

# IMPORTANT NOTICE

## **THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE NON-U.S. PERSONS OR ADDRESSEES OUTSIDE OF THE U.S.**

**IMPORTANT:** You must read the following before continuing. The following applies to the Preliminary Final Terms, the Base Prospectus Supplement and the Base Prospectus following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Preliminary Final Terms, the Base Prospectus Supplement and the Base Prospectus. In accessing the Preliminary Final Terms, the Base Prospectus Supplement and the Base Prospectus you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT, BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING PRELIMINARY FINAL TERMS, BASE PROSPECTUS SUPPLEMENT AND BASE PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

**Confirmation of your Representation:** In order to be eligible to view these Preliminary Final Terms, the Base Prospectus Supplement and the Base Prospectus or make an investment decision with respect to the securities, you must be a non-U.S. persons (within the meaning of Regulation S under the Securities Act). The Preliminary Final Terms, the Base Prospectus Supplement and the Base Prospectus are being sent at your request and by accepting the e-mail and accessing the Preliminary Final Terms, the Base Prospectus Supplement and the Base Prospectus you shall be deemed to have represented to us that (1) you and any customers you represent are not a U.S. person and that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the U.S., its territories and possessions and (2) you consent to delivery of such Final Terms by electronic transmission.

Under no circumstances shall the Preliminary Final Terms, the Base Prospectus Supplement and the Base Prospectus constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. Recipients of the Preliminary Final Terms, the Base Prospectus Supplement and the Base Prospectus who intend to subscribe for or purchase the Notes are reminded that any subscription or purchase may only be made on the basis of the information contained in the finalized Final Terms. The Preliminary Final Terms, the Base Prospectus Supplement and the Base Prospectus may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply to Fiat Finance and Trade Ltd. société anonyme or Fiat S.p.A.

You are reminded that the Preliminary Final Terms, the Base Prospectus Supplement and the Base Prospectus have been delivered to you on the basis that you are a person into whose possession the Preliminary Final Terms, the Base Prospectus Supplement and the Base Prospectus may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Preliminary Final Terms, the Base Prospectus Supplement and the Base Prospectus to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of Fiat Finance and Trade Ltd. société anonyme in such jurisdiction.

The Preliminary Final Terms, the Base Prospectus Supplement and the Base Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Fiat S.p.A., Fiat Finance and Trade Ltd. société anonyme, Credit Suisse Securities (Europe) Limited, Goldman Sachs International, Banca Caboto S.p.A., Société Générale, Banca Nazionale del Lavoro S.p.A., CALYON, Capitalia S.p.A. or any person who controls it or any director, officer, employee or agent of it or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Preliminary Final Terms, the Base Prospectus Supplement and the Base Prospectus distributed to you in electronic format and the hard copy version available to you on request from Credit Suisse Securities (Europe) Limited, Goldman Sachs International, Banca Caboto S.p.A., Société Générale, Banca Nazionale del Lavoro S.p.A., CALYON and Capitalia S.p.A.

## PRELIMINARY FINAL TERMS DATED 4 MAY 2006



Proposed issue of €[1,000,000,000] • per cent. Fixed Rate notes due 2011  
by

# Fiat Finance and Trade Ltd.

société anonyme

(Registre de Commerce et des Sociétés de Luxembourg No. B-59500,  
incorporated with limited liability under the laws of the Grand-Duchy of Luxembourg  
13, rue Aldringen, L-1118 Luxembourg)

unconditionally and irrevocably guaranteed by

# Fiat S.p.A.

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

under the €15,000,000,000 Global Medium Term Note Programme

Under the Global Medium Term Note Programme (the **Programme**) described in the Base Prospectus dated 13 April 2006 (the **Base Prospectus**), as supplemented by the Base Prospectus Supplement dated 4 May 2006 (the **Base Prospectus Supplement**), each attached hereto, Fiat Finance and Trade Ltd. société anonyme (the **Issuer**) (and the other issuers under the Programme), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes guaranteed by Fiat S.p.A. (the **Guarantor**) on the terms described in the Base Prospectus, as supplemented by final terms (each a **Final Terms**) setting out the specific terms of each issue. The aggregate nominal amount of notes issued under the Programme outstanding will not at any time exceed €15,000,000,000 (or the equivalent in other currencies). Terms used in these Preliminary Final Terms shall have the meaning given to them in the Base Prospectus which constitutes a base prospectus for the purposes of Directive 2003/71/EC (the **Prospectus Directive**).

This document constitutes the Preliminary Final Terms applicable to the issue by the Issuer of the €[1,000,000,000] • per cent. Fixed Rate Notes due 2011 (the **Notes**) described herein and must be read in conjunction with such Base Prospectus. Information on the Issuer, the Guarantor and the offer of the Notes should only be read on the basis of the combination of these Preliminary Final Terms and the Base Prospectus, as supplemented.

Application will be made to the Irish Financial Services Regulatory Authority to have the Notes admitted to the Official List of the Irish Stock Exchange Limited (the **Irish Stock Exchange**) and for the Notes to be admitted to trading on the regulated market of the Irish Stock Exchange.

Factors which may affect the ability of the Issuer or the Guarantor, as the case may be, to fulfill their respective obligations under the Notes and factors which are material for the purpose of assessing the market risks associated with the Notes are set out on pages 12 to 19 of the Base Prospectus.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO, OR FOR THE BENEFIT OF, U.S. PERSONS UNLESS THE NOTES ARE REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE.

