



FERRARI N.V.

(a public limited liability company incorporated under the laws of the Netherlands)

€500,000,000 1.500 per cent. Notes due 16 March 2023

Issue price: 98.977 per cent.

The €500,000,000 1.500 per cent. Notes due 16 March 2023 (the **Notes**) will be issued by Ferrari N.V. (the **Issuer**) on 16 March 2016 (the **Issue Date**).

The Notes will bear interest from 16 March 2016 at the rate of 1.500 per cent. per annum payable annually in arrear on 16 March each year, commencing on 16 March 2017. Unless previously redeemed or purchased and cancelled, the Notes will be redeemed in full at their principal amount on 16 March 2023 (the **Maturity Date**). The Notes are subject to redemption, in whole but not in part, at their principal amount at the option of the Issuer at any time in the event of certain changes affecting taxation in the Netherlands and/or the Republic of Italy. See "*Conditions of the Notes—Redemption and Purchase*". In addition, the Issuer will have the option to redeem in whole or in part the Notes at any time prior to the Maturity Date and in accordance with the provisions set out in "*Conditions of the Notes—Redemption and Purchase—Make-whole Redemption by the Issuer*".

This prospectus (the **Prospectus**) has been approved by the Central Bank of Ireland (the **Central Bank**) in its capacity as competent authority under the Prospectus Directive (as defined below). The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made for the Notes to be admitted to listing on the official list (the **Official List**) of the Irish Stock Exchange plc (the **Irish Stock Exchange**) and admitted to trading on the regulated market of the Irish Stock Exchange with effect from the Issue Date.

References in this Prospectus to Notes being listed (and all related references) shall mean that such Notes have been admitted to trading on the Irish Stock Exchange's regulated market and have been admitted to the Official List of the Irish Stock Exchange. The Irish Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), and, subject to certain exceptions, may not be offered or sold within the United States. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act, as amended (**Regulation S**).

The Notes will initially be represented by a temporary global note (the **Temporary Global Note**), without interest coupons, which will be deposited on or about 16 March 2016 (the **Closing Date**) with a common depositary for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the **Permanent Global Note** and, together with the Temporary Global Note, the **Global Notes**), without interest coupons, on or after 25 April 2016 (the **Exchange Date**), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for definitive Notes only in certain limited circumstances (see "*Summary of Provisions relating to the Notes while represented by the Global Notes*").

An investment in Notes involves certain risks. Prospective investors should have regard to the factors described under the heading "Risk Factors" on page 8.

Joint Lead Managers

Banca IMI

BNP PARIBAS

BofA Merrill Lynch

Citigroup

Crédit Agricole CIB

J.P. Morgan

Mediobanca

**Société Générale
Corporate & Investment Banking**

UBS Investment Bank

UniCredit Bank

The date of this Prospectus is 14 March 2016.

This Prospectus constitutes a prospectus for the purposes of Article 5.3 of Directive 2003/71/EC, as amended (the **Prospectus Directive**), as implemented in Ireland by the Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the **Prospectus Regulations**).

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer, having made all reasonable enquiries, confirms that this Prospectus contains all material information with respect to the Issuer and the Notes (including all information which, according to the particular nature of the Issuer and of the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes), that the information contained or incorporated in this Prospectus is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Prospectus are honestly held and that there are no other facts the omission of which would make this Prospectus or any of such information or the expression of any such opinions or intentions misleading. The Issuer accepts responsibility accordingly.

Neither the Joint Lead Managers (as described under "*Subscription and Sale*", below) nor the Trustee have 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 Joint Lead Managers or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer in connection with the offering of the Notes. No Joint Lead Manager or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the offering of the Notes or their distribution.

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

Neither this Prospectus nor any other information supplied in connection with the offering of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, any of the Joint Lead Managers or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the offering of the 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 Issuer. Neither this Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer any of the Joint Lead Managers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus nor the offering, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Lead Managers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor in the Notes of any information coming to their attention. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the **Securities Act**) and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this document, see "*Subscription and Sale*" below.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Joint Lead Managers and the Trustee do not represent that this Prospectus may be lawfully distributed, or that the 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 been taken by the Issuer, the Joint Lead Managers or the Trustee which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this 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 any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States and the European Economic Area (including the United Kingdom and the Republic of Italy) (see "*Subscription and Sale*").

IN CONNECTION WITH THE ISSUE OF THE NOTES, BNP PARIBAS AS STABILISING MANAGER (THE STABILISING MANAGER) (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) 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 (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) 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 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 NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF ANY STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

In this Prospectus, unless otherwise specified, the terms the **Issuer** and **Ferrari** refer to Ferrari N.V. and references to the **Group** refer to Ferrari N.V., together with its subsidiaries. References to **FCA** or **FCA Group** refer to Fiat Chrysler Automobiles N.V., together with its subsidiaries, following completion of the merger of Fiat S.p.A. with and into FCA on 12 October 2014, or to Fiat S.p.A. together with its subsidiaries, prior to the merger of Fiat S.p.A. with and into FCA, as the context may require.

All references in this document to **U.S. dollars**, **U.S.\$** and **\$** refer to the currency of the United States of America, 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 establishing the European Community, as amended, to **Sterling** and **£** refer to the currency of the United Kingdom.

The language of this 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.

MARKET AND INDUSTRY INFORMATION

This Prospectus includes and refers to industry and market data derived from or based upon a variety of official, non-official and internal sources, such as internal surveys and management estimates, market research, publicly available information and industry publications.

Market share, ranking and other data contained in this Prospectus may also be based on the Group's good faith estimates, the Group's own knowledge and experience and such other sources as may be available. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. The information in this Prospectus that has been sourced from third parties has been accurately reproduced and, as far as the Issuer is aware and has been able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Neither the Issuer nor the Joint Lead Managers make any representation as to the accuracy or completeness of any such third party information in this Prospectus. Although the Issuer believes that this information is reliable, the Issuer has not independently verified the data from third party sources.

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RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Words and expressions defined in "Conditions of the Notes" shall have the same meanings in these risk factors.

Factors that may affect the Issuer's ability to fulfil its obligations under the Notes

The Group may not succeed in preserving and enhancing the value of the Ferrari brand, which the Group depends upon to drive demand and revenues.

The Group's financial performance is influenced by the perception and recognition of the Ferrari brand, which, in turn, depends on many factors such as the design, performance, quality and image of its cars, the appeal of its dealerships and stores, the success of its promotional activities including public relations and marketing, as well as its general profile, including the brand's image of exclusivity. The value of the brand and the Group's ability to achieve premium pricing for Ferrari-branded products may decline if it is unable to maintain the value and image of the Ferrari brand, including, in particular, its aura of exclusivity. Maintaining the value of the brand will depend significantly on the Group's ability to continue to produce luxury performance cars of the highest quality. The market for luxury goods generally and for luxury automobiles in particular is intensely competitive, and the Group may not be successful in maintaining and strengthening the appeal of its brand. Client preferences, particularly among luxury goods, can vary over time, sometimes rapidly. The Group is therefore exposed to changing perceptions of its brand image, particularly as it seeks to attract new generations of clients. Any failure by the Group to preserve and enhance the value of the brand may materially and adversely affect its ability to sell its cars, to maintain premium pricing, and to extend the value of the brand into other activities profitably or at all.

The Group selectively licenses the Ferrari brand to third parties that produce and sell Ferrari-branded luxury goods and therefore relies on its licensing partners to preserve and enhance the value of the brand. If its licensees or the manufacturers of these products do not maintain the standards of quality and exclusivity that the Issuer believes are consistent with the Ferrari brand, or if such licensees or manufacturers otherwise misuse the Ferrari brand, the Group's reputation and the integrity and value of its brand may be damaged and the Group's business, operating results and financial condition may be materially and adversely affected.

The Group's brand image depends in part on the success of its Formula 1 racing team.

The prestige, identity, and appeal of the Ferrari brand depend on the continued success of the Scuderia Ferrari racing team in the Formula 1 World Championship. The racing team is a key component of the Group's marketing strategy and may be perceived by its clients as a demonstration of the technological capabilities of its Sports and GT cars which also supports the appeal of other Ferrari-branded luxury goods. The success of the Formula 1 racing team has declined over the past several years as the most recent driver's championship and constructors' championship were in 2007 and 2008, respectively. As a result, the Group is enhancing its focus on Formula 1 activities with the goal of improving racing results and restoring its historical position as the premier racing team in Formula 1. If the Group is unable to attract and retain the necessary talent to succeed in international competitions or devote the capital necessary to fund successful racing activities, the value of the Ferrari brand and the appeal of its cars and other luxury goods may suffer. Even if the Group is able to attract such talent and adequately fund its racing activities, there is no assurance that this will lead to competitive success for its racing team.

The success of the Group's racing team depends in particular on its ability to attract and retain top drivers and racing management and engineering talent. The Group's primary Formula 1 drivers, team managers and other key employees of Scuderia Ferrari are critical to the success of its racing team and if the Group were to lose their services, this could

have a material adverse effect on the success of the racing team and correspondingly the Ferrari brand. If the Group is unable to find adequate replacements or to attract, retain and incentivise drivers and team managers, other key employees or new qualified personnel, the success of its racing team may suffer. As the success of the racing team forms a large part of the Group's brand identity, a sustained period without racing success could detract from the Ferrari brand and, as a result, potential clients' enthusiasm for the Ferrari brand and their perception of its cars, which could have an adverse effect on the Group's business, results of operations and financial condition.

If the Group is unable to keep up with advances in high performance car technology, its competitive position may suffer.

Performance cars are characterised by leading-edge technology which is constantly evolving. In particular, advances in racing technology often lead to improved technology in road cars. Although the Group invests heavily in research and development, it may be unable to maintain its leading position in high performance car technology and, as a result, its competitive position may suffer. As technologies change, the Group plans to upgrade or adapt its cars and introduce new models in order to continue to provide cars with the latest technology. However, its cars may not compete effectively with its competitors' cars if the Group is not able to develop, source and integrate the latest technology into its cars.

Developing and applying new automotive technologies is costly, and may become even more costly in the future as available technology advances and competition in the industry increases. If the Group's research and development efforts do not lead to improvements in car performance relative to the competition, or if the Group is required to spend more to achieve comparable results, sales of its cars or its profitability may suffer.

If the Group's car designs do not appeal to clients, its brand and competitive position may suffer.

Design and styling are an integral component of the Group's models and its brand. The Group's cars have historically been characterised by distinctive designs combining the aerodynamics of a sports car with powerful, elegant lines. The Issuer believes that its clients purchase Ferrari cars for their appearance as well as their performance. However, the Group will need to renew over time the style of its cars to differentiate the new models it produces from older models, and to reflect the broader evolution of aesthetics in its markets. The Group devotes great efforts to the design of its cars and most of its current models are designed by Ferrari Design Centre, its in-house design team. If the design of future models fails to meet the evolving tastes and preferences of clients and prospective clients, or the appreciation of the wider public, the brand may suffer and sales may be adversely affected.

The value of the Group's brand depends in part on the automobile collector and enthusiast community.

An important factor in the connection of clients to the Ferrari brand is the strong relationship with the active global community of automotive collectors and enthusiasts, particularly collectors and enthusiasts of Ferrari automobiles. This is influenced by the Group's close ties to the automotive collectors' community and its support of related events (such as car shows and driving events), at its headquarters in Maranello and through its dealers, the Ferrari museum and affiliations with regional Ferrari clubs. The support of this community also depends upon the perception of its cars as collectibles, which the Group also supports through its Ferrari Classiche services, and the active resale market for its automobiles which encourages interest over the long term.

If there is a change in collector appetite or damage to the Ferrari brand, the Group's ties to and the support received from this community may be diminished. Such a loss of enthusiasm for its cars from the automotive collectors' community could harm the perception of the Ferrari brand and adversely impact the Group's sales and profitability.

Demand for luxury goods, including luxury performance cars, is volatile, which may adversely affect the Group's operating results.

Volatility of demand for luxury goods, in particular luxury performance cars, may adversely affect the Group's business, operating results and financial condition. The markets in which the Group sells its cars have been subject to volatility in demand in recent periods. Demand for luxury automobiles depends to a large extent on general, economic, political and social conditions in a given market as well as the introduction of new vehicles and technologies. As a luxury performance car manufacturer and low volume producer, the Group competes with larger automobile manufacturers many of which have greater financial resources in order to withstand changes in the market and disruptions in demand. Demand for cars may also be affected by factors directly impacting automobile prices or the cost of purchasing and operating automobiles, such as the availability and cost of financing, prices of raw materials and parts and components, fuel costs and governmental regulations, including tariffs, import regulation and other taxes, including taxes on luxury goods, resulting in limitations to the use of high performance sports cars or luxury goods more generally. Volatility in demand may lead to lower car unit sales, which may result in further downward price pressure and adversely affect the Group's business, operating results and financial condition. These effects may have a more

pronounced impact on the Group given its low volume strategy and relatively smaller scale as compared to large global mass-market automobile manufacturers.

The Group's low volume strategy may limit potential profits.

A key to the appeal of the Ferrari brand and its marketing strategy is the aura of exclusivity and the sense of luxury which its brand conveys. A central facet to this exclusivity is the limited number of models and cars produced and the Group's strategy of maintaining its car waiting lists to reach the optimal combination of exclusivity and client service. This low volume strategy is also an important factor in the prices that clients are willing to pay for the Group's cars. Regulation also affects the potential for volume growth because the Group is eligible for certain exemptions from fuel economy and emissions requirements provided it sells less than 10,000 road cars worldwide per year. See "*—New laws, regulations, or policies of governmental organisations regarding increased fuel economy requirements, reduced greenhouse gas or pollutant emissions, or vehicle safety, or changes in existing laws, may have a significant effect on the Group's costs of operation and/or how it does business*".

While important to the current marketing strategy, the Group's focus on maintaining low volumes and exclusivity limits its potential sales growth and profitability. As a public company, the Group may from time to time face pressure to demonstrate growth including by increasing the volume of cars it sells. Notwithstanding any such pressure, the Group intends to continue to pursue a low volume strategy in order to maintain its reputation for exclusivity, while growing volume in a controlled way to respond to growth in emerging markets and demographic changes.

Conversely, if the Group were to change its strategy and increase production of its cars more aggressively, it may be unable to maintain the exclusivity of the Ferrari brand. If the Group is unable to balance brand exclusivity with increased production, it may erode the desirability and ultimately the consumer demand for its cars. As a result, if the Group is unable to increase car production meaningfully or introduce new car models without eroding the image of exclusivity in its brand it may be unable to significantly increase revenues.

The Group's revenues from Formula 1 activities may decline and its related expenses may grow.

Revenues from the Group's Formula 1 activities depend principally on the income from its sponsorship agreements and on its share of Formula 1 revenues from broadcasting and other sources. See "*Description of the Issuer and the Group—Formula 1 Activities*". If the Group is unable to renew its existing sponsorship agreements or if it enters into new or renewed sponsorship agreements with less favourable terms, its revenues would decline. In addition, its share of Formula 1 results may decline if either the team's performance worsens compared to other competing teams, or if the overall Formula 1 business suffers. Furthermore, in order to compete effectively on track the Group has been investing significant resources in research and development and to competitively compensate the best available drivers and other racing team members. These expenses also vary based on changes in Formula 1 regulations that require modification to the Group's racing engines and cars. These expenses are expected to continue, and may grow further, including as a result of any changes in Formula 1 regulations, which would negatively affect the Group's results of operations.

The small number of car models the Group produces and sells may result in greater volatility in its financial results.

The Group currently depends on the sales of six range models, one special series and one limited edition supercar to generate its revenues. While the Group anticipates expanding its car offerings, it expects that a limited number of models will continue to account for a large portion of its revenues at any given time in the foreseeable future. Therefore, future operating results depend upon the continued market acceptance of each model in its line-up. There can be no assurance that the cars will continue to be successful in the market. On average it takes about 40 months (approximately 33 months for M models) from the beginning of the development phase to start of production for a new model and the car development process is capital intensive. As a result, the Group would likely be unable to replace the revenue lost from one of the main car models if it does not achieve market acceptance. Furthermore, volatility in revenues and profits is also affected by "special series" and limited edition cars that the Group launches from time to time and which are typically priced higher than the range models. There can be no assurance that the Group will be successful in developing, producing and marketing additional new cars that will sustain sales growth in the future.

Engine production revenues are dependent on Maserati's ability to sell its cars.

The Group produces V8 and V6 engines for Maserati. In particular, the Group has a multi-year arrangement with Maserati to provide V6 engines in an initial production run of up to 178,000 engines in aggregate through 2020, which, based on discussions with Maserati, is expected to increase to up to 260,000 engines in aggregate through 2023 to cater to Maserati's planned expanded model range and sales volumes. While Maserati is required to compensate the Group for certain costs it may incur, such as penalties from suppliers, in the event that the sales of Maserati cars decline, or do not increase at the expected rate, such an event would adversely affect the Group's revenues from the sale of engines.

The Group's business is subject to changes in client preferences and automotive trends.

The Group's continued success depends in part on its ability to originate and define product and automotive trends, as well as to anticipate and respond promptly to changing consumer demands and automotive trends in the design, styling, technology, production, merchandising and pricing of its products. The Group's products must appeal to a client base whose preferences cannot be predicted with certainty and are subject to rapid change. Evaluating and responding to client preferences has become even more complex in recent years, due to expansion in new geographical markets. If the Group misjudges the market for its products, the Group and its dealers may be faced with excess inventories for some cars and missed opportunities with others. In addition, there can be no assurance that the Group will be able to produce, distribute and market new products efficiently or that any product category that it may expand or introduce will achieve sales levels sufficient to generate profits. Any of these outcomes could have a material adverse effect on the Group's business, results of operations and financial condition.

Global economic conditions may adversely affect the Group.

The Group's sales volumes and revenues may be affected by overall general economic conditions. Deteriorating general economic conditions may affect disposable incomes and reduce consumer wealth impacting client demand, particularly for luxury goods, which may negatively impact the Group's profitability and put downward pressure on its prices and volumes. Furthermore, during recessionary periods, social acceptability of luxury purchases may decrease and higher taxes may be more likely to be imposed on certain luxury goods including cars, which may affect sales. Adverse economic conditions may also affect the financial health and performance of the dealers in a manner that will affect sales of the cars or their ability to meet their commitments to the Group.

Many factors affect the level of consumer spending in the luxury performance car industry, including the state of the economy as a whole, stock market performance, interest and exchange rates, inflation, political uncertainty, the availability of consumer credit, tax rates, unemployment levels and other matters that influence consumer confidence. In general, although the Group's sales have historically been comparatively resilient in periods of economic turmoil, sales of luxury goods tend to decline during recessionary periods when the level of disposable income tends to be lower or when consumer confidence is low.

The Group distributes its products internationally and it may be affected by downturns in general economic conditions or uncertainties regarding future economic prospects that may impact the countries in which it sells a significant portion of products. In particular, the majority of current sales are in the EU and in the United States; if the Group is unable to expand in emerging markets, a downturn in mature economies such as the EU and the United States may negatively affect its financial performance. In the EU, in particular, despite measures taken by several governments and monetary authorities to provide financial assistance to certain Eurozone countries and to avoid default on sovereign debt obligations, concerns persist regarding the debt burden of several countries. These concerns, along with the significant fiscal adjustments carried out in several countries, intended to manage actual or perceived sovereign credit risk, have led to further pressure on economic growth and may lead to new periods of recession.

A significant decline in the EU or the global economy or in the specific economies of the Group's markets, or in consumers' confidence could have a material adverse effect on its business. See also "*Developments in emerging markets may adversely affect the Group's business*".

New laws, regulations, or policies of governmental organisations regarding increased fuel economy requirements, reduced greenhouse gas or pollutant emissions, or vehicle safety, or changes in existing laws, may have a significant effect on the Group's costs of operation and/or how it does business.

The Group is subject throughout the world to comprehensive and constantly evolving laws, regulations and policies. The Group expects the extent of the legal and regulatory requirements affecting its business and costs of compliance to continue to increase significantly in the future. In Europe and the United States, for example, significant governmental regulation is driven by environmental, fuel economy, vehicle safety and noise emission concerns. Evolving regulatory requirements could significantly affect the Group's product development plans and may limit the number and types of cars it sells and where it sells them, which may affect revenue. Governmental regulations may increase the costs incurred by the Group to design, develop and produce its cars and may affect its product portfolio. Regulation may also result in a change in the character or performance characteristics of the cars which may render them less appealing to clients. The Group anticipates that the number and extent of these regulations, and their effect on its cost structure and product line-up, will increase significantly in the future.

Current European legislation limits fleet average greenhouse gas emissions for new passenger cars, and new targets have been set in 2014 with more stringent emission targets applicable to the 2017-2021 period. Due to its small volume manufacturer (SVM) status, the Group benefits from a derogation from the existing emissions requirement and is

instead required to meet alternative targets for its fleet of EU-registered vehicles by 2016. Therefore, in 2015, the Group submitted its proposed CO₂ emissions target for the 2017-2021 period to the EU Commission for approval.

In the United States, the U.S. Environmental Protection Agency (**EPA**) and the National Highway Traffic Safety Administration (**NHTSA**) have set the federal standards for passenger cars and light trucks to meet certain combined average fuel economy (**CAFE**) levels and more stringent standards have been prescribed for model years 2017 through 2025. As a SVM that is able to demonstrate operational independence from FCA, the Group expects to benefit from a derogation from currently applicable standards. The Group has also petitioned the EPA for alternative standards for the 2017-2021 model years, which are aligned to its technical and economic capabilities, and it expects to receive feedback on this proposal by mid-2016. The Group intends to petition NHTSA for recognition as an independent manufacturer of less than 10,000 vehicles globally, in order to be eligible for alternate CAFE standards, as permitted under the CAFE programme. If the petition qualifying for alternate CAFE standards is successful, NHTSA will determine the appropriate level of CAFE applicable to the Group for future model years.

In addition, the Group is subject to legislation relating to the emission of other air pollutants such as, among others, the “Tier 3” Motor Vehicle Emission and Fuel Standards issued by the EPA, and the Zero Emission Vehicle regulation in California, which are subject to similar derogations for SVMs, as well as vehicle safety legislation. NHTSA also recently published guidelines for driver distraction, and the associated compliance costs may be substantial.

Other governments around the world, such as those in Canada, South Korea, China and certain Middle Eastern countries are also creating new policies to address these issues which could be even more stringent than the U.S. or European requirements. As in the United States and Europe, these government policies if applied to the Group could significantly affect its product development plans. In China, for example, Stage III fuel consumption regulations target a national average fuel consumption of 6.9 L/100km by 2015 and Stage IV targets a national average fuel consumption of 5.0 L/100km by 2021. In response to severe air quality issues in Beijing and other major Chinese cities, the Chinese government also intends to adopt more stringent emissions standards for Mainland China beginning in 2016. It is unclear whether the new standards, if adopted, will include exceptions for SVMs similar to those currently in place in the United States and in the EU.

The Group could lose its status as a SVM in the EU and/or the United States if it does not continue to meet all of the necessary eligibility criteria under applicable regulations as they evolve. In order to meet these criteria the Group may need to modify its growth plans or other operations. Furthermore, even if the Group continues to benefit from derogations as a SVM, it will be subject to alternative standards that the regulators deem appropriate for its technical and economic capabilities and such alternative standards may be significantly more stringent than those currently applicable.

Under these existing regulations, as well as new or stricter rules or policies, the Group could be subject to sizeable civil penalties or have to restrict or modify product offerings drastically to remain in compliance. The Group may have to incur substantial capital expenditures and research and development expenditures to upgrade products and manufacturing facilities, which would have an impact on its cost of production and results of operation.

The Group’s growth strategy exposes it to risks.

The Group’s growth strategy includes a controlled expansion of its sales and operations, including the launching of new car models and expanding sales and dealer operations in targeted growth regions internationally. In particular, the Group’s growth strategy requires it to expand operations in regions that it has identified as having relatively high growth potential. The Group may encounter difficulties, including more significant competition in entering and establishing itself in these markets.

The Group’s growth depends on the continued success of its existing cars, as well as the successful design and introduction of new cars. Its ability to create new cars and to sustain existing car models is affected by whether it can successfully anticipate and respond to consumer preferences and car trends. The failure to develop and launch successful new cars could hinder the growth of its business. Also, any delay in the development or launch of a new product could result in others bringing new products and technology to market first, which could compromise its competitive position.

This growth strategy may expose the Group to new business risks that it may not have the expertise, capability or the systems to manage. This strategy will also place significant demands on the Group by requiring it to continuously evolve and improve its operational, financial and internal controls. Continued expansion also increases the challenges involved in maintaining high levels of quality, management and client satisfaction, recruiting, training and retaining sufficient skilled management, technical and marketing personnel. If the Group is unable to manage these risks or meet these demands, its growth prospects and its business, results of operation and financial condition could be adversely affected.

The Group currently plans to open additional dealerships and Ferrari stores in various international markets. The Group does not yet have significant experience directly operating in many of these markets, and in many of them it faces established competitors. Many of these countries have different operational characteristics, including but not limited to employment and labour, transportation, logistics, real estate, environmental regulations and local reporting or legal requirements.

Consumer demand and behaviour, as well as tastes and purchasing trends may differ in these markets, and as a result, sales of the Group's products may not be successful, or the margins on those sales may not be in line with those that are currently anticipated. Furthermore, such markets will have upfront short-term investment costs that may not be accompanied by sufficient revenues to achieve typical or expected operational and financial performance and therefore may be dilutive to the Group in the short-term. In many of these countries, there is significant competition to attract and retain experienced and talented employees.

Consequently, if the Group's international expansion plans are unsuccessful, its business, results of operation and financial condition could be materially adversely affected.

The Group faces competition in the luxury performance car industry.

The Group faces competition in all product categories and markets in which it operates. It competes with other international luxury performance car manufacturers which own and operate well-known brands of high-quality cars, some of which form part of larger automotive groups and may have greater financial resources and bargaining power with suppliers than the Group does, particularly in light of its policy to maintain low volumes in order to preserve and enhance the exclusivity of its cars. The Group believes that it competes primarily on the basis of its brand image, the performance and design of its cars and its reputation for quality. If it is unable to compete successfully, the Group's business, results of operations and financial condition could be adversely affected.

Developments in emerging markets may adversely affect the Group's business.

The Group operates in a number of emerging markets, both directly and through its dealers and it has experienced increasing demand in China and the Middle East.

The Group's strategy contemplates expanding its sales in the Middle East and Asia regions, recognising the increasing personal wealth in these markets. While demand in these markets has increased in recent years due to sustained economic growth and growth in personal income and wealth, the Group is unable to foresee the extent to which economic growth in these emerging markets will be sustained. For example, recent events in Asia including market turmoil and currency devaluations, and potential slowdowns in the rate of growth there and in other emerging markets could limit the opportunity for the Group to increase unit sales and revenues in those regions in the near term.

The Group's exposure to emerging countries is likely to increase, as it pursues expanded sales in such countries. Economic and political developments in emerging markets, including economic crises or political instability, have had and could have in the future material adverse effects on its results of operations and financial condition. Further, in certain markets in which the Group or its dealers operate, required government approvals may limit the ability to act quickly in making decisions on operations in those markets. Other government actions may also impact the market for luxury goods in these markets, such as tax changes or the active discouragement of luxury purchases.

Maintaining and strengthening its position in these emerging markets is a key component of the Group's global growth strategy. However, initiatives from several global luxury automotive manufacturers have increased competitive pressures for luxury cars in several emerging markets. As these markets continue to grow, the Group anticipates that additional competitors, both international and domestic, will seek to enter these markets and that existing market participants will try to aggressively protect or increase their market share. Increased competition may result in pricing pressures, reduced margins and an inability to gain or hold market share, which could have a material adverse effect on the Group's results of operations and financial condition. See also "*Global economic conditions may adversely affect the Group*".

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

The Group's success depends on the ability of its senior executives and other members of management to effectively manage its business as a whole and individual areas of the business. The Group's management team particularly benefits from the leadership of its CEO, Amedeo Felisa, who brings over 40 years of automotive technical experience and skill to his leadership role and its chairman, Sergio Marchionne, who engineered the operating and financial turnaround of Fiat and Chrysler and the global expansion of its parent company, FCA, into the seventh largest automaker in the world (based on 2014 vehicle sales worldwide). The Group's employees, particularly in its production

facilities in and around Maranello, Italy include many highly skilled engineers, technicians and artisans. If it were to lose the services of any of these senior executives or key employees, this could have a material adverse effect on the Group's business, operating results and financial condition. The Group has developed succession plans that it believes are appropriate in the circumstances, although it is difficult to predict with any certainty that it will replace these individuals with persons of equivalent experience and capabilities. If the Group is unable to find adequate replacements or to attract, retain and incentivise senior executives, other key employees or new qualified personnel, its business, results of operations and financial condition may suffer.

The Group relies on its dealer network to provide sales and services.

The Group does not own its Ferrari dealers and virtually all of its sales are made through its network of dealerships located throughout the world. If its dealers are unable to provide sales or service quality that clients expect or do not otherwise adequately project the Ferrari image and its aura of luxury and exclusivity, the Ferrari brand may be negatively affected. The Group depends on the quality of its dealership network and its business, operating results and financial condition could be adversely affected if its dealers suffer financial difficulties or otherwise are unable to perform to its expectations.

