuer will give notice to each holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase Notes on the Change of Control Payment Date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is given to Noteholders in accordance with Condition 14.

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

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

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

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

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

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

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

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

- (A) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any “person” (as that term is used in Section 13(d) of the Exchange Act), other than one or more Related Parties, becomes the beneficial owner, directly or indirectly, of more than 50 per cent. of the Voting Stock of the Guarantor measured by voting power rather than number of shares; or
- (B) the stockholders of the Guarantor or the Issuer approve any plan of liquidation or dissolution of the Guarantor or the Issuer, as the case may be;

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

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

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

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

“Rating Decline” means the occurrence on any date within the 60-day period following the occurrence of the event specified in clauses (A) or (B) of the definition of a Change of Control (which period shall be extended so long as during such period any rating of the Notes is under publicly announced consideration for possible downgrade by a Rating Agency, *provided* that such extension shall not be for more than 30 days) of: (i) in the event the Notes are rated by any Rating Agency on the Rating Date below Investment Grade, the rating of the Notes by such Rating Agency within such period being at least one rating category below the rating of the Notes by such Rating Agency on the Rating Date, (ii) in the event the Notes are rated by any Rating Agency on the Rating Date as Investment Grade, the rating of the Notes within such period by such Rating Agency being (1) at least two rating categories below the rating of the Notes by such Rating Agency on the Rating Date or (2) below Investment Grade or (iii) the

Notes not being rated by any Rating Agency. In determining how many rating categories the rating of the Notes has decreased, gradation will be taken in account (e.g., with respect to Standard & Poor's, a decline in a rating from BB+ to BB, or from BB to B-, will constitute a decrease of one rating category);

“Related Party” means (i) each of the owners and beneficial holders of interests in Giovanni Agnelli & C. S.A.p.A. (at the Issue Date and each of their spouses, heirs, legatees, descendants and blood relatives to the third degree, (ii) Giovanni Agnelli & C. S.A.p.A. or (iii) any Person directly or indirectly under the Control of Giovanni Agnelli & C. S.A.p.A. For the purposes of this definition, the term “Control” means (1) the direct or indirect ownership (beneficial or otherwise) of more than 50 per cent. of the Voting Stock of a Person measured by voting power rather than number of shares or (2) the power to appoint or remove all or the majority of the directors or other equivalent officers of a Person; and

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

8. TAXATION

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

(a) **Where the Issuer is FIFE:**

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

- (i) presented for payment in Luxembourg or the Republic of Italy; or
- (ii) presented for payment by, or by a third party on behalf of, a holder who is liable to those taxes or duties in respect of that Note, Receipt or Coupon by reason of his having some connection with the Relevant Tax Jurisdiction other than the mere holding of the Note, Receipt or Coupon or the receipt of principal or interest in respect of it; or
- (iii) presented for payment by a holder who is able to avoid the withholding by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (iv) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to additional amounts on presenting it for payment on the last day of such 30-day period assuming that day to have been a Payment Date; or
- (v) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (vi) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a member state of the European Union.

(b) **Where the Issuer is FIFNA:**

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

- (i) presented for payment for or on account of any tax assessment or other governmental charge that would not have been imposed but for (x) the existence of any present or former connection between such holder (or between a fiduciary, settlor or beneficiary of, or a person holding a power over, such holder, if such holder is an estate or a trust, or a member or shareholder of such holder, if such holder is a partnership or a corporation) and the Relevant Tax Jurisdiction (other than the mere receipt of such payment or the holding of such Note), including, without limitation, such holder (or such fiduciary, settlor, beneficiary, person holding a power, member or shareholder) being or having been a citizen or resident thereof or being or having been engaged in trade or business or present therein or having or having had a permanent establishment therein or (y) (where the Relevant Tax Jurisdiction is the United States) such holder's past or present status as a personal holding company or private foundation or other tax-exempt organisation with respect to the United States or as a corporation that accumulates earnings to avoid United States federal income tax;
- (ii) presented for payment for or on account of any estate, inheritance, gift, sales, transfer or personal property tax or any similar tax, assessment or other governmental charge;
- (iii) presented for payment for or on account of any tax, assessment or other governmental charge that would not have been imposed but for the presentation by the holder of a Note, Receipt or Coupon for payment more than 30 days after the Relevant Date;
- (iv) presented for payment for or on account of any tax, assessment or other governmental charge that is payable otherwise than by deduction or withholding from a payment on a Note, Receipt or Coupon;
- (v) presented for payment for or on account of any tax, assessment or other governmental charge required to be deducted or withheld by any Paying Agent from a payment on a Note, Receipt or Coupon, if such payment can be made without such deduction or withholding by any other Paying Agent;
- (vi) presented for payment for or on account of any tax, assessment or other governmental charge that would not have been imposed but for a failure to comply with any applicable certification, documentation, information or other reporting requirement concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of a Note, Receipt or Coupon if, without regard to any tax treaty, such compliance is required by statute or regulation of the United States as a precondition to relief or exemption from such tax, assessment or other governmental charge;
- (vii) presented for payment for or on account of any tax, assessment or other governmental charge imposed on a holder that actually or constructively owns 10 per cent. or more of the combined voting power of all classes of stock of the Issuer or that is a controlled foreign corporation related to the Issuer through stock ownership; or
- (viii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive,

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

The term “United States Alien” means any person who, for United States federal income tax purposes, is a foreign corporation, a non-resident alien individual, a non-resident alien fiduciary of a foreign estate or trust, or a foreign partnership one or more of the members of which is, for United States federal income tax purposes, a foreign corporation, a non-resident alien individual or a non-resident alien fiduciary of a foreign estate or trust.

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

9. PRESCRIPTION

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

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

10. EVENTS OF DEFAULT

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

- (i) There is a default for more than 14 days after the date when due in the payment of principal or interest (if any) due in respect of the Notes; or
- (ii) there is default in the performance of any other obligation under the Agency Agreement, the Notes or the Guarantee (a) which is incapable of remedy or (b) which, being a default capable of remedy, continues for 30 days after written notice of such default has been given through the Principal Paying Agent by the holder of any Note to the Issuer and the Guarantor; or
- (iii) any final order shall be made by any competent court or other authority or resolution passed by the Issuer or the Guarantor for the dissolution or winding-up of the Issuer or the Guarantor or for the appointment of a liquidator, receiver or trustee of the Issuer or the Guarantor or of all or a substantial part of their respective assets, provided that there shall be no Event of Default in the case of a resolution passed by the Issuer or the Guarantor for the liquidation or dissolution of the Issuer or the Guarantor, as at the case may be, to the extent that the Issuer has made a Change of Control Offer and repurchased the Notes from Noteholders following a Change of Control; or
- (iv) the Issuer or the Guarantor shall stop payment or shall be unable to, or shall admit to creditors generally its inability to pay its debts as they fall due, or shall be finally adjudicated or found bankrupt or insolvent, or shall enter into any composition or other arrangement with its creditors generally (including without limitation, in the case of the Guarantor, the procedures of *fallimento*, *amministrazione controllata* or *concordato preventivo* under R.D. No. 267 of 16th March 1942, as amended, and *amministrazione straordinaria delle grandi imprese in crisi* under D.L. No. 26 of 30th January 1979, enacted by Law No. 95 of 3rd April 1979 as amended), or, where FIFE is the Issuer, the Issuer shall apply for controlled management (*gestion contrôlée*) or reprieve from payment (*sursis de paiement*); or
- (v) the Issuer or the Guarantor ceases, or threatens to cease, to carry on business unless such cessation, or threatened cessation, is in connection with a merger, consolidation or any other form of combination with another company and such company in the case of the Issuer, assumes all obligations of the Issuer under the Notes, and in the case of the Guarantor, assumes all obligations of the Guarantor under the Guarantee; or

- (vi) the Issuer ceases to be controlled directly or indirectly by the Guarantor, for which purpose the Guarantor shall be deemed to control the Issuer only if the Guarantor directly or indirectly, through one or more companies controlled by it within the meaning of this definition, (a) owns more than 50 per cent. of the voting share capital of the Issuer; or (b) has power to appoint or remove more than 50 per cent. of the board of directors (or other similar senior supervisory body) of the Issuer; or
- (vii) there shall have occurred a default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness of the relevant Issuer, the Guarantor or any Material Subsidiary (as defined below in this Condition 10) (or the payment of which is guaranteed by the relevant Issuer, the Guarantor or any such Material Subsidiary) which default (A) is caused by a failure to pay the principal, interest or premium, if any, of any such Indebtedness (including without limitation a such failure under any called but unpaid guarantee issued or given by the Issuer, the Guarantor or any such Material Subsidiary in respect of any such Indebtedness) whether in the case of a repayment at maturity, a mandatory prepayment or otherwise, in each case after any applicable grace period provided in such Indebtedness or guarantee on the date of such failure (each such failure being a “payment default”), which payment default has not been validly waived in accordance with the terms of such Indebtedness or guarantee and applicable law, *provided* that the amount unpaid pursuant to such payment default, together with the amount unpaid pursuant to any other such payment default that has not been so waived or has not been otherwise validly cured aggregates €100,000,000 or (B) results in the acceleration of such Indebtedness prior to its express maturity, and such acceleration has not been validly waived in accordance with the terms of such Indebtedness and applicable law, *provided* that the principal amount of such Indebtedness so accelerated, together with the principal amount of any such other Indebtedness the maturity of which has been so accelerated and has not been waived or otherwise validly cured, aggregates €250,000,000; or
- (viii) or the Guarantee shall be held in any judicial proceeding (in each case being a judgment or order from which no further appeal or judicial review is permissible under applicable law) to be unenforceable or invalid or shall cease for any reason to be in full force and effect or the Guarantor shall deny or disaffirm its obligations under the Guarantee, as the case may be,

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

For the purposes of this Condition 10, the term “Material Subsidiary” means (A) each of CNH Global N.V. and Iveco S.p.A. (and any other person Controlled by Fiat Industrial which either of CNH Global N.V. and Iveco S.p.A is consolidated or merged with or into or to whom all or substantially all of the assets of such entity is sold, assigned, transferred, leased or otherwise disposed of); (B) any Member of the Fiat Industrial Group the total assets of which on a stand-alone basis (excluding intra-Group items and as determined from the entity’s most recent IFRS financial data used by Fiat Industrial in the preparation of its most recent audited IFRS consolidated financial statements) constitutes five per cent. or more of the consolidated total assets of the Fiat Industrial Group (as determined from Fiat Industrial’s most recent audited IFRS consolidated financial statements); (C) any Treasury Subsidiary or (D) any entity under the direct or indirect Control of Fiat Industrial that directly or indirectly Controls a subsidiary that meets the requirements of the preceding clauses (A), (B) or (C), *provided* that if any such entity Controls such a subsidiary only pursuant to the aggregate ownership test specified in the proviso to clause (1) of the definition of “Control,” “Controls” or “Controlled” below, then, and only then, the Issuer and Fiat Industrial shall have the right to designate which such entities shall be deemed to so Control such a subsidiary *provided* that, in each case, such designated entities Control in the aggregate more than 50 per cent. of the relevant subsidiary’s Voting Stock. For purposes

of this definition of “Material Subsidiary,” (i) the term “Control,” “Controls” or “Controlled” means (1) the direct or indirect ownership (beneficial or otherwise) of more than 50 per cent. of the Voting Stock of a Person measured by voting power rather than number of shares, *provided* that to the extent that no single entity directly owns more than 50 per cent. of the Voting Stock of a Person, entities with aggregate direct or indirect ownership of more than 50 per cent. of the Voting Stock of a Person will be deemed to Control such Person or (2) the power to appoint or remove all or the majority of the directors or other equivalent officers of a Person and (ii) no Financial Services Subsidiary shall be considered or deemed to be a Material Subsidiary. Notwithstanding the foregoing, a subsidiary shall be considered or deemed to be a Material Subsidiary only to the extent that such is located or domiciled in an OECD Country (or, to the extent that the Organisation for Economic Co-operation and Development or a successor organisation no longer exists, the countries that were members of the relevant organisation on the date such organisation ceased to exist).

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

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

11. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes, Receipts or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

12. AGENTS

The names of the initial Agents and their initial specified offices are set out below.

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

- (a) there will at all times be a Principal Paying Agent and a Registrar;
- (b) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange; and
- (c) the Issuer will ensure that it maintains a Paying Agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6(e). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

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

13. EXCHANGE OF TALONS

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

14. NOTICES

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

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

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

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

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

15. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a

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

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

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

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

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

16. FURTHER ISSUES

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

17. RIGHTS OF THIRD PARTIES

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

18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

- (a) **Governing law:** The Agency Agreement, the Guarantee, the Deed of Covenant, the Deed Poll, the Notes, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Guarantee, the Deed of Covenant, the Deed Poll, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law.

- (b) **Submission to jurisdiction:** The Issuer agrees, for the exclusive benefit of the Noteholders, the Receiptholders and the Couponholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes, the Receipts and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes, the Receipts and/or the Coupons) and that, accordingly, any suit, action or proceedings (together referred to as “Proceedings”) arising out of or in connection with the Notes, the Receipts and the Coupons (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Notes the Receipts and/or the Coupons) may be brought in such courts.

The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

- (c) **Appointment of Process Agent:** The Issuer appoints Fiat Industrial Finance Europe S.A., UK branch, at its registered office for the time being in England, as its agent for service of process, and undertakes that, in the event of Fiat Industrial Finance Europe S.A., UK branch ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be used to finance the activities of the Fiat Industrial Group. If, in respect of any particular issue of Notes that are derivative securities for the purposes of Article 15 of the Commission Regulation No. 809/2004 implementing the Prospectus Directive, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

FIAT INDUSTRIAL FINANCE EUROPE S.A.

Business and Incorporation

Fiat Industrial Finance Europe S.A. (“FIFE”) was formed as a company with limited liability (*société anonyme*) under the laws of the Grand-Duchy of Luxembourg on 29th September 2010. Its registered office is at 13, Rue Aldringen, L-1118 Luxembourg, Grand-Duchy of Luxembourg, its telephone number is +352 26 20 56 21, and it is registered in the Luxembourg trade and company register (*Registre de Commerce et des Sociétés de Luxembourg*) under number B-155849. The articles of incorporation of FIFE have been published in the *Mémorial C, Journal Officiel du Grand-Duché de Luxembourg, Recueil des Sociétés et Associations* under number C. 2185 of 15th October 2010. The articles of incorporation of FIFE were amended on 17th December 2010. Such amendment is in the process of being published in the *Mémorial C, Journal Officiel du Grand-Duché de Luxembourg, Recueil des Sociétés et Associations*.

FIFE, which is wholly owned by Fiat Industrial Finance S.p.A., which in turn is a wholly owned subsidiary of the Guarantor, is intended to serve as the central treasury vehicle for the Fiat Industrial Group in the international financial markets. Its object, according to Article 3 of its articles of incorporation, is the holding of shares in other companies and/or enterprises and the direct and/or indirect financing of the companies and/or enterprises in which it holds interests, or which are members of the Group.

The issued share capital of FIFE is €50,000,000, represented by 10,000 shares without a nominal value.

Directors

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

Name	Position on Board
Ernesto Rodoni	Chairman
Stefania Saini	Director
Alexandra Richina	Director
Paolo Basarri	Director

The business address for the board of directors is 13, Rue Aldringen, L-1118, Luxembourg, Grand Duchy of Luxembourg.

Some of the above-listed directors also hold management or board of directors positions at Fiat Group post-Demerger companies. For example, Ernesto Rodoni is also chairman of Fiat Finance and Trade Ltd SA.

Save as disclosed in this Base Prospectus none of the above-listed directors of FIFE faces any potential conflicts of interest between any duties to FIFE and any of his or her other duties.

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

**SELECTED FINANCIAL INFORMATION RELATING TO
FIAT INDUSTRIAL FINANCE EUROPE S.A.**

The following financial information has been extracted from the audited financial statements of FIFE, as at 31st December 2010 and for the period from 29th September 2010 to 31st December 2010, prepared in accordance with the Luxembourg legal and regulatory requirements and included elsewhere herein:

Balance Sheet at 31st December 2010

(Expressed in EUR)

<u>Assets</u>	<u>Notes</u>	<u>As of 31st December 2010</u>
Current Assets		
Debtors		
Amounts owed by Fiat Group companies		
<i>Due in one year or less</i>	1	24,050,000
		<u>24,050,000</u>
Cash at Banks	2	55,804
Deferred Expenses	3	29,732,222
		<u>53,838,026</u>
Total Assets		53,838,026
Liabilities and Shareholder's Equity		
Capital and Reserves		
Subscribed cap	4	50,000,000
Loss of the year.....		<i>(1,375,910)</i>
		<u>48,624,090</u>
Total Shareholder's Equity		48,624,090
Amounts owed to Fiat Group companies		
<i>Due in one year or less</i>	5	1,602,376
Other creditors		
<i>Due in one year or less</i>	6	2,967,560
Accrued Expenses	7	644,000
		<u>53,838,026</u>
Total Liabilities and Shareholders' Equity		53,838,026

STATEMENT OF PROFIT AND LOSS
FOR THE PERIOD FROM 29TH SEPTEMBER 2010 TO 31ST DECEMBER 2010
(Expressed in EUR)

		For the period from 29th September 2010 to 31st December 2010
		<u>2010</u>
Charges		
Other operating charges	8	686,344
Other financial expenses		
Fees, commission and other financial expenses	9	736,198
Foreign exchange loss.....		108
		<u>736,306</u>
Total Charges		<u>1,422,650</u>
Income		
Interest and similar income		
Banks		9,583
Foreign exchange gain		59
Fiat Group companies and third parties		37,098
		<u>46,740</u>
Loss for the Period		<u>1,375,910</u>
Total Income		<u>1,422,650</u>

FIAT INDUSTRIAL FINANCE NORTH AMERICA, INC.

Business and Incorporation

Fiat Industrial Finance North America (“FIFNA”) was incorporated in the State of Delaware on 12th October 2010. Its taxpayer identification number is 36-4679957 and its registered office is at 1209 Orange Street, Wilmington, County of New Castle, Delaware, United States of America and its telephone number is +1 212 207-0910.

FIFNA is a wholly owned subsidiary of Fiat Industrial Finance S.p.A., which is in turn a wholly owned subsidiary of the Guarantor. FIFNA performs cash management, investment and corporate finance services and provides working capital financing for Fiat Industrial Group companies in the United States.

The authorised share capital of FIFNA is represented by 5,000 common shares without par value. The issued capital consists of 2,500 common shares without par value.

Directors

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

<u>Name</u>	<u>Position on Board</u>
Camillo Rossotto	Chairman and Director
Andrea Paulis	Director
Douglas Scott Mac Leod	Director
Mario Bruni	Director

The business address of the board of directors is 1209 Orange Street, Wilmington, County of New Castle, Delaware, United States of America.