The Notes will be in such denominations as specified in the completed Final Terms. The Notes will initially be represented by a temporary global note (the **Temporary Global Note**), without interest coupons (**Coupons**), which will be deposited with a common depositary for Euroclear Bank S.A./N.V. as operator of the Euroclear System (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) on the Issue Date. 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 Coupons, on or about • 2006 (the **Exchange Date**), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for definitive Notes, with Coupons attached, only in certain limited circumstances as described in the Global Notes.

## JOINT BOOK-RUNNING LEAD MANAGERS

CREDIT SUISSE

GOLDMAN SACHS  
INTERNATIONAL

CABOTO

SOCIETE GENERALE  
Corporate & Investment Banking

## CO-MANAGERS

BANCA NAZIONALE DEL LAVORO S.p.A.

CALYON - Corporate and  
Investment Bank

CAPITALIA S.p.A.

---

11 May 2006

## FINAL TERMS

**FIAT FINANCE AND TRADE LTD. société anonyme**  
**13, rue Aldringen, L-1118 Luxembourg**  
**Luxembourg Register of Commerce and Companies No. B-59,500**

Issue of €[1,000,000,000] • per cent. Fixed Rate Notes due 2011  
Unconditionally and Irrevocably Guaranteed by Fiat S.p.A.  
under the €15,000,000,000  
Global Medium Term Note Programme

### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 13 April 2006, as supplemented by a base prospectus supplement dated 4 May 2006 (the **Base Prospectus**) which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus. Full information on the Issuer and the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing at [www.fiatgroup.com](http://www.fiatgroup.com). and copies may be obtained from the Issuer at its registered office.

- |     |  |   |
|-----|--|---|
| 1.  | (i) Issuer:  | Fiat Finance and Trade Ltd. société anonyme                     |
|     | (ii) Guarantor:  | Fiat S.p.A.   |
| 2.  | (i) Series Number:                                       | 123CS   |
|     | (ii) Tranche Number:                                     | 1   |
| 3.  | Specified Currency or Currencies:                        | Euro (€)  |
| 4.  | Aggregate Nominal Amount:                                |   |
|     | (a) – Series   | €[1,000,000,000]  |
|     | (b) – Tranche:   | €[1,000,000,000]  |
| 5.  | Issue Price of Tranche:                                  | • per cent. of the Aggregate Nominal Amount                     |
| 6.  | Specified Denominations:                                 | €50,000   |
| 7.  | (i) Issue Date:  | 12 May 2006   |
|     | (ii) Interest Commencement Date:                         | Issue Date  |
| 8.  | Maturity Date:   | 15 November 2011  |
| 9.  | Interest Basis:  | • per cent. Fixed Rate<br>(further particulars specified below) |
| 10. | Redemption/Payment Basis:                                | Redemption at par   |
| 11. | Change of Interest Basis or<br>Redemption/Payment Basis: | Not Applicable  |
| 12. | Put/Call Options:  | Issuer Call. See item 20 below                                  |
| 13. | Listing:   | Ireland   |

14. Method of distribution: Syndicated

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

15. Fixed Rate Note Provisions Applicable
- (i) Rate of Interest: • per cent. per annum payable semi annually in arrear
  - (ii) Interest Payment Date(s): 12 November and 12 May in each year provided that the final Interest Payment Date shall be the Maturity Date
  - (iii) Fixed Coupon Amount(s): €• per €50,000 in nominal amount except that, in relation to the final Fixed Interest Period, the Fixed Coupon Amount shall be €• per €50,000 in nominal amount
  - (iv) Broken Amount(s): Not Applicable
  - (v) Day Count Fraction: 30/360
  - (vi) Determination Date(s): Not Applicable
  - (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: None
16. Floating Rate Note Provisions: Not Applicable
17. Zero Coupon Note Provisions: Not Applicable
18. Index Linked Interest Provisions: Not Applicable
19. Dual Currency Interest Note Provisions: Not Applicable

**PROVISIONS RELATING TO REDEMPTION**

20. Issuer Call Applicable
- (i) Optional Redemption Date(s): Any date during the period from (and including) the Issue Date to (but excluding) the Maturity Date
  - (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): As set out in Condition 7(c)
  - (iii) If redeemable in part: Applicable
  - (iv) Notice period (if other than as set out in the Conditions): As set out in the Conditions
21. Investor Put Not Applicable
22. Final Redemption Amount: €• per Note of €50,000 Specified Denomination

## FINAL TERMS

---

- |   |                              |
|---|------------------------------|
| 23. Early Redemption Amount of each note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7(e)): | As set out in the Conditions |
|---|------------------------------|

### GENERAL PROVISIONS APPLICABLE TO THE NOTES

- |  |  |
|--|--|
| 24. Form of Notes:   | Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes only upon an Exchange Event. |
| 25. Additional Financial Centre(s) or other special provisions relating to Payment Dates:  | Not Applicable   |
| 26. Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature):   | No   |
| 27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: | Not Applicable   |
| 28. Details relating to Instalment Notes:  | Not Applicable   |
| (a) Instalment Amount(s):  | Not Applicable   |
| (b) Instalment Date(s):  | Not Applicable   |
| 29. Redenomination applicable:   | Redenomination not applicable  |
| 30. Other final terms:   | Not Applicable   |