The Group's growth strategy also depends on its ability to attract a sufficient number of quality new dealers to sell its products in new areas. The Group may face competition from other luxury performance car manufacturers in attracting quality new dealers, based on, among other things, dealer margin, incentives and the performance of other dealers in the region. If the Group is unable to attract a sufficient number of new Ferrari dealers in targeted growth areas, its prospects could be materially adversely affected.

The Group depends on its suppliers, many of which are single source suppliers; and if these suppliers fail to deliver necessary raw materials, systems, components and parts of appropriate quality in a timely manner, operations may be disrupted.

The Group's business depends on a significant number of suppliers, which provide the raw materials, components, parts and systems required to manufacture cars and parts and to operate its business. The Group uses a variety of raw materials in its business including aluminium, and precious metals such as palladium and rhodium. The Group sources materials from a limited number of suppliers. It cannot be guaranteed that the Group will be able to maintain access to these raw materials, and in some cases this access may be affected by factors outside of its control and the control of its suppliers. In addition, prices for these raw materials fluctuate and while the Group seeks to manage this exposure, it may not be successful in mitigating these risks.

As with raw materials, the Group is also at risk for supply disruption and shortages in parts and components it purchases for use in its cars. The Group sources a variety of key components from third parties, including transmissions, brakes, driving-safety systems, navigation systems, mechanical, electrical and electronic parts, plastic components as well as castings and tires, which makes it dependent upon the suppliers of such components. While the Group obtains components from multiple sources whenever possible, similar to other small volume car manufacturers, most of the key components used in its cars are purchased by it from single source suppliers. The Group generally does not qualify alternative sources for most of the single-sourced components it uses in its cars and it does not maintain long-term agreements with a number of its suppliers. Furthermore, it has limited ability to monitor the financial stability of its suppliers.

While the Issuer believes that it may be able to establish alternate supply relationships and can obtain or engineer replacement components for its single-sourced components, it may be unable to do so in the short term, or at all, at prices or costs that it believes are reasonable. Qualifying alternate suppliers or developing its own replacements for certain highly customised components of its cars may be time consuming, costly and may force the Group to make costly modifications to the designs of its cars.

In the past, the Group has replaced certain suppliers because they failed to provide components that met the Group's quality control standards. The loss of any single or limited source supplier or the disruption in the supply of components from these suppliers could lead to delays in car deliveries to clients, which could adversely affect the Group's relationships with clients and also materially and adversely affect its operating results and financial condition. Supply of raw materials, parts and components may also be disrupted or interrupted by natural disasters, as was the case in 2012 following the earthquake in the Emilia Romagna region of Italy.

Changes in the Group's supply chain have in the past resulted and may in the future result in increased costs and delays in car production. The Group has also experienced cost increases from certain suppliers in order to meet its quality targets and development timelines and because of design changes that the Group has made. The Group may experience similar cost increases in the future. Additionally, the Group is negotiating cost reductions with existing suppliers, seeking new and less expensive suppliers for certain parts, and attempting to redesign certain parts to make them less

expensive to produce. If the Group is unsuccessful in its efforts to control and reduce supplier costs while maintaining a stable source of high quality supplies, its operating results will suffer. Additionally, cost reduction efforts may disrupt its normal production processes, thereby harming the quality or volume of production.

Furthermore, if the Group's suppliers fail to provide components in a timely manner or at the level of quality necessary to manufacture the cars, clients may face longer waiting periods which could result in negative publicity, harm the Group's reputation and relationship with clients and have a material adverse effect on its business, operating results and financial condition.

The Group depends on its manufacturing facilities in Maranello and Modena.

The Group assembles all of the cars that it sells and manufactures, and all of the engines it uses in its cars and sells to Maserati, at its production facility in Maranello, Italy, where it also has its corporate headquarters. The Group manufactures all of its car chassis in a nearby facility in Modena, Italy. The Maranello or Modena plants could become unavailable either permanently or temporarily for a number of reasons, including contamination, power shortage or labour unrest. Alternatively, changes in law and regulation, including export, tax and employment laws and regulations, or economic conditions, including wage inflation, could make it uneconomic for the Group to continue manufacturing its cars in Italy. In the event that the Group were unable to continue production at either of these facilities or it became uneconomic to continue to do so, the Group would need to seek alternative manufacturing arrangements which would take time and reduce its ability to produce sufficient cars to meet demand. Moving manufacturing to other locations may also affect the perception of its brand and car quality among its clients. Such a transfer would materially reduce its revenues and could require significant investment, which as a result could have a material adverse effect on the Group's business, results of operations and financial condition.

Maranello and Modena are located in the Emilia-Romagna region of Italy which has the potential for seismic activity. For instance, in 2012 a major earthquake struck the region, causing production at the Group's facilities to be temporarily suspended for a day. If major disasters such as earthquakes, fires, floods, hurricanes, wars, terrorist attacks, pandemics or other events occur, the Group's headquarters and production facilities may be seriously damaged, or it may stop or delay production and shipment of its cars. As such damage from disasters or unpredictable events could have a material adverse impact on the Group's business, results from operations and financial condition.

Car sales depend in part on the availability of affordable financing.

In certain regions, financing for new car sales has been available at relatively low interest rates for several years due to, among other things, expansive government monetary policies. To the extent that interest rates rise generally, market rates for new car financing are expected to rise as well, which may make the Group's cars less affordable to clients or cause consumers to purchase less expensive cars, adversely affecting the Group's results of operations and financial condition. Additionally, if consumer interest rates increase substantially or if financial service providers tighten lending standards or restrict their lending to certain classes of credit, the Group's clients may choose not to, or may not be able to, obtain financing to purchase its cars.

The Group may not be able to provide adequate access to financing for its dealers and clients.

Dealers enter into wholesale financing arrangements to purchase cars from the Group to hold in inventory or to use in showrooms and facilitate retail sales, and retail clients use a variety of finance and lease programmes to acquire cars.

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

- (i) the performance of loans and leases in their portfolio, which could be materially affected by delinquencies or defaults;
- (ii) higher than expected car return rates and the residual value performance of cars they lease; and
- (iii) fluctuations in interest rates and currency exchange rates.

Any financial services provider, including the Group's controlled finance companies, will face other demands on its capital, as well as liquidity issues relating to other investments or to developments in the credit markets. Furthermore, they may be subject to regulatory changes that may increase their costs, which may impair their ability to provide competitive financing products to the Group's dealers and retail clients. To the extent that a financial services provider

is unable or unwilling to provide sufficient financing at competitive rates to the Group's dealers and retail clients, such dealers and retail clients may not have sufficient access to financing to purchase or lease cars. As a result, the Group's car sales and market share may suffer, which would adversely affect its results of operations and financial condition.

The Group relies on licensing and franchising partners to preserve the value of its licenses and the failure to maintain such partners could harm its business.

The Group currently has multi-year agreements with licensing partners for various Ferrari-branded products in the sports, lifestyle and luxury retail segments. It also has multi-year agreements with franchising partners for its Ferrari stores and theme park. In the future, it may enter into additional licensing or franchising arrangements. Many of the risks associated with its own products also apply to the Group's licensed products and franchised stores. In addition, there are unique problems that the Group's licensing or franchising partners may experience, including risks associated with each licensing partner's ability to obtain capital, manage its labour relations, maintain relationships with its suppliers, manage its credit and bankruptcy risks, and maintain client relationships. While the Group maintains significant control over the products produced by its licensing partners and the franchisees running its Ferrari stores and theme park, any of the foregoing risks, or the inability of any of its licensing or franchising partners to execute on the expected design and quality of the licensed products, Ferrari stores and theme park, or otherwise exercise operational and financial control over its business, may result in loss of revenue and competitive harm to the Group's operations in the product categories where it has entered into such licensing or franchising arrangements. While the Group selects its licensing and franchising partners with care, any negative publicity surrounding such partners could have a negative effect on licensed products, the Ferrari stores and theme parks or the Ferrari brand. Further, while the Issuer believes that it could replace its existing licensing or franchising partners if required, its inability to do so for any period of time could materially adversely affect its revenues and harm its business.

The Group depends on the strength of its trademarks and other intellectual property rights.

The Issuer believes that its trademarks and other intellectual property rights are fundamental to its success and market position. Therefore, the Group's business depends on its ability to protect and promote its trademarks and other intellectual property rights. Accordingly, the Group devotes substantial efforts to the establishment and protection of its trademarks and other intellectual property rights such as registered designs and patents on a worldwide basis. The Issuer believes that its trademarks and other intellectual property rights are adequately supported by applications for registrations, existing registrations and other legal protections in its principal markets. However, the Group cannot exclude the possibility that its intellectual property rights may be challenged by others, or that the Group may be unable to register its trademarks or otherwise adequately protect them in some jurisdictions. If a third party were to register the Group's trademarks, or similar trademarks, in a country where the Group has not successfully registered such trademarks, it could create a barrier to the Group commencing trade under those marks in that country.

Third parties may claim that the Group infringes their intellectual property rights.

The Issuer believes that it holds all the rights required for its business operations (including intellectual property rights and third party licenses). However, the Group is exposed to potential claims from third parties alleging that the Group infringes their intellectual property rights, since many competitors and suppliers also submit patent applications for their inventions and secure patent protection or other intellectual property rights. If the Group is unsuccessful in defending itself against any such claim, it may be required to pay damages or comply with injunctions which may disrupt its operations. The Group may also as a result be forced to enter into royalty or licensing agreements on unfavourable terms or to redesign products to comply with third parties' intellectual property rights.

If the cars do not perform as expected, the Group's ability to develop, market and sell its cars could be harmed.

The Group's cars may contain defects in design and manufacture that may cause them not to perform as expected or that may require repair. There can be no assurance that the Group will be able to detect and fix any defects in the cars prior to their sale to consumers. The cars may not perform in line with the Group's clients' evolving expectations or in a manner that equals or exceeds the performance characteristics of other cars currently available. For example, the Group's newer cars may not have the durability or longevity of current cars, and may not be as easy to repair as other cars currently on the market. Any product defects or any other failure of the Group's performance cars to perform as expected could harm its reputation and result in adverse publicity, lost revenue, delivery delays, product recalls, product liability claims, harm to the brand and reputation, and significant warranty and other expenses, and could have a material adverse impact on the Group's business, operating results and financial condition.

Car recalls may be costly and may harm the Group's reputation.

The Group has in the past and may from time to time in the future be required to recall its products to address performance, compliance or safety-related issues. The Group may incur costs for these recalls, including replacement

parts and labour to remove and replace the defective parts. In addition, regulatory oversight of recalls, particularly in the vehicle safety, has increased recently. While the cost of recent recalls is not material to the Group, any product recalls can harm the Group's reputation with clients, particularly if consumers call into question the safety, reliability or performance of its cars. Any such recalls could harm the Group's reputation and result in adverse publicity, lost revenue, delivery delays, product liability claims and other expenses, and could have a material adverse impact on the Group's business, operating results and financial condition.

The Group may become subject to product liability claims, which could harm its financial condition and liquidity if it is not able to successfully defend or insure against such claims.

The Group may become subject to product liability claims, which could harm its business, operating results and financial condition. The automobile industry experiences significant product liability claims and the Group has inherent risk of exposure to claims in the event its cars do not perform as expected or malfunction resulting in personal injury or death. A successful product liability claim against the Group could require it to pay a substantial monetary award. Moreover, a product liability claim could generate substantial negative publicity for the Group's cars and business, adversely affecting its reputation and inhibiting or preventing commercialisation of future cars which could have a material adverse effect on its brand, business, operating results and financial condition. While the Group seeks to insure against product liability risks, insurance may be insufficient to protect against any monetary claims the Group may face and will not mitigate any reputational harm. Any lawsuit seeking significant monetary damages may have a material adverse effect on the Group's reputation, business and financial condition. The Group may not be able to secure additional product liability insurance coverage on commercially acceptable terms or at reasonable costs when needed, particularly if the Group faces liability for its products and is forced to make a claim under such a policy.

The Group is exposed to risks in connection with product warranties as well as the provision of services.

A number of the Group's contractual and legal requirements oblige it to provide extensive warranties to its clients, dealers and national distributors. There is a risk that, relative to the guarantees and warranties granted, the calculated product prices and the provisions for its guarantee and warranty risks have been set or will in the future be set too low. There is also a risk that the Group will be required to extend the guarantee or warranty originally granted in certain markets for legal reasons, or provide services as a courtesy or for reasons of reputation where the Group is not legally obliged to do so, and for which it will generally not be able to recover from suppliers or insurers.

If the Group were to lose its Authorised Economic Operator certificate, it may be required to modify its current business practices and to incur increased costs, as well as experience shipment delays.

Because the Group ships and sells its cars in numerous countries, the customs regulations of various jurisdictions are important to its business and operations. To expedite customs procedure, the Group applied for, and currently holds, the European Union's Authorised Economic Operator (AEO) certificate. The AEO certificate is granted to operators that meet certain requirements regarding supply chain security and the safety and compliance with law of the operator's customs controls and procedures. Operators are audited periodically for continued compliance with the requirements. The AEO certificate allows the Group to benefit from special expedited customs treatment, which significantly facilitates the shipment of its cars in the various markets where it operates. However, if the Group were to lose the AEO status, including for failure to meet one of the certification's requirements, it would be required to change its business practices and to adopt standard customs procedures for the shipment of its cars. This could result in increased costs and shipment delays, which, in turn, could negatively affect the Group's results of operations.

Labour laws and collective bargaining agreements with labour unions could impact the Group's ability to operate efficiently.

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

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

The Group operates in numerous markets worldwide and is exposed to market risks stemming from fluctuations in currency and interest rates. The exposure to currency risk is mainly linked to the differences in geographic distribution of its sourcing and manufacturing activities from those in its commercial activities, as a result of which its cash flows

from sales are denominated in currencies different from those connected to purchases or production activities. For example, the Group incurs a large portion of its capital and operating expenses in Euros while it receives the majority of its revenues in currencies other than Euro. In addition, foreign exchange movements might also negatively affect the relative purchasing power of the Group's clients which could also have an adverse effect on its results of operations.

The Group seeks to manage risks associated with fluctuations in currency through financial hedging instruments. Although it seeks to manage its foreign currency risk in order to minimise any negative effects caused by rate fluctuations, including through hedging activities, there can be no assurance that the Group will be able to do so successfully, and its business, results of operations and financial condition could nevertheless be adversely affected by fluctuations in market rates, particularly if these conditions persist.

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

Changes in tax, tariff or fiscal policies could adversely affect demand for the Group's products.

Imposition of any additional taxes and levies designed to limit the use of automobiles could adversely affect the demand for the Group's vehicles. Changes in corporate and other taxation policies as well as changes in export and other incentives given by various governments or import or tariff policies could also adversely affect the Group's results of operations. While the Group is managing its product development and production operations on a global basis to reduce costs and lead times, unique national or regional standards can result in additional costs for product development, testing, and manufacturing. Governments often require the implementation of new requirements during the middle of a product cycle, which can be substantially more expensive than accommodating these requirements during the design of a new product. The imposition of any additional taxes and levies or change in government policy designed to limit the use of high performance sports cars or automobiles more generally could also adversely affect the demand for the Group's cars. The occurrence of the above may have a material adverse effect on the Group's business, results of operations and financial condition.

The Group faces risks associated with its international operations, including unfavourable regulatory, political, tax and labour conditions and establishing itself in new markets, all of which could harm its business.

The Group currently has international operations and subsidiaries in various countries and jurisdictions in Europe, North America and Asia that are subject to the legal, political, regulatory, tax and social requirements and economic conditions in these jurisdictions. Additionally, as part of the Group's growth strategy, it will continue to expand its sales, maintenance, and repair services internationally. However, such expansion requires the Group to make significant expenditures, including the establishment of local operating entities, hiring of local employees and establishing facilities in advance of generating any revenue. The Group is subject to a number of risks associated with international business activities that may increase its costs, impact its ability to sell its cars and require significant management attention. These risks include:

- (i) conforming its cars to various international regulatory and safety requirements where its cars are sold, or homologation;
- (ii) difficulty in establishing, staffing and managing foreign operations;
- (iii) difficulties attracting clients in new jurisdictions;
- (iv) foreign government taxes, regulations and permit requirements, including foreign taxes that may not be able to offset against taxes imposed upon it in Italy;
- (v) fluctuations in foreign currency exchange rates and interest rates, including risks related to any interest rate swap or other hedging activities it undertakes;
- (vi) its ability to enforce its contractual and intellectual property rights, especially in those foreign countries that do not respect and protect intellectual property rights to the same extent as do the United States, Japan and European countries, which increases the risk of unauthorised, and uncompensated, use of its technology;

- (vii) European Union and foreign government trade restrictions, customs regulations, tariffs and price or exchange controls;
- (viii) foreign labour laws, regulations and restrictions;
- (ix) preferences of foreign nations for domestically produced cars;
- (x) changes in diplomatic and trade relationships;
- (xi) political instability, natural disasters, war or events of terrorism; and
- (xii) the strength of international economies.

If the Group fails to successfully address these risks, many of which it cannot control, its business, operating results and financial condition could be materially harmed.

Improper conduct of employees, agents, or other representatives could adversely affect the Group's reputation and its business, operating results, and financial condition.

The Group's compliance controls, policies, and procedures may not in every instance protect it from acts committed by its employees, agents, contractors, or collaborators that would violate the laws or regulations of the jurisdictions in which it operates, including employment, foreign corrupt practices, environmental, competition, and other laws and regulations. Such improper actions could subject the Group to civil or criminal investigations, and monetary and injunctive penalties. In particular, the Group's business activities may be subject to anti-corruption laws, regulations or rules of other countries in which it operates. If the Group fails to comply with any of these regulations, it could adversely impact its operating results and its financial condition. In addition, actual or alleged violations could damage its reputation and its ability to conduct business. Furthermore, detecting, investigating, and resolving any actual or alleged violation is expensive and can consume significant time and attention of the Group's executive management.

The Group's insurance coverage may not be adequate to protect it against all potential losses to which it may be subject, which could have a material adverse effect on its business.

The Group maintains insurance coverage that it believes is adequate to cover normal risks associated with the operation of its business. However, there can be no assurance that any claim under its insurance policies will be honoured fully or timely, its insurance coverage will be sufficient in any respect or its insurance premiums will not increase substantially. Accordingly, to the extent that the Group suffers loss or damage that is not covered by insurance or which exceeds its insurance coverage, or has to pay higher insurance premiums, the Group's financial condition may be affected.

The requirements of being a U.S. public company may strain the Issuer's resources and divert management's attention.

As a public company, the Issuer is or will be required to comply with various corporate governance and financial reporting requirements under the Sarbanes-Oxley Act of 2002 (**Sarbanes-Oxley**), the Securities and Exchange Act of 1934, as amended (the **Exchange Act**), and the rules and regulations adopted by the SEC and the Public Corporation Accounting Oversight Board. Further, compliance with various regulatory reporting requires significant commitments of time from the management and directors, which reduces the time available for the performance of their other responsibilities. If the Issuer is unable to comply with the rules and regulations or is otherwise unable to obtain necessary certifications to financial statements or other disclosures, this may materially adversely affect its reputation and lead to additional regulatory enforcement actions.

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

The Group depends on its information technology and data processing systems to operate its business, and a significant malfunction or disruption in the operation of its systems, or a security breach that compromises the confidential and sensitive information stored in those systems, could disrupt its business and adversely impact its ability to compete. The Group's ability to keep its business operating effectively depends on the functional and efficient operation of its information, data processing and telecommunications systems, including its car design, manufacturing, inventory tracking and billing and payment systems. The Group relies on these systems to enable a number of business processes and help it to make a variety of day-to-day business decisions as well as to track transactions, billings, payments and inventory. Such systems are susceptible to malfunctions and interruptions due to equipment damage, power outages, and a range of other hardware, software and network problems. Those systems are also susceptible to cybercrime, or

threats of intentional disruption, which are increasing in terms of sophistication and frequency. For any of these reasons, the Group may experience system malfunctions or interruptions. Although its systems are diversified, including multiple server locations and a range of software applications for different regions and functions, and the Group is currently undergoing an effort to assess and ameliorate risks to its systems, a significant or large scale malfunction or interruption of any one of its computer or data processing systems could adversely affect its ability to manage and keep its operations running efficiently, and damage its reputation if the Group is unable to track transactions and deliver products to its dealers and clients. A malfunction that results in a wider or sustained disruption to the Group's business could have a material adverse effect on its business, results of operations and financial condition. In addition to supporting the Group's operations, the Group uses its systems to collect and store confidential and sensitive data, including information about its business, its clients and its employees. As its technology continues to evolve, the Group anticipates that it will collect and store even more data in the future, and that its systems will increasingly use remote communication features that are sensitive to both wilful and unintentional security breaches. Much of the Group's value is derived from its confidential business information, including car design, proprietary technology and trade secrets, and to the extent the confidentiality of such information is compromised, the Group may lose its competitive advantage and its car sales may suffer. The Group also collects, retains and uses certain personal information, including data it gathers from clients for product development and marketing purposes, and data it obtains from employees. In the event of a breach in security that allows third parties access to this personal information, the Group is subject to a variety of ever-changing laws on a global basis that require it to provide notification to the data owners, and that subject it to lawsuits, fines and other means of regulatory enforcement. The Group's reputation could suffer in the event of such a data breach, which could cause consumers to purchase their cars from the Group's competitors. Ultimately, any significant compromise in the integrity of the Group's data security could have a material adverse effect on the Group's business.

The interests of the Issuer's largest shareholders may differ from the interests of other shareholders.

Exor S.p.A. is the Issuer's largest shareholder, holding approximately 23.5 per cent. of the common shares and approximately 33.4 per cent. of voting power. Therefore, Exor will have a significant influence over those matters submitted to a vote of shareholders, including matters such as adoption of the annual financial statements, declarations of annual dividends, the election and removal of the members of the board of directors, capital increases and amendments to the articles of association. In addition, Piero Ferrari, the Vice Chairman of Ferrari, holds 10 per cent. of the common shares and approximately 15.4 per cent. of voting interest. As a result, he will also have influence in matters submitted to a vote of the shareholders. Exor and Piero Ferrari have informed the Group that they have entered into a shareholders' agreement pursuant to which they have undertaken to consult for the purpose of forming, where possible, a common view on the items on the agenda of shareholders meetings (see "*Description of the Issuer and the Group—Share Capital and Ownership*"). The interests of Exor and Piero Ferrari may in certain cases differ from those of other shareholders. In addition, the sale of substantial amounts of common shares in the public market by Piero Ferrari or the perception that such a sale could occur could adversely affect the prevailing market price of the common shares.

The Issuer may have potential conflicts of interest with FCA and Exor and its related companies.

Questions relating to conflicts of interest may arise between the Issuer and FCA, the former largest shareholder prior to the Separation (as defined below), in a number of areas relating to common shareholdings and management, as well as past and ongoing relationships. Even after the Separation, overlaps remain among the directors and officers of the Issuer and FCA. For example, Mr. Sergio Marchionne, the Group's Chairman, is the Chief Executive Officer of FCA and Mr. Marchionne and certain of the other directors and officers may also be directors or officers of FCA or Exor, the Issuer's and FCA's largest shareholder. These individuals owe duties both to the Issuer and to the other companies that they serve as officers and/or directors. This may raise conflicts as, for example, these individuals review opportunities that may be appropriate or suitable for both the Issuer and such other companies, or business transactions are pursued in which both the Issuer and such other companies have an interest, such as the arrangement to supply engines for Maserati cars. Exor holds approximately 23.5 per cent. of common shares and approximately 33.4 per cent. of the voting power, while it holds approximately 29 per cent. of the common shares and 44 per cent. of the voting power in FCA. Exor also owns a controlling interest in CNH Industrial N.V., which was part of the FCA group before its spin-off several years ago. These ownership interests could create actual, perceived or potential conflicts of interest when these parties or common directors and officers are faced with decisions that could have different implications for the Issuer and FCA or Exor, as applicable.

Ferrari is a recently formed company with a limited separate operating history and needs to create separate administrative and governance functions.

Ferrari is a recently formed company and has not been required to maintain many of the administrative functions attendant to a listed company of its size. These include public company financial reporting, internal control and audit, compliance, legal and governance functions. It may take some time for the Group to employ the persons necessary to staff these administrative functions internally, requiring external consultants or staff to be engaged, which may be more expensive. Further, this is a significant increase in the amount of employees that have historically been employed for administrative matters, constituting a significant new expense. As a result of this increase in administrative requirements, there may be an adverse effect on the Group's business, operating results and financial condition.

FCA creditors may seek to hold Ferrari liable for certain FCA obligations.

One step of the Separation from FCA included a demerger from FCA of the common shares previously held by it. In connection with a demerger under Dutch law, the demerged company may continue to be liable for certain obligations of the demerging company that exist at the time of the demerger, but only to the extent that the demerging company fails to satisfy such liabilities. Based on other actions taken as part of the Separation, the Group does not believe it retains any liability for obligations of FCA existing at the time of the Separation. Nevertheless, in the event that FCA fails to satisfy obligations to its creditors existing at the time of the demerger, it is possible that those creditors may seek to recover from the Group, claiming that it remains liable to satisfy such obligations. While the Group believes it would prevail against any such claim, litigation is inherently costly and uncertain and could have an adverse effect. See "Description of the Issuer and the Group—History and Development".

Factors which are material for the purpose of assessing the market risks associated with the Notes

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 this 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 where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant 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.

The Issuer is a holding company.

The Issuer is a holding company and the operations of the Group are carried out through its subsidiaries and, to such extent, the Issuer depends on the earnings and cash flows of, and the distribution of funds from, these subsidiaries to meet its debt obligations, including its 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, will have a claim over the assets of that subsidiary before any of those assets can be distributed to shareholders upon liquidation or winding up. As a result, the Issuer's obligations in respect of the Notes will, to the extent described above, effectively be subordinated to the prior payment of all the debts and other liabilities of the Issuer's direct and

indirect subsidiaries, including the rights of trade creditors, secured creditors and creditors holding indebtedness and guarantees issued by the subsidiaries, all of which could be substantial.

The conditions of the Notes may be modified.

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.

The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) certain modifications of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes, or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such, in the circumstances described in Condition 13 (*Meeting of Noteholders, Modification, Waiver, Authorisation and Determination, Substitution*).

The Notes do not restrict the amount of debt which the Issuer may incur.

The conditions relating to the Notes do not contain any restriction on the amount of indebtedness which the Issuer and its subsidiaries may from time to time incur. In the event of any insolvency or winding-up of the Issuer, the Notes will rank equally with the Issuer's other unsecured senior indebtedness and, accordingly, any increase in the amount of the Issuer's unsecured senior indebtedness in the future may reduce the amount recoverable by Noteholders. In addition, the Notes are unsecured and, save as provided in Condition 3 (*Negative Pledge*), do not contain any restriction on the giving of security by the Issuer and its subsidiaries over present and future indebtedness. Where security has been granted over assets of the Issuer to secure indebtedness, in the event of any insolvency or winding-up of the Issuer, such indebtedness will rank in priority over the Notes and other unsecured indebtedness of the Issuer in respect of such assets. In relation to the assets and indebtedness of the Issuer's subsidiaries, see also "*The Issuer is a holding company*" above.

The Notes may be redeemed prior to maturity.

The Notes contain an optional redemption feature, as set out in "*Conditions of the Notes – Redemption and Purchase—Make-whole Redemption by the Issuer*", which is likely to limit their market value. During any period when the Issuer may elect to redeem the Notes, the market value of the 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 Issuer may be expected to redeem the 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.

In addition, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or the Netherlands or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the conditions of the Notes.

If the Issuer calls and redeems the Notes in the circumstances mentioned above, the Noteholders may not be able to reinvest the redemption proceeds in securities offering a comparable yield. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Notes are not rated.

Neither the Notes nor the long-term debt of the Issuer are rated. To the extent that any credit rating agencies assign credit ratings to the Notes, such 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 rating or the absence of a rating is not a recommendation to buy, sell or hold securities.

No assurance can be given as to the impact of any change of law.

The conditions of the Notes are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus. In addition, any change in law or regulation that obliges the Issuer to increase the amount payable in respect of the Notes for withholding or other taxes would entitle the Issuer to redeem the Notes. See “*The Notes may be redeemed prior to maturity*” above.

Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

The Notes will be represented by the Global Notes except in certain limited circumstances described in the Permanent Global Note. The Global Notes will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Permanent Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes and, while the Notes are represented by the Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

Denominations involve integral multiples: definitive Notes.

The Notes have denominations consisting of a minimum specified denomination of €100,000 plus one or more higher integral multiples of another smaller amount as set out in Condition 1 (“*Form, Denomination and Title*”) and as such it is possible that the Notes may be traded in amounts in excess of the minimum specified denomination that are not integral multiples of such minimum specified denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum specified denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum specified denomination such that its holding amounts to a specified denomination. Further, a holder who, as a result of trading such amounts, 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 Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum specified denomination such that its holding amounts to a specified denomination.