Some of the above-listed directors also hold management or board of directors positions at Fiat Group post-Demerger companies. For example, Camillo Rossotto is also a member of the boards of directors of Fiat Group Automobiles S.p.A. and Fiat Partecipazioni S.p.A.

Save as disclosed in this Base Prospectus none of the above-listed directors of FIFNA faces any potential conflicts of interest between any duties to FIFNA and any of his other duties.

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

**SELECTED FINANCIAL INFORMATION RELATING TO
FIAT INDUSTRIAL FINANCE NORTH AMERICA, INC.**

The following financial information has been extracted from the audited financial statements of FIFNA, as at 31st December 2010 and for the period from 12th October 2010 to 31st December 2010, prepared in accordance with IFRS.

Balance Sheet as of 31st December, 2010

(U.S. dollars in thousands)

	As of 31st December 2010
Assets	
Receivable from affiliated company	25,007
Total	25,007
 Liabilities and Stockholder's Equity	
Liabilities	
<i>Other liabilities</i>	7
Total Liabilities	7
 Shareholder's Equity	
Capital Stock <i>(no par value; authorized 5,000 shares; 2,500 shares outstanding)</i>	25,000
Total Stockholder's Equity	25,000
Total	25,007

Statement of Income for the period from 12th October, 2010 to 31st December, 2010

(U.S. dollars in thousands)

	For the period from 12th October 2010 to 31st December 2010
Revenues	
Interest income in affiliate receivable	7
Total Revenues	7
 Income before provision for Income Taxes	7
Provision for Income Taxes	7
Net Income	—

THE FIAT INDUSTRIAL GROUP

The group consisting of the Guarantor and its subsidiaries (the “Fiat Industrial Group” or the “Group”) was formed as a result of the Demerger of Fiat S.p.A.’s agricultural and construction equipment, and truck and commercial vehicles activities, as well as the “Industrial & Marine” business line of Fiat S.p.A.’s FPT Powertrain Technologies sector, in favour of Fiat Industrial, as further described under “—*Demerger from Fiat S.p.A.*” below. The Group has extensive operations in Italy and the rest of Europe, as well as in North and South America and in other parts of the world.

Fiat Industrial is a *società per azioni*, or corporation limited by shares, organised under the laws of Italy. Under its current *statuto*, or “By-laws,” Fiat Industrial has a duration expiring on 31st December 2100. Fiat Industrial’s registered office and principal place of business is located at Via Nizza, 250, Turin, Italy (telephone number +39-011-0061111) and it is registered in the Turin Company Register under number 10352520018.

The Group carries out industrial and financial services activities in the capital goods business through companies located in approximately 45 countries and has commercial relationships with customers in approximately 140 countries.

For organisational and financial reporting purposes, the Fiat Industrial Group’s operations are defined by “sectors.” For the purpose of simplifying and better focusing the presentation, certain of these sectors are further divided into “business segments.”

The market share, ranking and other data discussed below, or included in the “*Financial Review and Highlights*” herein, were derived from or based upon a variety of official, non-official and internal sources believed to be reliable. In particular:

- CNH’s market estimates are generally based on: retail unit sales in North America; equipment registrations in most of Europe, in Brazil, and in other markets; customer/dealer sales data collected by central information bureaus appointed by manufacturers’ associations including the Association of Equipment Manufacturers (“AEM”) in North America, the Committee for European Construction Equipment (“CECE”) in Europe, the Associação Nacional dos Fabricantes de Veículos Automotores (“ANFAVEA”) in Brazil, the Japanese Construction Equipment Manufacturers’ Association (“CEMA”) in Japan and the Korea Construction Equipment Manufacturers’ Association (“KOCEMA”) in Korea; other data collected by independent research firms (notably, IHS Global Insight). Not all agricultural/construction equipment is registered and data could therefore represent substantial underestimates of actual retail industry unit sales, particularly for China, Southeast Asia, Eastern Europe, Russia, Turkey, Brazil and countries where deliveries are not officially registered. =
- Information in this Section relating to the trucks and commercial vehicles markets and Iveco’s market position therein has been taken from several official, non-official and internal sources which management considers to be reliable, including: ACEA (the European Automobile Manufacturers’ Association); ANFAVEA; Ministero delle Infrastrutture e dei Trasporti (Italy); Association Auxiliaire des Automobiles (AAA) (France); Kraftfahrzeug Bundesamt (Germany); Direccion General de Trafico (Spain); and, the Society of Motor Manufacturers and Traders (the United Kingdom).

DEMERGER FROM FIAT S.P.A.

Effective 1st January 2011, Fiat S.p.A. (“Fiat”) completed the demerger of a portion of its assets and liabilities to Fiat Industrial (the “Demerger”), as further described below, thereby creating the Fiat Industrial Group.

The Demerger consisted of the transfer by Fiat of a portion of its assets and liabilities to Fiat Industrial in the form of a *scissione parziale proporzionale* (in accordance with Article 2506 of the Italian Civil Code). More specifically, under the Demerger, Fiat S.p.A. has transferred its shareholdings in companies operating in the Agricultural and Construction Equipment as well as in the Trucks and Commercial Vehicles sectors, together with FPT Powertrain Technologies’ “Industrial & Marine” business line, along with certain liabilities, to Fiat Industrial, which was incorporated on 15th July 2010 as a preliminary step to the transaction. As a result of the Demerger, Fiat Industrial is now comprised of CNH, Iveco, FPT Industrial and Fiat Industrial Finance, as is noted above.

The assets and liabilities transferred to Fiat Industrial included the shareholdings listed below, as well as certain other assets and liabilities (financial receivables and payables) representing a portion of the net debt of Fiat S.p.A., also listed below.

Assets and Liabilities Transferred to Fiat Industrial at the Effective Date of the Demerger

Company Name	Registered Office	Tax Code/ Companies Register	Share capital subscribed/ paid-in (€)	% held	No. of shares held	Carrying Value for Fiat at 31st December 2010 (€)
Fiat Netherlands Holding N.V.	Amsterdam	003324436 33142210	2,610,397,295	100	94,923,538	4,577,346,053
Iveco S.p.A.	Turin	09709770011	200,000,000	100	200,000,000	200,000,000
FPT Industrial S.p.A.	Turin	09397710014	100,000,000	100	100,000,000	100,000,000
Fiat Industrial Finance S.p.A. ..	Turin	10331120013	100,000,000	100	100,000,000	100,000,000
Total Shareholdings (A)						4,977,346,053
						Carrying Value for Fiat at 31st December 2010 (€)
Additional Items: Net debt						
Financial receivables from Fiat Finance S.p.A.						213,000,000
Financial payables to Fiat Finance S.p.A.						(1,440,000,000)
Net Debt (B).....						(1,227,000,000)
Net assets transferred ((A)+(B))						3,750,346,053

Following is a brief description of the companies whose shares were transferred:

- Fiat Netherlands Holding N.V. (“FNH”) holds a controlling interest in CNH, which operates in the agricultural equipment business segment through the Case IH Agriculture, New Holland Agriculture and Steyr brands, and in the construction equipment business segment through the Case Construction, New Holland Construction and Kobelco brands. CNH also provides financial services to its end customers and dealers. Additionally, Fiat Netherlands Holding N.V. holds interests in certain foreign entities forming part of the Trucks and Commercial Vehicles sector and the FPT Industrial sector.
- Iveco S.p.A. is active, including through its subsidiaries and the subsidiaries of FNH, in the Trucks and Commercial Vehicles sector and offers a complete range of commercial vehicles under the Iveco brand, buses under the Iveco Irisbus brand, and fire-fighting and special purpose vehicles under the

Iveco, Astra and Magirus brands. It also provides a wide range of financial services to its customers and dealers, principally through Iveco Finance Holdings Ltd, a company 51% owned by the Barclays Group and 49% owned by FNH.

- FPT Industrial S.p.A. produces, including through its subsidiaries and subsidiaries of FNH, engines and transmissions for commercial vehicles, industrial applications, agricultural and construction equipment, and marine applications.
- Fiat Industrial Finance S.p.A. carries out centralised treasury activities for the Fiat Industrial Group, including through its foreign subsidiaries (including the Issuers).

Pursuant to the Demerger, holders of Fiat ordinary, preference and savings shares were granted, without consideration, an equivalent number of shares in Fiat Industrial of the same class and having the same characteristics as those held in Fiat.

The ordinary, preference and savings shares of Fiat Industrial have been admitted to listing on the Italian Stock Exchange.

AGRICULTURAL AND CONSTRUCTION EQUIPMENT SECTOR

The Agricultural and Construction Equipment sector consists of CNH. CNH was established in 1999 through the merger of two leading manufacturers of agricultural and construction equipment: New Holland NV and Case Corporation, major players in the industry since the mid-19th Century.

CNH is one of the major global producers of agricultural equipment (tractors, combine harvesters, etc.) and one of the chief producers of construction equipment (excavators, loaders, backhoes). Most of the assets of CNH are held by, and its activities are conducted by, CNH Global N.V., a majority-owned subsidiary of Fiat Industrial, whose stock is listed on the New York Stock Exchange. Approximately 11% of CNH Global N.V.'s shares are held by minority investors, whereas the remaining 89% of the shares are held by Fiat Netherlands Holding N.V., a wholly-owned subsidiary of Fiat Industrial.

CNH's principal markets are North America, Latin America and Europe. CNH also provides financial services in support of its core activities.

The sector operates through six distinct brands: four global brands (New Holland Agriculture, Case IH Agriculture, New Holland Construction, Case Construction), as well as the Kobelco brand and one regional brand (Steyr for agricultural equipment in Austria).

The agricultural and construction equipment markets are highly competitive and dynamic. CNH faces competition from:

- global full-line producers that have a significant presence in all regions, such as John Deere and AGCO for agricultural equipment, and Caterpillar and Komatsu for construction equipment;
- regional full-line producers that are developing a global presence; and
- specialist producers focused on one or more market segments on either a global or regional basis and, in certain cases, with a low-cost product offering in a single market, particularly in emerging markets such as Eastern Europe, India and China.

At 31st December 2010, CNH had approximately 28,800 employees and 38 manufacturing plants (including four operated under joint-ventures) and distributed its products in approximately 170 countries through a network of approximately 11,600 dealers and distributors.

Business Segments

Agricultural Equipment

CNH's portfolio of products for crop and livestock producers of all sizes caters to many different specialised needs, with 540 models of tractors, hay and foraging machines, grain, grape, cotton, sugar cane and coffee harvesters, self-propelled sprayers, seeders and planters, and balers.

In each of North America, Europe and Latin America, CNH ranks either first or second in the tractor and combine segments. It also holds similar positions in other key markets such as Australia, New Zealand, Turkey and Russia. CNH considers its principal competitors to be: John Deere, AGCO (the brands of which include Massey Ferguson, Fendt, Valtra, Challenger, Sunflower, Hesston, Rogator, SpraCoupe and White Planters), Claas, Argo Group (the brands of which include Landini, McCormick, Valpadana, Laverda, Fella and Pegoraro), Same Deutz Fahr Group (the brands of which include Same, Lamborghini, Hurlimann and Deutz), and Kubota.

CNH's agricultural products are sold under the following brands:

Case IH Agriculture

Case IH Agriculture is a well-established brand in the agricultural equipment business segment known for its extensive range of tractors, balers and combine harvesters.

Case IH Agriculture supplies agricultural equipment, and services for the management of agricultural businesses as a whole, with its primary focus being on large-scale grain producers in the Americas.

New Holland Agriculture

New Holland Agriculture is a leading brand in agricultural equipment, particularly in several Western European and Latin American markets.

Steyr

Steyr is the leading producer of tractors in Austria. Its recognisable red and white trademark was established in 1967 with the launch of the Plus series.

Construction Equipment

CNH produces a comprehensive range of light and heavy equipment for road construction, mining and extraction, commercial and residential construction and maintenance applications.

CNH considers its principal competitors in these markets to be: Caterpillar, Komatsu, JCB, Hitachi, Volvo, Terex, Liebherr, Doosan and John Deere.

CNH's construction products are sold under the following brands:

Case Construction

Case Construction sells and supplies service support for a wide range of products: from loader backhoes to crawler and wheel excavators, from wheel loaders to wheel and crawler skid steer loaders, from articulated dumpers to telescopic handlers. Through its dealer network, Case Construction offers a true professional partnership to customers, providing equipment, after-sales service, warranties and flexible financing.

New Holland Construction

New Holland Construction is a full-line global producer of construction equipment with a network of 800 dealers and more than 2,100 outlets in 100 countries.

Kobelco

Kobelco produces and sells a wide range of compact, mid-size and full-size excavators ranging from 1.9 to 88 tons.

Financial Services

Through various companies and partners, CNH offers financial services in North America, Europe, Brazil and Australia, with a comprehensive range of financial products such as dealer and end-customer financing, finance and operating leases, credit cards, equipment rental programmes and insurance products.

In North America and Australia, these activities are managed by wholly-owned financial services companies that support the business's sales activities through dealer and end-customer financing, and medium and long-term operating leases.

In Europe, end-customer financing is primarily managed by CNH Capital Europe S.a.S., a joint-venture with BNP Paribas Group (49.9% owned by CNH), which operates in Italy, France, Germany, the UK and Austria. Vendor programmes are also in place with bank partners in France, Spain, Portugal and Poland. Dealer and end-customer financing not managed through the joint-venture with BNP Paribas is managed by other Group financial services companies.

In Brazil, Banco CNH Capital S.A., a Group financial services company, offers dealer and end-customer financing. For end-customer financing, the company mainly acts as an intermediary for funding provided by

the Banco Nacional de Desenvolvimento Economico e Social (BNDES), a federally-owned company linked to the Brazilian Ministry of Development, Industry and Foreign Trade. Vendor programmes have also been established with local bank partners.

In financial services, CNH competes primarily with banks, finance companies and other financial institutions. The competition typically centres on the financial products and services offered, the level of customer service, and financial terms and interest rates charged. The long-term profitability of CNH's financial services activities is largely dependent on the cyclical nature of the agricultural and construction equipment industries, interest rate volatility and the ability to access funding on competitive terms. CNH's financial services business has traditionally relied on the financial markets, asset-backed securities transactions, intercompany lending and internal cash flows for funding.

Characteristics and Dynamics of Core Markets

Agricultural Equipment

The agricultural equipment market consists principally of the tractor and combine harvester segments. There is also a third general segment that includes tilling equipment (e.g., ploughs and seeders), foraging machines (e.g., hay and forage equipment and balers), cotton, grape and sugar cane harvesters, and chemical spreaders (e.g., for fertilisers and pesticides). In North America, the tractor segment is traditionally sub-divided according to power output (i.e., above or below 40 horsepower).

The principal purchasers of agricultural equipment are operators of livestock and grain farms, as well as independent contractors that provide services to those operators. The key factors that influence sales of agricultural equipment are the level of net farm income and, to a lesser extent, general economic conditions, interest rates and the availability of financing. The level of net farm income is primarily a function of the volume of acreage planted, commodity and livestock prices, inventory levels, crop yields, farm operating expenses (including fuel and fertilizer costs), exchange rate fluctuations and government subsidies or payments. Producers tend to postpone equipment purchases when prices for agricultural products are declining and to increase purchases when those conditions improve. Weather conditions are a major determinant of crop yields and therefore also impact demand for equipment. In addition, variations in climactic conditions from region to region can result in differences in performance between markets.

Government policies may affect the market for CNH agricultural equipment by regulating the levels of acreage planted, or through direct subsidies affecting specific commodity prices or other payments made directly to farmers. Initiatives of supranational organisations, such as those of the World Trade Organization, can also impact the market by forcing changes in government policies and practices relating to agricultural subsidies, tariffs and the acceptance of genetically-modified organisms such as seed, feed and animals.

Demand for agricultural equipment also varies seasonally by region and product, primarily due to differing climates and farming calendars. Peak retail demand for tractors and tilling machines occurs from March through June in the Northern Hemisphere and from September through December in the Southern Hemisphere. Dealers generally order harvesting equipment in the Northern Hemisphere in late fall and winter to have inventory prior to the peak retail selling season, which generally extends from March through June. In the Southern Hemisphere, dealers generally order between August and October to be able to deliver products to end-customers from November through February. Production levels are based upon estimated retail demand, which takes into account, among other things, the timing of dealer shipments (which occur in advance of retail sales), dealer inventory levels, the need to retool manufacturing facilities to produce new or different models, and the efficient use of manpower and facilities.

Production levels are adjusted to reflect changes in estimated demand and dealer inventory levels.

Construction Equipment

The construction equipment market served by CNH consists of two principal business segments: heavy construction equipment (excluding the mining and specialised forestry equipment sectors, where CNH does

not operate), weighing over 12 metric tonnes, and light construction equipment, weighing under 12 metric tonnes.

In developed markets, customers tend to prefer more sophisticated machines equipped with the latest technology and features to boost operator productivity. In developing markets, customers tend to prefer equipment that is more utilitarian and has greater perceived durability. In North America and Europe, where operator costs often exceed fuel costs and machine depreciation, customers place strong emphasis on productivity, performance, and reliability. In other markets, customers often continue to use equipment after its performance and efficiency have begun to diminish.

The requirement for high output capacity does not vary significantly from market to market. However, in many countries, restrictions on weight or dimensions, as well as road regulations or job site constraints, can limit demand for larger machines.

Heavy Construction Equipment

Heavy construction equipment generally includes large wheel loaders and excavators, graders, dozers and articulated hauling trucks. Purchasers of heavy construction equipment include construction companies, municipalities, local governments, rental fleet owners, quarrying and aggregate mining companies, waste management companies and forestry-related concerns.

Sales of heavy construction equipment are particularly dependent on the expected volume of major infrastructure construction and repair projects such as highway, tunnel, dam and harbour projects, which depend on government spending and economic growth. Demand for aggregate mining and quarrying equipment is more closely linked to the general economy and commodity prices, while growing demand for environmental equipment is becoming less sensitive to the economic cycle. In North America, a portion of heavy equipment demand is linked to the development of new housing subdivisions, where the entire infrastructure needs to be created, thus linking demand for both heavy and light construction equipment. The heavy equipment industry generally follows macroeconomic cyclicalities, linked to GDP growth.

Light Construction Equipment

Light construction equipment includes skid-steer loaders, backhoe loaders, and small wheel loaders and excavators. Purchasers of light construction equipment include contractors, residential builders, rental fleet owners, landscapers, logistics companies and farmers. The principal factor influencing sales of light construction equipment is the level of residential and commercial construction, remodelling and renovation, which is influenced in turn by interest rates and the availability of financing. Other major factors include the construction of light infrastructure, such as utilities, cabling and piping, and maintenance expenditure. The principal use of light construction equipment is to replace relatively high-cost, slower manual work. Product demand in the United States and Europe has generally tended to mirror housing starts, but with lags of six to twelve months. In areas where labour is abundant and the cost of labour is inexpensive relative to other inputs, such as in Africa and parts of Asia, the light construction equipment market is generally small. These regions represent potential areas of growth for light construction equipment in the medium to long-term as the cost of labour rises relative to the cost of equipment.