### DISTRIBUTION

- |   |  |
|---|--|
| 31. (a) If syndicated, name of Managers:        | Credit Suisse Securities (Europe) Limited<br>Goldman Sachs International<br>Banca Caboto S.p.A.<br>Société Générale<br>Banca Nazionale del Lavoro S.p.A.<br>CALYON<br>Capitalia S.p.A. |
| (b) Stabilising Managers:                       | Credit Suisse Securities (Europe) Limited<br>Goldman Sachs International   |
| 32. If non-syndicated, name of relevant Dealer: | Not Applicable   |

33. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: TEFRA D

34. Additional selling restrictions:



### Republic of Italy

Each Manager has represented that it has not offered, sold or delivered any Notes or distributed copies of the Base Prospectus or any other document relating to the Notes in the Republic of Italy and will not offer, sell or deliver any Notes or distribute copies of the Base Prospectus or any other document relating to the Notes in the Republic of Italy other than to professional investors (*operatori qualificati*), as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of 1 July, 1998, as amended. Any offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in the Republic of Italy 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 Legislative Decree No. 58 of February 24, 1998 (**Financial Services Act**) and Legislative Decree No. 385 of 1 September, 1993 (the **Banking Act**); (b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy; and (c) in compliance with any other applicable laws and regulations.

In any case the Notes shall not be placed, sold or offered either in the primary or the secondary market to individuals residing in Italy.

## LISTING AND ADMISSION TO TRADING APPLICATION

This Final Terms comprises the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the €15,000,000,000 Global Medium Term Note Programme of Fiat Finance and Trade Ltd. société anonyme.

## RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

Signed on behalf of the Guarantor:

By: .....  
Duly authorised

By: .....  
Duly authorised

**PART B - OTHER INFORMATION****1. LISTING**

- |       |   |  |
|-------|---|--|
| (i)   | Listing:  | Ireland  |
| (ii)  | Admission to trading:                                       | Application has been made for the Notes to be admitted to trading on the regulated market of the Irish Stock Exchange Limited with effect from 12 May 2006 |
| (iii) | Estimate of total expenses related to admission to trading: | €500   |

**2. RATINGS**

- |          |   |
|----------|---|
| Ratings: | The Notes to be issued have been rated: |
|          | S&P: BB-                                |
|          | Moody's Ba3                             |

**3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

Save for any fees payable to the Managers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.

**4. YIELD**

- |                      |   |
|----------------------|---|
| Indication of yield: | [     ]   |
|                      | The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield. |

**5. OPERATIONAL INFORMATION**

- |       |  |                          |
|-------|--|--------------------------|
| (i)   | ISIN Code:   | XS02•                    |
| (ii)  | Common Code:   | •                        |
| (iii) | Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): | Not Applicable           |
| (iv)  | Delivery:  | Delivery against payment |
| (v)   | Names and addresses of additional Paying Agent(s) (if any):  | Not Applicable           |





## Fiat Finance and Trade Ltd.

société anonyme

(13, rue Aldringen, L-1118 Luxembourg,  
Registre de Commerce et des Sociétés de Luxembourg No. B-59500,  
incorporated with limited liability under the laws of the Grand-Duchy of Luxembourg)

## Fiat Finance Canada Ltd.

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

## Fiat Finance North America, Inc.

(Incorporated under the laws of the State of Delaware)

**€15,000,000,000**

### Global Medium Term Note Programme

unconditionally and irrevocably guaranteed by

## Fiat S.p.A.

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

This base prospectus supplement (the **Supplement**) to the Base Prospectus dated 13 April 2006 (the **Base Prospectus**), which comprises a base prospectus in respect of the €15,000,000,000 Global Medium Term Note Programme (the **Programme**) of Fiat Finance and Trade Ltd. société anonyme, Fiat Finance Canada Ltd. and Fiat Finance North America, Inc. (each an **Issuer** and together the **Issuers**) and guaranteed by Fiat S.p.A. (the **Guarantor**), comprises a base prospectus supplement for the purposes of the Prospectus (Directive 2003/71/EC) Regulations, 2005 (the **Regulations**) and is prepared in connection with the Programme. Application has been made to the Irish Financial Services Regulatory Authority, as competent authority under the Regulations, for the Supplement to be approved.

Terms defined in the Base Prospectus have the same meaning when used in this Supplement. The Supplement is supplemental to, and shall be read in conjunction with, the Base Prospectus and any other base prospectus supplements to the Base Prospectus.

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

On 3 May 2006 the Guarantor published its Quarterly Report for the first quarter of 2006 which includes its unaudited consolidated financial statements as at and for the three months ended 31 March 2006. Copies of such document have been filed with the Irish Stock Exchange and with the Irish Financial Services Regulatory Authority and, by virtue of this Supplement, such financial statements are incorporated in, and form part of, the Base Prospectus. Copies of all documents incorporated by reference in the Base Prospectus can be obtained from the Issuers and the Guarantor and are available on the Guarantor's website at [www.fiatgroup.com](http://www.fiatgroup.com).

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in, or incorporated by reference in, the Base Prospectus, the statements in (a) above will prevail.