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

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell its Notes.

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although applications have been made for the Notes to be admitted to listing on the Official List of the Irish Stock Exchange and to trading on the Irish Stock Exchange's regulated market, there is no assurance that an active trading market will develop, and if a market does develop, it may not be 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 investments that have a developed secondary market.

The Notes are subject to exchange rate risks and exchange controls.

The Issuer will pay principal and interest on the Notes in euro. 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 euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro 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. An appreciation in the value of the Investor's Currency relative to the euro would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes, and (iii) 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.

The Notes are subject to interest rate risks.

Investment in the Notes, which bear a fixed rate of interest, involves the risk that if market interest rates subsequently increase above the rate paid on the Notes, this will adversely affect the value of the Notes. While the nominal interest rate of a security with a fixed interest rate is fixed during the life of such security or during a certain period of time, market interest rates typically change on a daily basis. As market interest rates change, the price of such security changes in the opposite direction. If market interest rates increase, the price of such security typically falls, until the yield of such security is approximately equal to the prevailing market interest rate. Conversely, if market interest rates fall, the price of a security with a fixed interest rate typically increases, until the yield of such security is approximately equal to the prevailing market interest rate. Investors should be aware that the market price of the Notes may fall as a result of movements in market interest rates.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal 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 (i) the Notes are legal investments for it, (ii) the Notes can be used as collateral for various types of borrowing, and (iii) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Transactions in the Notes could be subject to the EU financial transaction tax, if adopted.

On 14 February 2013, the European Commission issued proposals, including a draft Directive (the **Commission's proposal**) for a financial transaction tax (**FTT**) to be adopted in certain participating EU member states (including Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia, although Estonia has since stated that it will not participate). If the Commission's proposal was adopted, the FTT would be a tax primarily on "financial institutions" (which may include the Issuer) in relation to "financial transactions" (which would include the conclusion or modification of derivative contracts and the purchase and sale of financial instruments).

Under the Commission's proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating member states. Generally, it would apply where at least one party is a financial institution, and at least one party is established in a participating member state. A financial institution may be, or be deemed to be, "established" in a participating member state in a broad range of circumstances, including (i) by transacting with a person established in a participating member state or (ii) where the financial instrument which is subject to the financial transaction is issued in a participating member state.

The FTT may give rise to tax liabilities for the Issuer with respect to certain transactions (including concluding swap transactions and/or purchases of securities (such as authorised investments)) if it is adopted based on the Commission's proposal. Any such tax liabilities may reduce amounts available to the Issuer to meet its obligations under the Notes and may result in investors receiving less interest or principal than expected. It should also be noted that the FTT could be payable in relation to relevant transactions by investors in respect of the Notes (including secondary market transactions) if the conditions for a charge to arise are satisfied and the FTT is adopted based on the Commission's proposal. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

However, the FTT proposal remains subject to negotiation between participating member states. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU member states may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

Changes to taxation or the interpretation or application of tax laws could have an adverse impact on the Group's results of operations and financial condition.

The Group's business is subject to various taxes in Italy, which include, among others, corporate income tax (**IRES**), regional trade tax (**IRAP**), value added tax (**VAT**), excise duty, registration tax and other indirect taxes. This exposes the Group to the risk that the overall tax burden that it suffers may increase in the future.

Changes in tax laws or regulations or in the position of the relevant Italian authorities regarding the application, administration or interpretation of these laws or regulations, particularly if applied retrospectively, could have negative effects on the Group's current business model and have a material adverse effect on the Group's operating results, business and financial condition.

In addition, tax laws are complex and subject to subjective evaluations and interpretative decisions, and the Group will periodically be subject to tax audits aimed at assessing its compliance with direct and indirect taxes. The tax authorities may not agree with the Group's interpretations of, or with the positions the Group has taken or intends to take on, tax laws applicable to its ordinary activities and extraordinary transactions. In case of challenges by the tax authorities to the Group's interpretations, the Group could face long tax proceedings that could result in the payment of penalties and have a material adverse effect on the Group's operating results, business and financial condition.

As a result of the Demergers and the Merger in connection with the separation from FCA, the Issuer might be jointly and severally liable with FCA for certain tax liabilities arisen in the hands of FCA.

Although the Italian tax authorities confirmed in a positive advance tax ruling issued on 9 October 2015 that the Demergers and the Merger (as defined below) that were carried out in connection with the Separation from FCA would be respected as tax-free, neutral transactions from an Italian income tax perspective, under Italian tax law the Issuer may still be held jointly and severally liable, as a result of the combined application of the rules governing the allocation of tax liabilities in case of demergers and mergers, with FCA for taxes, penalties, interest and any other tax liability arising in the actions of FCA because of violations of its tax obligations related to tax years prior to the two Demergers (as defined below). See "*Description of the Issuer and the Group—History and Development*".

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus and have been filed with the Central Bank, shall be incorporated by reference in, and form part of, this Prospectus.

The information incorporated by reference that is not included in the cross-reference list below is considered to be additional information and is not required by the relevant schedules of Commission Regulation (EC) 809/2004. Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Prospectus.

The audited consolidated annual financial statements at and for the years ended 31 December 2015 and 2014 of the Issuer and the independent auditors' report thereon, contained in the Issuer's Annual Report on Form 20-F for the financial year ended 31 December 2015 and prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (**IFRS**), are set out at the following pages in particular:

Consolidated income statement.....	Page F-3
Consolidated statement of comprehensive income	Page F-4
Consolidated statement of financial position.....	Page F-5
Consolidated statement of cash flows	Page F-6
Consolidated statements of changes in equity	Page F-7
Notes to the consolidated financial statements	Pages F-8 to F-66
Independent auditors' report	Page F-2

The independent auditors' report and audited consolidated financial statements at and for the year ended 31 December 2014 and 2015 of the Issuer are available on the Issuer's website at the link below:

<http://corporate.ferrari.com/en/investors/regulatory-filings-and-press-releases/sec-filings>

Any other information not listed above but contained in such document is incorporated by reference for information purposes only.

Copies of documents incorporated by reference into this Prospectus have been filed with the Central Bank and the Irish Stock Exchange and may be inspected free of charge at the registered office of the Issuer and from the specified office of the Paying Agent in each case at the address given at the end of this Prospectus as well as on the website of the Issuer; in relation to the financial statements, at <http://corporate.ferrari.com/en/investors/regulatory-filings-and-press-releases/sec-filings>. Any websites referred to in this Prospectus are for information purposes only and do not form part of this Prospectus.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

CONDITIONS OF THE NOTES

The following is the text of the Conditions of the Notes which (subject to modification) will be endorsed on each Note in definitive form (if issued):

The €500,000,000 1.500 per cent. Notes due 16 March 2023 (the **Notes**) of Ferrari N.V. (the **Issuer**) are constituted by a trust deed to be dated 16 March 2016 (as amended or supplemented from time to time, the **Trust Deed**) made between the Issuer and Citicorp Trustee Company Limited as trustee (the **Trustee**, which expression shall include its successor(s)) as trustee for the holders of the Notes (the **Noteholders**) and the holders of the interest coupons appertaining to the Notes (the **Couponholders** and the **Coupons** respectively)) and are the subject of an agency agreement to be dated 16 March 2016 (as amended or supplemented from time to time, the **Agency Agreement**) made between the Issuer, Citibank N.A. as principal paying agent (the **Principal Paying Agent** and, together with any other agents appointed in accordance with such agreement, the **Paying Agents**, which expression shall include any successor(s)) and the Trustee.

Certain provisions of these Conditions are summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed and the Agency Agreement. The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours by the Noteholders and the Couponholders at the principal office for the time being of the Trustee, being at the date of issue of the Notes at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB and at the specified office of each of the Paying Agents.

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Notes are in bearer form, serially numbered, in the denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000 each with Coupons attached on issue. Notes of one denomination may not be exchanged for Notes of another denomination.

1.2 Title

Title to the Notes and to the Coupons will pass by delivery.

Notes shall not be physically delivered in Belgium except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.

1.3 Holder Absolute Owner

The Issuer, any Paying Agent and the Trustee will (except as ordered by a court of competent jurisdiction or as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon) and shall not be required to obtain any proof thereof or as to the identity of such bearer and no person shall be liable for so treating the bearer.

2. STATUS

The Notes and the Coupons are direct, unconditional and (subject to the provisions of Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer and (subject as provided above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated

obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

3. **NEGATIVE PLEDGE**

3.1 **Negative Pledge**

So long as any Note remains outstanding (as defined in the Trust Deed), the Issuer shall not, and the Issuer shall procure that Ferrari Italy (as defined below) shall not, create or permit to subsist any mortgage, charge, pledge, lien or similar security interest (each a **Security Interest**) upon the whole or any part of the present or future undertaking, assets or revenues (including uncalled capital) of the Issuer or Ferrari Italy, as the case may be, to secure any Relevant Indebtedness (as defined below) or any guarantee of Relevant Indebtedness, without:

- (a) at the same time or prior thereto ensuring that the Issuer's obligations under the Notes are secured equally and rateably therewith to the satisfaction of the Trustee; or
- (b) providing such other guarantee or other arrangement (whether or not comprising security) as the Trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the Noteholders or as may be approved by an Extraordinary Resolution.

3.2 **Interpretation**

For the purposes of these Conditions:

- (a) **Control or controlled** means the ownership of more than 50 per cent. of the voting share capital of an entity or the power to appoint a majority of the board of directors or other most senior governing board of that entity whether through the ownership of voting capital, by contract or otherwise;
- (b) **Ferrari Italy** means Ferrari S.p.A. or any entity controlled by the Issuer (a **Ferrari Successor Entity**) which, as a result of any merger, consolidation, amalgamation, reorganisation, transfer of all or substantially all of the business, assets or undertaking of Ferrari S.p.A. (or, as the case may be, a Ferrari Successor Entity) (whether by operation of law or by universal succession or by way of sale, contribution, lease, conveyance, demerger or otherwise), reconstruction or restructuring on a solvent basis, beneficially owns (whether after one step or after more than one step) all or substantially all of the business, assets and undertaking owned by Ferrari S.p.A. immediately prior thereto; and
- (c) **Relevant Indebtedness** means any indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other debt security which with the consent of the Issuer is, or is intended to be, listed, quoted or traded on any stock exchange or on any other recognised securities market (including, without limitation, any over-the-counter securities market).

4. **INTEREST**

4.1 **Interest Rate and Interest Payment Dates**

The Notes bear interest on their outstanding principal amount from and including 16 March 2016 at the rate of 1.500 per cent. per annum, payable annually in arrear on 16 March (each an **Interest Payment Date**). The first payment (representing a full year's interest) shall be made on 16 March 2017.

4.2 **Interest Accrual**

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event interest will continue to accrue in respect of the

principal amount of, and any unpaid amounts on, the Notes, both before and after judgment, as provided in the Trust Deed.

4.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period of less than a full year, it shall be calculated by applying the rate of 1.500 per cent. per annum to each €1,000 principal amount of Notes (the **Calculation Amount**) and on the basis of (a) the actual number of days in the period from and including the date from which interest begins to accrue (the **Accrual Date**) to but excluding the date on which it falls due divided by (b) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date. The resultant figure shall be rounded to the nearest cent, half a cent being rounded upwards. The interest payable in respect of a Note shall be the product of such rounded figure and the amount by which the Calculation Amount is multiplied to reach the denomination of the relevant Note, without any further rounding.

5. PAYMENTS

5.1 Payments in respect of Notes

Payments of principal and interest in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

5.2 Method of Payment

Payments 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.

5.3 Missing Unmatured Coupons

Each Note should be presented for payment together with all relative unmatured Coupons, failing which the full amount of any relative missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of the missing unmatured Coupon which the amount so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part payment only, endorsement) of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7 (*Taxation*)) in respect of the relevant Note (whether or not the Coupon would otherwise have become void pursuant to Condition 8 (*Prescription*)).

5.4 Payments subject to applicable laws

Payments in respect of principal and interest on the Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*).

5.5 Payment only on a Presentation Date

A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 4 (*Interest*), be entitled to any further interest or other payment if a Presentation Date is after the due date for payment.

Presentation Date means a day which (subject to Condition 8 (*Prescription*)):

- (a) is or falls after the relevant due date;

- (b) is a Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment; and
- (c) in the case of payment by credit or transfer to a euro account as referred to above, is a TARGET2 Settlement Day.

In this Condition, **Business Day** means, in relation to any place, 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 that place and **TARGET2 Settlement Day** means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open.

5.6 Initial Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

- (a) there will at all times be a Principal Paying Agent;
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be at least one Paying Agent (which may be the Principal Paying Agent) having a specified office in the place required by the rules and regulations of the relevant stock exchange or any other relevant authority; and
- (c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than (i) the jurisdiction in which the Issuer is incorporated, and (ii) the Republic of Italy.

Notice of any variation, termination, appointment and/or of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 12 (*Notices*).

6. REDEMPTION AND PURCHASE

6.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 16 March 2023 (the **Maturity Date**).

6.2 Redemption for Taxation Reasons

If the Issuer satisfies the Trustee before the giving of the notice referred to below that:

- (a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 7 (*Taxation*)), or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after 14 March 2016, on the next Interest Payment Date the Issuer would be required to pay additional amounts as provided or referred to in Condition 7 (*Taxation*); and
- (b) the requirement cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their principal amount together with interest accrued to but excluding the date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer 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 paragraph, the Issuer shall

deliver to the Trustee (i) a certificate signed by two Directors or authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of the change or amendment, and the Trustee shall be entitled to accept the certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event they shall be conclusive and binding on the Noteholders and the Couponholders and the Trustee shall be entitled to rely on such certificate and opinion without further enquiry and without liability to any person.

6.3 Make-Whole Redemption by the Issuer

The Issuer may, subject to compliance with all relevant laws, regulations and directives and on giving not less than 30 nor more than 60 days' irrevocable notice to the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable and shall specify the Make-Whole Redemption Date (as defined below)), redeem the Notes, in whole or in part, at any time or from time to time, prior to their Maturity Date (the **Make-Whole Redemption Date**) at an amount per Note, which will be an amount in Euro rounded to the nearest cent (half a cent being rounded upwards) and equal to the greater of:

- (a) 100 per cent. of the principal amount of the Note; or
- (b) as determined by the Reference Dealers (as defined below), the sum of the then current values of the remaining scheduled payments of principal and interest on such Note (not including any interest accrued on the Note to, but excluding, the Make-Whole Redemption Date) discounted to the Make-Whole Redemption Date on an annual basis (based on the actual number of days elapsed divided by 365 or (in the case of a leap year) by 366) at the Reference Rate (as defined below) plus 0.30 per cent.,

plus, in each case (a) or (b) above, any interest accrued on the Note to, but excluding, the Make-Whole Redemption Date.

For the purposes of this Condition 6.3:

Business Day means, in relation to any place, 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 that place;

Reference Dealers means Banca IMI S.p.A., BNP Paribas, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, J.P. Morgan Securities plc, Mediobanca-Banca di Credito Finanziario S.p.A., Merrill Lynch International, Société Générale, UBS Limited and UniCredit Bank AG;

Reference Rate means the average of the quotations given by the Reference Dealers on the third Business Day prior to the Make-Whole Redemption Date (the **Calculation Date**) at 11.00 a.m. (Central European time (CET)) of the mid-market annual yield to maturity of the 1.5% Bundesobligationen of the Bundesrepublik Deutschland (Bund) due February 2023 ISIN: DE0001102309 (the **Reference Bond**). If the Reference Bond is no longer outstanding, a Similar Security will be chosen by the Reference Dealers at 11.00 a.m. (CET) on the Calculation Date, quoted in writing by the Reference Dealers to the Issuer and published in accordance with Condition 12 (*Notices*); and

Similar Security means a reference bond or reference bonds issued by the issuer of the Reference Bond having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

All notifications, opinions, determinations, certifications, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 6.3 by the Principal Paying Agent, shall (in the

absence of negligence, wilful default, fraud or manifest error) be binding on the Issuer, the Paying Agents and all Noteholders and Couponholders.

In the case of a partial redemption of Notes in accordance with Condition 6.3, 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, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the Make-Whole Redemption Date (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 12 (*Notices*) not less than 15 days prior to the Make-Whole Redemption Date. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the Make-Whole Redemption Date pursuant to this Condition 6.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 12 (*Notices*) at least five days prior to the Selection Date.

6.4 Purchases

The Issuer or any of its Subsidiaries (as defined above) may at any time purchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes) in any manner and at any price.

6.5 Cancellations

All Notes which are (a) redeemed or (b) purchased by or on behalf of the Issuer or any of its Subsidiaries may be cancelled, together with all relative unmatured Coupons attached to the Notes or surrendered with the Notes, or may be reissued or resold.

6.6 Notices Final

Upon the expiry of any notice as is referred to in paragraph 6.2 or 6.3 above, the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such paragraph.

7. TAXATION

7.1 Payment without Withholding

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of any of the Relevant Jurisdictions, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and Couponholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or, as the case may be, Coupons in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note or Coupon:

- (a) the holder of which is liable for Taxes in respect of such Note or Coupon by reason of having some connection with the Relevant Jurisdiction other than a mere holding of the Notes; or
- (b) presented for payment in any Relevant Jurisdiction; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a Presentation Date (as defined in Condition 5 (*Payments*)); or

- (d) presented for payment by, or on behalf of, a holder who is entitled to avoid such withholding or deduction in respect of such Note or Coupon by making a declaration or any other statement to the relevant tax authority, including, but not limited to, a declaration of residence or non-residence or other similar claim for exemption; or
- (e) in the event of payment to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that interest or other amounts is paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information with the Italian authorities; or
- (f) in relation to any payment or deduction of any interest, premium or other proceeds of any Note or Coupon on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1st April 1996, as amended from time to time; or
- (g) 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 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

7.2 Interpretation

In these Conditions:

- (a) **Relevant Date** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Principal Paying Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 12 (*Notices*); and
- (b) **Relevant Jurisdiction** means The Netherlands or the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes and Coupons.

7.3 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition or under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed.

8. PRESCRIPTION

Notes and Coupons will become void unless presented for payment within periods of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the Notes or, as the case may be, the Coupons, subject to the provisions of Condition 5 (*Payments*).

9. EVENTS OF DEFAULT

9.1 Events of Default

If any of the following events (each an **Event of Default**) occurs and is continuing, the Trustee at its discretion may and, if so requested in writing by holders of at least one-quarter in principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall (in each case subject, in the case of the happening of any of the events mentioned in paragraphs (b) to (g) (other than (d) and (e) below), to the Trustee having certified in writing that the happening of such events is in its opinion materially prejudicial to the interests of the Noteholders and, in all cases, to the Trustee having been indemnified and/or secured and/or prefunded to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable,

whereupon they shall become immediately due and payable at their principal amount together with accrued interest:

- (a) **Non-payment:** the Issuer fails to pay any amount of principal or interest due in respect of the Notes and that failure to pay continues for more than 14 days after the due date for payment; or
- (b) **Breach of other obligations:** the Issuer defaults in the performance or observance of any one or more other obligations under or in respect of the Notes or the Trust Deed required to be performed or observed by the Issuer and such default is either:
 - (i) in the opinion of the Trustee, incapable of remedy, in which case no notice referred to in (ii) below will be required; or
 - (ii) in the opinion of the Trustee, capable of remedy and the default remains unremedied for 30 days (or such longer period as the Trustee may agree) after the Trustee has given written notice to the Issuer specifying the default and requiring that default to be remedied; or
- (c) **Cross-acceleration:** (i) the repayment of any indebtedness for borrowed money owing by the Issuer or Ferrari Italy is accelerated by reason of default (however expressed) and such acceleration has not been rescinded, waived, cancelled or annulled, or (ii) the Issuer or Ferrari Italy is in default (after the expiry of any originally applicable grace period for such payment) in any payment when due of indebtedness for borrowed money, or (iii) any Security Interest given by the Issuer or Ferrari Italy for any indebtedness for borrowed money is enforced (and such enforcement has not been rescinded, waived, cancelled or annulled), or (iv) default is made by the Issuer or Ferrari Italy in making any payment due under any guarantee and/or indemnity given by it in relation to any indebtedness for borrowed money (after the expiry of any originally applicable grace period for such payment); provided that no such event shall constitute an Event of Default unless the aggregate outstanding amount of such accelerated or unpaid indebtedness for borrowed money (or guarantee or indemnity in relation to indebtedness for borrowed money), whether alone or when aggregated with all other such outstanding accelerated or unpaid indebtedness for borrowed money (or guarantee or indemnity in relation to indebtedness for borrowed money), exceeds €75 million and provided that no such event shall constitute an Event of Default so long as and to the extent that the Issuer or Ferrari Italy, as the case may be, is contesting in good faith and by appropriate means that such payment is not due and/or such default has not occurred, as appropriate; or
- (d) **Winding-up:** any final order is made by any competent court or other authority, or a resolution is passed by the Issuer or Ferrari Italy, for the liquidation, dissolution or winding-up of the Issuer or Ferrari Italy, or for the appointment of a liquidator, receiver or trustee of the Issuer or Ferrari Italy or of, in either case, all or substantially all of its assets otherwise than (i) for the purposes of a Permitted Reorganisation; or (ii) on terms previously approved by the Trustee or by an Extraordinary Resolution; or
- (e) **Insolvency:** the Issuer or Ferrari Italy is finally adjudicated or found insolvent, or suspends payment of, or is unable to, or admits its inability to pay, its debts generally as they fall due; or
- (f) **Ceasing to Carry On Business:** the Issuer or Ferrari Italy ceases or threatens to cease to carry on all or substantially all of its business either in a single transaction or in a series of transactions (whether or not related) or makes a general assignment or an arrangement or composition with or for the benefit of its creditors generally otherwise than (i) for the purposes of a Permitted Reorganisation; or (ii) on terms previously approved by the Trustee or by an Extraordinary Resolution; or
- (g) **Analogous Event:** if any event occurs which, under the laws of any Relevant Jurisdiction (as defined in Condition 7 (*Taxation*)), has or may have, in the Trustee's opinion, an analogous effect to any of the events referred to in subparagraphs (d) to (f) above.

9.2 Interpretation

For the purposes of this Condition 9:

Permitted Reorganisation means (i) any merger, consolidation, amalgamation, reorganisation, transfer of all or substantially all of the business, assets or undertaking of the Issuer or Ferrari Italy (whether by operation of law or by universal succession or by way of sale, contribution, lease, conveyance, demerger or otherwise), reconstruction or restructuring on a solvent basis, and the surviving or acquiring company (x) beneficially owns (whether after one step or after more than one step) all or substantially all of the business, assets and undertaking owned by the Issuer or Ferrari Italy immediately prior thereto and (y) (A) in the case of a Permitted Reorganisation of the Issuer or a successor to the Issuer, assumes all obligations of the Issuer or such successor under the Notes and the Trust Deed either expressly, by operation of law or by universal succession and (B) in the case of a Permitted Reorganisation of Ferrari Italy, is the Issuer, a successor of the Issuer or an entity controlled by the Issuer; (ii) for the purposes of or in connection with, and followed by, a substitution of the relevant entity pursuant to and in accordance with Condition 13.5 (*Substitution*); or (iii) on terms approved by an Extraordinary Resolution of the Noteholders.

10. ENFORCEMENT

10.1 Enforcement by the Trustee

The Trustee may at any time, at its discretion and without notice, take such proceedings and/or other steps or action (including lodging an appeal in any proceedings) against or in relation to the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons or otherwise, but it shall not be bound to take any such proceedings or other steps or action unless (a) it has been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding and (b) it has been indemnified and/or secured and/or pre-funded to its satisfaction.

10.2 Limitation on Trustee actions

The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

10.3 Enforcement by the Noteholders

No Noteholder or Couponholder shall be entitled to (i) take any steps or action against the Issuer to enforce the performance of any of the provisions of the Trust Deed, the Notes or the Coupons or (ii) take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer, in each case unless the Trustee, having become bound so to take any such action, steps or proceedings, fails so to do within a reasonable period and such failure shall be continuing.

11. REPLACEMENT OF NOTES AND COUPONS

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Principal Paying Agent upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

12. NOTICES

All notices to the Noteholders will be valid if published in a leading English language daily newspaper published in London and, so long as the Notes are listed on the Irish Stock Exchange and the rules of that exchange so require, if published via the Companies Announcements Office of the Irish Stock Exchange (at www.ise.ie). It is expected that publication in a newspaper will normally be made in the *Financial Times* or such other English language daily newspaper with general circulation in Europe as the Issuer may decide. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the 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. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this paragraph.

13. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION, SUBSTITUTION

13.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that, at any meeting the business of which includes any matter defined in the Trust Deed as a Basic Terms Modification, including the modification of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed (including 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 necessary quorum required to pass an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than two-thirds of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than two-thirds in principal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than two-thirds in principal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all Noteholders, whether or not they are present at any meeting and whether or not they voted on the resolution, and on all Couponholders.

13.2 Modification, Waiver, Authorisation and Determination

The Trustee may agree, without the consent of the Noteholders or Couponholders (i) to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders), or (ii) to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or an error which is, in the opinion of the Trustee, proven.

13.3 Trustee to have Regard to Interests of Noteholders as a Class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 7 (*Taxation*) and/or any undertaking given in addition to, or in substitution for, Condition 7 (*Taxation*) pursuant to the Trust Deed.

13.4 Notification to the Noteholders

Any modification, abrogation, waiver, authorisation or determination shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 12 (*Notices*).

13.5 Substitution

The Trustee may agree, without the consent of the Noteholders or the Couponholders, to the substitution of any Subsidiary of the Issuer in place of the Issuer as issuer and principal debtor under the Trust Deed, the Notes and the Coupons provided that the Notes are unconditionally and irrevocably guaranteed by the Issuer and certain other conditions specified in the Trust Deed are fulfilled. Any such substitution shall be binding on the Noteholders and Couponholders and shall be notified to the Noteholders within 14 days thereafter. For the purpose of this Condition, **Subsidiary** means an entity controlled by a person.

14. INDEMNIFICATION AND PROTECTION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER

14.1 Indemnification and protection of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and liability towards the Issuer, the Noteholders and the Couponholders, including (i) provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction and (ii) provisions limiting or excluding its liability in certain circumstances. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

14.2 Trustee Contracting with the Issuer

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any of the Issuer's Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

15. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes, having the same terms and conditions as the Notes, or the same except for the amount and date of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes. Any further notes or bonds which are to form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed shall, and any other further notes or bonds may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes or bonds of other series in certain circumstances where the Trustee so decides.

16. GOVERNING LAW AND SUBMISSION TO JURISDICTION

16.1 Governing Law

The Trust Deed, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes and the Coupons are governed by, and construed in accordance with, English law.

16.2 Submission to Jurisdiction

- (a) Subject to Condition 16.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed, the Notes or the Coupons), including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes or the Coupons (a **Dispute**) and each of the Issuer, the Trustee and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (b) For the purposes of this Condition 16, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) To the extent allowed by law, the Trustee, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction and (ii) concurrent proceedings in any number of jurisdictions.

16.3 Appointment of Process Agent

The Issuer irrevocably appoints Ferrari N.V. (UK Branch) as its agent for service of process in any proceedings before the English courts in relation to any Dispute and agrees that, in the event of Ferrari N.V. (UK Branch) being unable or unwilling for any reason so to act, it will immediately appoint another person approved by the Trustee as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing in this Condition shall affect the right to serve process in any other manner permitted by law.

16.4 Other Documents

The Issuer has in the Agency Agreement and the Trust Deed submitted to the jurisdiction of the English courts and appointed an agent in England for service of process, in terms substantially similar to those set out above.

17. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE REPRESENTED BY THE GLOBAL NOTES

The following is a summary of the provisions to be contained in the Trust Deed to constitute the Notes and in the Global Notes which will apply to, and in some cases modify, the Conditions of the Notes while the Notes are represented by the Global Notes.

1. Accountholders

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Notes for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders) other than with respect to the payment of principal and interest on such principal amount of such Notes, the right to which shall be vested, as against the Issuer and the Trustee, solely in the bearer of the relevant Global Note in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

2. Payments

On and after the Exchange Date, no payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by a Global Note will, subject as set out below, be made to the bearer of such Global Note against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of such Global Note to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purposes. A record of each payment made will be endorsed on the appropriate part of the schedule to the relevant Global Note by or on behalf of the Principal Paying Agent, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Notes. Payments of interest on the Temporary Global Note (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

3. Notices

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relevant Accountholders rather than by publication as required by Condition 12 (*Notices*), provided that, so long as the Notes are listed on the Irish Stock Exchange, notices shall also be published in accordance with the rules of such exchange. Any such notice shall be deemed to have been given to the Noteholders on the second day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

Whilst any of the Notes held by a Noteholder are represented by a Global Note, notices to be given by such Noteholder may be given by such Noteholder (where applicable) through the applicable clearing system's operational procedures approved for this purpose and otherwise in such manner as the Principal Paying Agent and the applicable clearing system may approve for this purpose.