Equipment rental is a significant element of the construction equipment market. Compared to the UK and Japan, where there is an established market for long-term equipment rentals as a result of favourable tax treatment, the rental market in North America and Western Europe (ex-UK) consists mainly of short-term rentals of light equipment to individuals or small contractors who either cannot afford to purchase the equipment outright or who need specialised equipment for specific jobs. In North America, the main rental product has traditionally been the backhoe loader and, in Western Europe, it has been the mini-excavator. In addition, rental companies have allowed contractors to rent machines for longer periods instead of purchasing the equipment, enabling contractors to complete specific job requirements with greater flexibility and cost control. Large national or international rental companies can impact the market significantly with purchase volumes being driven by their decisions to increase or decrease the sizes of their rental fleets based on whether rental utilisation rates remain at levels warranting a regular and consistent level of fleet renewal.

Customer Service for the Agricultural and Construction Equipment Sector

Customer service has always been one of CNH's key competitive strengths.

Recent initiatives in this area include the following:

- The agricultural equipment business segment has recently created a resource centre that works with dealers to help minimise customer downtime and maximise productivity. In addition, Case IH and Steyr launched the 5 Star Service programme to support introduction of the PUMA CVX tractor in Europe and the PUMA CVT in North America. Brand and product satisfaction are constantly monitored through the various customer-experience phases (i.e., purchasing, delivery and ownership).
- For the construction equipment business segment, Case Construction has recently opened a new customer centre in Europe to give customers a unique opportunity to operate equipment in an environment that simulates the real-life application of the equipment. The site also offers training to customers' own machine operators, enhancing their skill level and promoting more efficient and productive use of the equipment. Additionally, the brand has expanded its customer assistance programme to include all models from its 15 product lines.

Distribution and Logistics

At 31st December 2010, CNH sold and distributed its products through approximately 11,600 full-line dealers and distributors (almost all independently owned and operated) in approximately 170 countries. Dealers typically sell either agricultural equipment or construction equipment, although some dealers sell both. Compared to agricultural equipment dealers, construction equipment dealers tend to be fewer in number and larger in size.

Consistent with its brand promotion programme, CNH generally seeks to have dealers sell a full product range (such as tractors, combines, hay and forage machines, crop production machines and parts). Typically, greater market penetration is achieved where each dealer sells the full line of products from only one of the brands. Although appointing dealers to sell more than one brand is not part of CNH's business model, some joint-dealers exist, either for historic reasons or in limited markets where it is not feasible to have a separate dealer for each brand. In some cases, dealerships are operated under common ownership but with separate points of sale for each brand.

Exclusive, dedicated dealers generally provide a higher level of market penetration. Some dealers in the United States, Germany and Australia may sell more than one brand of equipment, including models manufactured by CNH competitors. Elsewhere, dealers generally do not sell products that compete with CNH's products, but may offer complementary products from other suppliers in segments not covered by CNH.

In the United States, Canada, Mexico, most of Western Europe, Brazil and Australia, CNH's products are generally distributed directly through the independent dealer network. In the rest of the world, products are initially sold to independent distributors who then resell them to dealers, in an effort to take advantage of their knowledge of the market and minimise marketing costs.

In addition to the dealer network, CNH is also involved in several commercial joint-ventures, as part of a strategy to enter and expand in new markets. It owns 50% of New Holland HFT Japan Inc. ("HFT"), which distributes its products in Japan. HFT imports and sells the full range of New Holland agricultural equipment. In Japan, CNH also owns 20% of Kobelco Construction Machinery Co., Ltd., which manufactures and distributes construction equipment, primarily in Asia. CNH also partners with Kobelco Construction Machinery Co., Ltd. in several joint-ventures in Europe and North America, where, in each case, it holds the majority share. These joint-ventures manufacture and distribute construction equipment in Europe under the New Holland Construction brand and in North America under both the New Holland Construction and Kobelco brands.

In Pakistan, CNH owns 43.2% of Al Ghazi Tractors Ltd., which manufactures and distributes New Holland tractors.

In Turkey, it owns 37.5% of Turk Traktor ve Ziraat Makineleri A.S., which manufactures and distributes various models of both New Holland and Case IH tractors.

In Mexico, CNH owns 50% of CNH de Mexico S.A. de C.V., which manufactures New Holland agricultural equipment and distributes equipment for all of CNH's major brands through its wholly-owned subsidiaries.

In India, CNH's presence includes its own production facilities in the agricultural equipment business segment as well as the joint-venture with the Indian company, L&T Limited, for the production of backhoes and crawler dozers.

In March 2010, CNH and KAMAZ (the leading heavy truck manufacturer in Russia) finalised a joint-venture agreement for the production of agricultural and construction equipment in Russia. The new company, CNH-KAMAZ Industrial B.V., will be 50% owned by CNH and produce machinery for the Russian market.

Product Innovation

CNH continuously reviews opportunities to expand its product lines and the geographic range of its activities, and is committed to improving product quality and reliability using a customer-driven product-definition process to create solutions based on customer needs and to delivering the greatest competitive advantage. In addition, it emphasises enhanced differentiation between the Case and New Holland brands to meet the needs of customers and increase their market attractiveness. Such improvements include the continuous development of engines to meet stricter emissions requirements and to refresh the product line. Product innovations coupled with initiatives to improve dealer and customer support should enable CNH to capitalize more fully on its leadership positions in markets around the world.

TRUCKS AND COMMERCIAL VEHICLES SECTOR

In 1975, five long-standing companies located in three European countries (Italy, France and Germany) merged their expertise to create a new enterprise: Iveco (Industrial Vehicle Corporation). Through acquisitions, alliances and international joint-ventures, Iveco has built up its position as one of the world leaders in road transport. Iveco designs, produces and sells a full range of trucks and commercial vehicles under the Iveco brand, buses under the Iveco Irisbus brand, and fire-fighting and other special use vehicles under the Iveco, Astra and Magirus brands, offering products to meet every professional need. Since 2007, its product portfolio has been entirely renewed.

Iveco has a long tradition of innovation for both vehicles and engines (being the first company to introduce turbo on its entire range of diesel engines, the first to use common-rail technology and the first to launch Euro V-compliant vehicles). Iveco vehicles offer the latest technologies from FPT Industrial, applied to a comprehensive range of diesel and alternative engines, including: compressed natural gas (“CNG”), bio-fuel, hybrid-technologies and electric-propulsion engines.

Iveco employs approximately 25,600 people, operates 24 manufacturing plants in 11 countries (primarily in Europe, Latin America and Australia), and has 22 research and development (“R&D”) centres. Iveco products are also manufactured at 11 other plants (mainly in China and Russia) operated under joint-ventures. Through some 5,000 sales and service centres in over 160 countries, the business can provide support in any geographic area where Iveco vehicles are at work.

Iveco S.p.A. and some companies of the Iveco sector are subject to an investigation being conducted by the European Commission into certain business practices of the leading manufacturers of commercial vehicles in the European Union in relation to possible anti-competitive behaviour. The investigation covers several member states of the European Union. Iveco is cooperating fully with the European Commission and, since the investigation is at a very preliminary stage, it is not possible to assess the effects that the investigation may have on the relevant companies of the Iveco sector, if any.

Business Segments

Trucks and Commercial Vehicles

Under the Iveco brand, this business segment offers a range of light (with gross vehicle weights, or GVWs, of 2.8 to 6 metric tonnes), medium (with GVWs of 6 to 16 metric tonnes), and heavy (with GVWs 16 metric tonnes and above) trucks and commercial vehicles.

In the trucks and commercial vehicles segment, Iveco principally competes with major manufacturers that have similar product offerings such as:

- Daimler, the brands of which include Mercedes-Benz (Trucks), Mitsubishi Fuso, Freightliner and Western Star;
- MAN, which sells products under the MAN brand;
- Paccar, the brands of which include DAF, Kenworth, Ken Mex and Peterbilt;
- Scania, which sells products under the Scania brand; and
- Volvo, which sells products under the Volvo and Renault brands.

Buses

Under the Iveco Irisbus brand, this business segment offers a complete range of buses (minibuses, urban and suburban buses, and touring coaches), with around 6,800 units sold in 2010.

Iveco Irisbus is one of the major European manufacturers in the passenger transport sector. In addition to this position of leadership in Europe, Iveco Irisbus is also steadily expanding its operations globally, aided by continuous investment in research and development and the use of cutting-edge technology in its production

processes. One of Iveco Irisbus's distinguishing features is its experience in testing, conducted in close collaboration with operators of public transport, on new fuels and vehicle design concepts, focusing in particular on environmental impact, passenger comfort and running costs.

In the bus segment, Iveco considers its principal competitors to be: Daimler (the Mercedes-Benz and Setra brands), Man (the Man and Neoplan brands), Scania and Volvo.

Fire-Fighting and Other Special-Use Vehicles

Iveco Magirus

For 130 years, Magirus has manufactured vehicles designed to respond to natural disasters and civil emergencies, such as fires, floods, earthquakes and explosions. Magirus was established in 1872 by Conrad Magirus, commander of the fire brigade in Ulm, Germany and inventor of the first-ever fire-fighting ladder.

Having achieved significant commercial success and gained widespread recognition in the market, Iveco Magirus today operates under four brands: Iveco Magirus, Lohr Magirus, Iveco Special Vehicles and Camiva, which together form a major group in the global fire-fighting and emergency-response vehicles segment.

Iveco Magirus collaborates actively with fire fighters around the world, and it is this close relationship with emergency workers on the front lines that provides the basis for the development of the best, most reliable technological solutions.

Iveco Astra

Iveco Astra has over 60 years experience in the development and production of vehicles made to perform heavy-duty tasks in extreme climatic conditions. Iveco Astra builds vehicles that can enter the most inaccessible quarries and mines and move huge quantities of material, such as rock or mud.

Founded in 1946, Iveco Astra has been owned by Iveco since 1986. The product range includes mining and construction vehicles, rigid and articulated dumptrucks, and special vehicles.

Iveco Defence Vehicles

Finally, also under the Iveco brand, Iveco Defense Vehicles produces purpose-built transportation for defence and civil protection.

Financial Services

Iveco offers a range of financial services to dealers and end-customers in the various regions in which it operates.

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

In Spain, Iveco's financing activities are managed by Transolver Finance Est. Financiero de Credito S.A., a joint-venture with the Santander Group in which Iveco holds a 50% stake. The company offers both dealer and end-customer financing. Iveco also provides medium and long-term rental services in Spain through Transolver Service S.A., a wholly-owned subsidiary.

In Switzerland, Austria and Eastern Europe, financing is managed by captive financial services companies.

In Latin America and China, Iveco offers financial services through financial services companies of the Fiat Group post-Demerger (on the basis of service agreements that remain in place subsequent to the Demerger).

Customer Service for the Trucks and Commercial Vehicles Sector

Iveco has always given maximum attention to offering its customers rapid and expert after-sales services using the latest technology.

Considerable time and effort has been dedicated to improving technical and diagnostic performance within the sales network, including the establishment of a new call-management system for technical assistance and spare parts requests from the Western European network. As a result, the company now has a system capable of measuring the quantity and quality of the service provided by help desks. This system forms part of the basis of the "VOR Log" system, which monitors vehicles being serviced across the network so that activities carried out at Iveco and the service centres can be optimised to minimise vehicle downtime.

The "VOR Parts" programme, part of an integrated process to reduce down time, has recently become fully operational, allowing faster responses when critical parts are required, while radio frequency identification technology (RFID) is being employed to improve logistics tracking and help ensure that customers receive original Iveco parts.

Characteristics and Dynamics of Core Markets

Trucks and Commercial Vehicles

The world truck market is generally divided into three segments: light (Gross Vehicle Weight, or GVW, up to 6 metric tonnes), medium (GVW 6 to 16 metric tonnes), and heavy (GVW of 16 metric tonnes and above). The technologies and production systems utilised in the heavy and medium segments require more specialised engineering than those used in the light segment (which has many engineering and design characteristics in common with the automobile industry). In addition, operators of heavy trucks often require vehicles with a higher degree of customisation than the more standardised products that serve the light and medium commercial vehicle market. Customers generally purchase heavy trucks for one of three primary uses: long distance haulage, construction haulage or distribution.

The regional variation in demand for commercial vehicles is influenced by differing economic conditions, levels of infrastructure development and physical geography, all of which lead to differing transport requirements.

Medium and heavy truck demand tends to be closely aligned with the economic and capital investment cycle, particularly in more developed markets such as Europe, North America and Japan, as economic growth provides increased demand for haulage services and an incentive for transporters to invest in higher capacity vehicles and renew vehicle fleets. The product life cycle for medium and heavy trucks typically covers a seven to ten-year period.

Although economic cycles have a significant influence on demand for medium and heavy vehicles in emerging economies, the processes of industrialisation and infrastructure development have generally driven long-term growth trends in these countries. As a country's economy becomes more industrialised and its infrastructure develops, transport requirements tend to grow in response to increases in production and consumption. Developing economies, however, tend to display volatility in short-term demand resulting from government intervention, changes in the availability of financial resources and protectionist trade policies. In developing markets, demand for medium and heavy trucks increases when it becomes more cost-effective to transport heavier loads, especially as the infrastructure – primarily roads and bridges – becomes

capable of supporting heavier trucks. At the same time, distribution requirements tend to grow in these markets, resulting in increased demand for light vehicles.

Demand for services and service-related products, including parts, is a function of the number of vehicles in use. Although that demand tends to decrease during periods of economic stagnation or recession, the after-sales market historically fluctuates less than the new vehicle market, helping reduce the impact of declines in new truck sales on the operating performance of full-line manufacturers, such as Iveco.

Commercial vehicle markets are subject to intense competition based primarily on initial sales prices, the cost and performance of vehicles over their life cycle (i.e., purchase price, operating and maintenance costs and residual value of the vehicle at the end of its useful life), services and service-related products and the availability of financing options. High reliability and low variable costs contribute to customer profitability over the life of the vehicle and are important factors in an operator's purchase decision. Additional competitive factors include the manufacturer's ability to address customer transport requirements, driver safety and comfort, and brand loyalty.

In addition to its traditional European markets, Iveco has placed particular focus on development in Latin America, and in particular Brazil, where Iveco intends to expand its presence through an increasingly extensive and technologically-advanced product offering.

Buses

The global bus market is segmented by number of seats, from a minimum of seven (small) to over 50 (heavy). Iveco Irisbus' target market includes urban and intercity buses and long-distance touring coaches. Operators in this market include manufacturers specialised in providing chassis to bodybuilders, those that build bodies on chassis produced by third parties, and those like Iveco Irisbus that produce the entire vehicle.

However, the trend is for larger chassis manufacturers to consolidate the two phases of production through acquisitions or local agreements with major body manufacturers.

Iveco Irisbus' key customers in the heavy bus segment are tour and intercity bus service operators, whereas its principal customers in the city bus segment are the transport authorities in small and large urban areas.

Deregulation and privatisation of transport services in many markets has favoured concentration towards large private companies operating in one country, in more than one neighbouring countries or at an international level.

Demand has increased for highly standardised, high-use products for large fleets, with financing and maintenance agreements or kilometric pricing.

Deregulation and privatisation have also increased competition between large transport service companies, raising the level of vehicle use and increasing the choice of brands for operators in the sector.

Distribution and Logistics

Iveco's worldwide distribution strategy is based on a network of independent dealers, in addition to its own dealerships and branches, aimed at providing high quality service combined with a widespread local presence. The most recent available figures (from October 2010) indicate that Iveco has 711 dealers globally, broken down as follows: 366 in Western Europe, 127 in Eastern Europe, 116 in Africa and the Middle East, 64 in Latin America and 38 in the Asia-Pacific region. 515 of those dealers sell trucks and commercial vehicles, 136 sell buses and 60 sell special vehicles. As of October 2010, Iveco had 3,687 service outlets (2,729 of which were in Western Europe).

Continuous strengthening of the sales network has always been a key element of Iveco's growth strategy. In Western European, Eastern European and Latin American markets, continued consolidation of the network is aimed at improving service to customers, increasing profitability and reducing overall distribution costs. In Africa and the Middle East, the distribution network is being expanded in order to fully exploit growth in these markets.

In addition to its dealer network, Iveco is involved in several production and commercial joint-ventures, as part of a strategy to enter and expand in emerging markets. These include a well-established major player in the Chinese light and medium truck and commercial vehicle market, Naveco, a 50/50 Chinese joint-venture with the NAC Group (Nanjing Automotive Corporation – a subsidiary of the SAIC Group). Operating in the heavy vehicle segment is another, more recent Chinese joint-venture, SAIC Iveco Hongyan Commercial Vehicle.

Product Innovation

Product innovation is centred on six key elements: (i) new-generation, low-environmental-impact vehicles, (ii) best-in-class fuel efficiency, (iii) high-quality cabin environments, (iv) cost-effective solutions for frames, (v) excellence in preventive safety and (vi) the evolution of telematic capabilities.

In particular, Iveco continues to seek innovative technological solutions to both lowering emissions – an area in which Iveco has always been an innovator – and improving fuel efficiency.

Aided by the engine technologies developed by the FPT Industrial sector, Iveco's line of CNG-powered vehicles has been expanded and all vehicles in this range now comply with the strictest European emissions regulations, well in advance of the regulatory deadline. Iveco is the only manufacturer of trucks and commercial vehicles in the world that currently offers a complete range of low-environmental-impact vehicles that run on alternative fuels.

Iveco has also invested in the development of diesel-electric hybrid technology. In collaboration with major international customers, Iveco is currently road-testing the diesel-electric hybrid Daily (minibus and van versions) and, in the medium segment, the diesel-electric hybrid Eurocargo, the first European vehicle of its type and size designed for urban use. Iveco's latest generation of hybrid technology offers up to 30% fuel savings for urban use and a consequent reduction in CO₂ emissions through the application of sophisticated operating and control systems that optimize propulsion systems for urban driving conditions. Iveco is also actively testing alternative fuels and next-generation lubricants. In particular, current research relates to two lines of biofuels – one derived from vegetable oils, and the other based on biomass – as well as new, synthetic low- and ultra-low viscosity lubricants with low ash content, which aid in reducing fuel consumption and carbon dioxide emissions.

In 2009, Iveco completed a major phase of renewal and expansion of the product range, which saw the launch of 12 new models over a period of three years – one new product every three months – as part of its programme of continuous improvements in performance and in the technological and environmental quality of the product range.

Iveco also maintains a constant commitment to process innovation in the following key areas: product development processes, virtual analysis, performance measurement and control, product-process integration and upgrading technical standards.