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

---





# Fiat Finance and Trade Ltd.

société anonyme

(Registre de Commerce et des Sociétés de Luxembourg No. B-59500,  
incorporated with limited liability under the laws of the Grand-Duchy of Luxembourg)

# Fiat Finance Canada Ltd.

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

# Fiat Finance North America, Inc.

(Incorporated under the laws of the State of Delaware)

**€15,000,000,000**

## Global Medium Term Note Programme

unconditionally and irrevocably guaranteed by

# Fiat S.p.A.

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

Under this €15,000,000,000 Global Medium Term Note Programme (the "Programme") described in this base prospectus ("the Base Prospectus"), Fiat Finance and Trade Ltd. société anonyme ("FFT"), Fiat Finance Canada Ltd. ("FFC") and Fiat Finance North America, Inc. ("FFNA") (each an "Issuer" and together, the "Issuers") may from time to time issue notes (the "Notes") denominated in any currency agreed between the relevant Issuer and the relevant Dealer (each as defined below). The payments of all amounts due in respect of Notes will be unconditionally and irrevocably guaranteed by Fiat S.p.A. ("Fiat" or the "Guarantor").

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

Application has been made to the Irish Financial Services Regulatory Authority (the "IFSR"), as competent authority under the Prospectus Directive, for the Base Prospectus to be approved. Such approval relates only to the Notes which are to be admitted to trading on the Regulated Market (as defined below) or other regulated market for the purposes of Directive 93/22/EEC or which are to be offered to the public in any member state of the European Economic Area. There can be no assurance that any such admission to trading will be obtained. Application has been made to the Irish Stock Exchange Limited (the "Irish Stock Exchange") for Notes issued under the Programme during the 12 months from the date of the Base Prospectus to be admitted to the Official List and to be listed on the Regulated Market of the Irish Stock Exchange. References in the Base Prospectus to "Irish Stock Exchange" (and all related references) shall mean the Regulated Market. In addition, references in the Base Prospectus to the Notes being "listed" (and all related references) shall mean that such Notes have been admitted to trading on and are listed on the Irish Stock Exchange or, as the case may be, an FIMD Regulated Market (as defined below). The Regulated Market of the Irish Stock Exchange is a regulated market for the purposes of Directive 93/22/EEC (the "Financial Instrument Markets Directive") and each such regulated market being an "FIMD Regulated Market". This document may be used to list Notes on the regulated market of the Irish Stock Exchange (the "Regulated Market") pursuant to the Programme. The Programme provides that Notes may be listed on such other or further stock exchange(s) as may be agreed between the relevant Issuer, the Guarantor and the relevant Dealer. Each Issuer may also issue unlisted Notes. The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed Euro 15,000,000,000 (or its equivalent in other currencies, subject to increase as provided herein). The Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer(s) and as specified in the applicable Final Terms, save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency and save that the minimum denomination of each Note admitted to trading on a regulated market situated or operating within the European Economic Area (the "EEA") and/or offered to the public in an EEA State in circumstances which require the publication of a prospectus under the Prospectus Directive will be €50,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

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

### Arranger

UBS Investment Bank

### Dealers

ABN AMRO  
Banca IMI  
BNP PARIBAS  
Calyon Corporate and Investment Bank  
Citigroup  
Deutsche Bank  
Mediobanca  
Morgan Stanley  
TD Securities  
UBS Investment Bank

Banca Nazionale del Lavoro S.p.A.  
Barclays Capital  
Caboto  
Capitalia S.p.A.  
Credit Suisse  
Goldman Sachs International  
Merrill Lynch International  
Société Générale Corporate & Investment Banking  
UBM – UniCredit Banca Mobiliare

---

The Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the “Prospectus Directive”).

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

Copies of Final terms will be available from the registered office of each Issuer and the specified office set out below of each of the Paying Agents (as defined below).

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

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

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

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

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

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

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

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

---

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

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

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

The Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of the Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuers, the Guarantor and the Dealers do not represent that the Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by any Issuer, the Guarantor or the Dealers which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither the Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession the Base Prospectus, the Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of the Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of the Base Prospectus and the offer or sale of Notes in the United States, Canada, Japan, the European Economic Area including Italy, the United Kingdom and The Netherlands, see “*Subscription and Sale and Transfer and Selling Restrictions*”.

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

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

---

## U.S. INFORMATION

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

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

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

## NOTICE TO NEW HAMPSHIRE RESIDENTS

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

## AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are “restricted securities” within the meaning of the Securities Act, the Issuers and the Guarantor have undertaken in a deed poll dated 13 April, 2006 (the “Deed Poll”) to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, the relevant Issuer is neither a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, (the “Exchange Act”) nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

At the date hereof, the Guarantor is subject to the information requirements of the Exchange Act, and in accordance therewith files reports and other information with the Commission. Such reports and other information can be inspected and copied at the public reference facilities maintained by the Commission at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549; 233 Broadway, New York, New York 10279 and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such materials can also be obtained at prescribed rates from the Public Reference Section of the Commission, at 450 Fifth Street, N.W., Washington, D.C. 20549. Such reports and other information concerning the Guarantor can also be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

---

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

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

## **PRESENTATION OF INFORMATION**

All references in the Base Prospectus to “U.S. dollars”, “U.S.\$” and “\$” refer to the currency of the United States of America, references to “CAN\$” refer to the currency of Canada, references to “Sterling” and “£” refer to the currency of the United Kingdom, and references to “euro” and “€” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