4. Interest Calculation

For so long as Notes are represented by one or both of the Global Notes, interest payable to the bearer of a Global Note will be calculated by applying the rate of 1.500 per cent. per annum to the principal amount of the Global Note and on the basis of (i) the actual number of days in the period from and including the date from which interest begins to accrue (the **Accrual Date**) to but excluding the date on which it falls due divided by (ii) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date. The resultant figure is rounded to the nearest cent (half a cent being rounded upwards).

5. Exchange

The Permanent Global Note will be exchangeable in whole but not in part (free of charge to the holder) for definitive Notes only:

- (a) upon any of the events defined in the Trust Deed as "Events of Default" having occurred and are continuing;
- (b) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg 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 satisfactory to the Trustee is available; or
- (c) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes in definitive form and a certificate to such effect signed by two Directors of the Issuer is given to the Trustee.

Thereupon (in the case of (a) and (b) above) the holder of the Permanent Global Note (acting on the instructions of one or more of the Accountholders (as defined below)) or the Trustee may give notice to the Issuer and the Principal Paying Agent and (in the case of (c)) the Issuer may give notice to the Trustee, the Principal Paying Agent and the Noteholders, of its intention to exchange the Permanent Global Note for definitive Notes. Any exchange shall occur no later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

Exchanges will be made upon presentation of the Permanent Global Note to or to the order of the Principal Paying Agent on any day on which banks are open for general business in London. In exchange for the Permanent Global Note the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Notes (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Trust Deed. On exchange of the Permanent Global Note, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Notes.

6. Prescription

Claims against the Issuer in respect of principal and interest on the Notes represented by a Global Note will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 7 (*Taxation*)).

7. Cancellation

Cancellation of any Note represented by a Global Note and required by the Conditions of the Notes to be cancelled following its redemption or purchase will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the relevant Global Note on the relevant part of the schedule thereto.

8. Euroclear and Clearstream, Luxembourg

Notes represented by a Global Note are transferable in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as appropriate. References in the Global Notes and this summary to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved by the Trustee.

USE OF PROCEEDS

The proceeds of the issue of the Notes, which will be €494,885,000, less any applicable commissions as described in “*Subscription and Sale*”, will be applied by the Issuer in the repayment of the Bridge Loan under the Facility to which the Joint Lead Managers (directly or through parent companies and/or affiliates) are a party, a description of which is set out in “*Description of the Issuer and the Group—Material Contracts*”.

DESCRIPTION OF THE ISSUER AND THE GROUP

Overview

Ferrari is among the world's leading luxury brands focused on the design, engineering, production and sale of the world's most recognisable luxury performance sports cars. The Ferrari brand symbolises exclusivity, innovation, state-of-the-art sporting performance and Italian design and engineering heritage. The name and history and the image enjoyed by the cars are closely associated with the Ferrari Formula 1 racing team, Scuderia Ferrari, the most successful team in Formula 1 history. From the inaugural year of Formula 1 in 1950 through the present, Scuderia Ferrari has won 224 Grand Prix races, 16 Constructor World titles and 15 Drivers' World titles. The Issuer believes its history of excellence, technological innovation and defining style transcends the automotive industry, and is the foundation of the Ferrari brand and image. The Group designs, engineers and produces its cars in Maranello, Italy, and sells them in over 60 markets worldwide through a network of 176 authorised dealers operating 198 points of sale.

The Issuer believes its cars are the epitome of performance, luxury and styling. The Group currently sells seven models, including four sports cars (488 GTB, 488 Spider, F12berlinetta and a special series F12 Tour de France, or F12tdf) and three GT cars (California T, FF and a new GTC4Lusso). The 488 GTB and the 488 Spider were launched in 2015 to replace the 458 Italia and 458 Spider, which the Group produced and sold in 2015 but are now discontinued. The F12tdf, unveiled in October 2015, is the Group's latest special series and follows the 458 Speciale and 458 Speciale A, which the Group produced and sold in 2015 but are now discontinued. In February 2016, the Group unveiled the new GTC4Lusso, its latest GT car, which will replace the FF, with sales expected to begin in the second semester of 2016. The Group also produces a limited edition supercar, LaFerrari, and very limited editions series (*fuoriserie*) and one-off cars.

In 2015, the Group shipped 7,664 cars, and recorded net revenues of €2,854 million, net profit of €290 million, adjusted earnings before interest, taxes, depreciation, and amortisation (Adjusted EBITDA) of €748 million and earnings before interest and taxes (EBIT) of €444 million.

The Group pursues a low volume production strategy in order to maintain a reputation of exclusivity and scarcity among purchasers of its cars and deliberately monitor, and maintain, its production volumes and delivery wait-times to promote this reputation. The Group divides its regional markets into EMEA, Americas, Greater China and Rest of APAC, representing respectively 44 per cent., 34 per cent., eight per cent. and 14 per cent. of units shipped in 2015.

The Group licenses the Ferrari brand to a select number of producers and retailers of luxury and lifestyle goods. In addition the Group designs, sources and sells Ferrari-branded merchandise through a network of 25 franchised, 12 owned Ferrari stores and on its website. As one of the world's most recognised premium luxury brands, the Group believes it is well positioned to selectively expand the presence of the Ferrari brand in attractive and growing lifestyle categories consistent with its image, including sportswear, watches, accessories, consumer electronics and theme parks which the Issuer believes enhance the brand experience of its loyal following of clients and Ferrari enthusiasts.

The Group focuses its marketing and promotion efforts in the investments it makes in its racing activities, in particular Scuderia Ferrari's participation in the Formula 1 World Championship, which is one of the most watched annual sports series in the world, with approximately 420 million television viewers annually. Although Ferrari's most recent Formula 1 world title was in 2008, the Group is enhancing its focus on Formula 1 activities with the goal of improving recent racing results and restoring its historical position as the premier racing team in Formula 1. The Issuer believes that these activities support the strength and awareness of the Ferrari brand among motor enthusiasts, clients and the general public.

The Group will continue focusing its efforts on protecting and enhancing the value of the Ferrari brand to preserve its strong financial profile and participate in the premium luxury market growth. The Group intends to selectively pursue controlled and profitable growth in existing and emerging markets while expanding the Ferrari brand to carefully selected lifestyle categories.

History and Development

The Issuer was incorporated as a public limited liability company (*naamloze vennootschap*) under the laws of the Netherlands on 4 September 2015 under the name FE New N.V. and was renamed Ferrari N.V. as of 3 January 2016. Its corporate seat (*statutaire zetel*) is in Amsterdam, the Netherlands, and its registered office and principal place of business is located at Via Abetone Inferiore n. 4, I-41053 Maranello (MO), Italy. The Issuer is registered with the Dutch Trade Register of the Chamber of Commerce under number 64060977. Its telephone number is +39-0536-949111.

Since incorporation the Issuer has had, and it intends to continue to have, its place of effective management in Italy. It will therefore be a tax resident of Italy under both Italian tax law and Article 4 of the Convention between the Kingdom of the Netherlands and the Republic of Italy for the avoidance of a double taxation with respect to taxes on income and on capital of 1980.

The Issuer is named after Ferrari founder Enzo Ferrari. An Alfa Romeo driver since 1924, Enzo Ferrari founded his own racing team, Scuderia Ferrari, in Modena in 1929 initially to race Alfa Romeo cars. In 1939 he set up his own company, initially called Auto Avio Costruzioni. In late 1943, Enzo Ferrari moved his headquarters from Modena to Maranello, which remains the headquarters of Ferrari to this day. The Fiat Group acquired a 50 per cent. stake in Ferrari S.p.A. in 1969, which increased to 90 per cent. in 1988, after the death of Enzo Ferrari, with the remaining 10 per cent. held by Enzo Ferrari's son, Piero Ferrari.

The Group recently completed the separation of its business from its prior principal shareholder, FCA, through a series of transactions as summarised below (the **Separation**).

On 19 October 2015 the Group completed a restructuring intended to facilitate the initial public offering of the shares (the **IPO**) which resulted in the establishment of New Business Netherlands N.V., then renamed Ferrari N.V. (**Predecessor Ferrari**) as the holding company of the Ferrari group, holding a 100 per cent. interest in Ferrari S.p.A. Predecessor Ferrari was originally established as a 100 per cent. owned subsidiary of FCA on 24 May 2013. As a result of the restructuring, immediately prior to the IPO, FCA held approximately 90 per cent. of Predecessor Ferrari common shares and special voting shares and Piero Ferrari, the son of Ferrari's founder, held the remainder of the Predecessor Ferrari common shares and special voting shares. As part of the restructuring, Predecessor Ferrari incurred debt in order to optimise the capital structure of Predecessor Ferrari as a public company through the issue by Predecessor Ferrari to FCA of a promissory note (the **FCA Note**).

On 20 October 2015, FCA priced an IPO of shares of Predecessor Ferrari shares representing approximately 10 per cent. of Predecessor Ferrari's common share capital and, on 21 October 2015, such common shares started trading on the New York Stock Exchange under the ticker symbol "RACE". Following completion of the IPO, FCA owned approximately 80 per cent. of Predecessor Ferrari common shares, Piero Ferrari held approximately 10 per cent. of Predecessor Ferrari common shares and investors in the IPO held approximately 10 per cent. of Predecessor Ferrari common shares.

On 16 December 2015, Predecessor Ferrari repaid the FCA Note with the proceeds of a loan drawn under a syndicated credit facility with a group of lenders.

The remaining steps of the Separation were carried out through the following transactions, which occurred between 1 January and 3 January 2016. Through two consecutive demergers under Dutch law (the **Demergers**), the equity interests in Predecessor Ferrari previously held by FCA, corresponding to approximately 80 per cent. of Predecessor Ferrari common share capital, were transferred to holders of FCA common shares and FCA mandatory convertible securities (**MCS**). Immediately after the Demergers, Predecessor Ferrari merged with and into Ferrari, as the surviving company (the **Merger**). Upon effectiveness of the Merger, Ferrari became the holding company of the Ferrari business.

Pursuant to the Separation, (i) holders of Predecessor Ferrari common shares received one Ferrari common share for each Predecessor Ferrari common share and one Ferrari special voting share for each Predecessor Ferrari special voting share held; (ii) FCA shareholders received one Ferrari common share for every 10 FCA common shares and one Ferrari special voting share for every 10 FCA special voting shares held; and (iii) holders of MCS received 0.77369 Ferrari

common shares for each MCS unit (consisting of \$100 in notional amount of MCS) held. Ferrari special voting shares held by FCA prior to the Demergers are no longer outstanding.

On 4 January 2016, the business day following the effectiveness of the Merger, Ferrari common shares began trading on the *Mercato Telematico Azionario*, the stock exchange managed by Borsa Italiana (the **MTA**).

Recent Developments

In February 2016 the Group unveiled its latest four-seater four-wheel drive GT model, the GTC4Lusso, which is equipped with a V12 engine and will replace the FF. Production of the GTC4Lusso is expected to start in the second quarter of 2016 and shipments are expected to start in the third quarter of 2016. The unveiling was held at Villa Erba on Lake Como, Italy, and preceded the official public premiere at the Geneva Auto Show in March 2016 (see “—*Business of the Group—Sports and GT Cars—Range Models and Special Series*”).

Also in February 2016, the Group presented its new car for the 2016 Formula 1 World Championship, through a broadcast on live streaming on its website.

Organisational Structure

The Issuer is the parent company of the Group through its 100 per cent. shareholding in Ferrari S.p.A.

The following table sets out a list of the subsidiaries that are directly or indirectly controlled by the Issuer as at 31 December 2015:

Name	Country	Nature of business	Shares held by the Group	Shares held by non-controlling interests
Directly held interests				
Ferrari S.p.A.	Italy	Manufacturing	100%	-
Indirectly held interests through Ferrari S.p.A.				
Ferrari North America Inc.	USA	Importer and distributor	100%	-
Ferrari Japan KK	Japan	Importer and distributor	100%	-
Ferrari Australasia Pty Limited	Australia	Importer and distributor	100%	-
Ferrari International Cars Trading (Shanghai) Co. L.t.d.	China	Importer and distributor	80%	20%
Ferrari Far East Pte Limited	Singapore	Service company	100%	-
Ferrari Management Consulting (Shanghai) Co. L.t.d.	China	Service company	100%	-
Ferrari South West Europe S.a.r.l.	France	Service company	100%	-
Ferrari Central East Europe GmbH	Germany	Service company	100%	-
G.S.A. S.A.	Switzerland	Service company	100%	-
Ferrari North Europe L.t.d.	UK	Service company	100%	-
Mugello Circuit S.p.A.	Italy	Racetrack management	100%	-
Ferrari Financial Services S.p.A.	Italy	Financial services	100%	-

Indirectly held through other Group entities

Ferrari Financial Services A.G. ¹	Germany	Financial services	100%	-
Ferrari Financial Services Inc. ¹	USA	Financial services	100%	-
Ferrari Financial Services Japan KK ¹	Japan	Financial services	100%	-
410, Park Display Inc. ²	USA	Company holding real estate	100%	-

¹Shareholding held by Ferrari Financial Services S.p.A.

²Shareholding held by Ferrari North America Inc.

Share Capital and Ownership

Exor S.p.A. (**Exor**) is the largest shareholder of Ferrari through its 23.5 per cent. shareholding interest in Ferrari's common shares (as at 19 February 2016). As a result of the loyalty voting mechanism, Exor's voting power is approximately 33.4 per cent. In addition, Mr. Piero Ferrari holds 10 per cent. of the Issuer's common shares and, as a result of the loyalty voting mechanism, his voting power is approximately 15.4 per cent.

Exor is controlled by Giovanni Agnelli e C. S.a.p.az, (**G.A.**) which holds 51.39 per cent. of its share capital. G.A. is a limited partnership with interests represented by shares (*Società in Accomandita per Azioni*), founded by Giovanni Agnelli and currently held by members of the Agnelli and Nasi families, descendants of Giovanni Agnelli, founder of Fiat. Its present principal business activity is to purchase, administer and dispose of equity interests in public and private entities and, in particular, to ensure the cohesion and continuity of the administration of its controlling equity interests. The managing directors of G.A. are John Elkann, Tiberto Brandolini d'Adda, Alessandro Nasi, Andrea Agnelli, Gianluigi Gabetti, Gianluca Ferrero, Luca Ferrero de' Gubernatis Ventimiglia and Maria Sole Agnelli.

On 23 December 2015, Exor and Mr. Piero Ferrari entered into a Shareholders' Agreement, which became effective at the completion of the Separation on 3 January 2016 (the **Shareholders' Agreement**) and prior to the admission to listing and trading of the common shares of Ferrari on the MTA. Ferrari is not a party to the Shareholders' Agreement and does not have any rights or obligations thereunder. Below is a summary of the principal provisions of the Shareholders' Agreement based on regulatory filings made by Exor and Piero Ferrari.

Consultation

For the purposes of forming and exercising, to the extent possible, a common view on the items on the agenda of any general meeting of the Issuer, Exor and Piero Ferrari will consult with each other prior to each general meeting. For the purposes of this consultation right and duties, representatives of each of Exor and Piero Ferrari shall meet in order to discuss in good faith whether they have or can find a common view as to the matters on the agenda of the immediately following general meeting. This consultation right does not include an obligation to vote in any certain way nor does it constitute a veto right in favour of Piero Ferrari.

AFS mandatory offer rules - acting in concert

Exor and Piero Ferrari acknowledged and agreed that the Dutch public offer rules as laid down in chapter 5.1 of the Dutch Act on Financial Supervision (*Wet op het financieel toezicht*, the **AFS**) will, as of 4 January 2016, the date on which trading in the common shares of Ferrari on the MTA commenced, be applicable to Ferrari and the shareholders. Upon the Separation becoming effective and prior to the first trading date on the MTA, Exor individually, and Exor and Piero Ferrari combined, will continue to have a voting interest of more than 30 per cent. in Ferrari as a result of which Exor individually, and Exor and Piero Ferrari combined, are deemed to have a controlling influence over Ferrari within the meaning of Dutch law. Therefore, Exor individually and Exor and Piero Ferrari combined, as well as any ultimate controlling persons of either of them, will benefit from an exemption from the Dutch mandatory takeover offer requirements.

Pre-emption right in favour of Exor and right of first offer of Piero Ferrari

In the event that Piero Ferrari intends to transfer (in whole or in part) his Ferrari common shares or receives a third party offer for the acquisition of all or part of his Ferrari common shares, Exor will have the right to purchase all (but

not less than all) of the common shares Piero Ferrari intends to transfer on the terms of the original proposed transfer by Piero Ferrari or, in case the original proposed transfer was for no consideration, at market prices determined pursuant to the agreement.

In the event Exor intends to transfer (in whole or in part) its common shares to a third party, either solicited or unsolicited, Piero Ferrari will have the right to make a binding, unconditional and irrevocable all cash offer for the purchase of such common shares.

The foregoing will not apply in the case of transfers of Ferrari common shares: (i) by any party to the Shareholders' Agreement, to a party that qualifies as a "Loyalty Transferee" (as defined in the articles of association of the Issuer) of such party, (ii) by Exor, to any affiliate of G.A., to a successor in business of G.A. and to any affiliate of a successor in business of G.A. and (iii) by any party to the Shareholders' Agreement that is an individual, to an entity wholly owned and controlled by that same party. In addition, the provisions regarding the pre-emption right in favour of Exor and right of first offer of Piero Ferrari shall not apply in relation to, and Piero Ferrari shall be free and allowed to carry out, market sales to third parties of his Ferrari common shares which in the aggregate do not exceed, during the whole period of validity of the Shareholders' Agreement, 0.5 per cent. of the number of common shares owned by Piero Ferrari upon completion of the Separation.

Term

The Shareholders' Agreement entered into force upon completion of the Separation on 3 January 2016, and shall remain in force until the fifth anniversary of the effective date of the Separation, provided that if neither of the parties to the Shareholders' Agreement terminates the Shareholders' Agreement within six months before the end of the initial term, then the Shareholders' Agreement shall be renewed automatically for another five year term.

The Shareholders' Agreement shall terminate and cease to have any effect as a result of the transfer of all the common shares owned by either Exor or Piero Ferrari to a third party.

Governing law and jurisdiction

The Shareholders' Agreement is governed by and must be interpreted according to the laws of the Netherlands. Any disputes arising out of or in connection with the Shareholders' Agreement are subject to the exclusive jurisdiction of the competent court in Amsterdam, the Netherlands, without prejudice to the right of appeal and appeal to the Supreme Court.

Consequently, Exor and Mr. Piero Ferrari could strongly influence all matters submitted to a vote of Ferrari shareholders, including approval of annual dividends, election and removal of directors, approval of extraordinary business combinations and amendments to the articles of association of the Issuer. The Issuer has in place certain measures to prevent the abuse of control of majority shareholders, including those contained in its articles of association as well as compliance with the relevant provisions of Dutch law.

Business of the Group

Sports and GT Cars

The Group's current product range consists of seven models, including six range models and one special series, equipped with either eight or twelve cylinder engines and divided into two classes: Sports cars and GT cars. The Group targets end clients seeking high performance cars with distinctive design and state of the art technology. Within these parameters, the Group offers different models to meet its clients' varying needs and to differentiate its line-up from that of other manufacturers', ranging from the exceptional performance of Ferrari Sports cars to the luxury and drivability of Ferrari GT cars. The Group's diversified product offering includes different architectures (such as front-engine and mid-rear engine), engine sizes (V8 and V12), body styles (such as coupes and spiders), and seating (2 seaters and 2+2 seaters).

The Group's Sports cars are characterised by compact bodies, a design guided by performance and aerodynamics, and often benefit from technologies initially developed for its Formula 1 single-seaters. They favour performance over comfort, seeking to provide a driver with an immediate response and superior handling, leveraging state of the art vehicle dynamics components and controls. In the Ferrari Sports car class, the Group offers three models: two of which are equipped with mid-rear V8 engines, namely the 488 GTB (with 670 hp) which, starting from the second half of 2015, has replaced the 458 Italia and the 488 Spider (with 670 hp) which, starting from the fourth quarter of 2015, has replaced the 458 Spider; and one equipped with a front V12 engine, the F12berlinetta (with 740 hp). Ferrari GT cars,

while maintaining the performance expected of a Ferrari, are characterised by more refined interiors with a higher focus on comfort and quality of life on-board. In the Ferrari GT class, the Group offers one model equipped with the Ferrari V8 engine (with 560 hp), the California T, and two models equipped with the Ferrari V12 engine, the FF (with 660hp), Ferrari's first all-wheel drive four seat car, and the new GTC4Lusso which will be replacing the FF starting from the second semester of 2016. The Group also from time to time designs, engineers and produces special series cars which are based on its range models but introduce novel product concepts. These cars are characterised by significant hardware and software mechanical modifications designed to enhance performance and drivability. Ferrari's special series cars are particularly targeted to collectors and, from a commercial and product development standpoint, they facilitate the transition from existing to new range models. The Group's current special series model is the F12tdf, equipped with a V12 engine with 780 hp. The 458 Speciale and the 458 Speciale Aperta special series were discontinued in 2015.

In addition to the Group's range models and special series described above, the Group also continues the longstanding Ferrari tradition of limited edition supercars, very limited series (*fuoriserie*) and one-off cars. Ferrari limited edition supercars, which the Group typically launches in seven to 10 year intervals, are the highest expression of Ferrari performance and are often the forerunners of technological innovations for the future range models, with innovative features and futuristic design. The Group launched its latest supercar, LaFerrari, in 2013 with a limited production run of 499 models. The Group's *fuoriserie* cars can be based on range or special series mechanical components, but are characterised by important exterior body modifications resulting in an innovative product by concept or design. These exclusive cars are linked to specific events or celebrations, such as the Sergio (named after longtime designer of Ferrari cars, Sergio Pininfarina) and the F60 America (celebrating Ferrari's 60th anniversary of sales in the United States). The Group's one-off cars are designed to meet the varying needs of its most loyal and discerning clients. They reflect the exact design and specifications required by the clients, and are produced as a single, unique vehicle. (See "*Limited Edition Supercars, Fuoriserie and One-Offs*").

The table below sets forth the Group's unit shipments for the years ended 31 December 2015, 2014 and 2013 by geographic market:

(Number of cars and % of total cars)	For the years ended 31 December					
	2015	%	2014	%	2013	%
EMEA						
UK	740	9.7%	705	9.7%	686	9.8%
Germany	595	7.8%	616	8.5%	659	9.4%
Switzerland	340	4.4%	332	4.6%	350	5.0%
Italy.....	285	3.7%	243	3.3%	206	2.9%
France	274	3.6%	253	3.5%	273	3.9%
Middle East ⁽¹⁾	456	5.9%	521	7.2%	472	6.7%
Rest of EMEA ⁽²⁾	661	8.6%	604	8.3%	663	9.5%
Total EMEA	3,351	43.7%	3,274	45.1%	3,309	47.3%
Americas ⁽³⁾	2,640	34.4%	2,462	33.9%	2,382	34.0%
Greater China ⁽⁴⁾	610	8.0%	675	9.3%	572	8.2%
Rest of APAC ⁽⁵⁾	1,063	13.9%	844	11.6%	737	10.5%
Total	7,664	100.0%	7,255	100.0%	7,000	100.0%

(1) Middle East includes the United Arab Emirates, Saudi Arabia, Bahrain, Lebanon, Qatar, Oman and Kuwait.

(2) Rest of EMEA includes Africa and the other European markets not separately identified.

(3) Americas includes the United States of America, Canada, Mexico, the Caribbean and Central and South America.

(4) Greater China includes China, Hong Kong and Taiwan.

(5) Rest of APAC mainly includes Japan, Australia, Singapore, Indonesia and South Korea.

The table below sets forth the Group's unit shipments for the years ended 31 December 2015, 2014 and 2013, with a breakdown of Sports and GT cars:

(Number of cars)	For the years ended December 31,		
	2015	2014	2013
Sports			
V8 ⁽¹⁾	3,534	3,651	3,944
V12 ⁽²⁾	1,169	1,565	1,401
Total Sports	4,703	5,216	5,345
GT			
V8	2,638	1,645	1,219
V12.....	323	394	436
Total GT	2,961	2,039	1,655
TOTAL	7,664	7,255	7,000

(1) Includes 458 Speciale and 458 Speciale A for 2015 and 2014 and 458 Speciale for 2013.

(2) Includes LaFerrari starting from the fourth quarter of 2013.

The Group is also actively engaged in after sales activities driven, among other things, by the objective of preserving and extending the market value of the cars it sells. The Issuer believes its cars' performance in terms of value preservation after a period of ownership significantly exceeds that of any other brand in the luxury car segment. High residual value is important to the primary market because clients, when purchasing Ferrari cars, take into account the expected resale value of the car in assessing the overall cost of ownership. Furthermore, a higher residual value potentially lowers the cost for the owner to switch to a new model thereby supporting client loyalty and promoting repeat purchases.

Range Models and Special Series

The Group's products include the range models and special series described below. The Group's range models currently include three sports cars, 488 GTB, 488 Spider and F12berlinetta, and three GT cars, California T, FF and GTC4Lusso.

The 488 GTB and the 488 Spider were launched in 2015 to replace the 458 Italia and 458 Spider, which the Group produced and sold in 2015 but are now discontinued. In February 2016, the Group unveiled the new GTC4Lusso, the latest GT car, which will be replacing the FF starting from the second semester of 2016.

The Group also offers special series cars based on its range models. These cars are characterised by significant hardware and software modifications (engine, aerodynamics, and dynamics among others), designed to enhance performance and drivability when compared to current range models. The latest special series, unveiled in October 2015, is the F12tdf, which is based on the F12berlinetta. The special series models 458 Speciale and 458 Speciale A, were produced and sold in 2015 but are now discontinued.

All of the Ferrari range and special series models feature highly customisable interior and exterior options such as forged rims, luxury leathers, seat style, panoramic roof, dashboard and steering wheel inserts (see "*—Personalisation Programme and Tailor Made Programme*").

488 GTB



The 488 GTB is a two seater berlinetta with a 670 hp mid-rear mounted V8 engine. It was launched in March 2015, 40 years after the Group unveiled its first ever mid-rear-engined V8 model (the 308 GTB). The model's exterior and interior design was developed entirely by Ferrari Design Centre. Its large signature air intake scallop evokes the original 308 GTB and is divided into two sections by a splitter. Designed for track-level performance, the 488 GTB can also provide enjoyment to non-professional drivers for everyday use. Accelerating from 0-200 km/h in only 8.3 seconds, its new 3902 cc V8 turbo engine is at top of the class for power output, torque and response times. In the cabin, the seamless integration of the new satellite control clusters, angled air vents and instrument panel heightens the sense that the cockpit is completely tailored around the driver, leading to an extremely sporty yet comfortable ambiance. The 488 GTB has already collected various accolades including: Autocar (UK) – 2015 'Best Driver's Car', Sport Auto (Germany) – 2015 Best Brands Awards – "Best Coupé over €150,000" and Middle East Car of the Year (MECOTY) – 'Best Supercar 2015'.

488 Spider



The Group's latest sports car, the 488 Spider, launched in September 2015, is a two seat coupe with a 670 hp mid-rear mounted V8 engine. Its retractable hard top, which saves approximately 25 kg on a soft top, unfolds and retracts in 14 seconds and can also be raised or lowered while the car is moving. It offers the full experience of sports car driving, especially on mixed and challenging surfaces, but aims to cater to those who do not need to constantly push their car to the limit on the track. Styled entirely in-house at Ferrari Design Centre and designed around the retractable hard top concept, the 488 Spider combines the prowess of the 488 GTB coupe's mid-rear V8 with innovations in aerodynamics, including a new Ferrari-patented blown spoiler, which allows air to enter an intake at the base of the rear screen and exit via the bumper and reduces drag. The 488 Spider accelerates from 0 to 100 km/h in 3.0 seconds and from 0 to 200 km/h

in 8.7 seconds and offers exceptional dynamic behaviour, with close to no turbo lag and response time of just 0.8 seconds. Shipments of the first 488 Spider models started in the fourth quarter of 2015.

F12berlinetta



Launched in 2012, the F12berlinetta is equipped with a 740 hp V12 engine. Built around evolved transaxle architecture with cutting-edge components and control systems, it sets a new standard in aerodynamics and handling. Though conceived as a performance automobile, the F12berlinetta is capable of both high speed and long-distance driving. In 2013 it won the International Engine of the Year Award in both the Best Performance category and Best Engine above 4.0 litres category. The F12berlinetta is the first model launched since the creation of Ferrari's in-house styling studio and was awarded the *Compasso d'Oro* (Golden Compass) award in 2014, the first Ferrari model to receive this distinction.

F12tdf



Unveiled in October 2015, the F12tdf is Ferrari's latest special series sports car (based on the F12berlinetta), which pays tribute to the Tour de France, the legendary endurance road race that Ferrari dominated in the 1950s and 1960s. Designed entirely in-house at Ferrari Design Centre, the F12tdf is a two seat coupe equipped with a 6262cc 65° V12 engine with a maximum power of 780 hp (compared to the 740 hp of F12berlinetta) at 8,500 rpm. The F12tdf is the most powerful high performance Ferrari sports car ever built. Its engine's sporty response is assured by a maximum torque of 705 Nm (up from 690 Nm) at 6,750 rpm with 80 per cent. of such force already available at 2,500 rpm. The F12tdf is equipped with a new Ferrari innovative rear-wheel steering system, known as the Virtual Short Wheelbase (or *Passo Corto Virtuale*), which together with other vehicle dynamic control systems guarantees the steering wheel response times and turn-in of a competition car while increasing stability at high speed. These factors combine to produce an outstanding acceleration: 0-100 km/h in 2.9 seconds and 0-200 km/h in 7.9 seconds.