FPT INDUSTRIAL SECTOR

FPT Industrial focuses on the development, production and distribution of propulsion systems for commercial and industrial applications, both on- and off-road, as well as engines for marine applications and power generation. FPT Industrial's strategy is focused on achieving technological excellence through continuous research and development of new technologies, reducing product emissions and fuel consumption, and expanding sales to non-Group customers.

FPT Industrial has 10 manufacturing sites worldwide and in recent years it has developed a significant presence in the emerging markets, particularly in Brazil, Russia, India and China. FPT Industrial is able to offer a very complete range of products in both China and South America. At 31st December 2010, the sector had approximately 7,700 employees.

Products

FPT Industrial's product portfolio includes engines for buses and for light, medium and heavy commercial vehicles, as well as engines for industrial machinery including construction, agricultural and irrigation equipment and for special-purpose vehicles. FPT Industrial's families of diesel engines, ranging in output from 52 horsepower to 870 horsepower, incorporate some of the most advanced technological solutions including: innovative architecture; multi-valve feed, electronically-controlled high pressure injection systems (common-rail systems, and, for some versions, injector pumps); efficient supercharging devices with variable- and fixed-geometry turbochargers, including double-stage turbochargers; and sophisticated emission-control systems.

Beginning at the lower power end of the range, there is the F5C family, with output of up to 115 horsepower for industrial applications and power generation and the F1 family with output of up to 205 horsepower, designed primarily for application on light commercial vehicles.

For medium commercial vehicles and industrial applications, in both structural and non-structural versions, the NEF family of engines ranges in output from 81 horsepower to 320 horsepower. For heavy commercial vehicles and higher-power industrial applications, the CURSOR family of engines ranges in output from 360 horsepower to 757 horsepower.

Completing FPT Industrial's portfolio of engines is the VECTOR family with outputs ranging up to 870 horsepower for industrial, rail and power-generation applications.

Applying the best technologies to achieve maximum performance with the minimum possible operating costs and environmental impacts, FPT Industrial's engines are tailored to meet the needs of the broadest range of customers in each market.

The majority of FPT Industrial's engines are also available in CNG versions, which represent an extremely effective and environmentally-friendly solution, as well as hybrid solutions for light commercial vehicles employed in urban roles.

To meet emissions limits imposed by increasingly strict regulations, FPT Industrial's technological solutions are driven by the search for the best possible results in terms of cost, space and consumption for each segment of the market. For example, FPT Industrial offers an external exhaust gas recirculation system combined with a diesel particulate filter for engines up to 205 horsepower for application on light commercial vehicles. For heavy-duty commercial applications, FPT Industrial has developed a selective catalyst reduction ("SCR") system, which processes exhaust gases using a catalyzing liquid, significantly lowering operating and maintenance costs.

With emissions regulations becoming increasingly strict for both on-road (Euro VI and EPA 13) and off-road vehicles (Stage 3B/4 and Tier 4 full), particularly in relation to limits for nitrous oxides emissions, which are to be reduced 80% from current limits, FPT Industrial has developed unique, highly-efficient SCR solutions capable of ensuring the required emissions levels without using an exhaust gas recirculation valve, providing significant benefits in terms of both cost and bulk. In addition, through application of the "MultiAir"

technology to commercial and industrial engines, it should be possible to achieve further reductions in fuel consumption and operating costs.

For transmissions, FPT Industrial currently produces the 2830 5-speed (max. torque: 300 Nm) and 2840 6-speed (max. torque: 400 Nm) longitudinal transmissions for Iveco's Daily range of light commercial vehicles.

These transmissions are designed with power take-off that enables them to also be used for applications requiring hydraulic power to drive specialised equipment including compactors and cranes. The 2840 transmission is also available in a robotised electro-mechanical version.

Additional versions in development are the 2835 (max. torque: 350 Nm) and 2850 (max. torque: 500 Nm), both 6-speed transmissions, designed to reduce weight and further enhance smoothness while shifting gears.

For axles, FPT Industrial boasts an extensive range of products to meet all requirements from light commercial vehicles such as the Daily to heavy mining and construction vehicles, as well as special vehicles such as those designed for military and fire-fighting use.

The range includes single-reduction axles – in both single and twin-wheel versions – for loads of up to 8 metric tonnes and double-reduction axles – in both single and tandem versions – for total loads on the tandem of up to 32 metric tonnes.

Development of the range will focus on both efficiency and upgrading the vehicle interface, particularly in relation to the application of new braking systems (both drum and disc).

For marine engines, a complete renewal of the product range, consisting of 4 families and 28 models ranging in output from 22 horsepower to 825 horsepower, is expected to enable FPT Industrial to fully satisfy constantly evolving needs in both the leisure and professional segments. All engines benefit from the latest production technologies such as high-pressure common-rail and unit-injector ignition systems; complete electronic management with power and consumption optimization; low emissions; and engine protection, diagnosis and safety programmes. High specific-output, reduced weight/power and volume/power ratios, and low noise and exhaust gas emissions also place FPT Industrial's marine engines amongst the best in their respective categories.

FPT Industrial is also active in the power generation field. A diverse array of technological solutions is capable of responding to a large number of different needs and can be adapted for applications ranging from emergency response, to self-generation and rental units. FPT Industrial's range of engines for power generation applications are capable of outputs ranging from 44 horsepower to 1,006 horsepower, configured with various levels of customization, as well as a series of special products tailored to the specific needs of customers, including banks, hospitals, shopping malls, public work and industrial sites, and households. The new range of soundproof gensets (generator setups, which are self-contained and dedicated electrical generation systems), for both rental and fixed installation, offer high performance together with low operating costs attributable to their fuel efficiency and minimum maintenance requirements.

Principal Competitors

The principal engine and transmission manufacturers with which FPT Industrial competes are:

- Cummins, which has a global manufacturing presence and a broad product portfolio, particularly in the on-road and construction equipment segments;
- Deutz, which is principally focused on off-road applications;
- Caterpillar, which has a global manufacturing presence and service network, and which offers a comprehensive range of products;
- John Deere, which is principally focused on off-road segment;
- Volvo Penta, which is principally focused on the marine engine and power generation segments;

- Weichai, the leader in the Chinese market; and
- Isuzu, which has a principal focus on the off-road segment.

Characteristics and Dynamics of Core Markets

The dynamics of the industrial powertrain business are obviously driven by the market segments in which the various propulsion systems are used, with specific elements influenced by developments in emissions regulations.

For vehicle applications, product development is driven by regulatory factors (i.e., legislation on polluting emissions and, increasingly, also CO²), as well as the need to reduce operating costs. This, in turn, translates into customers seeking increasingly lighter and more efficient propulsion systems that enable increased load capacities.

Heavy engines (above 8 liters in displacement) satisfy the majority of demand in the vehicle market in Europe, Russia and North America, while medium engines cover the majority of overall demand in Asia and South America.

In the bus market, demand is increasingly influenced by the environmental policies of governments and local authorities (i.e., requirements for hybrid and natural gas solutions).

For the off-road market, engines in the 50 horsepower to 306 horsepower output range are dominant in all major markets worldwide, with demand for higher-power engines predominantly in the European and American markets.

The evolution in European emissions regulations (Euro VI, Tier 4) will enable FPT Industrial to gain maximum competitive advantage from technological solutions developed for engines (such as the introduction of its MultiAir technology) and post-treatment systems (selective catalytic reduction). This competitive advantage, represented by engines that meet emissions limits with the minimum impact in terms of cost and adaptation of vehicle architectures, in addition to the increasing trend among original equipment manufacturers (OEMs) to outsource engine development as a result of the high R&D expenditure required to meet the new emissions limits, represents a major opportunity for FPT Industrial to increase sales to non-Group customers. As such, FPT Industrial's commercial strategy and business model are focused on development of a portfolio of medium-to-large OEM customers as confirmed by existing supply agreements with Claas, Perkins, Komatsu Merlo, Carraro, Hyundai Heavy Industries, LS Mtron, and Argo Tractors for off-road applications; Daimler-Fuso, Otokar, and Tata Daewoo for on-road applications; and Generac and Himinsa for power generation.

Distribution and Logistics

FPT Industrial has a network of dealers, sales outlets and service centres that cover its entire product range and related market sectors in 90 countries.

The ability to provide service and parts to customers that do not have their own service network is a major competitive factor, particularly for industrial applications where the fragmented market must be served by an adequate dealer network.

Product Innovation

Of the various differentiating factors forming the competitive dynamic of FPT Industrial's business, the Group believes that innovation is the truly determining factor. As such, technological excellence is, of necessity, one of FPT Industrial's primary strategic objectives. FPT Industrial's research centres and plants located in Europe, China, and North and South America enable reduced research and development periods, dramatically accelerating time-to-market while leveraging on specialisations and experience in different markets. Rapid information exchange, powerful synergies of skills and expertise, and effective technical communications form the basis of the FPT Industrial's system of R&D and represent just a few of the advantages of this operating model.

Allocation of product families on a world-wide basis means that FPT Industrial can provide customers the best-available solutions tailored to specific needs. The transfer of technology between various areas of application enables FPT Industrial to produce state-of-the-art propulsion systems in all of its business segments: from on-road to marine, from industrial to power generation.

**SELECTED FINANCIAL AND STATISTICAL INFORMATION RELATING TO THE
FIAT INDUSTRIAL GROUP**

The following tables set forth certain key financial and operating data for the Fiat Industrial Group for the years ended 31st December 2010 and 2009.

The combined financial information presented below has been extracted from the audited annual financial statements of Fiat Group pre-Demerger, as at 31st December 2010 and 2009, prepared in accordance with IFRS, which are incorporated by reference herein. Investors are advised to review the full financial statements before making any investment decision.

The Fiat Industrial Group financial information presented below has been extracted from the audited consolidated financial statements of the Fiat Group pre-Demerger because the Fiat Industrial Group did not exist separately from the Fiat Group pre-Demerger before the Demerger and, as such, no separately audited financial statements of the Fiat Industrial Group have been prepared as of the relevant dates or for the relevant years. In the Fiat Group pre-Demerger financial statements, the Fiat Industrial Group companies are treated and presented as “discontinued operations” in accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations. This treatment does not attempt to give effect retroactively to the Demerger in the manner of pro forma financial statements. In addition, there is a risk that there may either be significant differences or differences in the manner of presentation between the financial information relevant to Fiat Industrial Group published in this prospectus and the financial information of the Fiat Industrial Group to be prepared as of future dates, particularly as regards the periods covered by this financial information.

	<u>2010</u>	<u>2009</u>
	<i>(in millions of Euro, except employee numbers)</i>	
Net revenues	21,342	17,968
Trading profit/(loss)	1,092	322
Operating profit/(loss)	1,017	(19)
Profit/(loss) before taxes.....	576	(470)
Profit (loss) for the year	378	(503)
Attributable to:		
<i>Controlling interests</i>	341	(464)
<i>Non-controlling interests</i>	37	(39)
Investments in tangible and intangible assets	872	708
<i>of which: Capitalised R&D costs</i>	396	298
R&D expenditure ⁽¹⁾	652	538
Total assets	34,921	30,919
Net (debt)/cash	(12,179)	n.a.
<i>of which: Net industrial (debt)/cash</i>	(1,900)	(1,315)
Total equity	4,744	5,791
Equity attributable to controlling interests	3,987	5,073
Employees at year-end (<i>number</i>)	62,123	61,243

(1) The item includes capitalised R&D costs and R&D costs charged directly to the income statement.

Selected Data by Region

	Number of Companies	Number of Employees		Number of Plants		Number of R&D Centres		Revenue by Destination	
	2010	2010	2009	2010	2009	2010	2009	2010	2009
		<i>(in Millions of Euro)</i>							
Italy	21	18,139	18,676	16	16	13	15	2,491	2,250
Europe (excluding Italy)	120	22,464	22,886	25	25	21	20	6,871	6,687
North America	49	9,733	9,747	11	11	13	12	5,200	4,226
Mercosur	8	7,973	6,482	8	8	4	5	3,684	2,274
Other regions	40	3,814	3,452	8	8	4	4	3,096	2,531
Total	238	62,123	61,243	68	68	55	56	21,342	17,968

Highlights by Sector

	Net Revenues		Trading Profit/(Loss)		Operating Profit/(Loss)		Total Operating Assets	
	2010	2009	2010	2009	2010	2009	2010	2009
	<i>(in millions of Euro)</i>							
Agricultural and Construction Equipment (CNH)	11,906	10,107	755	337	754	251	19,268	18,346
Trucks and Commercial Vehicles (Iveco)	8,307	7,183	270	105	240	(90)	6,977	7,214
FPT Industrial	2,415	1,580	65	(131)	29	(191)	1,744	1,743
Eliminations and Others.....	(1,286)	(902)	2	11	(6)	11	(404)	n.a.
Total	21,342	17,968	1,092	322	1,017	(19)	27,585	n.a.

	Total Operating Liabilities		Capital Expenditure ⁽¹⁾		R&D Expenditure ⁽²⁾		Number of Employees	
	2010	2009	2010	2009	2010	2009	2010	2009
	<i>(in millions of Euro)</i>							
Agricultural and Construction Equipment (CNH)	15,376	14,049	446	330	346	283	28,831	28,466
Trucks and Commercial Vehicles (Iveco)	5,902	5,942	273	217	214	169	25,583	24,917
FPT Industrial	1,198	938	152	159	92	86	7,707	7,858
Eliminations and Others.....	(3,352)	n.a.	1	2	–	–	2	2
Total	19,124	n.a.	872	708	652	538	62,123	61,243

(1) Expenditure on tangible and intangible assets (net of vehicles sold under buy-back commitments and leased).

(2) The item includes capitalised R&D costs and R&D costs charged directly to the income statement.

FIAT INDUSTRIAL GROUP FINANCIAL REVIEW

Overview

The following financial information has been extracted from the audited annual financial statements of Fiat Group pre-Demerger, as at 31st December 2010 and 2009, prepared in accordance with IFRS, which are incorporated by reference herein. Investors are advised to review the full financial statements before making any investment decision.

The Fiat Industrial Group financial information presented below has been extracted from the audited consolidated financial statements of the Fiat Group pre-Demerger because the Fiat Industrial Group did not exist separately from the Fiat Group pre-Demerger before the Demerger and, as such, no separately audited financial statements of the Fiat Industrial Group have been prepared as of the relevant dates or for the relevant years. In the Fiat Group pre-Demerger financial statements, the Fiat Industrial Group companies are treated and presented as “discontinued operations” in accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations. This treatment does not attempt to give effect retroactively to the Demerger in the manner of pro forma financial statements. In addition, there is a risk that there may either be significant differences or differences in the manner of presentation between the financial information relevant to Fiat Industrial Group published in this prospectus and the financial information of the Fiat Industrial Group to be prepared as of future dates, particularly as regards the periods covered by this financial information.

Major financial highlights in 2010 included:

- The Fiat Industrial Group’s net revenues were €21.3 billion, up 18.8% from the €18.0 billion recorded in 2009.
- The Fiat Industrial Group’s trading profit of €1.1 billion was substantially higher than the €322 million recorded in 2009.
- The Fiat Industrial Group’s trading margin was 5.1%, up from the 1.8% margin recorded in 2009.
- The Fiat Industrial Group recorded a net profit of €378 million, as compared to the net loss of €503 million recorded in 2009.

The following table sets forth combined income statement data for the Fiat Industrial Group for the years ended 31st December 2010 and 2009.

HISTORICAL COMBINED INCOME STATEMENTS

	2010	2009
	<i>(in millions of Euro)</i>	
Net revenues	21,342	17,968
Cost of sales	17,979	15,549
Selling, general and administrative expenses.....	1,793	1,636
Research and development.....	418	388
Other income/(expenses)	(60)	(73)
Trading profit/(loss)	1,092	322
Gains/(losses) on disposal of investments	3	1
Restructuring costs	58	144
Other unusual income/(expense)	(20)	(198)
Operating profit/(loss)	1,017	(19)
Financial income/(expense)	(505)	(401)
Result from investments:	64	(50)
<i>Share of profit/(loss) of investees accounted for using the equity method.....</i>	<i>70</i>	<i>(47)</i>
<i>Other income/(expense) from investments</i>	<i>(6)</i>	<i>(3)</i>
Profit/(loss) before taxes.....	576	(470)
Income taxes.....	198	33
Profit/(loss)	378	(503)
Profit/(loss) attributable to:.....		
<i>Controlling interests</i>	<i>341</i>	<i>(464)</i>
<i>Non-controlling interests</i>	<i>37</i>	<i>(39)</i>

Net Revenues

The Fiat Industrial Group net revenues for 2010 totalled €21,342 million, representing an increase of 18.8% compared to 2009. This figure reflects improved demand for all sectors.

Net Revenues by Sector

	2010	2009	% change
	<i>(in millions of Euro)</i>		
Agricultural and Construction Equipment (CNH - Case New Holland)	11,906	10,107	17.8
Trucks and Commercial Vehicles (Iveco)	8,307	7,183	15.6
FPT Industrial	2,415	1,580	52.8
Eliminations and Other	(1,286)	(902)	-
Total for the Fiat Industrial Group.....	21,342	17,968	18.8

A detailed review of net revenues by individual sector is provided below.

Agricultural and Construction Equipment

The Agricultural and Construction Equipment sector (CNH – Case New Holland) had net revenues of €11.9 billion for 2010, an increase of 17.8% from 2009 (+12% in U.S. dollar terms), which reflects improved demand worldwide for agricultural and construction equipment.

Net revenues in the agricultural equipment business segment increased 14% in 2010 (+8% in U.S. dollar terms) as a result of favourable trading conditions in North, Latin and Central America due to increasing agricultural commodity prices and good harvest conditions. Trading conditions in Europe were more

difficult, largely due to poor harvest conditions in certain countries and tight credit markets. Full-year 2010 net revenues in the construction equipment business segment grew 46% (+39% in U.S. dollar terms) as a result of significant market improvements in Latin America and Asia, and improved conditions in North America, largely due to replacement of ageing fleets.

In 2010, worldwide agricultural industry retail unit sales increased 8% compared to the prior year, with improvements in all regions except Western Europe, where demand remained below historical norms. Global sales grew 8% for tractors and 2% for combines. North American tractor sales were up 5% and combine sales up 9% on strong commodity prices and very good farm income. Latin American tractor sales increased 20% and combine sales increased 29% on good economic conditions and stability in government supports to the agricultural market. Western European markets declined in 2010 with tractor sales down 9% and combine sales falling by 29%; demand showed signs of recovery in the fourth quarter of 2010, however, with tractor sales increasing 12% year-on-year. In the rest of the world, markets registered 13% growth in tractor sales while combine sales increased 3%.

CNH's full-year global market share for tractors was largely in line with the prior year, with CNH maintaining its position in Western Europe and with a slight decrease in North America in 40 horsepower and mid-sized utility tractors while transitioning to new and more competitive products. CNH improved its global market share for combines on strong performance in markets outside the Americas and Western Europe.