# Table of Contents

Documents Incorporated by Reference .....	7	Fiat Finance North America, Inc .....	75
General Description of the Programme .....	8	Financial Information relating to Fiat Finance North America, Inc. ....	76
Risk Factors .....	12	Fiat S.p.A. ....	77
Form of the Notes .....	20	Financial Information relating to Fiat S.p.A	97
Applicable Final Terms .....	23	Financial Information relating to the Fiat Group .....	102
Terms and Conditions of the Notes .....	34	Book-Entry Clearance Systems.....	104
Use of Proceeds .....	68	Taxation.....	108
Fiat Finance and Trade Ltd. société anonyme	69	Subscription and Sale and Transfer and Selling Restrictions.....	114
Financial Information relating to Fiat Finance and Trade Ltd. société anonyme ..	70	General Information .....	120
Fiat Finance Canada Ltd.....	73	Appendix 1 .....	123
Financial Information relating to Fiat Finance Canada Ltd. ....	74	Appendix 2 .....	134

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes (provided that, in the case of any Tranche of Notes to be admitted to trading on a regulated market in the European Economic Area, the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the relevant Tranche) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a 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 relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes.



---

## Documents Incorporated by Reference

The documents referred to in paragraphs (a) and (b) below are appended to the Base Prospectus (as indicated below) and the documents referred to in paragraphs (c) and (d) below have been published previously and filed with the ISE and shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- (a) the audit report and audited annual financial statements (including a balance sheet, statement of income, statement of changes in stockholder's equity, statement of cash flows and notes to the financial statements), which appear on pages 123 to 134, of FFC for the financial years ended 31 December 2005 and 2004 (Appendix 1);
- (b) the audit report and audited financial statements (including a balance sheet, statement of income, statement of changes in stockholder's equity, statement of cash flows and notes to financial statements, which appear on pages 134 to 144, of FFNA for the financial years ended 31 December 2005 and 2004 (Appendix 2);
- (c) the audit report and audited annual financial statements (including a consolidated income statement, consolidated balance sheet, consolidated statement of cash flows, statement of changes in stockholders' equity, consolidated statement of recognised income and expense, and notes to the consolidated financial statements) of the Fiat Group for the financial years ended 31 December 2005 and 2004;
- (d) the audit report and audited annual financial statements (including a balance sheet, statement of profit and loss, statement of cash flows, and notes to the financial statements of FFT for the financial years ended 31 December 2005 and 2004;

Each Issuer and the Guarantor will provide, without charge, to each person to whom a copy of the Base Prospectus has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to any Issuer or the Guarantor at its office set out at the end of the Base Prospectus. Copies of the Base Prospectus are available on the Guarantor's website at [www.fiatgroup.com](http://www.fiatgroup.com).

Each Issuer and the Guarantor will, in connection with the listing of the Notes on the Irish Stock Exchange, so long as any Notes remain outstanding and listed on such exchange, in the event of any material adverse change in the financial condition of such Issuer (in the case of each of the Issuers) or of the Guarantor which is not reflected in the Base Prospectus, prepare a supplement to the Base Prospectus in accordance with Article 16 of the Prospectus Directive or publish a new Base Prospectus and Offering Circular as may be required by the rules of the Irish Stock Exchange for use in connection with any subsequent issue of the Notes to be listed on the Irish Stock Exchange.

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



---

## General Description of the Programme

*This general description must be read as an introduction to the Base Prospectus and any decision to invest in any Notes should be based on a consideration of the Base Prospectus as a whole, including the documents incorporated by reference.*

Issuers:	Fiat Finance and Trade Ltd. société anonyme Fiat Finance Canada Ltd. Fiat Finance North America, Inc.
Guarantor:	Fiat S.p.A.
Risk Factors:	There are certain factors that may affect the ability of each of the Issuers to fulfil its obligations under Notes issued under the Programme. These are set out under “ <i>Risk Factors</i> ” below. There are also certain factors that may affect the Guarantor’s ability to fulfil its obligations under the Guarantee. These are also set out under “ <i>Risk Factors</i> ” below. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme, see “ <i>Risk Factors</i> ”.
Description:	Global Medium Term Note Programme
Arranger:	UBS Limited
Dealers:	ABN AMRO Bank N.V. Banca Nazionale del Lavoro S.p.A. Banca IMI S.p.A. Barclays Bank PLC BNP PARIBAS Banca Caboto S.p.A. Calyon Capitalia S.p.A. Citigroup Global Markets Limited Credit Suisse Securities (Europe) Limited Deutsche Bank AG, London Branch Goldman Sachs International Mediobanca-Banca di Credito Finanziario S.p.A. Merrill Lynch International Morgan Stanley & Co. International Limited Société Générale The Toronto-Dominion Bank UBS Limited UniCredit Banca Mobiliare S.p.A.  and any other Dealers appointed in accordance with the Programme Agreement.
Certain Restrictions:	<p>Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “<i>Subscription and Sale and Transfer and Selling Restrictions</i>”) including the following restrictions applicable at the date of the Base Prospectus.</p> <p>Notes issued on terms that they must be redeemed before their first anniversary will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see “<i>Subscription and Sale and Transfer and Selling Restrictions</i>”.</p>