California T



The California T, which followed the great success of Ferrari's 2008 California model, is equipped with a 560 hp V8 turbo engine. Launched in 2014, it is the only GT car in the segment to combine a retractable hard top, rear seats and a ski passage to the spacious trunk. Its new turbocharged V8 engine comes with a variable boost management system. This makes it the only turbo engine in the world with close to no turbo lag. It also features a revised rear and interior design and a 15 per cent. reduction in fuel consumption compared to its predecessor. Its lines, penned by Ferrari Design Centre in collaboration with Pininfarina, were awarded the 2015 Red Dot Design Award. In January 2016, Ferrari announced the introduction of the Handling Speciale Package (**HSP**) on the California T. The HSP, designed to ensure increased performance, handling and response for a more sporty driving experience, will be presented at the Geneva Motor Show in March 2016.

FF



Launched in 2011, the FF, Ferrari's first four-wheel drive model, is equipped with a 660 hp V12 engine. Among its main innovations, the FF features the patented lightweight 4RM system, which transmits torque to all four wheels, thus allowing a 50 per cent. saving in weight compared to a traditional four-wheel drive system and a lower centre of gravity to be maintained. Part of the Ferrari GT class, the Pininfarina-styled FF features an elegant two door, four seat sporting layout, and the best cabin and luggage space and occupant comfort in its class.



Unveiled in February 2016, the GTC4Lusso is the Group's latest four-seater four-wheel drive Grand Tourer model. Its name recalls historic Ferrari models, such as the 330GT 2+2 and the 250 GT Berlinetta Lusso, renowned for their combination of elegance and performance. The Ferrari Design-penned GTC4Lusso adds a further refinement to the shooting brake coupe style to produce a streamlined, tapered silhouette. The GTC4Lusso is equipped with a 6262cc 65° V12 engine with a maximum power of 680 hp, maximum speed of 335 km/h and acceleration of 0-100 km/h in 3.4 seconds. The Ferrari-patented integrated four wheel drive and steering system allows the driver to effortlessly handle the exceptional torque in a variety of road conditions. Production of the GTC4Lusso is expected to start in the second quarter of 2016, and shipments are expected to start in the third quarter of 2016.

Personalisation Programme and Tailor Made Programme

All of the Ferrari models feature highly customisable interior and exterior options, which together comprise the Ferrari personalisation catalogue. Some of these options include custom shop wheels, alternate brake caliper colours, parking cameras, magnaride dual mode suspension, sport exhaust systems, different panoramic roof options, various door configurations, steering wheel inserts and state of the art custom high fidelity sound systems.

With the "Special Equipment" programme, Ferrari offer clients additional customisation choices for their car. Ferrari specialists are able to guide clients in creating a very customised car through a wide catalogue of special items such as different types of rare leathers, custom stitching, special paints, special carbon fibre, and personalised luggage sets designed to match the car's interior.

The "Atelier" and "Tailor Made" programmes provide two additional levels of personalisation in accordance with the expectations of the Group's clients. Both programmes benefit from the Maranello factory environment that inspires clients' special requests. In particular, in the "Tailor Made" programme a dedicated Ferrari designer assists clients in selecting and applying virtually any specific design element chosen by the client. Clients benefit from a large choice of finishes and accessories in an array of different materials (ranging from cashmere to denim), treatments and hues. To assist the clients' choice Ferrari also offer three collections inspired by Ferrari's own tradition: *Scuderia* (taking its lead from Ferrari's sporting history), *Classica* (bringing a modern twist to the styling cues of Ferrari's signature GT models) and *Inedita* (showcasing more experimental and innovation-led personalisation).

Limited Edition Supercars, Fuoriserie and One-Offs

In line with the Group's tradition of supercars starting with the 288GTO in 1984 through to the Enzo, which launched in 2002, Ferrari also produces limited edition supercars. These are the highest expression of Ferrari road car performance at the time and are often the forerunners of technological innovations for future range models, with innovative features and futuristic design. Furthermore, in connection with certain events or celebrations, Ferrari also launches very limited edition cars (Ferrari's *Fuoriserie*). These models can be offered globally, or may be limited to specific local markets. Based on an exotic product concept not available on the standard Ferrari model range, these cars feature completely unique design and specifications compared to Ferrari's other models.

LaFerrari



Launched in 2013, LaFerrari is the latest in Ferrari's line of supercars. Planned for a total production run of just 499 cars, LaFerrari is Ferrari's first car with hybrid technology. Alongside its powerful rear-wheel drive layout V12 engine (which generates 800 hp), the hybrid system comprises two electric motors and a special battery consisting of cells developed by the Scuderia Ferrari where the F138 kinetic energy recovery system (**KERS**) technology was pioneered. Because the battery generates an additional 163 hp, LaFerrari has a combined total of 963 hp. LaFerrari's HY-KERS system is designed to achieve seamless integration and rapid communication between the V12 and electric motor, thus blending extreme performance with maximum efficiency. Thanks to the hybrid technology, LaFerrari generates almost 50 per cent. more horsepower than the Enzo, its predecessor, and 220 hp more than the F12, Ferrari's most powerful car to date. LaFerrari is the first Ferrari road car to have been entirely styled in-house by Ferrari Design Centre. It was granted the 2014 Red Dot Design Award and the Design of the Year Award at the 2014 AutoDesign Awards.

F60 America



The F60 America, a V12 open air roadster, celebrates Ferrari's 60 years in the United States and is available to U.S. clients only. It combines two of Ferrari's American clients' great passions – the modified V12 engine and open-top driving. The exterior is finished in North American Racing Team livery, with special 60th anniversary prancing horse badges adorning the wheel arches. Inside, the F60 America features bespoke cabin trim, with the driver's side finished in red and the passenger side in black – a nod to Ferrari's historic competition cars. The Group has pre-sold 10 F60s. Production started in the second half of 2015 and the first car was delivered in January 2016.

One-Offs

Finally, in order to meet the varying needs of the Group's most loyal and discerning clients, Ferrari also from time to time produces one-off models. While based on the chassis and equipped with engines of one of the current range models for registration purposes, these cars reflect the exact exterior and interior design and specifications required by the clients, and are produced as a single, unique car. One of the most iconic models to have emerged from the Group's One-Off programme is the SP12 EC and the F12 TRS, a radical two-seat roadster created on the platform of the F12berlinetta in 2014. The programme is set to expand due to increasing demand.



Non-Registered Racing Cars

Based on the Sports and GT cars, the Group also develops and manufactures special racing cars. These cars are not registered for use on the road and may only be used on track. Clients and private teams purchase these cars for the purpose of participating in Ferrari's non-competitive and competitive client events, such as *Corse Clienti* (see "*—Client Relations*"), or competing in other GT racing competitions, such as the GT2, GT3 and Grand-Am.

In 2015, the Group produced a total of 26 458 Challenge cars, which are reserved for owners competing in the mono-brand Ferrari Challenge championship. In 2015, the Group also produced a total of seven 458 GT cars aimed at drivers participating in Grand Tourism competitions worldwide. In 2015 the Group also started the development and production of the new 488 GT cars, shipments of which will commence at the beginning of 2016

Since 2005, the Group has also operated the "XX Program", a non-competitive owner-test drivers programme organised at some of the best known race tracks in Europe, Asia and North America. Through the XX Program, the Group tests advanced solutions and technological innovations by providing a select group of clients the opportunity to drive cars enhanced with superior power and performance characteristics. As part of this programme, the Group has developed the FXX K, based on LaFerrari, shipments of which started in the second quarter of 2015: the Group shipped a total of 20 cars in 2015. Although conceived as a track-only model, the FXX K was specially styled by Ferrari Design Centre working closely with the aerodynamics engineers. The FXX K received the Red Dot "Best of the Best" Design Award in 2015, one of the most recognised design awards in the world.

Sales and After-Sales

The Group's commercial team, which includes 211 employees at 31 December 2015, is organised in four geographic areas covering the Group's principal regional end markets: (i) EMEA, which is also responsible for South Africa and India, (ii) Americas, (iii) Greater China (which includes The People's Republic of China, Taiwan and Hong Kong), and (iv) Rest of APAC (which includes the rest of Asia and Oceania).

Dealer network

The Group sells its cars exclusively through a network of authorised dealers (with the exception of one-offs which are sold directly to end clients). In the Group's larger markets the Group acts as importer either through wholly owned subsidiaries or, in China, through a subsidiary partly owned by a local partner, and the Group sells the cars to dealers for resale to end clients. In smaller markets the Group generally sells the cars to a single importer. At 31 December 2015, the Group's network comprised 176 dealers operating 198 points of sale.

The Group does not own dealerships and, while its strategy does not contemplate owning dealerships, it retains flexibility to consider all market requirements from time to time.

The Issuer believes that its careful and strict selection of the dealers that sell its cars is a key factor for promoting the integrity and success of the Ferrari brand. The Group's selection criteria are based on the candidates' reputation, financial solidity and track record. The Group is also mindful to select dealers who are able to provide an in-store

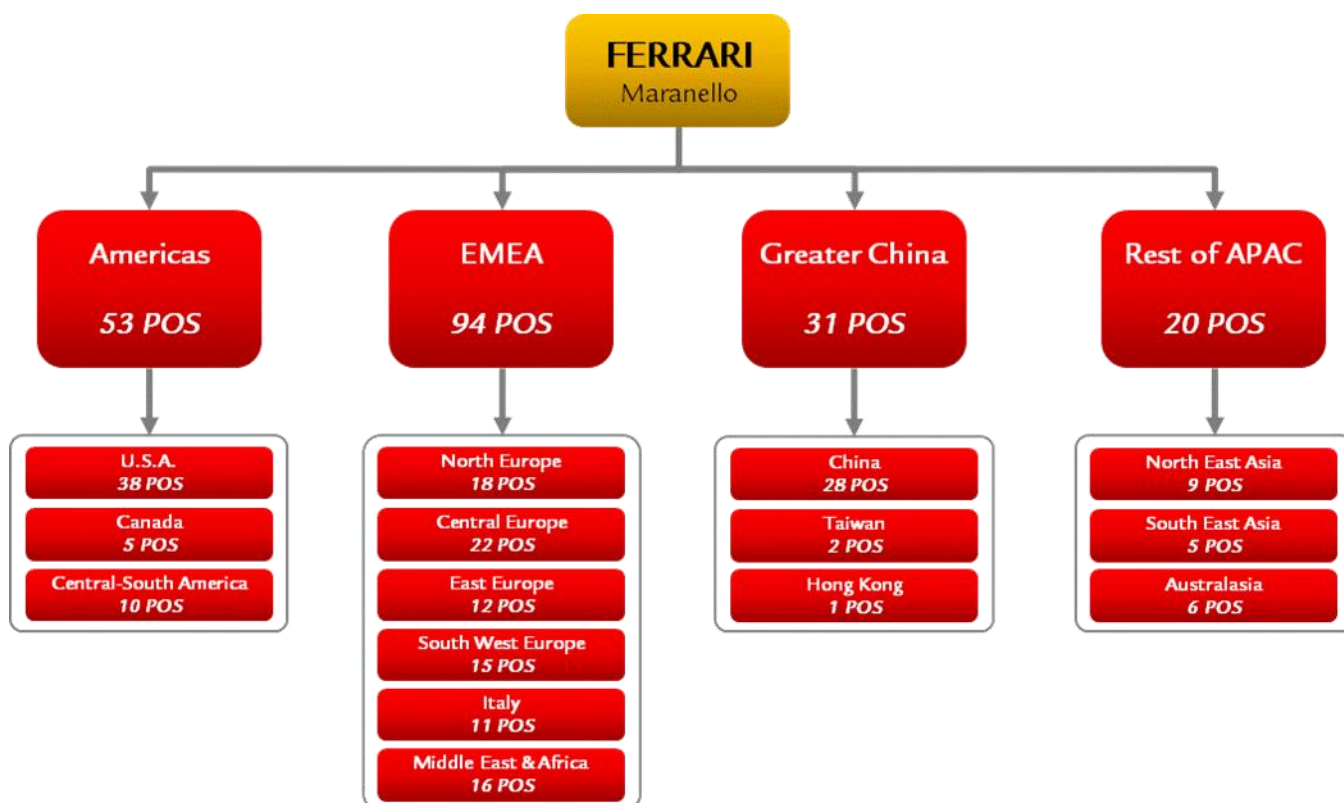
experience and to market and promote Ferrari cars in a manner intended to preserve the Ferrari brand integrity and to ensure the highest level of client satisfaction.

While dealers may hold multiple franchises, the Group enjoys a high degree of prominence and level of representation at each point of sale, where most of the client interface and retail experience is exclusive to Ferrari. The Group's network and business development team works directly with individual dealers to ensure various standards are met. All dealers must conform to the Group's rigorous design, layout and corporate identity guidelines ensuring uniformity of the image and client interface. Through the Ferrari Academy the Group provides training to dealers for sales, after sales and technical activities to ensure the dealer network delivers a consistent level of market leading standards across diverse cultural environments. The Group trains and monitors dealers intensively and collects and observes data relating to their profitability and financial health in order to prevent or mitigate any adverse experience for clients arising from a dealer ceasing to do business or experiencing financial difficulties. The Group's representatives visit dealerships regularly to measure compliance with the Group's operating standards. The Group has the right to terminate dealer relationships in a variety of circumstances including failure to meet performance or financial standards, or failure to comply with the Group's guidelines.

The Group provides a suggested retail price or a maximum retail price for all of its cars, but each dealer is free to negotiate different prices with clients and to provide financing. Although many of the Group's clients in certain markets purchase Ferrari cars from dealers without financing, the Group provides direct or indirect finance and leasing services to retail clients and to dealers. (See "*Financial Services*").

The total number of Ferrari dealers has been relatively stable in recent years and the number of dealers as well as their geographical distribution tends to reflect closely the development or expected development of sales volumes to end clients in the Group's various markets over time. Dealer turnover is relatively low, reflecting the strength of the franchise and selection processes, but is sufficient to guarantee an orderly renewal over time and to stimulate the network's health and performance.

The chart below sets forth the geographic distribution of the Group's 198 points of sale at 31 December 2015:



The Group's sales are diversified across its dealer network, with the largest dealer representing approximately 2.4 per cent. of sales, and the 15 largest dealers representing less than 24 per cent. of sales.

As part of supply and demand management, the Group determines allocations based on various metrics including expected developments in the relevant market, the number of cars sold historically by the various dealers, current order

book of dealers and the average waiting time of the end client in the relevant market. The Group has recently introduced an enhanced order reporting system which allows it to collect and monitor information regarding end client orders and assists it in production planning, production allocation and dealer management.

Parts

The Group supplies parts for current and older models of Ferrari to its authorised dealer network. In addition to substitution of spare parts during the life of the car, sales are driven by clients' demand for parts to customise their cars and maximise performance, particularly after a change in ownership and to compete in the Ferrari Challenge and other client races. The Group also supplies parts to Ferrari models currently out of production, with stocks dating back to 1995. The stock of parts for even older models is currently owned and managed by a third party which in some cases also manufactures out-of-stock parts based on the Ferrari design. The sale of parts is a profitable component of the Group's product mix and it is expected to benefit from the increase in the number of Ferrari cars in circulation.

After Sales

Dealers provide after sale services to clients, either at facilities adjacent to showrooms, or in stand-alone service points across 240 facilities worldwide. After sales activities are very important for the Group's business to ensure the client's continued enjoyment of the car and the experience. Therefore, the Group enforces a strict quality control on the dealers' services activities and provides continued training and support to the dealers' service personnel. This includes the Group's team of "flying doctors", Ferrari engineers who regularly travel to service centres to address difficult technical issues for clients.

The Group also sells certain cars together with a scheduled programme of recommended maintenance services in order to ensure that these cars are maintained to the highest standards to meet Ferrari's strict requirements for performance and safety.

While the Group does not have any direct involvement in pre-owned car sales, the Group seeks to support a healthy secondary market in order to promote the value of the Ferrari brand, benefit its clients and facilitate sales of new cars. The Ferrari dealers provide an inspection service for clients seeking to sell their car which involves detailed checks on the car and a certification on which the client can rely, covering, among other things, the authenticity of the car, the conformity to original technical specifications, and the state of repair. Furthermore, the Group offers owners of classic Ferrari cars maintenance and restoration services.

Client Relations

The Group's clients are the backbone of its business together with the Ferrari brand and technology. The Group does not promote the Ferrari brand or its cars through general advertising. The Group's main brand marketing and promotional activities have two principal targets.

Firstly, the Group targets the general public. The Group's most significant effort in this respect is centred on its racing activities and the resonance of Scuderia Ferrari (see "*—Formula 1 Activities*"). The Group also engages in other brand-promotional activities, including participation in motor shows and other public events.

Secondly, the Group targets existing and prospective clients, seeking to promote clients' knowledge of its products, and their enjoyment of its cars both on road and on track, and to foster long term relationships with clients, which is key to the Group's success. In 2015, approximately 59.5 per cent. of the Group's new cars were sold to Ferrari owners.

By purchasing Ferrari cars, clients become part of a select community sharing a primary association with the Ferrari image and the Group fosters this sense of fellowship with a number of initiatives. The Group strives to maximise the experience of its clients throughout their period of interaction with Ferrari from first contact, through purchasing decision process, to waiting-time management and ownership.

Client events

Ferrari organise a number of client events at Maranello and elsewhere.

The factory in Maranello is the core of Ferrari's client engagement strategy and a symbolic hub attracting clients and prospects worldwide. Upon invitation, clients and prospects can visit the factory, witness some of its workings and experience several Ferrari core values such as heritage, exclusivity and customisation. At the factory, clients have the opportunity to configure their cars through Ferrari's personalisation and bespoke programme (see "*—Personalisation Programme and Tailor Made Programme*").

Clients are also invited to celebrations and other events that Ferrari organises in various markets. Some recent examples include the celebrations of the Year of the Horse in China and the Finali Mondiali in Mugello, Italy, which attracted over 50,000 fans during the racing days.

Every new model launch is carefully staged and selected clients and prospects have preferential access to the new car. The new model presentation begins with the release of images providing a preliminary, often partial view of its design. Clients are then invited to a preview or world premiere. A public model presentation generally follows at motor shows where clients are provided access to the Ferrari stand. Further country and regional events follow before delivery of the first cars to dealers.

Driving events

Driving events serve the dual objective of allowing clients to experience at their best the emotion of driving a Ferrari car, and to foster client loyalty and repeat purchases by creating superior car-usage occasions. Track and sporty driving activities are mainly targeted to clients with a preference for sports models.

In addition to several track day activities, organised by local sales departments and dealers to allow clients to use their cars on ad-hoc rented tracks, Ferrari has a central department responsible for professionally organising races and racing courses, *Corse Clienti*. The *Corse Clienti* activities take place on some of the world's most famous race tracks, and include both competitive races, such as the "Ferrari Challenge Championships", and non-competitive events, such as the "XX and F1 Programme". The XX and F1 Programme is a highly selective initiative dedicated to a restricted group of clients who own non-homologated GT race cars and F1 cars previously used in the Formula 1 Championship. Ferrari Challenge and XX and Formula 1 events are sometimes accompanied by so-called *Ferrari Racing Days*. These events are open to non-competing clients and prospects and a wider audience, and they offer the opportunity for important client gatherings.

In addition to on-track racing, the Group organises various on-the-road driving events, including both proprietary formats (*Ferrari Cavalcade*) or with a branded presence within an established driving event. For example, in the *Ferrari Tribute to Mille Miglia* and the *Ferrari Tribute to Targa Florio* modern Ferrari cars participate in their own regular rally taking place shortly before the start of the classic Mille Miglia and Targa Florio races.

The Group sees nurturing its clients' passion for driving as a key asset for its future commercial success, particularly in markets where racing traditions are less pronounced. Ferrari offers to its prospective and existing clients interested in new Ferrari models the *Esperienza Ferrari* initiative, which consists of driving sessions designed to allow participants to experience the pleasure of driving a Ferrari with a team of highly qualified and skilled Ferrari instructors and technicians professionally trained in high-performance driving. In addition the Group also offers on-track driving courses to its clients, catering to different levels of skill and experience and teaching essential driving skills for high performance cars. In the Group's newer markets, such as China, Ferrari also offers complimentary driving courses on track to any new car buyer.

Ferrari Classiche

Through the Ferrari Classiche service, the Group offers specialised maintenance and restoration services to owners of Ferraris older than 20 years. The Group uses either original components and spare parts or replicas based on the original specifications and its restoration service offers clients the opportunity to reinstate any classic Ferrari to its pristine, original conditions. Each year Ferrari Classiche carries out maintenance works on approximately 40 cars and performs approximately 10 full restorations.

Ferrari Classiche also issues certificates of authenticity to Ferrari models older than 20 years and to all Ferrari racing cars, including Formula 1 single-seaters of any age, to attest the authenticity of the cars and of their components. Each certified car undergoes a thorough technical inspection, at the Ferrari Classiche workshop in Maranello or at certain of the authorised Ferrari dealers worldwide, to verify that the car's chassis, engine, gearbox, transmission, suspension, brakes, wheels, bodywork and interior are original, or otherwise comply with, the car's original specifications. If the inspection is successful, Ferrari's committee of experts, chaired by Piero Ferrari, the Vice Chairman of the Issuer, grants the certification. In recent years Ferrari Classiche has on average granted approximately 400 certificates of authenticity per year.

Formula 1 Activities

Ferrari's participation in the Formula 1 world championship with Scuderia Ferrari is the core element of the Group's marketing effort and an important source of technological innovation for the engineering, development and production of Ferrari Sports and GT cars. The Formula 1 world championship is the highest class for single-seat auto races,

attracting the best drivers, engineers and designers. Importantly, with over 420 million television viewers in 2015 (Repucom, 2015), it is the most watched annual sport series in the world.

Formula 1 cars rely on advanced technology, powerful engines and cutting edge aerodynamics, making them the most advanced racing vehicles in motorsports. Single seater Formula 1 racing cars can reach speeds of up to 360 km/h (220 mph). While Europe is the sport's traditional base, Formula 1's reach has expanded significantly and an increasing number of Grand Prix are held in non-European countries, such as China, Bahrain, United Arab Emirates, Singapore, Australia, Brazil, Canada, Japan, Mexico and the United States. This provides participants in the world championship exceptional visibility on the world stage, as also evidenced by the growing volume of dedicated media to the events, including websites, blogs, magazines and other publications.

The Scuderia Ferrari has participated in the Formula 1 world championship since its beginning in 1950, and won its first Grand Prix in 1951. Since its debut, Ferrari have participated continuously in the world championship and are the oldest and most successful team in the history of Formula 1, with 224 Grand Prix won. On 23 August 2015, at the Spa-Francorchamps circuit in Belgium, Ferrari competed in its 900th Grand Prix race. In the 64 years of its racing history, Ferrari has won 15 drivers championships and 16 constructors championships, more than any other team. Many of the best known drivers in the sport's history have raced in Scuderia Ferrari's distinctive red single-seaters including Alberto Ascari, Juan-Manuel Fangio, Niki Lauda, Gilles Villeneuve, Alain Prost and Michael Schumacher. Ferrari's main drivers for the 2015 Formula 1 world championship were Sebastian Vettel, currently in his second season with Scuderia Ferrari and winner of four of the most recent six drivers' championship titles, and Kimi Raikkonen, who won Ferrari's most recent drivers' championship in 2007. The two drivers have won a combined 62 Grand Prix races.

Ferrari's Formula 1 racing performance has been less successful over the past several years as its most recent driver's championship and constructors' championship were in 2007 and 2008, respectively. To address this, the Group has recently enhanced its focus on Formula 1 activities with the goal of improving racing results and restoring its historical position as the premier racing team in Formula 1. In addition to increasing research and development activity to improve car performance, these efforts have included adding to the racing team in 2015 Sebastian Vettel, one of the most successful drivers in recent years, and Maurizio Arrivabene as team principal.

Participation in the world championship is regulated by bilateral team agreements entered into between Formula One World Championship Limited (**FOWC**), the Formula 1's commercial rights holder, and each competing Formula 1 racing team (including Ferrari) and by regulations issued by the *Federation Internationale de l'Automobile (FIA)*, the motor sport's governing body. The team agreements cover the 2013-2020 racing seasons and govern the terms by which the racing teams take their share of commercial profits. The FIA regulations regulate how the cars are manufactured and the teams compete in races and include technical regulations governing aspects ranging from tyres, weight, to ignition, fuelling and throttle requirements, and sporting regulations covering scoring and racing procedures. In return for their participation in Formula 1 races the teams receive a share of a prize fund based on the profits earned from Formula 1 related commercial activities managed by FOWC, including in particular television broadcasting royalties and other sources, such as racetrack owners' fees. Shares in a prize fund equal to approximately 60 per cent. of earnings before interest, tax, depreciation and amortisation from commercial activities and broadcasting rights are paid to the teams, largely based on the relative ranking of each team in the championship. The Group uses its share of these payments to defray part of the costs associated with Scuderia Ferrari, including the costs of designing and producing a set of single-seaters each year and the costs associated with managing a racing team including earnings of drivers, who generally are among the most highly paid athletes in the world.

Improvements in technology and, sometimes, changes in regulation, require the design and production of a new racing car every year. Therefore, Ferrari begin designing its single-seaters each year in April in anticipation of the start of the racing season the following March. While the chassis Ferrari build each year are designed to be used throughout the racing season, the majority of other components mounted on the cars are adjusted from race to race depending on the characteristics of the circuits.

To maximise the performance, efficiency and safety of the single-seaters, while complying with the strict technical rules and restrictions set out by the FIA, Ferrari's research and development team plays a key role in the development of the engines and cars. The Group often transfers technologies initially developed for racing to its road cars. Examples include traction control systems, gear shifting steering wheels, and the use and development of carbon fibre, which makes cars lighter and faster. Ferrari road cars (especially the sports car models) have benefited from the know-how acquired in the wind tunnel by the racing car development teams, enjoying greater stability as they reach high speeds on and off the track. Ferrari's research and development team focused on combining minimal lap times with maximum efficiency, leading to advances in KERS technology. KERS recovers a moving vehicle's kinetic energy while braking, storing it in a reservoir. Building on the Ferrari racing team's expertise, Ferrari developed a hybrid KERS system, for the LaFerrari road car.

The high brand visibility Ferrari achieves through success in the world championship has historically enabled the Group to benefit from significant sponsorships. Philip Morris International has been Scuderia Ferrari's official sponsor for over 40 years and, together with Shell (the Group's official sponsor since 1996) and Banco Santander (the Group's official sponsor since 2008) remain the Group's principal official sponsors. Other official sponsors include TNT (Energy Drink), Alfa Romeo, UPS, Kaspersky lab, Weichai, Hublot and Claro. The Group's official suppliers include, among others, Pirelli, Puma, Oakley, IVECO, Mahle, NGK, Magneti Marelli and OMR. Visibility and placement of a sponsor's logo reflects the level of sponsorship fees. Historically, Ferrari sponsors have sought advertising opportunities on the chassis of Ferrari cars, on clothes worn by the Ferrari team members and drivers, and in the right to mention Ferrari in their marketing materials.

The Group utilises the platform provided by Formula 1 for a number of associated marketing initiatives, such as the hosting of clients and other key partners in the Scuderia Ferrari paddock to watch Grand Prix races, and its Formula 1 drivers participation in various promotional activities for Ferrari's road cars. The Group often sells older single-seaters to clients for use in amateur racing.

More generally, Formula 1 racing allows the Group to promote and market the Ferrari brand and technology to a global audience without resorting to traditional advertising activities, therefore preserving the aura of exclusivity around the Ferrari brand and limiting the marketing costs that the Group, as a company operating in the luxury space, would otherwise incur.

The Mugello Circuit

The Group acquired the international Mugello circuit in Scarperia, near Florence, in 1988. The Group has renovated its buildings, 5.2 km race track and other testing and racing facilities, making Mugello, the Issuer believes, one of the world's finest circuits of its type, with FIA Grade 1 and FIM Grade A certifications, the highest level of homologation for a track- race.

The Group performs promotional activities in order to rent the Mugello circuit to event organisers who regularly host leading car and motorbike races at the circuit, including the MotoGP World Championship since 1992. Many Formula 1 constructors have also used the Group's Mugello circuit for their development tests.

In 2011, the Mugello circuit won its fifth "Best Grand Prix" award, the highest honour given by the motor sport world for MotoGP organisers. The Mugello circuit is the only track race to have received this award five times.

Brand Activities

Ferrari is one of the world's leading luxury brands. The Group engages in brand development and protection activities through licensing contracts with selected partners, retail activities through a chain of franchised or directly managed Ferrari stores, a licensed theme park and the development of a line of products sold exclusively in its Ferrari stores and on its website www.store.ferrari.com.