Global construction equipment industry unit sales rose 47% in the year, off a low basis in 2009, with light equipment sale up 35% and heavy equipment sales up 59%. North American demand was up 20% for light equipment and 14% for heavy equipment, largely as a result of fleet replacements. The Western European market rose as the industry began to rebuild from the prior year's low levels, with unit sales growing 23% for light equipment and 17% for the heavy equipment segment. In Latin America, strong market performance was mainly driven by increased infrastructure activity, with sales growing 89% in the light equipment segment and 86% in the heavy equipment industry. Industry sales in the rest of the world rose 50% for light equipment and 71% for heavy equipment, driven by strong demand in the Asia-Pacific region, primarily in the heavy equipment segment in China.

CNH's full year market share from construction equipment was in line with growth in demand across all segments and regions with the exception of Latin America, where CNH's market shares was down due to local manufacturing capacity constraints in both the heavy and light equipment segments. Capacity expansion plans have been initiated at two facilities to accommodate future market growth and in order to meet manufacturing targets.

Trucks and Commercial Vehicles

Iveco reported net revenues of €8.3 billion for the year, up 15.6% over 2009, primarily as a result of higher sales volumes, which reflect a general recovery in demand on a global level, although demand remains at modest levels in Western Europe.

Iveco delivered a total of 129,630 vehicles in 2010, an increase of 24.8% over 2009. Growth was recorded in all segments with sales of light vehicles up 25.3%, sales of medium vehicles up 51.3% and sales of heavy vehicles up 27.6%, in each case over the previous year. Total volumes for 2010 were, however, still considerably below pre-crisis levels. In Western Europe, a total of 78,326 vehicles were delivered (+17.3%), with increases in France (+22.3%), Germany (+31.9%), Spain (+40.8%) and the UK (+36.9%), although a slight decrease was recorded in Italy (-0.1%). The trend was positive in Eastern Europe, with deliveries up 41.6%, and very strong in Latin America, increasing 52.4% over 2009.

In Western Europe, the trucks and commercial vehicles market (≥ 3.5 tons) grew 6.3% over 2009, with a recovery in demand in almost all major markets. There were increases for both light (+9.0%) and heavy vehicles (+3.5%), but a contraction for the medium vehicles segment (-1.5%). Registrations rose sharply in all major European markets: Germany (+15.7%), the UK (+9.2%), Spain (+5.9%) and France (+5.2%), with the exception of Italy where the market continued to decline (-3.2%).

Demand for trucks and commercial vehicles also increased in Eastern Europe (+13.5%), with the light and medium vehicles segments still experiencing a modest contraction (-1.9% and -0.6%, respectively), while the heavy vehicles market, by contrast, grew 47.0% over 2009.

Iveco's market share in Western Europe was 13.2%, down 0.4 percentage points from 2009. Its share was substantially unchanged in the light vehicles segment (-0.1 percentage points), with negative relative performance in the UK (-1.4 percentage points) offsetting increases in Spain and Germany (+1.7 and +1.4 percentage points, respectively). Share in the medium vehicles segment was down 0.4 percentage points, despite improvements in Spain (+11.6 percentage points), France (+1.0 percentage point) and Germany (+1.1 percentage points). Share decreased 0.9 percentage points in the heavy vehicles segment, with negative performances in Spain (-8.1 percentage points) and Germany (-1.3 percentage points) partially compensated for by an increase in market share for Italy (+2.1 percentage points).

FPT Industrial

For 2010, FPT Industrial reported €2,415 million in net revenues, which represents an increase of 52.8% over the previous year, driven by a strong increase in sales volumes. Sales to external customers and joint-ventures accounted for 32.3% of sales, compared to the 32.6% figure for 2009. A total of 423,000 engines, an increase of 58.1% over 2009, were sold, primarily to Iveco (34%), CNH (23%) and Sevel – a joint venture between Fiat Group Automobiles and PSA in the light commercial vehicles sector – (25%), as well as to affiliates of Fiat S.p.A.. In addition, 66,000 transmissions (+25.0%) and 139,000 axles (+32.1%) were also delivered.

Trading Profit

The Fiat Industrial Group's full year trading profit was €1.1 billion, as compared with €322 million for 2009.

Trading Profit by Sector

	2010	2009	% change
	<i>(in millions of Euro)</i>		
Agricultural and Construction Equipment (CNH – Case New Holland)	755	337	418
Trucks and Commercial Vehicles (Iveco)	270	105	165
FPT Industrial	65	(131)	196
Eliminations and other	2	11	(9)
Total for the Fiat Industrial Group.....	1,092	322	770
Trading margin (%).....	5.1	1.8	

The breakdown of trading profit by individual sector is illustrated below:

Agricultural and Construction Equipment

CNH's trading profit was €755 million for 2010, up €418 million from the €337 million recorded in 2009, when performance was severely impacted by difficult trading conditions in the construction equipment segment. The improvement results from higher sales volumes, reflecting increased industrial utilisation in North, Central and Latin America, and a favourable shift in product mix towards the higher-powered tractor and combine segments, as well as better pricing and cost reductions flowing from prior-year restructuring initiatives. This positive performance was tempered by continued low demand levels for agricultural equipment in Western Europe, increased raw material prices and new product launch costs, primarily in the construction equipment business segment, during the fourth quarter of 2010.

Trucks and Commercial Vehicles

For 2010, Iveco posted a trading profit of €270 million, compared to the €105 million figure for 2009. This improvement was primarily driven by higher sales volumes and production efficiencies.

FPT Industrial

FPT Industrial delivered trading profit of €65 million in 2010. The improvement over the €131 million trading loss reported for 2009 was principally attributable to a significant increase in sales volumes.

Operating Profit

Operating profit for Fiat Industrial was €1,017 million; the increase over the €19 million loss for 2009 was due to improved trading performance (+€770 million) and a reduction in net unusual expense (€75 million for 2010 compared with a €341 million charge for 2009).

Following is a summary of the principal components of operating profit, broken down by sector:

Operating Profit by Sector

	Trading profit (loss)		Gains (losses) on the disposal of investments		Restructuring costs		Other unusual income (expense)		Operating profit (loss)	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
<i>(in millions of Euro)</i>										
Agricultural and Construction Equipment (CNH – Case New Holland)....	755	337	4	1	5	87	–	–	754	251
Trucks and Commercial Vehicles (Iveco)	270	105	–	–	19	22	(11)	(173)	240	(90)
FPT Industrial	65	(131)	–	–	33	35	(3)	(25)	29	(191)
Eliminations and Other	2	11	(1)	–	1	–	(6)	–	(6)	11
Total for the Fiat Industrial Group	1,092	322	3	1	58	144	(20)	(198)	1,017	(19)

Net Profit/(Loss)

In 2010, the Fiat Industrial Group reported a net profit of €378 million, compared with a loss of €503 million for 2009.

Net financial expense totalled €505 million in 2010, compared to €401 million in 2009.

In 2010 Fiat Industrial Group recorded a profit before taxes of €576 million, compared to a loss before taxes of €470 million for 2009. The increase reflects the higher operating result (+€1,036 million) and an increase in investment income (+€114 million), as partially offset by a €104 million increase in net financial expense.

Income taxes for Fiat Industrial Group totalled €198 million (€33 million for 2009).

The following table sets forth combined cash-flow statement data for the Fiat Industrial Group for the years ended December 31, 2010 and 2009.

HISTORICAL COMBINED STATEMENTS OF CASH FLOWS

	2010	2009
	<i>(in millions of Euro)</i>	
(A) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR ..	1,561	1,090
(B) CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES:		
Profit/(loss)	378	(503)
Amortisation and depreciation (net of vehicles sold under buy-back commitments and leased assets)	665	637
(Gains)/losses on disposal of non-current assets and other non-cash items	192	254
Dividends received.....	32	18
Change in provisions	122	46
Change in deferred taxes	30	(123)
Changes in items due to buy-back commitments	40	(35)
Changes in operating lease items	26	(41)
Change in working capital.....	1,070	869
Total	2,555	1,122
(C) CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES:		
Investments in:		
Property, plant and equipment and intangible assets (net of vehicles sold under buy-back commitments and leased assets)	(872)	(708)
Other investments	(27)	(5)
Proceeds from the sale of non-current assets	42	12
Net change in receivables from financing activities	335	1,120
Change in current securities	18	17
Other changes ^(a)	76	(32)
Total	(428)	404
(D) CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES:		
New issuance of bonds	1,132	717
Repayment of bonds	(377)	(358)
Issuance of other medium-term borrowings	832	522
Repayment of other medium-term borrowings	(830)	(749)
Net change in other financial payables and other financial assets/liabilities	1,281	623
Change in net financial payables to Fiat group post-Demerger	(3,221)	(1,622)
Increase in share capital.....	1,156	312
Dividends paid.....	(93)	(561)
Total	(120)	(1,116)
Currency translation differences	118	61
(E) TOTAL CHANGE IN CASH AND CASH EQUIVALENTS.....	2,125	471
(F) CASH AND CASH EQUIVALENTS AT END OF THE YEAR	3,686	1,561

(a) This item includes the balance of intersegment transactions between Fiat Industrial and the Fiat Group, excluding the effects of the Demerger.

In 2010, €2,555 million in cash was generated from operating activities, flowing from the positive operating performance and the reduction in working capital, primarily associated with a decrease in inventories and an increase in trade payables following the growth in business volumes.

Cash used in investing activities totalled €428 million in 2010. Expenditure for tangible and intangible assets (including €396 million in capitalised development costs) totalled €872 million. In 2010, proceeds from the sale of non-current assets totalled €42 million and related to both tangible and intangible assets. The €335 million decrease in receivables from financing activities was primarily attributable to the gradual settlement of loans disbursed in Brazil, which fell within the scope of debt relief programmes.

Cash flows from financing activities amounted to a €120 million use of cash in 2010. Bond issuances, net of repayments, generated €755 million in cash while €1,281 million came primarily from other financial

payables. Capital contributions made in 2010 by Fiat S.p.A. (the parent company of the Fiat Group post-Demerger) to those subsidiaries included in the perimeter of the Fiat Industrial Group (discontinued operations) amounted to €1,156 million. In 2010, net financial debt due by Fiat Industrial Group companies to companies of the Fiat Group post-Demerger was reduced by €3,221 million.

MANAGEMENT AND CORPORATE GOVERNANCE

Overview of Corporate Governance

The Fiat Industrial Group has adopted and adheres to the Corporate Governance Code for Italian Listed Companies issued by the Italian Stock Exchange in March 2006, with some additions and amendments related to the specific characteristics of the Group.

Pursuant to the resolution passed by the board of directors of Fiat Industrial (the “Board of Directors”) on 27th September 2010 and with effect from 1st January 2011, Fiat Industrial has in place a comprehensive, structured system of corporate governance which provides, in particular, for the establishment of an internal control committee and a nominating and compensation committee, in addition to an appropriate number of independent directors, the adoption of guidelines for the system of internal control, a compliance programme (pursuant to Italian Legislative Decree 231/2001), procedures for managing inside information, as well as procedures for general meetings of shareholders. On 27th September 2010 the “Guidelines for Significant Transactions and Transactions with Related Parties” were also adopted. In relation to the adoption of procedures for related-party transactions pursuant to Article 2391-*bis* of the Italian Civil Code and Consob Regulation 17221/2010, given the importance the latter regulation places on the opinion expressed by independent directors prior to adoption of such procedures, it was considered appropriate to defer their adoption until the independent directors took office to ensure their active participation in the approval process. The Guarantor, therefore, expects that the procedures will be adopted during March 2011.

Board of Directors

Pursuant to the By-laws, the Board of Directors may have from 9 to 15 members. Pursuant to the resolutions adopted by the sole shareholder of Fiat Industrial dated 6th December 2010, the nine members (“Directors”) listed below were elected as the initial Board of Directors. The term of office of the initial Board of Directors will expire on the date of the general meeting called to approve the 2011 financial statements.

The Directors elected on 6th December 2010 are listed below:

<u>Name</u>	<u>Position</u>
Sergio Marchionne	Chairman
Alberto Bombassei	Director
Gianni Coda	Director
John Elkann	Director
Robert Liberatore	Director
Libero Milone	Director
Tommaso Padoa-Schioppa	Director
Giovanni Perissinotto	Director
John Zhao	Director

The Guarantor and the Issuers have taken note of the unexpected death of Tommaso Padoa-Schioppa on 18th December 2010.

Some of the above-listed Directors also hold management or board of directors positions at Fiat Group post-Demerger companies. For example: Sergio Marchionne is the chief executive officer of Fiat S.p.A., chairman of the board of directors and chief executive officer of Fiat Group Automobiles S.p.A. and chairman of the boards of directors of various Fiat S.p.A. subsidiaries; Gianni Coda is the chief executive officer and general manager of Fiat Group Purchasing S.r.l.; John Elkann is the chairman of the board of directors of Fiat S.p.A.

The appointment of the members of the Board of Directors of Fiat Industrial (pursuant to Legislative Decree 58/98) had effect from the effective date of the Demerger and, as is noted above and in the interest of respecting minority shareholders, the term of office of the initial Board of Directors will be for one financial year only, expiring the date of the general meeting called to approve the 2011 financial statements.

Pursuant to Fiat Industrial's By-laws (Article 11), future Directors shall be appointed through the voting-list system, which should ensure that minority shareholders can elect a Director.

In addition, Fiat Industrial's corporate governance structure provides for the formation of committees with responsibility for issues relating to internal control, nomination and compensation, as established in the Corporate Governance Code for Italian Listed Companies.

Internal Control Committee

The Internal Control Committee is to be composed entirely of independent directors and its mission will be to assist the Board of Directors in discharging its own duties by providing advice and proposals concerning the reliability of the accounting and financial reporting system and the internal control system, the examination of proposals for the engagement of independent auditors and the supervision of internal audit activities.

The Internal Control Committee is to consist of three independent Directors with significant experience in financial matters.

Nominating and Compensation Committee

The Nominating and Compensation Committee is to be composed of at least three non-executive Directors, the majority of whom will be independent. The committee will also be responsible for corporate governance and sustainability issues.

Independent Directors

It is believed that having an adequate number of independent Directors is essential to the protection of the interests of shareholders, particularly minority shareholders, and third parties by assuring that potential conflicts between the interests of the Company and those of the controlling shareholder are independently evaluated. The contribution of independent Directors is also fundamental to the composition and functioning of internal advisory committees dedicated to the preliminary examination and formulation of proposals to address risk. These committees represent one of the most effective means of dealing with any potential conflicts of interest.

The independence of Directors is verified annually. Whenever circumstances arise that could potentially compromise a Director's independence, the Director concerned has the duty to report that situation in writing. The results of these assessments are communicated to the market. At the general meeting held on 6th December 2010, A. Bombassei, R. Liberatore, L. Milone, T. Padoa-Schioppa, G. Perissinotto and J. Zhao declared that they satisfied the requirements of independence provided for under the Corporate Governance Code for Italian Listed Companies.

In addition, L. Milone and T. Padoa-Schioppa have declared that they satisfy the requirements of independence set forth in Legislative Decree 58/98. Following the death of T. Padoa-Schioppa, A. Bombassei declared that he satisfied the requirements of independence set forth in Legislative Decree 58/98.

Board of Statutory Auditors

The board of statutory auditors of Fiat Industrial (the "Board of Statutory Auditors") is composed of three regular auditors and three alternates (all "Statutory Auditors"), all of whom, as required by Article 17 of the By-laws, must be entered in the Italian Auditors' Register and must have at least three years' experience as statutory accounts auditors. They may hold other positions as directors or regular auditors within the limits prescribed by law and regulation.

The Board of Statutory Auditors, elected at the moment of incorporation of Fiat Industrial, is composed as shown in the following table. The terms of the initial Statutory Auditors will expire on the date of the shareholders' meeting convened to submit the 2012 financial statements for the approval of shareholders.

<u>Name</u>	<u>Position</u>
Paolo Piccatti	Chairman
Valter Cantino	Regular Auditor
Lucio Pasquini	Regular Auditor
Riccardo Rota	Alternate Auditor
Vittorio Sansonetti	Alternate Auditor
Giorgio Cavalitto	Alternate Auditor

Some of the above-listed Statutory Auditors also hold statutory auditor positions at Fiat Group post-Demerger companies. For example: Paolo Piccatti is the chairman of the board of statutory auditors of Fiat Partecipazioni S.p.A. and a regular auditor of Fiat Group Automobiles S.p.A.

As prescribed in Italy's Legislative Decree 58/98 and in accordance with Article 17 of the Company's By-laws, properly organised minority groups have the right to appoint one regular auditor, who shall serve as chairman, and one alternate auditor. In accordance with the By-laws, the minimum equity interest required for submission of a list of candidates is set at a percentage no lower than that required by applicable laws for the submission of lists of candidates for the appointment of the Board of Directors of the Company. Certification of that percentage must, if not presented at the time the lists are filed, be provided at least 21 days prior to the date of the meeting. The lists presented together with the documentation required by law and the Company's By-laws, must be deposited at the Company's registered office at least 25 days prior to the date set for the general meeting on first call, or, in specific cases, up to five days after that deadline.

The business address of the Directors and Statutory Auditors is c/o Fiat Industrial S.p.A. at Via Nizza 250, 10126 Turin, Italy.

Save as disclosed in this Base Prospectus and/or in the Fiat Group pre-Demerger's annual report for 2010, which is incorporated herein by reference, none of the Directors or Statutory Auditors of Fiat Industrial has any potential conflicts of interest between any duties to Fiat Industrial and their private interests and/or other duties.

Major Shareholders

Pursuant to Article 93 of Legislative Decree 58 of 24th February 1998, Fiat Industrial is controlled by Giovanni Agnelli & C. S.p.A. indirectly through EXOR S.p.A. As of 22nd February 2011, EXOR S.p.A. owned 30.45% of Fiat Industrial's outstanding ordinary shares.

The following table presents information on shareholders who owned more than 2% of Fiat Industrial's ordinary shares as of 22nd February 2011.

	<u>% of ordinary shares</u>
EXOR S.p.A	30.45
Fiat S.p.A.	3.53
Capital Research and Management Company	2.80
FMR LLC	2.33
BlackRock Inc.	2.25

None of the shares held by the shareholders listed above provides any special voting rights.

Given the composition and structure of its shareholder base, at the date of listing of its shares, Fiat Industrial was not subject to the direction and coordination of any other company or entity pursuant to Article 2497 of the Italian Civil Code.

Internal Control System

On 27th September 2010, the Board of Directors adopted the "Guidelines for the Internal Control System." This system is overseen by the head of the Guarantor's internal audit function.

Compliance Program (pursuant to Legislative Decree 231/2001)

On 27th September 2010, the Board of Directors adopted a Compliance Program pursuant to Italian Legislative Decree 231/2001 and guidelines for adoption of the program by Fiat Industrial Group's Italian companies.

The Compliance Program is supervised by the head of the Guarantor's internal audit function, who reports to the Board of Directors (including through the Internal Control Committee) and the Board of Statutory Auditors.