## GENERAL DESCRIPTION OF THE PROGRAMME

---

Issuing and Principal Paying Agent:	Citibank, N.A., London office
Registrar:	Citigroup Global Markets Deutschland AG & Co. KGaA
Programme Size:	Up to €15,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuers and the Guarantor may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, any currency agreed between the relevant Issuer and the relevant Dealer.
Redenomination:	The applicable Final Terms may provide that certain Notes may be redenominated in euro.
Maturities:	Such maturities as may be agreed between the relevant Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer or the relevant Specified Currency. The minimum maturity for Notes issued by FFNA will be 184 days.
Issue Price:	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	The Notes will be issued in bearer or registered form as described in “ <i>Form of the Notes</i> ”. Registered Notes will not be exchangeable for Bearer Notes and vice versa.
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the relevant Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the relevant Issuer and the relevant Dealer.
Floating Rate Notes:	<p>Floating Rate Notes will bear interest at a rate determined:</p> <ul style="list-style-type: none"><li>(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 ISDA Definitions (as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series);</li><li>(ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or</li><li>(iii) on such other basis as may be agreed between the relevant Issuer and the relevant Dealer.</li></ul> <p>The margin (if any) relating to such floating rate will be agreed between the relevant Issuer and the relevant Dealer for each Series of Floating Rate Notes.</p>
Index Linked Notes:	<p>Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the relevant Issuer and the relevant Dealer may agree.</p> <p>Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.</p>

## GENERAL DESCRIPTION OF THE PROGRAMME

---

Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:	Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the relevant Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the relevant Issuer and the relevant Dealer.
Dual Currency Notes:	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the relevant Issuer and the relevant Dealer may agree.
Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Redemption:	<p>The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons the Notes generally may be redeemed prior to their stated maturity in whole at par plus accrued interest if certain events occur involving withholding taxes or information reporting requirements, as described in “Terms and Conditions of the Notes—Redemption for Tax Reasons” or following an Event of Default) or that such Notes will be redeemable at the option of the relevant Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the relevant Issuer and the relevant Dealer.</p> <p>The applicable Final Terms may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.</p> <p>Notes issued on terms that they must be redeemed before their first anniversary may be subject to restrictions on their denomination and distribution. See “<i>Certain Restrictions</i>” above.</p>
Denomination of Notes:	Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area will be €50,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).
Taxation:	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Relevant Tax Jurisdiction, subject as provided in Condition 8. In the event that any such deduction is made, the relevant Issuer or the Guarantor will, save in certain limited circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted.
Change of Control:	If a Change of Control occurs, except in certain circumstances, the relevant Issuer will be required to offer to repurchase the Notes at a purchase price equal to 101 per cent. of their aggregate principal amount, plus accrued and unpaid interest, if any, to the date of purchase.
Negative Pledge:	The terms of the Notes will contain a negative pledge provision.
Cross Default:	The terms of the Notes will contain a cross default provision as further described in Condition 10.

## GENERAL DESCRIPTION OF THE PROGRAMME

---

Status of the Notes:	The Notes and any relative Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the relevant Issuer and (subject as aforesaid) rank and will rank <i>pari passu</i> without any preference among themselves, with all other present and future outstanding unsubordinated and unsecured obligations of the relevant Issuer (subject to mandatorily preferred obligations under applicable laws).
Guarantee:	The payment of principal and interest in respect of the Notes and any relative Receipts and Coupons has been irrevocably and unconditionally guaranteed by the Guarantor pursuant to the Guarantee. The obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Guarantor and (subject as aforesaid) rank and will rank <i>pari passu</i> (subject to mandatorily preferred obligations under applicable laws) with all other present and future outstanding unsecured and unsubordinated obligations of the Guarantor.
Listing:	<p>Application has been made to have the Notes admitted to the Official List of the Irish Stock Exchange and to be admitted to trading on the Irish Stock Exchange.</p> <p>Unlisted Notes may also be issued.</p> <p>The applicable Final Terms will state whether or not the relevant Notes are to be listed or admitted to trading and, if so, on which stock exchange(s).</p>
Governing Law:	The Notes will be governed by, and construed in accordance with, English law.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, Canada, Japan, the European Economic Area (including Italy, the United Kingdom and The Netherlands) and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See “ <i>Subscription and Sale and Transfer and Selling Restrictions</i> ”.

---

## Risk Factors

*Each of the Issuers and the Guarantor believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and none of the Issuers nor the Guarantor is in a position to express a view on the likelihood of any contingency occurring.*

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

*Each of the Issuers and the Guarantor believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of any Issuer or the Guarantor to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and none of the Issuers or the Guarantor represents that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in the Base Prospectus and reach their own views prior to making any investment decision.*

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

From 2002-2004, the Group's operating performance was negatively affected by a persistently unfavourable business environment in the automotive market and the poor performance of Fiat Auto. The Group recorded net losses under Italian GAAP of €1,586 million, €1,900 million and €3,948 million in 2004, 2003 and 2002, respectively. Its net loss in 2004 as recalculated in accordance with IFRS (meaning International Financial Reporting Standards as adopted by the European Union including International Accounting Standards and related interpretations issued, adopted or amended from time to time by the International Accounting Standards Board) was €1,634 billion. In 2005 the Group recorded consolidated net income at €1.4 billion under IFRS. In response to these challenging conditions, the Group has adopted a series of organisational and industrial initiatives intended to refocus on its core automotive businesses and bring it back to profitability. These initiatives aim to achieve significant improvements.

The Group's ability to further strengthen its capital structure, reduce its indebtedness and improve profitability while at the same time continuing to invest in new products, research and development and the Group's distribution network, will depend on the success of these organisational and industrial initiatives, as well as on general economic and business conditions and the performance of its companies. Any failure to implement a significant portion of these initiatives successfully, or to realise the anticipated benefits, could have a material adverse effect on the Group's financial condition, results of operations and business prospects.