Licensing and Theme Park

The Group enters into license agreements with a number of licensees for the design, development and production of Ferrari branded products.

The Group carefully selects its licensees through a rigorous process and it contractually seeks to ensure that the Ferrari brand and intellectual property are protected and that the products which will eventually bear the Ferrari brand are of adequate quality, appearance and market positioning.

The table below sets forth the Group's current licensing mix.

Category	Principal Licensees
Accessories	<ul style="list-style-type: none"> ◦ Oakley (sunglasses) ◦ Tod's (shoes and leather goods)
Consumer electronics	<ul style="list-style-type: none"> ◦ Various
Sportswear	<ul style="list-style-type: none"> ◦ Puma
Theme Parks	<ul style="list-style-type: none"> ◦ Ferrari World, Abu Dhabi ◦ Ferrariland, PortAventura
Toys	<ul style="list-style-type: none"> ◦ Bburago (play-set) ◦ Lego (Lego toys)

Category	Principal Licensees
Video games	<ul style="list-style-type: none"> ○ Electronic Arts ○ Microsoft ○ Sony Polyphony ○ Ubisoft
Watches	<ul style="list-style-type: none"> ○ Hublot (co-branded high-luxury watches) ○ Movado (Scuderia Ferrari Watches)
Other (including collectors' models, kid apparels and accessories, stationary and credit cards)	<ul style="list-style-type: none"> ○ Various

A significant portion of the Group's revenues from licensing activities consists of royalties it receives in connection with Ferrari World, the Group's theme park in Abu Dhabi (11 per cent. of royalties generated by licensing activities). Ferrari World opened on Yas Island on the North East side of Abu Dhabi's mainland in 2010 and it is currently the only operating Ferrari theme park. Ferrari World's iconic sleek red roof is directly inspired by the classic double curve side profile of the Ferrari GT body, spanning 200,000 square meters and carrying the largest Ferrari logo ever created. Ferrari World Abu Dhabi offers an all-around Ferrari experience to children and adults alike. The attractions include futuristic 4D rides such as the child-friendly Speed of Magic and the world's fastest roller-coaster which reaches speeds of 240 km/h and simulates the breathtaking adrenaline rush of a Ferrari single-seater. In the G-Force experience, visitors are launched 62 metres upwards and over the roof of the Park before being pulled back to earth.

In 2014 the Group reached an agreement with PortAventura Entertainment S.A.U. to open Ferrari's first European theme park at the PortAventura resort near Barcelona in Spain. PortAventura Entertainment S.A.U. has announced a planned investment of €100 million and the park is expected to open in 2017. In the long-term the Group aims to open one theme park in each of the main geographic areas where it operates, including North America and Asia.

Retail and E-Commerce

Through the Group's network of Ferrari stores (franchised or directly managed), the Group offers a wide range of Ferrari branded products, including a line of products exclusively sold in its Ferrari stores and on its website. All Ferrari branded products sold in its stores and on its website are either manufactured by the Group's licensees, or directly sourced from the Group's selected network of suppliers.

At 31 December 2015, there were a total of 37 retail Ferrari stores, including those in Maranello, Milan, Macau, New York, Las Vegas, Miami and Los Angeles (United States), Johannesburg (South Africa), Dubai and Abu Dhabi (UAE), including 25 franchised stores and 12 stores owned and operated by the Group.

The Group requires all franchisees to operate Ferrari stores according to its standards. Stores are designed, decorated, furnished and stocked according to the Group's directions and specifications.

The Group uses multiple criteria to select its franchisees, including know-how, financial condition, sales network and market access. Generally, the Group requires that applicants meet certain minimum working capital requirements and have the requisite business facilities and resources. The Group typically enters into a standard franchising agreement with its franchisees. Pursuant to this agreement, the franchisee is authorised to sell the Ferrari products exclusively at a suggested retail price. In exchange, the Group provides them with Ferrari products, the benefit of its marketing platform and association with its corporate identity.



In recent years, the Group's website has proved to be an increasingly valuable sales channel, with over 400,000 registered users in more than 190 countries and translations in seven languages.

Design, Development and Manufacturing

Design

The design of Ferrari cars is an essential and distinctive component of Ferrari products and the Ferrari brand. The Ferrari designers, modellers and engineers work together to create car bodies that incorporate the most innovative aerodynamic solutions in the sleek and powerful lines typical of Ferrari cars. The interiors of Ferrari cars seek to balance functionality, aesthetics and comfort. The cockpits are designed to maximise the driving experience, more sporty or more comfortable, depending on the model, through an ergonomic layout of all main controls clustered on the steering wheel, and the cars' interiors boast elegant and sophisticated trims and details. A guiding principle of Ferrari design is that each new model represents a clear departure from prior models and introduces new and distinctive aesthetic elements, delivering constant innovation within the furrow of tradition.

For the design of Ferrari cars the Group has relied historically on its highly successful collaboration with the Italian car design firm Pininfarina. During over 60 years of collaboration with Pininfarina, Ferrari cars have been granted several renowned design awards, including: 458 Italia (Best in Show assigned by Autoweek magazine, 2009, Car of the Year and Supercar of the Year assigned by BBC Top Gear Magazine, 2009 and "Chi È" Cars of the Year 2010), California (Best Buy and Recommended Awards 2009 assigned by Chinese magazine Auto World Magazine and Oriental Award for Best Design, 2009), and Enzo ("Best in Show" 2002 - Paris Motor Show 2002).

In 2010 the Group established the Ferrari Design Centre, its in-house design department, in order to improve its control over the design process and ensure long-term continuity of the Ferrari style. Its mission is to define and evolve the stylistic direction of the marque, imprinting all new products with a modern stamp, according to a futuristic, uncompromised vision. All concepts and works from the Ferrari Design Centre are marked with the logo "Ferrari Design" (see "*—Intellectual Property*"). Ferrari Design Centre handles all aspects of automotive styling for the Ferrari road cars product range, including the styling of all external bodywork and components, series production models for the GT and Sports car models, special editions, limited editions, one-off models and concept cars. Ferrari Design Centre also includes a colour & trim team which handles the choice of materials and finishes for both exterior and interior trim and, in addition, is responsible for the Tailor Made programme in conjunction with the product marketing department. Ferrari Design Centre is also regularly involved with the styling and conceptual definition of Ferrari branded products produced by the Group's licensees (see "*—Brand Activities*").

The department is organised as an integrated automotive design studio, employing a total workforce of approximately 70 people (both full-time workers and external contractors) including designers, 3D surfacing operators, physical modellers and graphic artists. It operates a modelling studio fully equipped with 5-axis milling machines with the capacity to develop various full-scale models (interior and exterior) in parallel.

Ferrari Design Centre entirely designed Ferrari's most recent cars, such as the GTC4Lusso, F12tdf, the 488 Spider, the 488 GTB, the LaFerrari and the FXX K, while it designed other current range models, such as the F12berlinetta, in collaboration with Pininfarina. Although the Group's collaboration with Pininfarina is still active with regard to certain special models and *fuoriserie*, the Group expects that the design and development of most of its future models will be carried out primarily by the Ferrari Design Centre.

During the 5 years of activity of the Ferrari Design Centre, Ferrari cars have been granted several renowned design awards. Among the recent ones are the following:

- (i) *FXX K*: Red Dot: "Best of the Best" award for top design quality and ground-breaking design (2015).
- (ii) *F12berlinetta*: "Compasso d'Oro 2014" (ADI); "Car of the Year 2014" (Robb Report); "Supercar of the Year 2013" (GQ); "Best Coupé 2013" (*L'Automobile Magazine*); "Design Award, 2012" (Auto Bild); "Goldenes Lenkrad 2012" (Auto Bild); "Supercar of the Year 2012" (Top Gear).
- (iii) *LaFerrari*: Red Dot design award for high design quality (2015); "Design Award" (AutoScout24 - 11th Internet Auto Awards); "Design of the Year 2014" (AutoDesign & Styling Awards); "Best Super Sportscar 2014" (Auto Zeitung); "2014 James May's Car of the Year" (Top Gear); "Best Cars 2015 - Coupé Category" (Motor Presse Iberia).
- (iv) *California T*: Red Dot design award for high design quality (2015); "The Most Beautiful Automobile Award 2014" (Car & Driver China); "Most Stylish Car 2014" (*Schweizer Illustrierte*).
- (v) *458 Speciale*: "Supercar of the Year 2013" (Top Gear - UK); "2014 Car of the Year" (Evo - UK); "James May's Car of the Year 2013" (Top Gear - UK); "Supercar of the Year 2013" (Evo Middle East); "2014 Britain's Best Driver's Car" (Autocar - UK).
- (vi) *458 Speciale A*: "Convertible of the Year 2014" (Top Gear UK).

Product Development

The Group's product development process is highly structured with the aim of allowing the Group to respond quickly to market demand and technological breakthroughs and to maintain its position at the top end of the market for car performance and luxury.

The Group's technology team is comprised of approximately 590 engineers and technicians as at 31 December 2015. All Ferrari cars are designed and engineered in Italy, at the Group's factories in Maranello and Modena (Carrozzeria Scaglietti). The Group's product development includes innovation programmes, components programmes and car programmes, with regular management reviews and detailed cycle milestones. The Group's components programmes are intended to ensure technological innovation and support the development of future models rather than to create an "off the shelf" catalogue of available components.

All of the Group's cars are designed and manufactured based on two highly modular architectures incorporating front and mid-rear engines respectively. This allows for flexible manufacturing at low volumes and easy adaptation to different models with limited additional investment. The Group's architectures utilise a number of common structures, reducing tooling investment for new model production. When developing a new platform, the Group focuses on innovation, leveraging on its collaboration with the select research centres and universities, and flexibility, allowing the Group to respond efficiently to potentially varied market demand. The flexibility of the Group's platforms enables Ferrari to introduce its highly innovative contents on a wide range of models while, at the same time, reducing the fixed costs connected to the use of multiple platforms. Consistent with the Group's mission to develop cutting edge Sports and GT cars, its product development efforts continually focus on improving core components, such as the powertrain, car dynamics, and the use of materials such as special aluminium alloys and carbon fibre (see "*Design, Development and Manufacturing—Production Process*").

The expertise the Group acquired in these fields has recently guided its efforts to combine improved performance with reductions in CO₂ emissions. In recent years, calls for CO₂ emissions reductions have come from regulatory initiatives as well as market demand. LaFerrari is an example of such efforts, which the Issuer believes shows Ferrari's ability to apply its core mechanical know-how to new and expanding fields such as hybrid technology.

The design and development process for a new model currently takes approximately 40 months, depending on the modifications (approximately 33 months for M models), measured from the beginning of the development project to the

start of production. The Issuer believes this fast development is made possible by its dedicated and concentrated development team as well as by the clarity and focus of the product marketing objectives. The Group's product marketing team is integrally involved in the entire development process, beginning with the initial product brief and, thereafter, through systematic interaction.

The cadence of production launches is designed to maintain the Group's product portfolio's leading position in the industry segment and optimise the length of the model lifecycle relative to demand, while limiting research and development spend to maximise its productivity.

Generally, the Group plans for a four to five year life cycle for Ferrari range models. After four to five years, Ferrari typically launch a "modified" or "M" model based on the same platform but featuring significant aesthetic updates and technological improvements. This is, for example, the case of the California T, launched in 2014, which replaced and updated the earlier California, featuring new sheet-metal, new interior, a revised chassis and a new turbocharged powertrain. Typically, four years after the launch of the M-model, Ferrari start production of an entirely new model based on an completely new or overhauled platform. Therefore, the cumulative life cycle of each of the Ferrari models is approximately eight to nine years, and typically Ferrari have launched one new model every year while keeping four or more range models in production at any time. The actual life cycles of the Ferrari models vary depending on various factors including market response. Special series have different, typically shorter, lifecycles. The Group usually utilises additional platforms for production of its supercars, such as LaFerrari.

The Group also runs specific programmes for its most critical components, independently from the development of new car models. This is the case of the Ferrari engines, which the Group manufactures according to cycle milestones not necessarily connected with the release of a new car model. Since 2011, the Group has also been producing the new F160 3.0 litre V6 Turbo engine exclusively for Maserati. In 2015, the Group produced approximately 21,500 F160 engines for Maserati. (See "*—Manufacturing of Engines for Maserati*"). Many of the Group's components, such as those relating to transmission, power steering, navigation systems and the instrument cluster, are co-designed by the Group and its suppliers based on its specifications.

The Group's research and development operations constantly focus on innovating Ferrari cars' concept and package, on powertrains design, car architecture and components development. (See "*—Research and Development*").

Procurement

The Group sources a variety of components (including transmissions, brakes, driving-safety systems, navigation systems, mechanical, electrical and electronic, plastic components as well as castings and tires), raw materials (aluminium, and precious metals including palladium and rhodium), supplies, utilities, logistics and other services from numerous suppliers.

The Group's focus on excellence, in terms of luxury and performance, requires it to select suppliers and partners that are able to meet its high standards. For the sourcing of certain key components with highly technological specifications, the Group has developed strongly synergic relationships with some of its suppliers, which are considered "key strategic innovation partners." The Group currently relies on 14 key strategic innovation partners, including GETRAG and Brembo for the supply of transmissions and brakes respectively. The Group has also developed strong relationships with other industrial partners for bodyworks and chassis manufacturing and for powertrain and transmissions, among other things. Pursuant to its make-or-buy strategy, the Group generally retains production in-house whenever it has an interest in preserving or developing technological know-how or when it believes that outsourcing would impair the efficiency and flexibility of the production process. Therefore, the Group continues to invest in the skills and processes required for low-volume production of components that it believes improve product quality.

For the year ended 31 December 2015, the purchases from the Group's five largest suppliers by value accounted for approximately 25 per cent. of total procurement costs, and no supplier accounted for more than 10 per cent. of total procurement costs.

The Group recognises the contribution of its suppliers to its success through various initiatives, including Podio Ferrari and Key Innovation Partners events since 2001, devoted to Ferrari's suppliers who displayed particular excellence or innovative flair.

Production Process

The Group's production facilities are located in Maranello and in Modena, Italy. The Group's production processes include supply chain management, production and distribution logistics.

Notwithstanding the low volumes of cars produced, the Group's production process requires a great variety of inputs - over 40,000 product identifier codes sourced from approximately 1,000 total suppliers - entailing a complex supply chain management to ensure continuity of production. The Group's stock of supplies is warehoused in Ubersetto, near Maranello, and its management is outsourced to the logistics company Kuehne & Nagel.

Most of the manufacturing process takes place in Maranello, including aluminium alloy casting in the foundry, engine construction, mechanical machining, painting, car assembly, and bench testing; at its second plant in Modena (Carrozzeria Scaglietti) Ferrari manufactures its cars' aluminium bodyworks and chassis. All parts and components not produced in house at Ferrari are sourced from the Group's panel of suppliers (see "*Procurement*").

In recent years the Group has made significant investments in its manufacturing facilities, and between 2002 and 2012 the plants housing its production processes were entirely renovated or rebuilt. The Group plans its investment activities based on an estimated plant useful life of approximately 20 years. Equipment, on the other hand, may require substantial investment with the introduction of new models, particularly in the case of shell tools for the foundry, tools for machining, feature tools for body welding and special mounting equipment for the assembly.

At 31 December 2015, the Group's production processes employed over 1,250 engineers, technicians and other personnel (approximately 1,150 engineering and production employees and approximately 100 white collar employees). Furthermore, in 2015 the Group employed an additional 232 temporary engineers and production employees. The Group has a flexible production organisation, which allows it to adjust production capacity to accommodate its expected production requirements. This is primarily due to the low volume of cars produced per year and to the highly skilled and flexible employee base that can be deployed across various production areas. In addition, the Group can adjust its make-or-buy strategies to address fluctuations in the level of demand on its internal production resources. The Group's facilities can accommodate a meaningful increase in production compared to current output with the increase of weekend shifts or, to address special peaks in demand, temporary employees. Production could be increased even further with the introduction of a second shift on car assembly lines compared to the single shift currently operated. The Group constantly works to increase the utilisation rate and reduce the internal scrap rate and closely monitors an index of its production efficiency. In the past few years the Group has reduced its cycle time by approximately three per cent. per year. The Group is also committed to improve the reliability of its cars, reduce their defects, and optimise their finishing.

Unlike most low volume car producers, the Group operates its own foundry and machining department producing several of the main components of Ferrari engines, such as engine blocks, cylinders heads and crankshafts. The Issuer believes this accelerates product development and results in components that meet Ferrari specifications more closely.

Engine Production

The Group's engines are produced according to a vertical structure, from the casting of aluminium in the foundry up to the final assembly and testing of the engine. Several of the main components of the engines, such as blocks and cylinders heads are produced at the foundry in Maranello. For this purpose, a special aluminium alloy is used that includes seven per cent. silicon and a trace of iron, which improves mechanical integrity, and the Group's own shell and sand casting moulds. Once all components are ready, engines are assembled, on different lines for the V8 engines, V12 engines and for the V6 engines manufactured for Maserati. The assembly process is a combination of automatic and manual operations. Since the start of the assembly process, each engine is identified with a barcode and operations are recorded electronically. Every engine then goes to the test benches where its power and torque output are measured to ensure it delivers the expected performance. In 2015 the Group produced an average of approximately 147 engines per day, including approximately seven V12, 43 V8 (including two V8 turbo and 13 V8 aspirated for Maserati) and 97 V6 engines for Maserati (see "*Manufacturing of Engines for Maserati*").

Chassis and Body Assembly

In parallel with the assembly of Ferrari engines, the Group prepares its body-shells and chassis at its panel shop Carrozzeria Scaglietti in Modena. The main components of body-shells and chassis are not manufactured internally but are sourced from manufacturers such as Officine Meccaniche Rezzatesi for chassis and Fontana Group for bodies. At Carrozzeria Scaglietti the Group has two different production lines dedicated to the assembly of the V8 and V12 cars. The alignment of the various parts is carefully checked, most importantly the engine cover and the wings, with electronic templates and gauges. Highly trained specialists also perform surface controls to the aluminium panels and work any imperfections on it by either filing or panel beating.

Painting

The Group's paint shop was inaugurated in 2004 with what the Issuer believes to be state-of-the-art technology. When transferred to the Group's paint shop, all body-shells are cleaned with automatic pressure blowers (to avoid the

electrostatic effect) and carefully brushed with emu feathers (because of their natural anti-electrostatic properties) to clean off any dirt particles or impurities. The bodies are then mounted on a loading bay, immersed in the cataphoresis tanks and subsequently transferred to a fixing gas fired oven at 140 degrees. Primers are then applied and fixed at 190 degrees until the completely grey body-shell is ready for painting. Painting is automated for the larger surfaces, while it is done by hand for some other localised areas. The whole car is painted at the same time to ensure colour harmony. The bodies are finally polished with lacquer to fix the paint and give the bodies their final finish.

Assembly Line and Final Checks

The final assembly of Ferrari cars takes place in the Group's new body-shop built in 2008. Assembly of the eight and 12 cylinder cars are carried out separately. For each model, the initial assembly operations take place simultaneously on different lines and sections to maximise efficiency.

Personalisation and Road Tests

The final stage of car production is the fitting of all bespoke interiors, components and special equipment options that the Group's clients choose as part of the personalisation programme (see "*Personalisation Programme and Tailor Made programme*"). After the personalisation phase, every car completes a 40-kilometre road test-drive.

Finishing and Cleaning

After the road test all cars go to the finishing department. There, the interior and exterior are thoroughly cleaned, the whole car checked, and the bodies polished and finished to give them their final appearance.

Manufacturing of Engines for Maserati

The Group has been producing engines for Maserati since 2003. The V8 engines that Ferrari historically produced and continue to produce for Maserati are variants of Ferrari families of engines and are mounted on Maserati's highest performing models, such as the Quattroporte (turbo engines), the Granturismo and the Grancabrio (aspirated engines). All of the V8 engines that the Group sells to Maserati are manufactured and assembled according to the same production processes adopted for the V8s equipped on Ferrari cars (see "*—Production Process*"). In 2015, the Group sold approximately 379 V8 turbo engines and approximately 2,921 V8 aspirated engines to Maserati.

In 2011 the Group began producing a family of engines exclusively for Maserati, namely the F160 3.0-litre V6 Turbo engines, in much larger production volumes. The Group's arrangement with Maserati is currently governed by a framework agreement entered into in December 2014. Pursuant to this agreement, the initial production run consists of up to 178,000 engines in aggregate through 2020. Based on the Group's discussions with Maserati, the Group expects the production run to increase to up to 260,000 engines in aggregate through 2023 to cater to Maserati's planned expanded model range and sales. Volumes and pricing are adjusted from time to time to reflect Maserati's changing requirements. Under the framework agreement, Maserati is required to compensate the Group for certain costs it may incur, such as penalties from the Group's suppliers, if there is a shortfall in the annual volume of engines actually purchased by Maserati in that year. In 2015, the Group sold approximately 21,500 V6 engines to Maserati in four different versions, ranging from 330 hp to 410 hp.

In order to meet the V6 volumes and specifications requirements, the Group built a dedicated assembly facility at Maranello with a much higher level of industrialisation compared to production of the Ferrari V12 and V8 engines. Due to the larger volumes and product specifications, the Group's make-or-buy strategy for the production of V6 F160 engines also differs from the one applicable to Ferrari engines. The vast majority of the engine components are sourced externally from the Group's panel of suppliers (see "*—Procurement*") and then assembled in Maranello on the Group's highly automatised V6 assembly line.

From the sale of engines to Maserati, the Group recorded net revenues of approximately €177 million in 2015.

Financial Services

The Group offers retail client financing for the purchase of its cars through Ferrari Financial Services S.p.A. (FFS). FFS, together with its subsidiaries, operates in the Group's major markets, including UK, Germany and the United States. The Group also offers dealer financing through FFS in the United States. Until December 2014 the Group offered dealer financing in UK, Germany, Belgium and Switzerland and until May 2015 in Japan.

Through FFS, the Group offers a range of flexible, bespoke financial and ancillary services to clients (both new and recurrent) interested in purchasing a wide range of cars, from its current product range of Sports and GT cars, to older

pre-owned models, to classic models, special series and competition cars, including retired Formula 1 single-seaters. FFS also provides special financing arrangements to a selected group of the Group's most valuable and loyal customers.

In December 2014, the Group entered into a partnership with FGA Capital S.p.A. (now FCA Bank S.p.A. or **FCAB**), a 50/50 joint venture between FCA Italy S.p.A. and Crédit Agricole Consumer Finance S.A. FCAB operates in 16 European countries and the Issuer believes that its partnership with FCAB will enable Ferrari to extend the reach of its dealer and retail financing services to a larger number of markets in which the Group operates. The relationship with FCA is not expected to change following the Separation.

In May 2015, the Group entered into a partnership with JACCS Co., Ltd to promote sales volume growth in the Japanese market with a full scale customer and dealer finance arrangement.

In light of the recent partnership with FCAB and JACCS Co., Ltd, and also due to recent changes to the banking and financial laws in Italy, the Group requested and obtained the cancellation of FFS from the list of regulated financial intermediaries. The Group is working on expanding its partnerships in additional markets.

At 31 December 2015, FFS's portfolio of financial receivables was €1,171 million in aggregate, including €668 million in the Americas (57 per cent. of total) and €503 million in EMEA (43 per cent. of total).

Research and Development

The Group engages in research and development activities aimed at improving the design, performance, safety, efficiency and reliability of its cars.

The Group's research and development centre is in Maranello and, at 31 December 2015, included approximately 320 employees who are part of the Group's broader technology team. Personnel support product development efforts and have expertise in a number of disciplines, including mechanical, electrical, materials, computer science and chemical engineering.

The Group capitalised development costs of €154 million in 2015, €145 million in 2014, and €93 million in 2013.

Research and development costs expensed during each period mainly include the research and development incurred for the Formula 1 racing activities to support the development of the sports and GT car models and prototypes, which are expensed as incurred. The following table summarises the Group's research and development expenditures in the years ended 31 December 2015, 2014 and 2013:

	For the years ended 31 December		
	2015	2014	2013
Amortisation of capitalised development costs	114,856	125,497	120,444
Research and development costs expensed during the period .	446,726	415,336	358,850
Total research and development costs	561,582	540,833	479,294

The Group transfers technologies developed by its racing team to Ferrari Sports and GT models across all core vehicle development areas, such as aerodynamics, powertrain, and car dynamics. To that end, the Group also transfers research and development personnel between the Formula 1 team and the Sports and GT cars team, and the two teams regularly join forces for ad-hoc projects in areas such as combustion engine, new materials or computational fluid dynamics for aerodynamic performance.

Vehicle Concept

Achieving the most efficient combination of lightweight materials and optimal weight distribution gives Ferrari cars their superior longitudinal and lateral driving dynamics. The Group employs a range of technologies to reduce car weight. For the Ferrari range models the Group is currently developing an aluminium lightweight chassis and body, which is lighter than a carbon fibre chassis. For LaFerrari the Group is currently using state of the art carbon fibre technologies, which the Group developed in conjunction with its Formula 1 research and development team. The Group is currently developing a new architecture, aimed at further reducing car weight and increasing performance, and thus improving stiffness and reducing noise, vibration and harshness (NVH), among other things.

Powertrain

The powertrain is a core area of the Group's research and development. As with other research and development areas, powertrain research benefits from a constant exchange between the Formula 1 team and designers of Ferrari Sports and GT cars.

Engines

Ferrari V12 engines' output ranges from 660 hp (in the FF), to 780 hp (in the F12tdf), and up to 800 hp (in the LaFerrari). This range highlights the Group's versatility in developing V12 aspirated engines, as there are no other carmakers which currently boast such specific high power ratios. With the new California T and the 488 GTB, the Group transitioned from aspirated V8 engines to turbo charged engines. This allowed it to increase specific engine power more than 20 per cent., while reducing emissions by up to eight per cent. All Ferrari turbo engines are designed to have the same throttle response delivered by a naturally aspirated car. To achieve this goal Ferrari is investing in cutting edge turbo charging technologies (such as aluminium-titanium-alloys and ball bearings), with its strategic partner IHI.

To further improve efficiency with respect to emissions and performance the Group continuously improves upon its engines, researching new materials with higher specifications for friction, thermal and mechanical stress. The Group is also investing in technologies that improve the combustion process, with research focusing on high pressure injection and tumble flaps.

Transmissions

Ferrari's 7-shift double clutch gearbox is a core element of Ferrari powertrains. The architecture of the gearbox, combined with the shifting technologies developed by Ferrari, allow for one of the fastest and most performance orientated shifts on the market. The 488 GTB demonstrates the potential of this gearbox, reaching the 4th gear limiter in full acceleration in six seconds.

Vehicle dynamics

Suspension, braking systems and tires are key elements of vehicle dynamics. Ferrari's vehicle suspensions allow for a very rigid and direct force transmission which increases the response of the car, and Ferrari combines those with magnetorheological ride dampers. The Group continuously collaborates with its strategic partners in its effort to increase damper dynamics.

All Ferraris are equipped with carbon ceramic brakes, renowned for superior breaking performance. With the 458 Speciale Ferrari introduced a new generation of carbon ceramic brakes with even higher breaking performance and reduced weight. The Group plans to equip future vehicles with these brakes.

Aerodynamics

The Group is constantly seeking to improve the aerodynamics of Ferrari models, working specifically on drag resistance and downforce. The new 488 GTB has an aerodynamic efficiency of 1.67 due to its specially designed front and its rear spoiler. The Group also uses passive and active spoiler systems. Thanks to Ferrari's collaboration with the racing team, who assist with calculations and testing, the Issuer believes it is able to develop innovative solutions in shorter timeframes.

Hybrid technology

With LaFerrari the Group developed not only a supercar with cutting edge engine performance and driving dynamics, but also a highly sophisticated hybrid car. In conjunction with Ferrari's partner Magneti Marelli, the Group developed a compact electric power unit (120KW) and DC/DC charger. The battery (120KW/2,3KWH) was developed in conjunction with its Formula 1 team, who has extensive know-how in high performance powertrains.

The LaFerrari project greatly expanded the Group's knowledge of powertrain electrification (and its implications on performance and efficiency). The Group actively works to improve performance and efficiency of electric powertrains and to extend the range of electric components in its cars (for example, electric power steering).

Intellectual Property

The Group owns a number of design and utility patents and registered designs. The Group expects the number to grow as it continues to pursue technological innovations and to develop its design and brand activities.

The Group files patent applications in Europe, and around the world (including in the United States) to protect technology and improvements considered important to its business. No single patent is material to the business as a whole.

The Group also owns a number of registered trademarks, designs and patents, including approximately 430 trademarks (word or figurative), registered in several countries and across a number of classes. In particular, the Group ensures that the maximum level of protection is given to the following iconic trademarks, for which the Group filed a total of 4,789 registrations in 129 countries, in most of the main classes for goods and services:

(i) “Ferrari” (word)

(ii) “Ferrari” logotype:

Ferrari

(iii) the “Prancing Horse” (figurative):



(iv) the trademark (figurative):



(v) the racing shield (figurative):



(vi) Scuderia Ferrari (word and figurative):



Ferrari Sports and GT car models and Formula 1 single-seater models are also registered as trademarks (and logotypes) and the Group also registers their designs and domain names.