Principal Characteristics of the System of Risk Management and Internal Control over Financial Reporting

Fiat Industrial has in place a system of risk management and internal control over financial reporting based on the COSO Framework, according to which the internal control system is defined as a set of rules, procedures and tools designed to provide reasonable assurance of the achievement of corporate objectives. In relation to the financial reporting process, the objectives are the reliability, accuracy, completeness and timeliness of the information. Risk management is an integral part of the internal control system. A periodic evaluation of the system of internal control over financial reporting is designed to ensure the overall effectiveness of the components of the COSO Framework (control environment, risk assessment, control activities, information and communication, monitoring) in achieving those objectives.

Fiat Industrial – whose subsidiary CNH Global N.V. is listed on the NYSE and, consequently, is subject to Section 404 of the United States Sarbanes-Oxley Act – has a system of administrative and accounting procedures in place that seeks to ensure a highly reliable system of internal control over financial reporting.

The approach adopted by Fiat Industrial for the evaluation, monitoring and continuous updating of the system of internal control over financial reporting, is based on a 'top-down, risk-based' process consistent with the COSO Framework. This enables focus on areas of higher risk and/or materiality, that is, where there is risk of significant errors, including those attributable to fraud, in the elements of the financial statements and related documents. The key components of the process are:

- identification and evaluation of the source and probability of significant errors in elements of financial reporting;
- assessment of the adequacy of key controls in enabling ex-ante or ex-post identification of potential misstatements in elements of financial reporting; and
- verification of the operating effectiveness of controls based on the assessment of the risk of misstatement in financial reporting, with testing focused on areas of higher risk.

Identification and evaluation of the risk of misstatements which could have material effects on financial reporting is carried out through a risk assessment process that uses a top-down approach to identify the organizational entities, processes and the related accounts, in addition to specific activities, which could potentially generate significant errors. Under the methodology adopted by Fiat Industrial, risks and related controls are associated with the accounting and business processes upon which accounting information is based.

Significant risks identified through the assessment process require definition and evaluation of key controls that address those risks, thereby mitigating the possibility that financial reporting will contain any material misstatements.

In accordance with international best practices, Fiat Industrial Group has two principal types of control in place:

- controls that operate at Group or subsidiary level, such as: the delegation of authorities and responsibilities, separation of duties and assignment of access rights for IT systems; and
- controls that operate at process level, such as authorizations, reconciliations, verification of consistencies, etc. This category includes controls for operating processes, controls for closing

processes and cross-sector controls carried out by captive service providers. Such controls can be preventive (i.e., designed to prevent errors or fraud that could result in misstatements in financial reporting) or detective (i.e., designed to reveal errors or fraud that have already occurred). They may also be defined as manual or automatic, such as application-based controls relating to the technical characteristics and configuration of IT systems supporting business activities.

An assessment of the design and operating effectiveness of key controls is carried out through tests performed by dedicated departments at subsidiary level and by the internal audit function, using sampling techniques based on international best practices. The internal audit function also conducts a qualitative review of the tests performed by subsidiary companies.

The assessment of the controls may require the definition of compensating controls and plans for remediation and improvement. The results of monitoring are subject to periodic review by the manager responsible for preparation of the company's financial reporting and communicated to senior management, the Internal Control Committee (which in turn reports to the Board of Directors) and the Board of Statutory Auditors of Fiat Industrial.

Code of Conduct

On 27th September 2010, the Board of Directors adopted a code of conduct (the "Code of Conduct"), which forms an integral part of the internal control system and sets out the principles of business ethics to which Fiat Industrial adheres and with which directors, statutory auditors, employees, consultants and partners are required to comply. In particular, the Code of Conduct includes specific guidelines on issues relating to the environment, health and safety, business ethics and anti-corruption, suppliers, management of human resources and the respect of human rights.

In compliance with local laws and regulations, the Code of Conduct is provided to all employees. Consultants and partners of the Group are also informed of the Code's adoption by direct notification or when entering into contracts, through inclusion of specific clauses making reference to the principles contained in the Code.

Management of Corporate Information and Internal Dealing Procedure

On 27th September 2010, the Board of Directors of Fiat Industrial adopted a procedure for internal management and external disclosure of confidential information. This procedure contains the rules for establishing and managing the list of persons that have access to inside or potential inside information. It defines the types of "inside," "potential inside," and "confidential" information, indicates the different sections into which the list is divided, in addition to procedures for its application, and the roles and duties of the persons delegated to manage the information, and cites the laws and regulations governing disclosure of price-sensitive information, and the procedures that the individuals responsible must follow in relation to the management and disclosure of such information. This procedure, whose purpose is to establish how information should be monitored and disclosed inside and outside Fiat Industrial Group, as well as fulfilment of obligations relating to the List, also states applicable sanctions for employees pursuant to the Code of Conduct and the obligation of Directors and Statutory Auditors to comply with these rules and precautions.

Fiat Industrial has adopted a procedure for the identification of individuals subject to internal dealing rules under which they are required to report transactions totalling €5,000 or more in a single year.

Related Party Transactions

As is noted above, in relation to the adoption of procedures for transactions with related parties pursuant to Article 2391-bis of the Italian Civil Code and Consob Regulation 17221/2010, given the importance the regulation places on the opinion expressed by independent directors prior to adoption of those procedures, it was considered appropriate to defer their adoption until the independent directors took office to ensure their active participation in the approval process. The Guarantor, therefore, expects that the procedures will be adopted during March 2011.

FINANCIAL INFORMATION RELATING TO THE FIAT INDUSTRIAL GROUP

The following financial information has been extracted from the audited annual financial statements of Fiat Group pre-Demerger, as at 31st December 2010, prepared in accordance with IFRS, which are incorporated by reference herein. Investors are advised to review the full financial statements before making any investment decision.

The Fiat Industrial Group financial information presented below has been extracted from the audited consolidated financial statements of the Fiat Group pre-Demerger because the Fiat Industrial Group did not exist separately from the Fiat Group pre-Demerger before the Demerger and, as such, no separately audited financial statements of the Fiat Industrial Group have been prepared as of the relevant dates or for the relevant years. In the Fiat Group pre-Demerger financial statements, the Fiat Industrial Group companies are treated and presented as “discontinued operations” in accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations. This treatment does not attempt to give effect retroactively to the Demerger in the manner of pro forma financial statements. In addition, there is a risk that there may either be significant differences or differences in the manner of presentation between the financial information relevant to Fiat Industrial Group published in this prospectus and the financial information of the Fiat Industrial Group to be prepared as of future dates, particularly as regards the periods covered by this financial information.

HISTORICAL COMBINED STATEMENTS OF FINANCIAL POSITION

	As of 31st December	
	2010	2009
	<i>(in millions of Euro)</i>	
ASSETS		
Intangible assets	3,567	3,200
Property, plant and equipment	3,856	3,846
Investments and other financial assets	737	671
Leased assets	492	457
Defined benefit plan assets.....	166	126
Deferred tax assets	1,211	917
Total non-current assets.....	10,029	9,217
Inventories	3,898	4,144
Trade receivables	1,839	1,729
Receivables from financing activities.....	10,908	10,605
Financial receivables from Fiat Group Post-Demerger	2,865	2,201
Current tax receivables	618	315
Other current assets	955	946
Current financial assets	112	190
<i>Current securities</i>	24	37
<i>Other financial assets</i>	88	153
Cash and cash equivalents	3,686	1,561
Total current assets.....	24,881	21,691
Assets held for sale.....	11	11
TOTAL ASSETS.....	34,921	30,919
<i>Total assets adjusted for asset-backed financing transactions</i>	<i>26,600</i>	<i>24,401</i>

	As of 31st December	
	2010	2009
	<i>(in millions of Euro)</i>	
EQUITY AND LIABILITIES		
Equity	4,744	5,791
<i>Issued capital and reserves attributable to controlling interests</i>	3,987	5,073
<i>Non-controlling interests</i>	757	718
Provisions	4,275	3,958
<i>Employee benefits</i>	2,017	1,905
<i>Other provisions</i>	2,258	2,053
Debt	18,695	15,008
<i>Asset-backed financing</i>	8,321	6,518
<i>Debt payable to Fiat Group post-Demerger</i>	5,626	4,948
<i>Other debt</i>	4,748	3,542
Other financial liabilities	147	227
Trade payables	4,077	3,220
Current tax payables	508	262
Deferred tax liabilities	52	62
Other current liabilities	2,423	2,391
Liabilities held for sale	–	–
TOTAL EQUITY AND LIABILITIES	34,921	30,919
<i>Total equity and liabilities adjusted for asset-backed financing transactions</i>	26,600	24,401

HISTORICAL COMBINED INCOME STATEMENTS

	For the year ended 31st December	
	2010	2009
	<i>(in millions of Euro)</i>	
Net revenues	21,342	17,968
Cost of sales	17,979	15,549
Selling, general and administrative expenses	1,793	1,636
Research and development	418	388
Other income/(expenses)	(60)	(73)
Trading profit/(loss)	1,092	322
Gains/(losses) on disposal of investments	3	1
Restructuring costs	58	144
Other unusual income/(expense)	(20)	(198)
Operating profit/(loss)	1,017	(19)
Financial income/(expense)	(505)	(401)
Result from investments:	64	(50)
<i>Share of profit/(loss) of investees accounted for using the equity method</i>	70	(47)
<i>Other income/(expense) from investments</i>	(6)	(3)
Profit/(loss) before taxes	576	(470)
Income taxes	198	33
Profit/(loss)	378	(503)
Profit/(loss) attributable to:		
<i>Controlling interests</i>	341	(464)
<i>Non-controlling interests</i>	37	(39)

BOOK-ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of, the rules, regulations and procedures of DTC, Euroclear or Clearstream (together, the “Clearing Systems”) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuers and the Guarantor believe to be reliable, but none of the Issuers, the Guarantor or any Dealer takes any responsibility for the accuracy thereof. Each Issuer and the Guarantor confirms that this information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuers, the Guarantor or any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Book-Entry Systems

DTC

DTC has advised the Issuers that it is a limited purpose trust company organised under the New York Banking Law, a “banking organisation” within the meaning of the New York Banking Law, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (“Direct Participants”) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Direct Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is owned by a number of its Direct Participants and by certain U.S. stock exchanges and other self-regulatory organisations. Access to the DTC system is also available to others such as securities brokers, dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants,” and together with Direct Participants, “Participants”).

Under the rules, regulations and procedures creating and affecting DTC and its operations (the “Rules”), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC’s book-entry settlement system (“DTC Notes”) as described below and receives and transmits distributions of principal and interest on DTC Notes. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (“Owners”) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interests in the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC’s records. The ownership interest of each actual purchaser of each DTC Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the relevant Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the relevant Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Note, will be legended as set forth under "*Subscription and Sale, and Transfer and Selling Restrictions.*"

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Euroclear and Clearstream

Euroclear and Clearstream each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depository and custodial relationships.

Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Book-Entry Ownership of and Payments in Respect of DTC Notes

The Issuers will apply to DTC in order to have each Tranche of Notes represented by Rule 144A Global Notes accepted in its book-entry settlement system. Upon the issue of any Rule 144A Global Notes, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Rule 144A Global Notes to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in a Rule 144A Global Note will be limited to Direct Participants or Indirect Participants. Ownership of beneficial interests in a Rule 144A Global Note will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Rule 144A Global Note registered in the name of DTC's nominee will be made to the order of such nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC's nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Notes in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuers expect DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuers also expect that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Principal Paying Agent, the Registrar or the Issuer. Payments of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

Transfers of Notes Represented by Registered Global Notes

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form.

Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note to pledge such Notes to persons or entities that do not participate in the DTC system or to otherwise take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a direct or indirect participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Subscription and Sale, and Transfer and Selling Restrictions,*" cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian ("Custodian") with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Guarantor, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

TAXATION

The following is a general summary of certain tax consequences of acquiring, holding and disposing of the Notes. It does not purport to be a complete analysis of all tax considerations that may be relevant to the decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of prospective beneficial owners of the Notes, some of which may be subject to special rules, nor with Notes that are not held and accounted for as financial assets.

This summary is based upon the tax laws and/or practice at the date of this offering, subject to any changes in law and/or practice occurring after such date, which could be made on a retroactive basis. This summary will not be updated to reflect changes in law or practice and, if any such change occurs, the information in this summary could be superseded.

Prospective purchasers of the Notes should consult their tax advisers as to the overall tax consequences of acquiring, holding and disposing of the Notes.

Luxembourg

The following discussion is a summary of the Luxembourg tax consequences to potential purchasers or holders of Notes, based on current law and practice in Luxembourg. This discussion is for general information purposes only and does not purport to be a comprehensive description of all possible tax consequences that may be relevant. Potential purchasers of Notes should consult their own professional advisers as to the consequences of making an investment in, holding or disposing of the Notes and the receipt of any amount in connection with the Notes and Coupons.

Withholding Tax

Under Luxembourg tax laws currently in effect and with the possible exception of interest paid to individuals and to certain residual entities (as described below), there is no Luxembourg withholding tax on payments of interest, including accrued but unpaid interest. There is also no Luxembourg withholding tax, with the possible exception of payments made to individuals and to certain residual entities (as described below), upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

Luxembourg Non-Resident Individuals

Under the Luxembourg laws dated 21st June 2005 implementing the Council Directive 2003/48/EC of 3rd June 2003 on the taxation of savings income in the form of interest payments (the "Savings Directive") and several agreements concluded between Luxembourg and certain dependent or associated territories of the European Union ("EU"), a Luxembourg based paying agent (within the meaning of the Savings Directive) is required since 1st July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another EU member state or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for an exchange of information or for the tax certificate procedure. The same regime applies to payments of interest and other similar income made to certain so-called "residual entities" within the meaning of Article 4.2 of the Savings Directive (i.e. an entity without legal personality (the Finnish and Swedish companies listed in Article 4.5 of the Savings Directive are not considered as legal persons for this purpose) and whose profits are not taxed under the general arrangements for the business taxation and that is not, or has not opted to be considered as, a UCITS recognised in accordance with Council Directive 85/611/EEC) or a similar collective investment fund located in Jersey, Guernsey, the Isle of Man, the Turks and Caicos Islands, the Cayman Islands, Montserrat or the British Virgin Islands) established in an EU member state or in certain EU dependent or associated territories.

The withholding tax rate is 20 per cent. as from 1st July 2008 increasing to 35 per cent. as from 1st July 2011. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

Luxembourg Resident Individuals

A 10 per cent. withholding tax (the “10 per cent. Luxembourg Withholding Tax”) is levied on interest payments made by Luxembourg paying agents (defined in the same way as in the Savings Directive) to Luxembourg individual residents or to certain residual entities that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognised in accordance with the Council Directive 85/611/EC or for the exchange of information regime).

Taxes on Income and Capital Gains

Holders of Notes will not become residents, or be deemed to be residents, in Luxembourg by reason only of the holding of the Notes.

Holders of Notes who are non-residents of Luxembourg and who do not hold the Notes through a permanent establishment, a permanent representative or a fixed base of business in Luxembourg with which the holding of the Notes is connected are not liable for Luxembourg income tax on (i) payments of principal or interest, (ii) accrued but unpaid interest, (iii) payments received upon redemption, repurchase or exchange of the Notes or (iv) the realisation of capital gains on the sale or exchange of any Notes.

Pursuant to the Luxembourg law of 23rd December 2005 as amended by the law of 17th July 2008, Luxembourg resident individuals, acting in the course of their private wealth, can opt to self-declare and pay a 10 per cent. tax (the “10 per cent. Tax”) on interest payments made after 31st December 2007 by paying agents (defined in the same way as in the Savings Directive) located in an EU member state other than Luxembourg, a member state of the European Economic Area or in a state or territory which has concluded an international agreement directly related to the Savings Directive. The 10 per cent. Luxembourg Withholding Tax or the 10 per cent. Tax represents the final tax liability on interest received for the Luxembourg resident individuals receiving the interest payment in the course of their private wealth and can be reduced in consideration of foreign withholding tax, based on double tax treaties concluded by Luxembourg.

Individual holders of Notes resident in Luxembourg and receiving the interest as business income must for income tax purposes include any interest received (or accrued) in their taxable income; if applicable, the 10 per cent. Luxembourg Withholding Tax levied will be credited against their final income tax liability. Holders of Notes will not be liable to any Luxembourg taxation on income on repayment of principal of the Notes.

Individual Luxembourg resident holders of Notes are not subject to taxation on capital gains upon the disposition of the Notes owned in the course of their private estate, unless the disposition of the Notes precedes the acquisition of the Notes or the Notes are disposed of within six months as of the date of acquisition of these Notes. The portion of the sale, repurchase, redemption or exchange price corresponding to capitalised or accrued but unpaid interest will, however, be subject to the 10 per cent. Luxembourg Withholding Tax or, upon option by the Luxembourg resident holder of Notes, to the 10 per cent. Tax. Individual Luxembourg resident holders of Notes receiving the interest as business income must include the portion of the sale, repurchase, redemption or exchange price corresponding to accrued but unpaid interest in their taxable income. The 10 per cent. Luxembourg Withholding Tax levied will be credited against their final income tax liability, if applicable.

A corporate entity (“*société de capitaux*”), which is a Luxembourg resident holder of Notes and which is subject to corporate taxes in Luxembourg without the benefit of a special tax regime in Luxembourg or a foreign entity of the same type which has a Luxembourg permanent establishment or a permanent representative in Luxembourg with which the holding of Notes is connected, will need to include in its taxable income any interest (including accrued but unpaid interest) and in case of sale, repurchase, redemption or exchange, the difference between the sale, repurchase, redemption or exchange price (including accrued but unpaid interest) and the lower of cost or book value of the Notes sold, repurchased, redeemed or exchanged. These holders of Notes should not be liable for any Luxembourg income tax on repayment of principal upon repurchase, redemption or exchange of the Notes.

Other Taxes

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by a holder of Notes as a consequence of the issuance of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer, exchange or redemption or repurchase of the Notes.

Luxembourg net wealth tax will not be levied on a holder of Notes, unless such holder of Notes is (i) a fully taxable Luxembourg resident company, or (ii) a non-resident company and the Notes are attributable to an enterprise or part thereof which is carried on in Luxembourg through a permanent establishment.

No Luxembourg estate or inheritance taxes are levied on the transfer of the Notes upon the death of a holder of Notes in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes.

No Luxembourg gift tax will be levied on the transfer of the Notes by way of gift unless the gift is registered in Luxembourg.

Taxation of the Issuer

The Issuer is a company subject to corporate income tax and municipal business tax in Luxembourg at the standard rate.

It will not be subject to VAT in Luxembourg in respect of payments in consideration for the issue of the Notes or in respect of payments of interest or principal under the Notes or the transfer of the Notes.