#### *The Group's businesses are affected by cyclical economic conditions*

The Group's businesses depend upon general activity levels in key industries, which historically have been highly cyclical. In addition, the Group generates a substantial portion of its revenues in Western Europe, and more particularly in Italy. Any event adversely affecting activity in the automotive industry, such as an economic downturn in a key market, an increase in energy prices, fluctuations in the prices of other commodities or raw materials, adverse shifts in sector-specific factors such as weather, interest rates, government policies (including environmental regulation), infrastructure spending or major epidemics (such as avian flu) could negatively affect the Group's profitability and business prospects.

#### *The Group operates in highly competitive industries*

Approximately 95 per cent. of the Group's net sales are made in the highly competitive worldwide automotive industry, which includes automobiles, commercial vehicles, agricultural and construction equipment and automotive-related products. The Group faces strong competition in Europe and Latin America from other international automobile and commercial vehicle manufacturers, and in Europe, North America and Latin America from global, regional and local agricultural and construction equipment manufacturers and suppliers of automotive-related products. It competes in these markets in terms of

product quality and features, innovation and development time, pricing, reliability, safety, fuel economy, customer service and financing terms. It also faces strong competition in its other businesses.

*The Group faces intense price competition in the automobile and other sectors*

Competition, particularly with regard to price, has increased in several of its operating sectors in recent years, with a negative impact on sales and margins in these sectors. In addition, overall manufacturing capacity in the global automotive industry exceeds current demand. This overcapacity, combined with already intense competition in the automotive industry and persistent weakness in the global economy, may intensify pricing pressures. The Group's ability to maintain or improve the quality of its products, increase market share and improve profitability in the face of strong competitive pricing pressures will be fundamental to its future success.

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

The Group's ability to improve its position within its product and market segments through research to improve current products and development of innovative new products and services will have a significant impact on our future performance. Failure to develop and offer products that compare favourably to those of its competitors, particularly in more profitable segments, in terms of price, quality, styling, reliability, safety, functionality or otherwise, may result in lower market share, lower sales volumes and margins, and may have a substantial adverse effect on its operational and financial results.

*Downgrades of the Group's credit ratings would raise its cost of capital and could limit its access to financing and negatively affect its business*

The Group is currently rated below investment grade, with a rating of Ba3 with a stable outlook from Moody's Investment Service ("Moody's"), BB- with a stable outlook from Standard & Poor's Ratings Service, a division of the McGraw Hill Companies, Inc. ("Standard & Poor's"), and BB- with a stable outlook from Fitch Ratings Ltd. Its ability to access capital markets, and the cost of borrowing in those markets, is highly dependent on its credit ratings. The rating agencies may review their ratings for possible further downgrades, and any new downgrades would increase the Group's cost of capital, potentially limit its access to sources of financing and could negatively affect its businesses, especially the Group's vehicle lease and sales financing businesses, which are typically financed with a high proportion of debt.

*The Group may not achieve the expected benefits of mergers, acquisitions, joint ventures or other similar corporate transactions*

The Group has engaged in the past and may engage in the future in significant corporate transactions, such as mergers, acquisitions, joint ventures and restructurings, the success of which is difficult to predict. The Group has also sold a number of businesses and equity investments as part of the refocusing of its operations on its core automotive businesses. There can be no assurance that it will be able to enter into such transactions without encountering administrative, technical, political, financial or other difficulties. There can also be no assurance that it will be able to carry out any such transactions in accordance with its current plans or in the future, or that it will succeed in realising any potential synergies, cost savings or other expected benefits.

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

A significant portion of its current operations is conducted and located outside of Italy, and the Group expects that revenues from sales outside of Italy, and more generally outside of the European Union, will continue to account for a material portion of its total revenues for the foreseeable future. The Group is subject to risks inherent in operating on a global basis, including risks related to:

- exposure to local economic and political conditions;
- export and import restrictions;



- current exchange rate fluctuations;
- multiple tax regimes, including regulations relating to transfer pricing and withholding and other taxes on remittances and other payments subsidiaries;
- foreign investment restrictions or requirements, foreign exchange controls and restrictions on repatriation of funds; and
- local content law and other regulatory compliance.

The degree of risk and the potential magnitude of effects of unfavourable developments in any one of these areas vary from country to country, and, depending on the circumstances, could have a material adverse effect on our business prospects, results of operations and financial condition.

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

The Group operates in a number of emerging market countries, both directly, in markets such as Brazil and Argentina, and through joint ventures or other cooperation agreements, including in Turkey, India, China and Russia. Economic and political developments in emerging market countries, including economic crises and political instability, have had, and may in the future have, a material adverse impact on the Group's operating and financial results.

### *The Group is subject to extensive environmental and other governmental regulation*

The Group's products and operations are subject to increasingly stringent environmental laws and regulations in many of the countries in which it operates. Such regulations govern, among other things, vehicle emissions, fuel economy, vehicle safety and the type and level of pollutants generated by industrial production facilities. The Group expends significant resources to comply with such regulations, and expect to continue to incur substantial compliance and remediation costs in the future.

In addition, government initiatives that affect consumer demand for its products, such as changes in tax policy or the grant or repeal of subsidies to provide incentives for the purchase of vehicles, can substantially influence the timing and level of its revenue. Such government actions are unpredictable and beyond the Group's control, and any adverse changes in government policy could have a significantly negative impact on the Group's business prospects, financial condition and results of operations.