The protection of intellectual property is also increasingly important in connection with Ferrari design and brand activities. Therefore, the Group adopts and follows internal processes and procedures to ensure both that all necessary protection is given to its intellectual property rights and that no third party rights are infringed by the Group. In addition, the Group is particularly active in seeking to limit any counterfeiting activities regarding its Ferrari branded products around the world. To reach this goal the Group closely monitors trademark applications and domain names worldwide, actively interacts with national and local authorities and customs and avails itself of a network of experienced outside counsels.

Material Contracts

The Facility

On 30 November 2015, the Issuer, as borrower and guarantor, and certain other members of the Group, as borrowers, entered into a €2.5 billion syndicated loan facility with a group of 10 banks, including the Joint Lead Managers (directly or through parent companies and/or affiliates) (the **Facility**). The Facility comprises a bridge loan of €500 million (the **Bridge Loan**), a term loan of €1,500 million (the **Term Loan**) and a revolving credit facility of €500 million (the **RCF**).

The Bridge Loan has a 12 month maturity with an option for the Issuer to extend once for a six-month period. The Bridge Loan bears interest at a rate per annum equal to the aggregate of EURIBOR plus a margin increasing from 40 basis points to 145 basis points depending on the number of months elapsed from first drawdown. The Term Loan and the RCF each have a maturity of five years. The Term Loan bears interest at a rate per annum equal to the aggregate of EURIBOR, plus a margin ranging from 50 basis points to 105 basis points depending on the applicable Consolidated Total Net Debt to Consolidated Adjusted EBITDA ratio, calculated in accordance with the terms of the Facility. The RCF bears interest at a rate per annum equal to the aggregate of EURIBOR with respect to loans denominated in Euro, or LIBOR with respect to loans denominated in other currencies, plus a margin ranging from 35 basis points to 90 basis points depending on the applicable Consolidated Total Net Debt to Consolidated Adjusted EBITDA ratio, calculated in accordance with the terms of the Facility. Loans under the RCF may be drawn in Euro or an alternative currency at the option of the Issuer.

As of 31 December 2015, the proceeds of the Bridge Loan and the Term Loan were fully drawn down for the purposes of repaying the financial liabilities with FCA. The Bridge Loan was fully drawn down by the Issuer, whilst €1,425 million of the Term Loan was drawn down by the Issuer and the remaining €75 million was drawn down by Ferrari Financial Services Inc. The Issuer intends to refinance the Bridge Loan prior to its maturity with longer term debt, including through capital markets or other financing transactions. As of 31 December 2015, the RCF was undrawn. Proceeds of the RCF may be used from time to time for general corporate and working capital purposes of the Group.

The Facility is unsecured and provides for mandatory prepayments, affirmative and negative covenants and events of default in a form customary for bank financings of investment grade borrowers in the European syndicated loan market. The Facility has no financial maintenance covenants. Mandatory prepayments are required, subject to certain exceptions, in the event of a change of control, as well as, with respect to the Bridge Loan only, (i) issuance of debt securities in capital markets transactions, and (ii) certain relevant disposals. Subject to various exceptions and qualifications, negative covenants include (i) limitations on the Issuer's ability to provide security for other financial indebtedness, (ii) restrictions on the financial indebtedness that the Issuer's subsidiaries may incur or have outstanding, and (iii) restrictions on the Issuer's ability to make certain disposals of assets. Events of default include (i) failure to make payments when due, (ii) other breaches under the Facility not remedied within a 30-day grace period, (iii) breaches of representations and warranties, (iv) attachment by creditors of, or distress, execution, sequestration or other process enforced upon, the whole or any material part of the Group's assets, (v) cross-payment default or cross-acceleration with certain other financial indebtedness, (vi) cessation of business, (vii) seizure, nationalisation or expropriation of material assets; or (viii) bankruptcy or other insolvency proceedings.

As of 31 December 2015 the Issuer was in compliance with all covenants under the Facility.

The Facility is limited in recourse to the Issuer and the other members of the Group which borrow under the Facility.

Except as described above, the Group has not entered into any material contracts which are not in the ordinary course of its business and which could result in any member of the Group being under an obligation or entitlement that is material to the Group's ability to meet its obligations to holders of the Notes.

Management and Supervisory Bodies

Board of Directors

Set forth below is the name, year of birth and position of each of the persons currently serving as directors of the Issuer. Unless otherwise indicated, the business address of each person listed below is c/o Ferrari, Via Abetone Inferiore n. 4, I-41053 Maranello (MO), Italy. The Board of Directors of Ferrari was appointed with effect from 21 October 2015 and its term of office will expire at the Issuer's next shareholders' general meeting, which is currently scheduled for 15 April 2016.

Name	Year of Birth	Position
Sergio Marchionne	1952	Chairman and Executive Director
Amedeo Felisa	1946	Chief Executive Officer and Executive Director
Piero Ferrari	1945	Vice Chairman and Non-Executive Director
Louis C. Camilleri	1955	Senior Non-Executive Director
Eddy Cue	1964	Non-Executive Director
Giuseppina Capaldo	1969	Non-Executive Director

Name	Year of Birth	Position
Sergio Duca	1947	Non-Executive Director
Elena Zambon	1964	Non-Executive Director

Sergio Marchionne

Mr. Marchionne is the Chairman of Ferrari and has been the Chairman of Ferrari S.p.A. since October 2014. Mr. Marchionne currently serves as Chief Executive Officer of FCA and Chairman, Chief Executive Officer and Chief Operating Officer of FCA U.S. Mr. Marchionne leads FCA's Group Executive Council and has been Chief Operating Officer of its NAFTA region since September 2011. He also serves as Executive Chairman of CNH Industrial N.V. (**CNHI**). He was the chairman of Fiat Industrial and CNH Global N.V. until the integration of these companies into CNHI in 2013. Prior to joining FCA, Mr. Marchionne served as Chief Executive Officer of SGS SA, Chief Executive Officer of the Lonza Group Ltd. and Chief Executive Officer of Alusuisse Lonza (Algroup). He also served as Vice President of Legal and Corporate Development and Chief Financial Officer of the Lawson Group after serving as Vice President of Finance and Chief Financial Officer of Acklands Ltd. and Executive Vice President of Glenex Industries. Mr. Marchionne holds a Bachelor of Laws from Osgoode Hall Law School at York University in Toronto, Canada and a Master of Business Administration from the University of Windsor, Canada. Mr. Marchionne also holds a Bachelor of Arts with a major in Philosophy and minor in Economics from the University of Toronto. Mr. Marchionne serves on the Board of Directors of Philip Morris International Inc. and as Executive Chairman of SGS SA headquartered in Geneva. Additionally, Mr. Marchionne is a director of Exor. Mr. Marchionne is a member of the Board of Directors of ACEA (European Automobile Manufacturers Association). He previously served as appointed non-executive Vice Chairman and Senior Independent Director of UBS AG.

Amedeo Felisa

Mr. Felisa, who joined the Ferrari group in 1990, is the Chief Executive Officer of Ferrari and has been the Chief Executive Officer of Ferrari S.p.A. since 2008. From 2006 to 2008 he served as general manager and deputy general manager of Ferrari S.p.A. From 1996 to 2004 he was the general manager of the GT department, coordinating the product development, powertrains and vehicle departments of both Ferrari and Maserati with respect to the market positioning of the two brands. In the 1990s, as a technical senior vice president, Mr. Felisa oversaw the planning, coordination and management of the entire technical department, including defining new business model plans, supervising the development of both innovation and products and managing the product development teams, including ensuring employee growth. Prior to joining Ferrari, he was a product development team leader at Alfa Romeo S.p.A. Mr. Felisa holds a degree in mechanical engineering from the Milan Politecnico.

Piero Ferrari

Mr. Piero Ferrari is the Vice Chairman of Ferrari and has been Vice Chairman of Ferrari S.p.A. since 1988. He also serves as Chairman of HPE-COXA, is a board member and Vice President of CRN Ancona (Ferretti Group) and Board Member of Modena University. He was President of Piaggio Aero Industries S.p.A. from 1998 to 2014 and served as Chairman of the Italian Motor Sport Commission (CSAI) from 1998 to 2001 and BA SERVICE from 2000 to 2015. He was also a board member and Vice President of Banca Popolare dell'Emilia Romagna in Modena from 2002 to 2011 and from 2001 to 2014 respectively. The son of Ferrari's founder Enzo Ferrari, Mr. Piero Ferrari covered a variety of management positions in the motor sport division of Ferrari from 1970 to 1988 with increasing responsibilities. His first position with Ferrari dates back to 1965 working on the production of the Dino 206 Competizione racing car. Mr. Piero Ferrari received an honorary degree in Aerospace Engineering from the University of Naples Federico II in 2004 and an Honorary Degree in Mechanical Engineering from the University of Modena and Reggio Emilia in 2005. In 2004, Mr. Piero Ferrari was awarded the title of Cavaliere del Lavoro.

Louis C. Camilleri

Mr. Camilleri is Senior Non-Executive Director and chairman of the board of directors of Ferrari. Mr. Camilleri currently serves as Chairman of the Board of Philip Morris International Inc. (**PMI**). From March 2008 to May 2013, he served as Chairman and Chief Executive Officer of PMI. From April 2002 and August 2002 until March 2008, he was Chief Executive Officer and Chairman of Altria Group, Inc., respectively. From November 1996 to April 2002, he served as Senior Vice President and Chief Financial Officer of Altria Group, Inc. He had been employed continuously by Altria Group, Inc. and its subsidiaries (including PMI) in various capacities since 1978. Mr. Camilleri was appointed to the Board of Directors of América Móvil, S.A.B. de C.V. in April 2011, and previously served on the Board of Telmex International SAB from December 2009. Mr. Camilleri was a director of Kraft Foods Inc. (**Kraft**) from March

2001 to December 2007 and was Kraft's Chairman from September 2002 to March 2007. Mr. Camilleri received a degree in Economics and Business Administration from HEC Lausanne, the Faculty of Business & Economics of the University of Lausanne (Switzerland).

Eddy Cue

Mr. Cue currently serves as Apple Inc.'s Senior Vice President of Internet Software and Services. He joined Apple in 1989 and oversees Apple's industry-leading content stores including the iTunes Store, the App Store and the iBooks Store, as well as Apple Pay, Siri, Maps, iAd, the iCloud services, and Apple's productivity and creativity apps. Mr. Cue earned a bachelor's degree in Computer Science and Economics from Duke University. He was recognised by renowned cancer research centre City of Hope with their 2014 Spirit of Life Award, honouring an individual whose work has fundamentally impacted the music, film and entertainment industry.

Giuseppina Capaldo

Ms. Capaldo is Full Professor of Private Law, at "La Sapienza" University of Rome. She is an independent member of the Board of Directors of Salini Impregilo S.p.A. (2012-present) and Credito Fondiario S.p.A. (2014-present). She was an independent member of the Board of Directors of Exor S.p.A. from 2012 to 2015. She was a member of the Board of Directors of Ariscom S.p.A. (an Italian insurance company) from 2012-2015 and A.D.I.R. - Assicurazioni di Roma (2006-2010). She collaborated with the Macchi di Cellere Gangemi law firm in the Banking and Finance, Corporate and M&A sectors (2004-2007). She has been Deputy Rector for Resource Planning and Assets (since 2014) at La Sapienza University and the Director of LLM "Financial Markets Law" (since 2009). Previously, she served as Deputy Rector for Strategic Planning (2008-2014); Head of Department of "Law and Business" (2007-2013); and Director of PhD "Contract Law and Business" (2007-2011). Ms. Capaldo has a degree in Economics and a degree in Law from "La Sapienza" University of Rome, has been a licensed certified public accountant since 1992 and is listed in the Register of Independent Auditors (since 1999). In addition, Ms. Capaldo has been qualified to practice law in Italy since 2003. She authored several publications in the areas of contract law, insurance law, financial law and market legal theory.

Sergio Duca

Mr. Duca has been the Chairman of the Board of Statutory Auditors of Enel S.p.A. since April 2010. He also serves as Chairman of the Board of Directors of Orizzonte SGR S.p.A., chairman of the board of auditors of the Silvio Tronchetti Provera Foundation, the Compagnia San Paolo and ISPI (Institute for the Study of International Politics), as well as a member of the board of auditors of the Intesa San Paolo Foundation Onlus. Mr. Duca has previously served as Chairman of the Board of Statutory Auditors of Exor S.p.A., Chairman of the Board of Statutory Auditors of GTech S.p.A. (former Lottomatica), Chairman of the Board of Statutory Auditors of Tosetti Value SIM, an independent director of Sella Gestione SGR and as a member of the board of directors and Chairman of the Audit Committee of Autostrada Torino Milano S.p.A. From 1997 until July 2007, Mr. Duca was the Chairman of PricewaterhouseCoopers S.p.A. In addition, he has previously served as member of the Edison Foundation's advisory board and the University Bocconi in Milan's development committee, as well as Chairman of the Bocconi's Alumni Association's board of auditors and a member of the board of auditors of the ANDAF (Italian Association of Chief Financial Officers). As a certified chartered accountant and auditor, he acquired broad experience through the PricewaterhouseCoopers network as the external auditor of a number of significant Italian listed companies. Mr. Duca graduated with honours in Economics and Business from University Bocconi in Milan.

Elena Zambon

Ms. Zambon is President of Zambon S.p.A., a multinational pharmaceutical company founded in Vicenza in 1906, Vice President of ZaCh - Zambon Chemicals and member of the Board of Zambon Company S.p.A., the holding company of the Zambon group. Ms. Zambon is the founder of Secofind, the multi-family office of the Zambon family and President of the Foundation Zoé, Zambón Open Education. Ms. Zambon is a member of the Board of Unicredit and of Fondo Strategico Italiano, the Italian Sovereign Fund, as well as a member of the Board of IIT- Istituto Italiano di Tecnologia (Italian Institute of Technology). Furthermore, Ms. Zambon is President of AidAF, the Italian Association of Family Businesses, and Vice President of Aspen Institute Italia. In June 2014 she was nominated "Cavaliere del Lavoro" by the President of the Italian Republic and has received the award "Imprenditore Olivettiano 2010" (Olivetti entrepreneur) and "Marisa Belisario 2010", annually assigned to women who have distinguished themselves in the business world. From 1989 to 1994, Ms. Zambon worked for Citibank. Ms. Zambon was born in Vicenza in 1964, and received a bachelor degree in Business Administration at the University "Bocconi" in Milan.

Executive Officers

Ferrari's management consists of a Group Executive Council, led by the Chairman. Set forth below are the names, year of birth and position of each of the principal executive officers of Ferrari S.p.A. Unless otherwise indicated, the business address of each person listed below is c/o Ferrari, Via Abetone Inferiore n. 4, I-41053 Maranello (MO), Italy.

Name	Year of Birth	Position
Sergio Marchionne	1952	Chairman
Amedeo Felisa	1946	Chief Executive Officer
Alessandro Gili	1971	Chief Financial Officer
Maurizio Arrivabene	1957	Managing Director of <i>Gestione Sportiva</i>
Luca Fuso	1961	Chief Brand Officer
Mario Mairano	1951	Chief Human Resources Officer
Michael Hugo Leiters	1971	Chief Technology Officer
Enrico Galliera	1966	Chief Marketing and Commercial Officer
Vincenzo Regazzoni	1963	Chief Manufacturing Officer
Ervino Riccobon	1964	Chief of Product and Processes Competitiveness
Nicola Boari	1970	Head of Product Marketing
Flavio Manzoni	1965	Head of Design

Potential Conflicts of Interests

The Issuer expects that there will be overlap among the directors and officers of FCA and the Issuer's directors and officers. For example, Mr. Sergio Marchionne, Ferrari's Chairman, is also the chief executive officer of FCA and Mr. Marchionne, and certain of the Issuer's other directors and officers, are also directors or officers of FCA or Exor. These individuals owe duties both to the Issuer and to the other companies that they serve as officers and/or directors, which may raise conflicts as, for example, these individuals review opportunities that may be appropriate or suitable for both Ferrari and such other companies, or Ferrari pursues business transactions in which both Ferrari and such other companies have an interest, such as Ferrari's arrangement to supply engines for Maserati cars. The Issuer may also pursue opportunities in competition with FCA, Exor or other affiliates, for example, with respect to supplier arrangements, hiring management talent, or R&D and technology matters. In addition, at the date of this Prospectus, Exor holds approximately 23.5 per cent. of the common shares and approximately 33.4 per cent. of the voting power in Ferrari, while it holds approximately 29 per cent. of the common shares and 44 per cent. of the voting power in FCA. Ferrari is aware of the fact that at the date of this Prospectus, Mr. Sergio Marchionne and Mr. Piero Ferrari hold shares in both Ferrari and FCA. In addition, Exor and Mr. Piero Ferrari have entered into a shareholders agreement pursuant to which they have undertaken to consult for the purpose of forming, where possible, a common view on the items of the agenda of shareholders' meetings. These ownership interests could create actual, perceived or potential conflicts of interest when these parties or Ferrari's directors and officers are faced with decisions that could have different implications for Ferrari and FCA or Exor, as applicable.

Save as disclosed above, there are no potential conflicts of interest between any duties of the directors to the Issuer and their private interests and/or other duties.

TAXATION

The statements herein regarding taxation are based on the laws in force as at the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their acquiring, holding and disposing of the Notes, including, without limitation, the tax consequences of receiving payments of interest, principal and/or other amounts under the Notes.

REPUBLIC OF ITALY

Tax Treatment of Interest

Legislative Decree No. 239 of 1 April 1996 as subsequently amended and restated (**Decree 239**) sets forth the Italian tax regime applicable to interest, premium and other income (including the difference between the redemption amount and the issue price, hereinafter collectively referred to as **Interest**) from notes that are issued, inter alia, by:

- joint-stock corporations that are resident in Italy for tax purposes and whose shares are admitted to trading on a regulated market or on a multilateral trading facility of (i) an EU Member State, or (ii) a State that is a party to the European Economic Area Agreement (**EEA State**) and is included in the list of countries and territories that allow an adequate exchange of information as contained (I) as at the date of this Prospectus in the Decree of the Minister of Economy and Finance of 4 September 1996, as subsequently amended and restated (**White List**), or (II) once effective in any other decree or regulation that will be issued in the future under the authority of Article 11(4)(c) of Decree 239 to provide the list of such countries and territories (**New White List**), including any country or territory that will be deemed listed therein for the purpose of any interim rule; or
- other companies that are resident for tax purposes in Italy if the notes are admitted to trading on a regulated market or on a multilateral trading facility of (i) an EU Member State, or (ii) an EEA State that is included in the White List (or in the New White List once this is effective),

provided that the notes fall within the category of bonds (*obbligazioni*) or bond-like securities (*titoli similari alle obbligazioni*).

For these purposes, under Article 44(2)(c) of Presidential Decree No. 917 of 22 December 1986 (**Decree 917**), bonds and bond-like securities (*titoli similari alle obbligazioni*) are securities that incorporate an unconditional obligation for the Issuer to pay, at maturity (or at any earlier full redemption of the securities), an amount not lower than their nominal/par value/principal and that do not grant the holder any direct or indirect right of participation in (or control on) the management of the Issuer or of the business in connection with which these securities are issued.

Italian resident Noteholders

Noteholders not Engaged in an Entrepreneurial Activity

Where an Italian resident beneficial owner of the Notes (a **Noteholder**) is:

- (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected;
- (b) a non-business partnership;
- (c) a non-business private or public entity (other than Italian undertakings for collective investment); or
- (d) an investor exempt from Italian corporate income tax,

then Interest derived from the Notes, and accrued during the relevant holding period, is subject to a tax withheld at source (*imposta sostitutiva*) levied at the rate of 26 per cent., unless the relevant Noteholder holds the Notes in a discretionary investment portfolio managed by an authorised intermediary and, if meeting the relevant conditions, has validly opted for the application of the “*Risparmio Gestito*” regime provided for by Article 7 of Decree No. 461 of 21 November 1997 (**Decree 461**). In such latter case the Noteholder is subject to a 26 per cent. annual substitute tax on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes). The substitute tax is applied on behalf of the taxpayer by the managing authorised intermediary. For more information, see also “*Tax Treatment of Capital Gains*” below.

As of fiscal year 2015, as provided by Law No. 190 of 23 December 2014 (**Finance Act 2015**), social security entities incorporated under Law No. 509 of 30 June 1994 or Law No. 103 of 10 February 1996 are entitled to a tax credit equal to the positive difference between withholding taxes and substitute taxes levied at a rate of 26 per cent. on financial income (income from capital and financial capital gains), as certified by the relevant withholding agent, and a notional 20 per cent. taxation, to the extent that such income is invested in medium- and long-term investments (as identified by the Decree of the Minister of Economy and Finance of 19 June 2015, published in the Official Gazette No. 175 of 30 July 2015). The tax credit should be disclosed in the entities’ annual tax return and could be used from the first year following the investment.

Noteholders Engaged in an Entrepreneurial Activity

In the event that the Italian resident Noteholders described under clauses (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax. Interest will be subject to *imposta sostitutiva* on a provisional basis and will then be included in the relevant beneficial owner’s income tax return. As a consequence, Interest will be subject to the ordinary income tax and *imposta sostitutiva* may be recovered as a credit that can be offset against the income tax due.

If a Noteholder is an Italian resident company or similar commercial entity, a commercial partnership, or a permanent establishment in Italy of a non-resident company to which the Notes are effectively connected, and the Notes are deposited with an authorised intermediary, Interest from the Notes will not be subject to *imposta sostitutiva*. Interest must, however, be included in the relevant Noteholder’s income tax return and is therefore subject to general Italian corporate income tax (**IRES**) and, in certain circumstances, depending on the “status” of the Noteholder, also to the regional tax on productive activities (**IRAP**).

Italian Real Estate Alternative Investment Funds (Real Estate Investment Funds and Real Estate SICAFs)

Under Law Decree No. 351 of 25 September 2001 (**Decree 351**), converted into law with amendments by Law No. 410 of 23 November 2001, Article 32 of Law Decree No. 78 of 31 May 2010, converted into law with amendments by Law No. 122 of 30 July 2010, and Article 2(1)(c) of Decree 239, payments of Interest deriving from the Notes to Italian resident real estate investment funds are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the Italian real estate fund, provided that the Notes, together with the relevant coupons, are timely deposited with an authorised intermediary. However, a withholding tax or a substitute tax at the rate of 26 per cent. will generally apply to income realised by unitholders in the event of distributions, redemption or sale of the units.

Subject to certain conditions, income realised by Italian real estate investment funds is attributed pro rata to the Italian resident unitholders irrespective of any actual distribution on a tax transparency basis.

Under Article 9 of Legislative Decree No. 44 of 4 March 2014 (**Decree 44**), the above regime applies also to Interest payments made to closed-ended real estate investment companies (*società di investimento a capitale fisso immobiliari*, or **Real Estate SICAFs**) which meet the requirements expressly provided by applicable law.

Undertakings for Collective Investment (Funds, SICAFs and SICAVs)

If an Italian resident Noteholder is an open-ended or a closed-ended collective investment fund (**Fund**), a closed-ended investment company (*società di investimento a capitale fisso*, or **SICAF**) or an open-ended investment company (*società di investimento a capitale variabile*, or **SICAV**) established in Italy and either (i) the Fund, the SICAF or the

SICAV or (ii) their manager is subject to supervision by the competent regulatory authority and the Notes are deposited with an authorised intermediary, Interest accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*. Interest must, however, be included in the management results of the Fund, the SICAF or the SICAV accrued at the end of each tax period. The Fund, the SICAF or the SICAV will not be subject to *imposta sostitutiva*, but a withholding tax of 26 per cent. will be levied, in certain circumstances, on proceeds distributed in favour of unitholders or shareholders by the Fund, the SICAF or the SICAV.

Pension Funds

If an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the pension fund as calculated at the end of the tax period, which will be subject to a 20 per cent. substitute tax (as increased by Finance Act 2015).

As of fiscal year 2015, as provided by Finance Act 2015, a 9 per cent. tax credit is granted to the pension funds on income invested in medium-and long-term financial investments (as identified by the Decree of the Minister of Economy and Finance of 19 June 2015, published in the Official Gazette No. 175 of 30 July 2015) included in the annual result of the pension fund. The tax credit should be disclosed in the pension fund's tax return and could be used from the first year following the investment.

Application of Imposta Sostitutiva

Under Decree 239, *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare (SIM)*, fiduciary companies, *società di gestione del risparmio (SGR)*, stockbrokers and other entities identified by a decree of the Ministry of Economy and Finance (each, an **Intermediary**).

An Intermediary must (a) be resident in the Republic of Italy or be a permanent establishment in the Republic of Italy of a non-Italian resident financial intermediary or an organisation or a company not resident in the Republic of Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of the Ministry of Economy and Finance (which includes Euroclear and Clearstream) having appointed an Italian representative for the purposes of Decree 239, and (b) intervene, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited. If the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any Italian financial intermediary (or permanent establishment in Italy of a non-resident financial intermediary) paying Interest to a Noteholder or, absent that, by the Issuer.

Non-Italian Resident Noteholders

If the Noteholder is a non-Italian resident without a permanent establishment in the Republic of Italy to which the Notes are effectively connected, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is:

- (a) resident, for tax purposes, in a country which is included in the White List (or in the New White List once this is effective); or
- (b) an international body or entity set up in accordance with international agreements which have entered into force in the Republic of Italy; or
- (c) a central bank or an entity which manages, inter alia, official reserves of a foreign State (including sovereign wealth funds); or

- (d) an “institutional investor”, whether or not subject to tax, which is established in a country included in the White List (or in the New White List once this is effective), even if it does not possess the status of a taxpayer in its own country of establishment.

In order to ensure gross payment, non-Italian resident Noteholders without a permanent establishment in the Republic of Italy to which the Notes are effectively connected must be the beneficial owners of the payments of Interest and must timely deposit the Notes together with the coupons relating to such Notes directly or indirectly with:

- an Italian or foreign bank or financial institution (there is no requirement for the bank or financial institution to be EU resident) (the **First Level Bank**), acting as intermediary in the deposit of the Notes held, directly or indirectly, by the Noteholder with a Second Level Bank (as defined below); or
- an Italian resident bank or SIM, or a permanent establishment in Italy of a non-resident bank or brokerage company (**SIM**), acting as depositary or sub depositary of the Notes appointed to maintain direct relationships, via telematic link, with the Department of Revenue of the Ministry of Economy and Finance (the **Second Level Bank**). Organisations and companies that are not resident of Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of the Italian Ministry of Economy and Finance (which include Euroclear and Clearstream) are treated as Second Level Banks, provided that they appoint an Italian representative (an Italian resident bank or SIM, or permanent establishment in Italy of a non-resident bank or SIM, or a central depositary of financial instruments pursuant to Article 80 of Legislative Decree No. 58 of 24 February 1998) for the purposes of the application of Decree 239. In the event that a non-Italian resident Noteholder deposits the Notes directly with a Second Level Bank, the latter shall be treated both as a First Level Bank and a Second Level Bank.

The exemption from the *imposta sostitutiva* for non-Italian resident Noteholders is conditional upon:

- the deposit of the Notes, either directly or indirectly, with an institution which qualifies as a Second Level Bank; and
- the submission, at the time or before the deposit of the Notes, to the First Level Bank or the Second Level Bank (as the case may be) of an affidavit by the relevant Noteholder (*autocertificazione*), to be provided only once, in which it declares, inter alia, that it is the beneficial owner of any interest on the Notes and it is eligible to benefit from the exemption from the *imposta sostitutiva*.

This affidavit, which is required neither for international bodies or entities set up in accordance with international agreements that have entered into force in Italy nor for foreign central banks or entities which manage, inter alia, official reserves of a foreign State, must comply with the requirements set forth by the Italian Ministerial Decree of 12 December 2001 and is valid until withdrawn or revoked (unless some information provided therein has changed). The affidavit need not be submitted if a certificate, declaration or other similar document for the same or equivalent purposes was previously submitted to the same depositary.

The *imposta sostitutiva* will be applicable at the rate of 26 per cent. to Interest paid to Noteholders who do not qualify for the exemption or do not timely and properly comply with set requirements.

Noteholders who are subject to the *imposta sostitutiva* might, nevertheless, be eligible for full or partial relief under an applicable tax treaty, provided that the relevant conditions are satisfied (including documentary fulfilments).

Tax Treatment of Capital Gains

Italian Resident (and Italian Permanent Establishment) Noteholders

Noteholders Not Engaged in an Entrepreneurial Activity

If an Italian resident Noteholder is (i) an individual not engaged in an entrepreneurial activity to which the Notes are connected, (ii) a non-business partnership, (iii) a non-business private or public entity, any capital gain realised by such

Noteholder from the sale or redemption of the Notes would be subject to a capital gain tax (**CGT**), levied at the rate of 26 per cent. Noteholders may set off any losses against their capital gains subject to certain conditions.