Luxembourg VAT may however be payable in respect of fees charged for certain services rendered to the Issuer if, for Luxembourg VAT purposes, such services are rendered or are deemed to be rendered in Luxembourg and an exemption from Luxembourg VAT does not apply with respect to such services.

United States

The following is a summary of certain United States federal tax considerations that may be relevant to a holder which is a beneficial owner of Notes, Receipts or Coupons issued by FIFNA and is a United States Alien (as defined in clause (c) of “Terms and Conditions of the Notes—Taxation”). This summary is based on laws, regulations, rulings and decisions now in effect, all of which are subject to change. The information provided below does not purport to be a complete summary of United States tax law and practice currently applicable.

THIS SUMMARY HAS BEEN WRITTEN TO SUPPORT THE MARKETING OF THE NOTES. IT WAS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY ANY TAXPAYER, FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES. INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE TAX CONSEQUENCES TO THEM OF INVESTING IN THE NOTES, INCLUDING THE APPLICATION TO THEIR PARTICULAR SITUATIONS OF THE U.S. FEDERAL INCOME TAX CONSIDERATIONS DISCUSSED BELOW, AS WELL AS THE APPLICATION OF STATE, LOCAL, FOREIGN OR OTHER TAX LAWS.

Under current United States federal income and estate tax law:

- (i) payment on a Note, Receipt or Coupon by FIFNA, the Guarantor, or any Paying Agent to a holder that is a United States Alien will not be subject to withholding of United States federal income tax, *provided* that, with respect to payments of interest or original interest discount, (i) the holder does not actually or constructively own 10 per cent. or more of the combined voting power of all classes of stock and is not a controlled foreign corporation related to FIFNA through stock ownership, (ii) the interest is not contingent interest described in section 871(h)(4) of the Code (very generally, interest based on or determined by reference to income, profits, cash flow or other comparable attributes of FIFNA or a related person), (iii) the holder is not a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, and (iv) in the case of a Registered Note, the beneficial owner provides a statement signed under penalties of

perjury that includes its name and address and certifies that it is a United States Alien in compliance with applicable requirements (or satisfies certain documentary evidence requirements for establishing that it is a United States Alien);

- (ii) a holder of a Note, Receipt or Coupon that is a United States Alien will not be subject to United States federal income tax on gain realized on the sale, exchange or redemption of the Note, Receipt or Coupon, unless (x) such gain is effectively connected with the conduct by the holder of a trade or business in the United States or (y) in the case of gain realized by an individual holder, the holder is present in the United States for 183 days or more in the taxable year of the sale and either (A) such gain or income is attributable to an office or other fixed place of business maintained in the United States by such holder or (B) such holder has a tax home in the United States;
- (iii) a beneficial owner of a Bearer Note, Receipt or Coupon that is a United States Alien will not be required to disclose its nationality, residence or identity to FIFNA, the Guarantor, a Paying Agent (acting in its capacity as such) or any United States governmental authority in order to receive payment on such Bearer Note, Receipt or Coupon from FIFNA, the Guarantor, or a Paying Agent outside the United States; and
- (iv) a Note, Receipt or Coupon will not be subject to United States federal estate tax as a result of the death of a holder who is not a citizen or resident of the United States at the time of death, provided that such holder did not at the time of death actually or constructively own 10 per cent. or more of the combined voting power of all classes of stock of FIFNA and, at the time of such holder's death, payments of interest on such Note, Receipt or Coupon (A) would not have been effectively connected with the conduct by such holder of a trade or business in the United States and (B) is not contingent interest described in section 871(h)(4) of the Code.

United States information reporting requirements and backup withholding tax will not apply to payments on a Bearer Note, Receipt or Coupon made outside the United States by FIFNA, the Guarantor, or any Paying Agent to a holder that is a United States Alien. Payments on a Registered Note owned by a United States Alien will not be subject to such requirements or tax if the statement described in clause (i) of the preceding paragraph is duly provided to the Principal Paying Agent.

Information reporting requirements and backup withholding tax will not apply to any payment on a Bearer Note, Receipt or Coupon outside the United States by a foreign office of a foreign custodian, foreign nominee or other foreign agent of the beneficial owner of such Note, Receipt or Coupon, *provided* that such custodian, nominee or agent (i) derives less than 50 per cent. of its gross income from certain periods from the conduct of a trade or business in the United States, (ii) is not a controlled foreign corporation for United States federal income tax purposes and (iii) is not a foreign partnership that, at any time during its taxable year, is 50 per cent. or more (by income or capital interest) owned by U.S. persons or is engaged in the conduct of a U.S. trade or business. Payment on a Bearer Note, Receipt or Coupon outside the United States to the beneficial owner thereof by a foreign office of any other custodian, nominee or agent will not be subject to backup withholding tax, but will be subject to information reporting requirements unless such custodian, nominee or agent has documentary evidence in its records that the beneficial owner is a United States Alien or the beneficial owner otherwise establishes an exemption. Payment on a Registered or Bearer Note, Receipt or Coupon by the United States office of a custodian, nominee or other agent of the beneficial owner of such Note, Receipt or Coupon will be subject to information reporting requirements and backup withholding tax unless the beneficial owner certifies its non-U.S. status under penalties of perjury or otherwise establishes an exemption.

Information reporting requirements and backup withholding tax will not apply to any payment of the proceeds of the sale of a Registered or Bearer Note, Receipt or Coupon effected outside the United States by a foreign office of a foreign "broker" (as defined in applicable Treasury regulations), *provided* that such broker (i) derives less than 50 per cent. of its gross income for certain periods from the conduct of a trade or business in the United States, (ii) is not a controlled foreign corporation for United States federal income tax purposes and (iii) is not a foreign partnership that, at any time during its taxable year, is 50 per cent. or more (by income or capital interest) owned by U.S. persons or is engaged in the conduct of a U.S. trade or

business. Payment of the proceeds of the sale of a Registered or Bearer Note, Receipt or Coupon effected outside the United States by a foreign office of any other broker will not be subject to backup withholding tax, but will be subject to information reporting requirements unless such broker has documentary evidence in its records that the beneficial owner is a United States Alien and certain other conditions are met, or the beneficial owner otherwise establishes an exemption. Payment of the proceeds of a sale of a Registered or Bearer Note, Receipt or Coupon by the United States office of a broker will be subject to information reporting requirements and backup withholding tax unless the beneficial owner certifies its non-U.S. status under penalties of perjury or otherwise establishes an exemption.

For the purposes of applying the rules set forth under this heading “*Taxation – United States*” to an entity that is treated as fiscally transparent (e.g. a partnership) for U.S. federal income tax purposes, the beneficial owner means each of the ultimate beneficial owners of the entity.

European Union Directive on Taxation of Savings Income

Under EC Council Directive 2003/48/EC on the taxation of savings income, member states of the European Union are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other EU member state or to certain limited types of entities established in that other member state. However, for a transitional period, Luxembourg (see “*Taxation – Luxembourg – Luxembourg non-resident individuals*,” above) and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other non-EU countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission and the European Parliament have proposed certain amendments to the Directive 2003/48/EC, which may, if implemented, amend or broaden the scope of the requirements described above.

Prospective purchasers of the Notes should consult their own tax advisers as to the potential effects of the proposed amendments to Directive 2003/48/EC on their investment in the Notes and to monitor the eventual enactment of the above-mentioned proposal.

Italy

There is no authority directly addressing the Italian tax regime of payments made by the Guarantor under the Guarantee.

According to one interpretation of Italian tax law, payments in lieu of interest made by the Guarantor under the Guarantee to Noteholders not residing in Italy for tax purposes may be subject to an Italian final tax levied by means of withholding currently levied at a rate of 12.5 per cent. or 27 per cent., depending on the maturity and/or the features of the Notes or, in any event, of 27 per cent., in the case of Noteholders who are resident for tax purposes in a country not included in the list of States and territories allowing an adequate exchange of information with the Italian tax authorities, to be approved with a separate ministerial decree pursuant to Article 168-*bis* of Presidential Decree No. 917 of 22nd December 1986 (pending the approval of such ministerial decree, the 27 per cent. withholding would apply with respect to Noteholders who are resident for tax purposes in a country listed as a tax haven under Ministerial Decree of 23rd January 2002, as amended from time to time). A reduced rate of taxation may apply pursuant to an applicable double taxation convention *provided* that a certification of residence issued by the competent tax authorities of the treaty partner country is duly produced. Pursuant to another interpretation, Noteholders resident in a country that has an adequate exchange of information programme in place with Italy (which is included in the list of States and territories allowing an adequate exchange of information with the Italian tax authorities to be approved with the above-mentioned separate ministerial decree pursuant to Article 168-*bis* of Presidential Decree No. 917 of 22nd December 1986; pending the approval of such ministerial decree, the relevant countries for these purposes are those included in the list approved with Ministerial Decree of 4th September 1996, as amended from time to time) and certain other Noteholders (including international bodies or entities set up pursuant to international agreements executed by Italy or a central bank or entity that manages, *inter*

alia, the official reserves of a foreign bank) may be eligible for an exemption from Italian taxation insofar as they produce a tax exemption application form for non-residents pursuant to Decree 12th December 2001, Annex 1, as amended from time to time.

Prospective purchasers are urged to consult their own tax advisors as to the tax consequences of any such withholding, including the potential availability of foreign tax credits or deductions for such withholding.

SUBSCRIPTION AND SALE, AND SELLING AND TRANSFER RESTRICTIONS

The Dealers have, in a programme agreement (the “Programme Agreement”) dated 28th February 2011 agreed with the Issuers and the Guarantor a basis upon which they or any of them may from time to time agree to purchase Notes and resell such Notes. Any such agreement will extend to those matters stated under “Form of the Notes” and “Terms and Conditions of the Notes.” In the Programme Agreement, each of the Issuers (failing which the Guarantor) has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

In order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the relevant Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time. Under U.K. laws and regulations stabilising activities may only be carried on by the Stabilising Manager named in the applicable Final Terms and only for a period of 30 days following the Issue Date of the relevant Tranche of Notes.

Transfer Restrictions

As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.

Each purchaser of Registered Notes (other than a person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or vice versa, will be required to acknowledge, represent and agree as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (i) that either: (a) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A or (b) it is outside the United States and is not a U.S. person;
- (ii) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (iii) that, unless it holds an interest in a Regulation S Global Note and either is a person located outside the United States or is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the date which is one year after the later of the last Issue Date for the Series and the last date on which the relevant Issuer or an affiliate of the relevant Issuer was the owner of such Notes, only (a) to the Issuer or any affiliate thereof, (b) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (c) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (d) pursuant to the exemption from registration provided by Rule 144 under the

Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;

- (iv) it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (iii) above, if then applicable;
- (v) that Notes initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Notes and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;
- (vi) that the Notes, other than the Regulation S Global Notes, will bear a legend to the following effect unless otherwise agreed to by the relevant Issuer:

“THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT REFERRED TO HEREIN AND, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).”;

- (vii) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the

later of the commencement of the offering and the closing date with respect to the Tranche of which such Registered Notes form part), it will do so only (a)(i) outside the United States in compliance with Rule 903 or 904 under the Securities Act or (ii) to a QIB in compliance with Rule 144A and (b) in accordance with all applicable U.S. State securities laws; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the relevant Issuer:

“THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART.”; and

- (viii) that the relevant Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements, and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the relevant Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

No sale of Legended Notes in the United States to any one purchaser will be for less than U.S.\$250,000 (or its foreign currency equivalent) principal amount and no Legended Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$250,000 (or its foreign currency equivalent) of Registered Notes.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder.

In connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S (“Regulation S Notes”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver such Regulation S Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Regulation S Notes are a part or (iii) in the event of a distribution of a Tranche that is fungible therewith, until 40 days after the completion of the distribution of such fungible Tranche, as determined by the parties described in clause (ii), within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Regulation S Notes during the distribution compliance period a confirmation or other notice setting

forth the restrictions on offers and sales of the Regulation S Notes within the United States or to, or for the account or benefit of, U.S. persons.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Dealers may arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Notes which may be purchased by a QIB pursuant to Rule 144A is U.S.\$100,000 (or the approximate equivalent thereof in any other currency). To the extent that the relevant Issuer is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the relevant Issuer has agreed to furnish to holders of Notes and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

Each issuance of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the relevant Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as contemplated by the final terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

Canada

The Notes have not been, and will not be, qualified for sale under the securities laws of any province or territory of Canada. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered, and that it will not offer, sell or deliver, any Notes, directly or indirectly, in Canada or to, or for the benefit of, any resident thereof in contravention of the securities laws of any province or territory of Canada. Any Canadian investor contemplating purchasing Notes should refer to the Final Terms, which may describe additional transfer and selling restrictions applicable to Canadian purchasers if Notes are to be offered in Canada.

Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24th February 1998, as amended (the “Financial Services Act”) and Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14th May 1999, as amended from time to time (“Regulation No. 11971”) or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29th October 2007, as amended from time to time, and Legislative Decree No. 385 of 1st September 1993, as amended (the “Banking Act”);
- (b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their business where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (“FSMA”) by the relevant Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the relevant Issuer or the Guarantor; and

- (iii) it has complied and will comply with all applicable provisions of the FSMA, with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; (the “FIEA”)) and each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes the Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuers, the Guarantor nor any of the other Dealers shall have any responsibility therefor.

None of the Issuers, the Guarantor or the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the relevant Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

GENERAL INFORMATION

Authorisation

The Programme and the issue of Notes have been duly authorised by resolutions of the board of directors of each of FIFE and FIFNA dated, respectively, 24th February 2011 and 22nd February 2011. The Programme and the guarantee of Notes have been duly authorised by the Guarantor.

Listing of Notes on the Irish Stock Exchange

The Base Prospectus has been approved by the Central Bank of Ireland (the “Central Bank”), as competent authority under the Prospectus Directive. The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any member state of the European Economic Area. Application has been made to the Irish Stock Exchange for the Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list (the “Official List”) and trading on its regulated market.

However, Notes may be issued pursuant to the Programme which will not be listed on the Irish Stock Exchange or any other stock exchange or which will be listed on such stock exchange as the relevant Issuer and the relevant Dealer(s) may agree.

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuers in relation to the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the regulated market of the Irish Stock Exchange for the purposes of the Prospectus Directive.

Documents Available

Copies of the following documents may be physically inspected at the offices of the Paying Agent in Ireland for the life of the Base Prospectus:

- (i) the constitutional documents (in the case of FIFE, with an English translation thereof) of each Issuer and the By-laws (with an English translation thereof) of the Guarantor;
- (ii) the audited financial statements of each Issuer as of and for the year ended 31st December 2010 (in the case of FIFE, with an English translation thereof);
- (iii) audited consolidated financial statements of the Fiat Group pre-Demerger as of and for the years ended 31st December 2010 and 2009 (with an English translation thereof);
- (iv) The “Information Document prepared in accordance with Article 57 (1)(d) of Consob Regulation 11971 of 14th May 1999, as amended, relating to the Partial and Proportional Demerger of Fiat S.p.A. to Fiat Industrial S.p.A.”
- (v) the Programme Agreement, the Agency Agreement, the Guarantee, the Deed of Covenant, the Deed Poll and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;
- (vi) a copy of the Base Prospectus;
- (vii) any future prospectuses, information memoranda and supplements to the Base Prospectus and any other documents incorporated herein or therein by reference, including Final Terms (save for Final Terms relating to unlisted Notes, which will only be available for inspection by holders of the relevant Notes upon the production of evidence satisfactory to the relevant Issuer and the Paying Agent as to its holding of such Notes and identity); and

(viii) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

Clearing Systems

The Notes in bearer form have been accepted for clearance through Euroclear and Clearstream. The appropriate Common Code and ISIN for each Tranche of Bearer Notes allocated by Euroclear and Clearstream will be specified in the applicable Final Terms. In addition, the relevant Issuer may make an application for any Notes in registered form to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of Registered Notes, together with the relevant ISIN and Common Code, will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is Clearstream Banking, 42, Avenue John F. Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg.

Conditions for Determining Price

The price and amount of Notes to be issued under the Programme will be determined by the relevant Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Material Change

Except as disclosed in the Base Prospectus, there has been no significant change in the prospects or financial or trading position of any of the Issuers, the Guarantor or the companies forming part of the Fiat Industrial Group since 31st December 2010, and there has been no material adverse change in the financial condition of either of the Issuers or of the Guarantor since 31st December 2010.

Litigation

None of the Issuers nor the Guarantor nor any other member of the Group is or has been involved in any legal, governmental or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuers or the Guarantor are aware) which is reasonably likely to have or have had in the 12 months preceding the date of this document a significant effect on the financial position of the Issuers, the Guarantor or the Group.

Auditors

Deloitte & Touche LLP, of 555 East Wells Street, Suite 1400, Milwaukee, Wisconsin, 53202, United States of America, audited, without qualification and in accordance with auditing standards generally accepted in the United States of America, the accounts of FIFNA as of 31st December 2010 and for the period from 12th October 2010 to 31st December 2010, which are presented in accordance with IFRS.

Deloitte & Touche LLP, members of the American Institute of Certified Public Accountants (the "AICPA"), are independent certified public accountants with respect to FIFNA under Rule 101 of the AICPA's Code of Professional Conduct, and its interpretations and rulings.

Deloitte S.A., of 560, rue de Neudorf, BP 1173, L-1011, Luxembourg, audited, in accordance with International Auditing Standards as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*, the annual accounts of FIFE for the financial year ended on 31st December 2010, which are presented in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts and issued an unqualified report.

Deloitte S.A., members of the *Institut des Réviseur d'Entreprises* (the "IRE"), are independent auditors with respect to FIFE.

The independent auditors of Fiat, of which the Fiat Industrial Group was a part until 31st December 2010, are Deloitte & Touche S.p.A., Galleria San Federico 54, 10121, Turin, Italy. Deloitte & Touche S.p.A. is registered in the Special Register (Albo Speciale) maintained by CONSOB and set out at article 161 of the Unified Text of the Rules for the Capital Markets (Testo Unico delle Disposizioni in materia di mercati finanziari) and in the Register of Auditors (Registro dei Revisori Contabili) maintained by Ministero di Grazia e Giustizia, as per Legislative Decree No. 88 of 27th January 1992. Deloitte & Touche S.p.A. is a member of ASSIREVI, an Italian association of auditing firms.

From 1st January 2011, the independent auditors of FIFNA are Ernst & Young LLP of 5 Times Square, New York, NY, 10036, United States of America.

Ernst & Young LLP, members of the American Institute of the AICPA, are independent certified public accountants with respect to FIFNA under Rule 101 of the AICPA's Code of Professional Conduct, and its interpretations and rulings.

From 1st January 2011, the independent auditors of FIFE are Ernst & Young S.A. of 7, Parc d'Activité Syrdall, Luxembourg, L-5365 Munsbach.

Ernst & Young S.A., members of the IRE, are independent certified public accountants with respect to FIFE under Luxembourg legal and regulatory requirements.