As of fiscal year 2015, as provided by Finance Act 2015, social security entities incorporated under Law No. 509 of 30 June 1994 or Law No. 103 of 10 February 1996 are entitled to a tax credit equal to the positive difference between withholding taxes and substitute taxes levied at a rate of 26 per cent. on financial income (income from capital and financial capital gains) and a notional 20 per cent. taxation to the extent that such income is invested in medium- and long-term investments (as identified by the Decree of the Minister of Economy and Finance of 19 June 2015, published in the Official Gazette No. 175 of 30 July 2015). The tax credit should be disclosed in the entities' annual tax return and could be used from the first year following the investment.

In respect of the application of CGT, taxpayers may opt for any of the three regimes described below.

- (a) Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, CGT on capital gains will be chargeable, on a cumulative basis, on all capital gains (net of any incurred capital loss) realised by the Italian resident individual Noteholder holding the Notes. In this instance, "capital gains" means any capital gain not connected with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay CGT on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward and offset against capital gains realised in any of the four succeeding tax years. Under Decree No. 66 of 24 April 2014 (**Decree 66**), capital losses may be carried forward and offset against capital gains of the same nature realised after 30 June 2014 for an overall amount of: (i) 48.08 per cent. of the relevant capital losses realised before 1 January 2012; (ii) 76.92 per cent. of the capital losses realised from 1 January 2012 to 30 June 2014; and (iii) 100 per cent. of the capital losses realised from 1 July 2014.
- (b) As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay CGT separately on capital gains realised on each sale or redemption of the Notes (nondiscretionary investment portfolio regime, "*regime del risparmio amministrato*") (optional). Such separate taxation of capital gains is allowed subject to:
 - (i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries (including permanent establishments in Italy of non-resident intermediaries); and
 - (ii) an express election for the nondiscretionary investment portfolio regime being timely made in writing by the relevant Noteholder.

The depository must account for CGT in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss. The depository must also pay CGT to the Italian tax authorities on behalf of the Noteholder, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the nondiscretionary investment portfolio regime, any possible capital loss resulting from a sale or redemption of the Notes may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the nondiscretionary investment portfolio regime, the Noteholder is not required to declare the capital gains / losses in the annual tax return. Under Decree 66, capital losses may be carried forward and offset against capital gains of the same nature realised after 30 June 2014 for an overall amount of: (i) 48.08 per cent. of the relevant capital losses realised before 1 January 2012; (ii) 76.92 per cent. of the capital losses realised from 1 January 2012 to 30 June 2014; and (iii) 100 per cent. of the capital losses realised from 1 July 2014.

- (c) Under the discretionary investment portfolio regime (*regime del risparmio amministrato*) (optional), any capital gains realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets (including the Notes) to an authorised intermediary will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Any decrease in value of the managed assets accrued at the year-end may be carried forward and offset against any increase in value of the managed assets accrued in any of the four following tax years. Under Decree 66, decreases in value of the managed assets may be carried forward and offset against any subsequent increase in value accrued as of 1 July 2014 for an overall amount of: (i) 48.08 per cent of the relevant decreases in value occurred before 1 January 2012; (ii) 76.92 per cent of the decreases in value occurred from 1 January 2012 to 30 June 2014; and (iii) 100 per cent. of the decreases in value occurred from 1 July 2014. The Noteholder is not required to declare the capital gains realised in the annual tax return.

Noteholders Engaged in an Entrepreneurial Activity

Any gain realised upon the sale or the redemption of the Notes would be treated as part of the taxable business income (and, in certain circumstances, depending on the “status” of the Noteholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company, a similar business entity (including the Italian permanent establishment of non-resident entities to which the Notes are connected), a business partnership or an Italian resident individual engaged in an entrepreneurial activity to which the Notes are connected.

Italian Real Estate Alternative Investment Funds (Real Estate Investment Funds and Real Estate SICAFs)

Any capital gains realised by a Noteholder which is an Italian real estate investment fund or an Italian Real Estate SICAF to which the provisions of Decree 351 or Decree 44 apply will be subject neither to CGT nor to any other income tax at the level of the real estate investment fund or the Real Estate SICAF (see “*Tax Treatment of Interest*”). However a withholding tax or a substitute tax at the rate of 26 per cent. will generally apply to income realised by unitholders/shareholders in the event of distributions, redemption or sale of units / shares.

Undertakings for Collective Investment (Funds, SICAFs and SICAVs)

Any capital gains realised by a Noteholder which is a Fund, a SICAF or a SICAV will not be subject to CGT but will be included in the result of the relevant portfolio accrued at the end of the relevant tax year. Such result will not be taxed at the level of the Fund, the SICAF or the SICAV, but income realised by the unitholders or shareholders in case of distributions, redemption or sale of the units / shares may be subject to a withholding tax of 26 per cent. (see “*Tax Treatment of Interest*”).

Pension Funds

Any capital gains realised by a Noteholder that is an Italian pension fund (subject to the regime provided for by Article 17 of Decree 252 of 5 December 2005) will be included in the result of the pension fund as calculated at the end of the tax year, to be subject to a 20 per cent. substitute tax (as increased by Finance Act 2015).

As of fiscal year 2015, as provided by Finance Act 2015, a 9 per cent. tax credit is granted to the Italian pension funds on income invested in medium- and long-term financial investments (as identified by the Decree of the Minister of Economy and Finance of 19 June 2015, published in the Official Gazette No. 175 of 30 July 2015) included in the annual result of the pension fund. The tax credit should be disclosed in the pension fund’s tax return and could be used from the first year following the investment.

Non-Italian Resident Noteholders

Capital gains realised by non-Italian resident Noteholders without a permanent establishment in the Republic of Italy to which the Notes are effectively connected upon the sale or the redemption of Notes issued by an Italian resident issuer and traded on regulated markets are subject neither to CGT nor to any other Italian income tax. The exemption applies

provided that the non-Italian resident Noteholders file in due course with the authorised financial intermediary an appropriate affidavit (*autocertificazione*) stating that the Noteholder is not resident in the Republic of Italy for tax purposes and has no permanent establishment in Italy to which the Notes are effectively connected.

Capital gains realised by non-Italian resident Noteholders without a permanent establishment in the Republic of Italy to which the Notes are effectively connected upon the sale or the redemption of Notes issued by an Italian resident issuer not traded on regulated markets are not subject to CGT, provided that the beneficial owner is:

- (a) resident in a country included in the White List (or in the New White List once this is effective);
- (b) an international entity or body set up in accordance with international agreements which have entered into force in the Republic of Italy;
- (c) a central Bank or an entity which manages, inter alia, the official reserves of a foreign State (including sovereign wealth funds); or
- (d) an “institutional investor”, whether or not subject to tax, which is established in a country included in the White List (or in the New White List once this is effective), even if it does not possess the status of a taxpayer in its own country of establishment.

If none of the conditions above is met, capital gains realised by non-Italian resident Noteholders without a permanent establishment in the Republic of Italy to which the Notes are effectively connected upon the sale or the redemption of Notes issued by an Italian resident issuer and not traded on regulated markets may be subject to CGT at the current rate of 26 per cent. However, Noteholders may benefit from an applicable tax treaty with the Republic of Italy providing that capital gains realised upon the sale or the redemption of the Notes may be taxed only in the country of residence of the transferor.

Italian Inheritance and Gift Tax

Subject to certain exceptions, Italian inheritance and gift tax is generally payable on transfers of assets and rights, including the Notes, (i) by reason of death or gifts by Italian resident persons (or other transfers for no consideration and the creation of liens on such assets for a specific purpose, including the segregation of assets into a trust), even if the transferred assets are held outside Italy, and (ii) by reason of death or gifts by non-Italian resident persons (or other transfers for no consideration and the creation of liens on such assets for a specific purpose, including the segregation of assets into a trust), but only if the transferred assets are held in Italy.

In such event, Italian inheritance and gift tax applies as follows:

- (a) at a rate of 4 per cent. in case of transfers in favour of the spouse or relatives in direct line on the portion of the global net value of the transferred assets exceeding, for each beneficiary, €1,000,000;
- (b) at a rate of 6 per cent. in case of transfers in favour of relatives up to the fourth degree or relatives in-law up to the third degree on the entire value of the transferred assets. Transfers in favour of brothers / sisters are subject to the 6 per cent. inheritance and gift tax on the value of the transferred assets exceeding, for each beneficiary, €100,000; and
- (c) at a rate of 8 per cent. in any other case.

If the beneficiary of any such transfer is a disabled individual, whose handicap is recognised under Law No. 104 of 5 February 1992, the tax is applied only on the value of the assets (including the Notes) received in excess of €1,500,000 at the rates illustrated above, depending on the type of relationship existing between the deceased or the donor and the beneficiary.

With respect to Notes listed on a regulated market, the value for inheritance and gift tax purposes is the average trading price of the last quarter preceding the date of the succession or of the gift (including any accrued interest).

Transfer Tax

Contracts relating to the transfer of securities are subject to a €200 registration tax as follows: (i) public deeds and private deeds with notarized signatures are subject to mandatory registration; and (ii) private deeds are subject to registration only in the case of voluntary registration or if the so-called “caso d’uso” occurs.

Stamp Duty

Under Article 13(2bis-2ter) of Decree No. 642 of 26 October 1972, a 0.20 per cent. stamp duty generally applies on communications and reports that Italian financial intermediaries periodically send to their clients in relation to the financial products that are deposited with such intermediaries. The Notes are included in the definition of financial products for these purposes. Communications and reports are deemed to be sent at least once a year even if the Italian financial intermediary is under no obligation to either draft or send such communications and reports.

The stamp duty cannot exceed €14,000.00 for Noteholders other than individuals.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy and Finance on 24 May 2012, the 0.20 per cent. stamp duty does not apply to communications and reports that the Italian financial intermediaries send to investors who do not qualify as “clients” according to the regulations issued by the Bank of Italy on June 20, 2012. Communications and reports sent to this type of investors are subject to the ordinary €2.00 stamp duty for each copy.

The taxable base of the stamp duty is the market value or, in the lack thereof, the nominal value or the redemption amount of any financial product.

Wealth Tax on Financial Products Held Abroad

Under Article 19(18) of Decree No. 201 of 6 December 2011, Italian resident individuals holding financial products – including the Notes – outside the Republic of Italy are required to pay a wealth tax at the rate of 0.2 per cent. (the tax is determined in proportion to the period of ownership). This tax is calculated on the market value at the end of the relevant year or, in the lack thereof, on the nominal value or redemption value, or in the case the face or redemption values cannot be determined, on the purchase price of any financial product (including the Notes) held abroad by Italian resident individuals. A tax credit is generally granted for foreign wealth taxes levied abroad on such financial products.

Certain Reporting Obligations for Italian Resident Noteholders

Under Law Decree No. 167 of 28 June 1990, as subsequently amended and supplemented, individuals, non-business entities and non-business partnerships that are resident in Italy and, during the fiscal year, hold investments abroad or have financial assets abroad (including possibly the Notes) must, in certain circumstances, disclose these investments or financial assets to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return), regardless of the value of such assets (save for deposits or bank accounts having an aggregate value not exceeding € 15,000 threshold throughout the year, which per se do not require such disclosure). The requirement applies also where the persons above, being not the direct holder of the financial assets, are the actual economic owners thereof for the purposes of anti-money laundering legislation.

No disclosure requirements exist for investments and financial assets (including the Notes) under management or administration entrusted to Italian resident intermediaries (Italian banks, SIMs, fiduciary companies or other professional intermediaries, indicated in Article 1 of Decree No. 167 of 28 June 1990) and for contracts concluded through their intervention, provided that the cash flows and the income derived from such activities and contracts have been subjected to Italian withholding or substitute tax by the such intermediaries.

EU Savings Directive

Under Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income (**EU Savings Directive**), Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

For a transitional period, Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 24 March 2014, the Council of the European Union adopted Council Directive 2014/48/EU amending and broadening the scope of the requirements described above (**Amending Directive**). The Amending Directive required Member States to apply these new requirements from 1 January 2017.

However, Council Directive (EU) 2015/2060 of 10 November 2015 (**Repealing Directive**) repealed the EU Savings Directive with effect from 1 January 2016 (from 1 January 2017 in the case of Austria) to prevent overlap between the EU Savings Directive and a new automatic exchange of information regime implemented under Council Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation (as amended by Council Directive 2014/107/EU of 9 December 2014). The EU Member States would thus no longer be required to transpose the Amending Directive in their domestic legislation. As indicated in the eighth recital of the Repealing Directive, to ensure the seamless continuation of automatic reporting of financial account information, the repeal of the EU Savings Directive should apply on the same day as the date of application of the measures set down in Directive 2014/107/EU. The obligations of Member States, economic operators and paying agents under the EU Savings Directive shall therefore continue to apply until 5 October 2016 (31 December 2016 with respect to the obligations under Article 13(2) of the EU Savings Directive) or until those obligations have been fulfilled. Special transitional rules apply to Austria.

Noteholders who are in any doubt as to their position should consult their professional advisors.

Implementation in Italy

Italy implemented the EU Savings Directive through Legislative Decree No. 84 of 18 April 2005 (**Decree No. 84**). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State or in a dependent or associated territory under the relevant international agreements, Italian qualified paying agents (i.e. banks, SIMs, fiduciary companies, SGRs resident for tax purposes in Italy, permanent establishments in Italy of non-resident persons and any other economic operator resident for tax purposes in Italy paying interest for professional or commercial reasons) shall report details of the relevant payments and personal information on the individual beneficial owner to the Italian tax authorities. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

In certain circumstances, the same reporting requirements must be complied with also in respect of interest paid to an entity established in another EU Member State, other than legal persons (with the exception of certain Finnish and Swedish entities), whose profits are taxed under general arrangements for business taxation and, in certain circumstance, UCITS recognised in accordance with Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities.

Either payments of interest on the Notes or the realisation of the accrued interest through the sale of the Notes would generally constitute “payments of interest” under Article 6 of the EU Savings Directive and, as far as Italy is concerned, Article 2 of Decree 84/2005. Accordingly, such payment of interest arising out of the debt securities would fall within the scope of the EU Savings Directive being the Notes issued after 1 March 2001.

Council Directive (EU) 2015/2060 of 10 November 2015 repealed the EU Savings Directive with effect from 1 January 2016 to prevent overlap between the EU Savings Directive and a new automatic exchange of information regime implemented under Council Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation as amended by Council Directive 2014/107/EU of 9 December 2014. With Law No. 114 of 9 July 2015, the Italian Parliament delegated the Government to implement Council Directive 2014/107/EU into domestic legislation (Council Directive 2011/16/EU has already been implemented in Italy through Legislative Decree No. 29 of 4 March 2014). The Minister of Economy and Finance issued the Decree of 28 December 2015 (published in the Official Gazette No. 303 of 31 December 2015) to implement Directive 2014/107/EU. However, the obligations of Member States, economic operators and paying agents under the EU Savings Directive shall continue to apply until 5 October 2016 (31 December 2016 with respect to the obligations under Article 13(2) of the EU Savings Directive) or until those obligations have been fulfilled.

THE NETHERLANDS

This summary solely addresses the principal Dutch tax consequences of the acquisition, ownership and disposal of Notes and does not purport to describe every aspect of taxation that may be relevant to a particular holder. Tax matters are complex, and the tax consequences of the offering to a particular holder of Notes will depend in part on such holder's circumstances. Accordingly, a holder is urged to consult his own tax advisor for a full understanding of the tax consequences of the offering to him, including the applicability and effect of Dutch tax laws.

Where in this summary English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch tax law. Where in this summary the terms "the Netherlands" and "Dutch" are used, these refer solely to the European part of the Kingdom of the Netherlands and the legislation applicable in that part of the Kingdom. This summary assumes that the Issuer is organised, and that its business will be conducted, in the manner outlined in this offering. A change to such organisational structure or to the manner in which the Issuer conducts its business may invalidate the contents of this summary, which will not be updated to reflect any such change.

This summary is based on the tax law of the Netherlands (unpublished case law not included) as it stands at the date of this Prospectus. The tax law upon which this summary is based, is subject to changes, possibly with retroactive effect. Any such change may invalidate the contents of this summary, which will not be updated to reflect such change.

The summary in this Dutch taxation paragraph does not address the Dutch tax consequences for a holder of Notes who:

- (i) is a person who may be deemed an owner of Notes for Dutch tax purposes pursuant to specific statutory attribution rules in Dutch tax law;
- (ii) is, although in principle subject to Dutch corporation tax, in whole or in part, specifically exempt from that tax in connection with income from Notes
- (iii) is an investment institution as defined in the Dutch Corporation Tax Act 1969;
- (iv) owns Notes in connection with a membership of a management board or a supervisory board, an employment relationship, a deemed employment relationship or management role;
- (v) has a substantial interest in the Issuer or a deemed substantial interest in the Issuer for Dutch tax purposes. Generally, a person holds a substantial interest if (a) such person – either alone or, in the case of an individual, together with his partner or any of his relatives by blood or by marriage in the direct line (including foster-children) or of those of his partner for Dutch tax purposes – owns or is deemed to own, directly or indirectly, 5 per cent. or more of the shares or of any class of shares of the Issuer, or rights to acquire, directly or indirectly, such an interest in the shares of the Issuer or profit participating certificates relating to 5 per cent. or more of the annual profits or to 5 per cent. or more of the liquidation proceeds of the Issuer, or (b) such person's shares, rights to acquire shares or profit participating certificates in the Issuer are held by him following the application of a non-recognition provision; or
- (vi) is an entity which is a resident of Aruba, Curacao or Sint Maarten that has an enterprise which is carried on through a permanent establishment or a permanent representative on Bonaire, Sint Eustatius or Saba and the Notes are attributable to such permanent establishment or permanent representative.

Withholding tax

All payments under the Notes may be made free from withholding or deduction of or for any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority of or in the Netherlands.

Taxes on income and capital gains

Resident holders of Notes

A holder of Notes who is resident or deemed to be resident in the Netherlands for Dutch tax purposes is fully subject to Dutch income tax if he is an individual or fully subject to Dutch corporation tax if it is a corporate entity, or an entity, including an association, a partnership and a mutual fund, taxable as a corporate entity, as described in the summary below.

Individuals deriving profits or deemed to be deriving profits from an enterprise

Any benefits derived or deemed to be derived from or in connection with Notes that are attributable to an enterprise from which an individual derives profits, whether as an entrepreneur or pursuant to a co-entitlement to the net value of an enterprise, other than as a shareholder, are generally subject to Dutch income tax at progressive rates up to 52 per cent.

Individuals deriving benefits from miscellaneous activities

Any benefits derived or deemed to be derived from or in connection with Notes that constitute benefits from miscellaneous activities by an individual are generally subject to Dutch income tax at progressive rates up to 52 per cent.

An individual may, inter alia, derive or be deemed to derive benefits from or in connection with Notes that are taxable as benefits from miscellaneous activities if his investment activities go beyond regular active portfolio management.

Other individuals

If a holder of Notes is an individual whose situation has not been discussed before in this section "*Taxes on income and capital gains—Resident holders of Notes*", the value of his Notes forms part of the yield basis for purposes of tax on benefits from savings and investments. A deemed benefit of 4 per cent. (rate of 2016, to be amended in 2017) per annum of this yield basis is taxed at the rate of 30 per cent. Actual benefits derived from or in connection with his Notes are not subject to Dutch income tax.

Corporate entities

Any benefits derived or deemed to be derived from or in connection with Notes that are held by a corporate entity, or an entity, including an association, a partnership and a mutual fund, taxable as a corporate entity, are generally subject to Dutch corporation tax at up to a maximum rate of 25 per cent.

General

A holder of Notes will not be deemed to be resident in the Netherlands for Dutch tax purposes by reason only of the execution and/or enforcement of the documents relating to the issue of Notes or the performance by the Issuer of its obligations under such documents or under the Notes.

Non-resident holders of Notes

Individuals

If a holder of Notes is an individual who is neither resident nor deemed to be resident in the Netherlands for purposes of Dutch income tax, he will not be subject to Dutch income tax in respect of any benefits derived or deemed to be derived from or in connection with Notes, except if

- (i) he derives profits from an enterprise, whether as an entrepreneur or pursuant to a co-entitlement to the net value of such enterprise, other than as a shareholder, and such enterprise is carried on, in whole or in part,

through a permanent establishment or a permanent representative in the Netherlands, and his Notes are attributable to such permanent establishment or permanent representative; or

- (ii) he derives benefits or is deemed to derive benefits from or in connection with Notes that are taxable as benefits from miscellaneous activities performed in the Netherlands.

Income derived from the Notes as specified under (i) and (ii) by an individual is subject to Dutch individual income tax at progressive rates up to a maximum rate of 52 per cent.

Corporate entities

If a holder of Notes is a corporate entity, or an entity, including an association, a partnership and a mutual fund, taxable as a corporate entity, which is neither resident nor deemed to be resident in the Netherlands for purposes of Dutch corporation tax, it will not be subject to Dutch corporation tax in respect of any benefits derived or deemed to be derived from or in connection with Notes, except if

- (i) it derives profits from an enterprise directly which is carried on, in whole or in part, through a permanent establishment or a permanent representative which is taxable in the Netherlands and to which permanent establishment or permanent representative its Notes are attributable; or
- (ii) it derives profits pursuant to a co-entitlement to the net value of an enterprise which is managed in the Netherlands, other than as a holder of securities and to which enterprise its Notes are attributable.

Income derived from the Notes as specified under (i) and (ii) by a corporate entity is subject to Dutch corporate income tax at up to a maximum rate of 25 per cent.

General

A holder of Notes will not be deemed to be resident in the Netherlands for Dutch tax purposes by reason only of the execution and/or enforcement of the documents relating to the issue of Notes or the performance by the Issuer of its obligations under such documents or under the Notes.

If a holder of Notes is neither resident nor deemed to be resident in the Netherlands, such holder will for Dutch tax purposes not carry on or be deemed to carry on an enterprise, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands by reason only of the execution and/or enforcement of the documents relating to the issue of Notes or the performance by the Issuer of its obligations under such documents or under the Notes.

Gift and inheritance taxes

No Dutch gift tax or Dutch inheritance tax will arise with respect to an acquisition or deemed acquisition of Notes by way of gift by, or upon the death of, a holder of Notes who is neither resident nor deemed to be resident in the Netherlands for purposes of Dutch gift tax or Dutch inheritance tax except if, in the event of a gift whilst not being a resident nor being a deemed resident in the Netherlands for purposes of Dutch gift tax or Dutch inheritance tax, the holder of Notes becomes a resident or a deemed resident in the Netherlands and dies within 180 days after the date of the gift.

For purposes of Dutch gift tax and Dutch inheritance tax, a gift of Notes made under a condition precedent is deemed to be made at the time the condition precedent is satisfied.

Value added tax

No value added tax will arise in respect of any payment in consideration for the issue of the Notes.

Registration taxes and duties

No Dutch registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, is payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment or transfer of the Notes.

THE PROPOSED FINANCIAL TRANSACTIONS TAX (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

Banca IMI S.p.A., BNP PARIBAS, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, J.P. Morgan Securities plc, Mediobanca – Banca di Credito Finanziario S.p.A., Merrill Lynch International, Société Générale, UBS Limited and UniCredit Bank AG (the **Joint Lead Managers**) have, pursuant to a subscription agreement dated 9 March 2016 (the **Subscription Agreement**), jointly and severally agreed to subscribe or procure subscribers for the Notes at the issue price of 98.977 per cent. of the principal amount of Notes, less any applicable commission. The Issuer will also reimburse the Joint Lead Managers in respect of certain of their expenses, and has agreed to indemnify the Joint Lead Managers against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain limited circumstances prior to the issue of the Notes.

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 pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable state securities laws. Terms used in this paragraph have the meanings given to them by Regulation S.

Accordingly, the offer is not being made in the United States and this document does not constitute an offer, or an invitation to apply for, or an offer or invitation to purchase or subscribe for any Notes in the United States. The Notes offered hereby are being offered and sold only outside the United States in “offshore transactions” as defined in Regulation S. Any person who subscribes or acquires Notes will be deemed to have represented, warranted and agreed, by accepting delivery of this Prospectus or delivery of Notes, that it has not received this document or any information related to the Notes in the United States, is not located in the United States and is subscribing for or acquiring Notes in compliance with Rule 903 of Regulation S in an “offshore transaction” as defined in Regulation S.

The Notes 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 U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

Each Joint Lead Manager has represented and agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Closing Date within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer that is 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.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

- (a) 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 would not, if the Issuer was not an authorised person apply to the Issuer; and
- (b) 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.

Republic of 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 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 24 February 1998, as amended (the **Financial Services Act**) and Article 34-*ter*, first paragraph, letter b) of Consob Regulation No. 11971 of 14 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 Article 34-*ter* of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of the 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 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and
- (b) in compliance with Article 129 of the Banking Act, as amended, 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.

The Netherlands

The Notes (including the rights representing an interest in the Notes in global form) which are the subject of this Prospectus, have not been and shall not be offered, sold, transferred or delivered in the Netherlands other than to qualified investors (within the meaning of the Prospectus Directive). No approved prospectus within the meaning of the Prospectus Directive is required to be made generally available in the Netherlands in connection with the offer.

General

No action has been taken or will be taken in any jurisdiction by the Issuer, or any of the Joint Lead Managers that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Joint Lead Manager has undertaken that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

GENERAL INFORMATION

Authorisation

The issue of the Notes was duly authorised by a resolution of the Board of Directors of the Issuer dated 31 December 2015.

Listing and Admission to Trading

Application has been made for the Notes to be admitted to listing on the Official List of the Irish Stock Exchange and admitted to trading on the regulated market of the Irish Stock Exchange with effect from 16 March 2016. The total expenses relating to the admission to listing and trading are expected to be approximately €7,000.

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer 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.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for the Notes is XS1380394806 and the Common Code is 138039480. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

No significant or material adverse change

There has been no significant change in the financial or trading position of the Issuer or the Group since 31 December 2015 and there has been no material adverse change in the financial position or prospects of the Issuer or the Group since 31 December 2015.

Litigation

Neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

Independent Auditors

The independent auditors of the Issuer are Reconta, Ernst & Young S.p.A., who have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of the Issuer at 31 December 2015 and 2014 for the years then ended. The independent auditors have issued an unqualified audit opinion and have no material interest in the Issuer.

Reconta Ernst & Young S.p.A. is a member of ASSIREVI, the Italian association of auditing firms.

Reconta Ernst & Young S.p.A. is authorised and regulated by The Italian Ministry of Economy and Finance (MEF) and registered on the special register of auditing firms held by the MEF. The registered office of Reconta Ernst & Young S.p.A. is at Via Po, 32, 00198 Rome, Italy.

The independent auditors' report is incorporated in the form and context in which they are incorporated, with the agreement of the independent auditors who have authorised the contents of that part of this Prospectus.

U.S. Tax

The Notes and Coupons will contain the following legend: "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."

Documents Available

For the life of this Prospectus and as long as the Notes remain outstanding, electronic copies of the following documents will be available for inspection from the registered office of the Issuer and from the specified offices of the Paying Agent in London:

- (a) the constitutional documents (with an English translation thereof) of the Issuer;
- (b) the audited consolidated financial statements of the Issuer at and for the years ended 31 December 2015 and 2014 contained in the Issuer's Annual Report on Form 20-F for the financial year ended 31 December 2015. The Issuer currently prepares audited consolidated and non-consolidated accounts on an annual basis;
- (c) the Trust Deed, the Agency Agreement and the forms of the Global Notes, the Notes in definitive form and the Coupons; and
- (d) a copy of this Prospectus.

Post-issuance information

The Issuer does not intend to provide any post-issuance information in relation to the issue of the Notes.

Yield

The yield on the Notes will be 1.656 per cent. calculated on an annual basis on the basis of the issue price of the Notes of 98.977 per cent.

Joint Lead Managers transacting with the Issuer

Each of the Joint Lead Managers and its affiliates (including their parent companies) has engaged, engages, and may in future engage, in lending, in advisory, in financing, in investment banking, in corporate finance services and/or commercial banking (including derivatives contracts, the provision of loan facilities and consultancy services) and other related transactions with, and may perform services for the Issuer and its affiliates (including other members of the Group) and for other companies directly or indirectly involved in the same sector in which the Issuer operates and/or competitors of the Issuer and/or interested in carrying out transactions of a similar nature, and also holding significant shareholdings and appointing board members and/or other corporate body members, and participating in shareholders' agreements of such companies, in the ordinary course of business.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. The Joint Lead Managers or their respective affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk-management policies. Typically, such Joint Lead Managers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the purposes of this paragraph, the term "affiliates" includes also parent companies.

Furthermore, each Joint Lead Manager under the Notes (and/or its affiliates) has a significant lending relationship with the Issuer and certain subsidiary companies within the Group, has provided the Issuer with investment banking services in the last twelve months and has a conflict of interest in as much as part of the proceeds from the issue of the Notes are expected to be used to repay previous loans granted to the Issuer (see the “*Use of Proceeds*” section for further potential conflicts of interest).

As further described in the section “*Subscription and Sale*”, each of the Joint Lead Managers under the Notes will receive a commission.

THE ISSUER

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