From 1st January 2011, the independent auditors of Fiat Industrial Group are Reconta Ernst & Young S.p.A., Corso Vittorio Emanuele II 83, 10128, Turin, Italy.

Reconta Ernst & Young S.p.A. is registered in the Special Register (Albo Speciale) maintained by CONSOB and set out at article 161 of the Unified Text of the Rules for the Capital Markets (Testo Unico delle Disposizioni in materia di mercati finanziari) and in the Register of Auditors (Registro dei Revisori Contabili) maintained by Ministero di Grazia e Giustizia, as per Legislative Decree 27th January 1992, n. 88. Reconta Ernst & Young S.p.A. is a member of ASSIREVI, an Italian association of auditing firms.

Post-Issuance Information

The Issuers do not intend to provide any post-issuance information in relation to such assets underlying issues of Notes constituting derivative securities.

Issues by FIFNA

Notes issued by FIFNA may not have maturities of 183 days or less.

Dealers Transacting with any of the Issuers and the Guarantor

Certain of the Dealers and their affiliates (including their parent companies) have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, any of the Issuers, the Guarantor and their affiliates in the ordinary course of business.

FINANCIAL STATEMENTS

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Audited financial statements of Fiat Industrial Finance Europe S.A. as at 31st December 2010 and for the period from 29th September 2010 to 31st December 2010 prepared in accordance with Luxembourg legal and regulatory requirements

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To the Shareholders of
Fiat Industrial Finance Europe S.A.
13, rue Aldringen
L-1118 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREÉ

Report on the annual accounts

We have audited the accompanying annual accounts of Fiat Industrial Finance Europe S.A., which comprise the balance sheet as at December 31, 2010 and the profit and loss account for the period from September 29, 2010 to December 31, 2010, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with the Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the réviseur d'entreprises agréé

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgement of the *réviseur d'entreprises agréé*, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

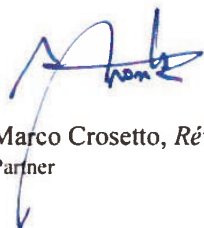
Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of Fiat Industrial Finance Europe S.A. as of December 31, 2010, and of the results of its operations for the period from September 29, 2010 to December 31, 2010 in accordance with the Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors, is consistent with the annual accounts.

For Deloitte S.A., *Cabinet de révision agréé*



Marco Crosetto, *Réviseur d'entreprises agréé*
Partner

February 17, 2011

Management Report

Operating Performance and Analysis of the Financial Position

Fiat Industrial Finance Europe S.A. (FIFE) has been constituted end of September 2010 with the purpose of acting in 2011 as the treasury and financing vehicle of the FIAT Industrial S.p.A. Group (the "Group") companies outside Italy. Its operations started in January 2011.

For the year end 2010, Fiat Industrial Finance Europe S.A. closed with a net loss for the year of € 1.376 million principally due to:

1. Company set up costs
2. Fees, Commission and legal support on Company Financing structure set up;

For the year 2011, the Company will be fully operational and we expect a positive result for the 2011 year end.

By order of the Board of Directors



Claudio Chiorazzi
Director

February 17th, 2011

FIAT INDUSTRIAL FINANCE EUROPE S.A.

BALANCE SHEET
AT 31 DECEMBER 2010
(Expressed in EUR)

ASSETS	<i>Notes</i>	31.12.2010
CURRENT ASSETS		
DEBTORS		
Amounts owed by Fiat Group companies		
<i>Due in one year or less</i>	1	24,050,000
		24,050,000
CASH AT BANKS	2	55,804
DEFERRED EXPENSES	3	29,732,222
		53,838,026
TOTAL ASSETS		53,838,026

LIABILITIES AND SHAREHOLDERS' EQUITY		31.12.2010
CAPITAL AND RESERVES		
	4	
Subscribed capital		50,000,000
Loss of the year		(1,375,910)
		48,624,090
TOTAL SHAREHOLDERS' EQUITY		48,624,090
Amounts owed to Fiat Group companies		
<i>Due in one year or less</i>	5	1,602,376
Other creditors		
<i>Due in one year or less</i>	6	2,967,560
ACCRUED EXPENSES	7	644,000
		53,838,026
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		53,838,026

The accompanying notes form an integral part of the annual accounts.

FIAT INDUSTRIAL FINANCE EUROPE S.A.

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD FROM 29 SEPTEMBER 2010 TO 31 DECEMBER 2010 (Expressed in EUR)

For the period from
29 SEPTEMBER 2010
to 31 DECEMBER 2010

CHARGES

Other operating charges	8	686,344
Other financial expenses		
Fees, commission and other financial expenses	9	736,198
Foreign exchange loss		108
		<u>736,306</u>
TOTAL CHARGES		<u>1,422,650</u>

INCOME

Interest and similar income

Banks		9,583
Foreign exchange gain		59
Fiat Group companies and third parties		37,098
		<u>46,740</u>

LOSS FOR THE PERIOD 1,375,910

TOTAL INCOME 1,422,650

The accompanying notes form an integral part of the annual accounts.

FIAT INDUSTRIAL FINANCE EUROPE S.A.

NOTES TO THE ANNUAL ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2010

(Expressed in EUR, unless otherwise stated)

FORMATION AND ACTIVITIES OF THE COMPANY

Fiat Industrial Finance Europe S.A. (the "Company") has been constituted in Luxembourg on 29 September 2010.

The Company's registered office is at 13 Rue Aldringen, L-1118 Luxembourg and it is registered in the Luxembourg trade register under the number B 155849, TVA LU24317123.

The Company is a wholly-owned subsidiary of Fiat Industrial Finance S.p.A. (the Parent "Company"), a company incorporated in Italy, with the indirect parent being Fiat S.p.A. (up to 31 December 2010), also incorporated in Italy. Following the partial and proportional demerger of Fiat S.p.A. to Fiat Industrial S.p.A., which took effect on 1 January 2011, the indirect parent became Fiat Industrial S.p.A., incorporated in Italy.

The Company has been constituted with the purpose of acting as the treasury and financing vehicle of the FIAT Industrial S.p.A. Group (the "Group") companies outside Italy. Its operations started in January 2011.

The financial year of the Company runs from the first of January until the thirty-first of December of each year.

As an exception to this rule, the first accounting year begins on the date of incorporation of the Company and terminates on the 31st of December 2010.

SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The annual accounts for the year ended 31 December 2010 have been prepared under the historical cost convention in accordance with Luxembourg law.

Foreign currency transactions

The accounting records of the Company are maintained in Euro (EUR), which represents the main functional currency of the Company; the annual accounts are denominated in this currency.

Assets and liabilities denominated in currencies other than EUR are translated into EUR at the exchange rates prevailing at the balance sheet date. Income and expenses denominated in foreign currencies are converted into EUR at the exchange rates prevailing on the transaction date. Both unrealised and realised foreign exchange differences are recognised in the profit and loss account.

Debtors

The debtors are stated at nominal value.

A value adjustments is recorded when the estimated realizable value is lower than the nominal value.

The realizable value is estimated on the basis of the information available to the Board of Directors.

Other assets and liabilities

Unless otherwise stated, all other assets and liabilities are stated at their nominal values.

Cash and cash equivalents

Cash and cash equivalents comprise amounts due from banks with an original average maturity up to 3 months.

Income recognition

Income and expenses are recognised when earned or incurred on an accruals basis.

FIAT INDUSTRIAL FINANCE EUROPE S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2010 (Expressed in EUR, unless otherwise stated) (continued)

Provisions for liabilities and charges

At the end of each period provisions are recorded to cover all foreseeable liabilities and charges.
Provisions relating to previous periods are regularly reviewed and released if the reasons for which the provisions were recorded have ceased to apply.

NOTE 1 - AMOUNTS OWED BY GROUP COMPANIES

	31.12.2010
	EUR
Receivable, short term portion	24,050,000
Total receivable short term portion	<u>24,050,000</u>

NOTE 2 - CASH AT BANKS

	31.12.2010
	EUR
Cash and current accounts	55,804
	<u>55,804</u>

NOTE 3 - DEFERRED EXPENSES

	31.12.2010
	EUR
Deferred expenses on Financing	29,732,222
	<u>29,732,222</u>

The fees mainly relate to a total Euro 4.2 bn syndicated facilities, under a financing package set up in order to provide adequate financial resources to the Group treasury.

FIAT INDUSTRIAL FINANCE EUROPE S.A.
NOTES TO THE ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2010
(Expressed in EUR, unless otherwise stated) (continued)

NOTE 4 - SHAREHOLDERS' EQUITY

The movements of shareholder's equity are summarised as follows (amounts expressed in EUR thousands):

	Subscribed Capital	Legal Reserve	Special Reserve	Retained Earnings	Result for the year	TOTAL SHAREHOLDERS' EQUITY
Opening Balance at 29.09.2010	25,000	-	-	-	-	25,000
Capital Increase	25,000	-	-	-	-	25,000
Allocation to retained earnings	-	-	-	-	-	-
Allocation to legal reserve	-	-	-	-	-	-
Allocation to special reserve	-	-	-	-	-	-
Dividend to Fiat Industrial Finance S.p.A.	-	-	-	-	-	-
Result for the year	-	-	-	-	(1,376)	(1,376)
Balance at 31.12.2010	50,000	-	-	-	(1,376)	48,624

Subscribed capital

The share capital of the Company amounts to EUR 50,000,000 represented by 10,000 shares fully subscribed and paid up with no nominal value.

Legal reserve

Under Luxembourg Law the Company must appropriate to a legal reserve a minimum of 5% of the annual net profit until such reserve is equal to 10% of the issued share capital. The legal reserve is not available for distribution.

Taxation

The company is subject to the all taxes applicable to commercial companies in Luxembourg.

FIAT INDUSTRIAL FINANCE EUROPE S.A.
NOTES TO THE ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2010
(Expressed in EUR, unless otherwise stated) (continued)

NOTE 5 - AMOUNT OWED TO GROUP COMPANIES

31.12.2010

EUR

Borrowings from Group companies-short term portion

1,602,376

1,602,376

NOTE 6 - AMOUNT OWED TO CREDIT INSTITUTION

31.12.2010

EUR

Fees payable

2,967,560

2,967,560

NOTE 7 - ACCRUED EXPENSES

31.12.2010

EUR

Accrued interest expenses on:

Legal and other fees

644,000

644,000

FIAT INDUSTRIAL FINANCE EUROPE S.A.
NOTES TO THE ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2010
(Expressed in EUR, unless otherwise stated) (continued and end)

NOTE 8 - OPERATING CHARGES

	31.12.2010
	EUR
Legal and consulting fees	686,344
	<hr/>
	<u>686,344</u>

NOTE 9 - FEES, COMMISSION AND OTHER FINANCIAL EXPENSES

	31.12.2010
	EUR
Commissions on credit lines	735,000
Other fees and commissions	1,198
	<hr/>
	<u>736,198</u>

NOTE 10 - COMMITMENTS AND CONTINGENCIES

As of 31 December 2010, the Company did not issue any guarantees in favour of Group Companies.

NOTE 11 - CONSOLIDATION

The Company's accounts are included in the consolidated accounts of Fiat S.p.A., whose registered office is located in Italy (Turin).

NOTE 12 - POST BALANCE SHEET EVENTS

Starting from January 01st, 2011, the Company is acting as the treasury and financing vehicle of the FIAT Industrial S.p.A. Group (the "Group") companies outside Italy, operating on the international financial markets. The Company funds Group companies and invests surplus funds in other investments and with banks. The Company's principal source of funds will be obtained by the public issue of debt (bonds) and lines of credit with banks.



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder of
Fiat Industrial Finance North America, Inc.:

We have audited the accompanying balance sheet of Fiat Industrial Finance North America, Inc. (the "Company") as of December 31, 2010, and the related statements of income, changes in stockholder's equity and cash flows for the period from October 12, 2010 to December 31, 2010 (all expressed in U.S. dollars) which, as described in Note 2, have been prepared in conformity with International Financial Reporting Standards. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2010, and the results of its operations and cash flows for the period from October 12, 2010 to December 31, 2010 in conformity with International Financial Reporting Standards.

Deloitte & Touche LLP

February 18, 2011

Member of
Deloitte Touche Tohmatsu

FIAT INDUSTRIAL FINANCE NORTH AMERICA, INC.
(A Subsidiary of Fiat Industrial Finance S.p.A.)

BALANCE SHEET
AS OF DECEMBER 31, 2010
(U.S. dollars in thousands)

	2010
ASSETS	
Receivable from affiliated company	<u>25,007</u>
TOTAL	<u><u>25,007</u></u>
LIABILITIES AND STOCKHOLDER'S EQUITY	
LIABILITIES:	
Other liabilities	<u>7</u>
Total liabilities	<u>7</u>
STOCKHOLDER'S EQUITY:	
Capital Stock (no par value; authorized 5,000 shares; 2,500 shares outstanding)	25,000
Total stockholder's equity	<u>25,000</u>
TOTAL	<u><u>25,007</u></u>

See notes to financial statements.

FIAT INDUSTRIAL FINANCE NORTH AMERICA, INC.
(A Subsidiary of Fiat Industrial Finance S.p.A.)

STATEMENT OF INCOME
FOR THE PERIOD FROM OCTOBER 12, 2010 TO DECEMBER 31, 2010
(U.S. dollars in thousands)

	2010
REVENUES:	
Interest income in affiliate receivable	<u>7</u>
Total revenues	<u>7</u>
INCOME BEFORE PROVISION FOR INCOME TAXES	7
PROVISION FOR INCOME TAXES	<u>7</u>
NET INCOME	<u>-</u>

See notes to financial statements.

FIAT INDUSTRIAL FINANCE NORTH AMERICA INC.
(A Subsidiary of Fiat Industrial Finance S.p.A.)

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE PERIOD FROM OCTOBER 12, 2010 TO DECEMBER 31, 2010
(U.S. dollars in thousands, except per share information)

	<u>Capital Stock</u>		<u>Retained</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Earnings</u>	<u>Stockholder's</u>
				<u>Equity</u>
Issuance of capital stock	2,500	25,000	-	25,000
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
BALANCE — December 31, 2010	<u>2,500</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>

See notes to financial statements.

FIAT INDUSTRIAL FINANCE NORTH AMERICA, INC.
(A Subsidiary of Fiat Industrial Finance S.p.A.)

STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM OCTOBER 12, 2010 TO DECEMBER 31, 2010
(U.S. dollars in thousands)

	2010
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	
Accrued interest (net) (+/-)	(7)
Taxes and duties to be settled (+/-)	<u>7</u>
Cash flow provided by operations	<u>-</u>
Net decrease in amounts owed by affiliated company	<u>(25,000)</u>
Cash flow used in financial assets	<u>(25,000)</u>
Net cash flow used in operating activities	<u>(25,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Capital contributions	<u>25,000</u>
Net cash flow provided by financing activities	<u><u>25,000</u></u>
NET TOTAL IN CASH AND CASH EQUIVALENTS	<u>-</u>
CASH AND CASH EQUIVALENTS - Beginning of the year	<u>-</u>
CASH AND CASH EQUIVALENTS - End of the year	<u>-</u>
CASH PAID IN THE PERIOD FOR:	
Interest	<u>-</u>
Income taxes	<u><u>-</u></u>

See notes to financial statements.

FIAT INDUSTRIAL FINANCE NORTH AMERICA, INC.
(A Subsidiary of Fiat Industrial Finance S.p.A.)

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM OCTOBER 12, 2010 TO DECEMBER 31, 2010
(Expressed in U.S. dollars)

1. BUSINESS DESCRIPTION AND ORGANIZATION

Fiat Industrial Finance North America, Inc. (the “Company”), is fully owned by Fiat Industrial Finance S.p.A., was incorporated on October 12, 2010, and began operations on November 18, 2010. The Company’s registered office is located at 1209 Orange Street, Wilmington, Delaware.

On July 21, 2010, a demerger plan to separate “capital goods” businesses (Agricultural and Construction Equipment, Trucks and Commercial Vehicles and “Industrial and Marine” powertrain business lines) from automobile activities was approved by the Board of Directors of Fiat S.p.A. and Fiat Industrial S.p.A. and filed with the Companies Register of Turin on August 2, 2010. In September 2010, shareholders’ of Fiat S.p.A. and Fiat Industrial S.p.A. approved the demerger that took effect on January 1, 2011. Commencing on January 1, 2011, Fiat Industrial Finance North America began its activities performing cash management, investment and corporate finance services and working capital financing for Fiat Industrial Group companies in North America.

2. BASIS OF ACCOUNTING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company’s financial statements are prepared in conformity with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Interest income is recognized using the effective interest method.

The accounting records of the Company are maintained in US dollars (USD), which represents the functional currency of the Company; the financial statements are denominated in this currency.

3. INFORMATION ON FINANCIAL RISKS

The Company is exposed to various financial risks in the course of its operations. The Company regularly monitors and manages its exposure in a conservative and prudent manner.

The quantitative data reported in the following does not have any value of a prospective nature, and the Company is unable to reflect the complexity of the market and its related reaction which may result from every change which may occur.

Credit Risk — The credit risk of the Company is represented by a loan granted to an affiliated company. Management believes the credit risk to be extremely low. The loan to the affiliated company is granted at an arm’s length rate. The outstanding loan to the affiliated company as of December 31, 2010 was considered to be current and the carrying value approximates its fair value. The loan accrues interest at a rate of .91%.

Liquidity Risk — Liquidity risk arises if the Company is unable to obtain under acceptable economic conditions the funds needed to carry out its operations. The Company's liquidity position for December 31, 2010 is as follows (US dollars in thousands) (in nominal value):

2010		2011	2012	2013	2014	Beyond
	Assets:					
<u>25,000</u>	Receivable from affiliated company	<u>25,000</u>	_____	_____	_____	_____
<u>25,000</u>		<u>25,000</u>	_____	_____	_____	_____

4. INCOME TAXES

The Company recognized income tax expense of \$7 thousand for the period ended December 31, 2010. Substantially all of the Company's 2010 income tax expense was state and local tax pertaining to initial capital contributions by Fiat Industrial Finance S.p.A.

5. STOCKHOLDER'S EQUITY

On November 18, 2010 and on December 20, 2010, Fiat Industrial Finance S.p.A. made capital contributions in the amounts of \$100 thousand and \$24.9 million, respectively, and a total of 2,500 common shares were issued to Fiat Industrial Finance S.p.A for consideration. The Company is not subject to any specific constraints on equity within its course of business. Management believes that the capital structure of the Company is adequate to its operations.

6. TRANSACTION WITH AFFILIATED PARTY

Amounts owed by the affiliated company consist of a short term loan maturing January 1, 2011, accruing interest at a rate of .91%. The impact on the financial statements of the transaction with affiliated party appears below (US dollars in thousands):

For the Period from October 12, 2010 to December, 31 2010

Interest income in affiliate receivable	7
Receivable from affiliated company	25,007

* * * * *

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