### *Labour matters could impair our flexibility to reposition the Group's businesses*

Most of the Group's employees worldwide are represented by labour unions. In Europe, the Group's employees are protected by various laws giving them, through local and central works councils, rights of consultation with respect to specific matters regarding their employers' businesses and operations, including the downsizing or closure of facilities and employment terminations. These laws and the collective bargaining agreements to which the Group is subject could impair its flexibility as it continues its efforts to reorganise and restructure its businesses.

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

The Group is subject to currency exchange rate risk in the ordinary course of its business to the extent that its costs are denominated in currencies other than those in which it earns revenues. Exchange rate fluctuations also affect the Group's operating results because it recognises revenues in currencies other than euros but publishes its financial statements in euros. Similarly, changes in interest rates affect its results by increasing or decreasing borrowing costs and financial income.

The Group's financial services businesses also involve risks relating to changes in interest and inflation rates, consumer and dealer insolvency rates and the overall strength of the economies in which these businesses operate.



The Group seeks to manage these risks through the use of financial hedging instruments. However, despite these hedging transactions, exchange rate or interest rate fluctuations may continue to adversely affect the Group's financial condition or results of operations.

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

Most of the Group's current senior managers have been appointed relatively recently. Its chairman, Luca Cordero di Montezemolo, and chief executive officer, Sergio Marchionne, were appointed in June 2004. In February 2005, Mr. Marchionne assumed the additional position of chief executive officer of Fiat Auto, Paolo Monferino, who was chief executive officer of CNH, became chief executive officer of Iveco, and Harold Boyanovsky became interim chief executive officer of CNH. (He was confirmed in that position later in the year).

The Group's success depends in large part on the ability of its executive officers and other members of senior management to operate and manage effectively, both independently and as a group. The loss of the services of any executive officer, senior manager or other key employee without adequate replacement or the inability to attract and retain new qualified personnel could have a material adverse effect upon its business, operating results and financial condition.

*The Guarantor is a holding company*

The Guarantor is organised as a holding company that conducts essentially all of its operations through its subsidiaries and depends primarily on the earnings and cash flows of, and the distribution of funds from, these subsidiaries to meet its debt obligations, including its guarantee obligations with respect to the Notes. Generally, creditors of a subsidiary, including trade creditors, secured creditors and creditors holding indebtedness and guarantees issued by the subsidiary, and preferred shareholders, if any, of the subsidiary, will be entitled to the assets of that subsidiary before any of those assets can be distributed to shareholders upon liquidation or winding up. As a result, the Guarantee will effectively be subordinated to the prior payment of all the debts and other liabilities, including the right of trade creditors and preferred shareholders, if any, of the Guarantor's direct and indirect subsidiaries. The Guarantor's subsidiaries have other liabilities, including contingent liabilities, which could be substantial.

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

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

**Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme**

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

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

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in the Base Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or 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 indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

### **Risks related to the structure of a particular issue of Notes**

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

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

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

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

#### *Index Linked Notes and Dual Currency Notes*

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

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

## RISK FACTORS

---

- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

### *Partly-paid Notes*

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

### *Variable rate Notes with a multiplier or other leverage factor*

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

### *Inverse Floating Rate Notes*

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

### *Fixed/Floating Rate Notes*

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

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

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

## **Risks related to Notes generally**

Set out below is a brief description of certain risks relating to the Notes generally.

### *Modification and waivers*

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.

### *EU Savings Directive*

Under the EC Council Directive 2003/48/EC on the taxation of savings income (the “Savings Directive”), Member States of the European Union are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories have agreed to adopt similar measures (some of which involve a withholding system).

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

### *Trading in the clearing systems*

In relation to any issue of Notes which have a minimum denomination and are tradeable in the clearing systems in amounts above such minimum denomination which are smaller than it, should definitive Notes be required to be issued, a holder who does not have an integral multiple of the minimum denomination in his account with the relevant clearing system at the relevant time may not receive all of his entitlement in the form of definitive Notes unless and until such time as his holding becomes an integral multiple of the minimum denomination.

### **Risks related to the market generally**

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

#### *The secondary market generally*

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

#### *Exchange rate risks and exchange controls*

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

## RISK FACTORS

---

would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

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

### *Interest rate risks*

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

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

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

### *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 (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

---

## Form of the Notes

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

### BEARER NOTES

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

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

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

The applicable Final Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached upon either (a) not less than 60 days’ written notice from Euroclear and/or Clearstream (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Principal Paying Agent as described therein or (b) only upon the occurrence of an Exchange Event\*. For these purposes, “Exchange Event” means that (i) an Event of Default (as defined in Condition 10) has occurred and is continuing, (ii) the relevant Issuer has been notified that both Euroclear and Clearstream have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) unless otherwise specified in the applicable Final Terms, the relevant Issuer has or will become subject to adverse tax consequences which would not be suffered were

\* (b) is not applicable where FFNA is the relevant Issuer.



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

The following legend will appear on all Bearer Notes which have an original maturity of more than 365 days (except that it shall appear on all Bearer Notes issued by FFNA) and on all receipts and interest coupons relating to such Notes:

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

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

Bearer Notes issued by FFNA with a maturity of 183 days or less and any related Coupons will bear the following legend on their face:

“By accepting this obligation, the holder represents and warrants that it is not a United States person (other than an exempt recipient described in section 6049(b)(4) of the Internal Revenue Code and the regulations thereunder) and that it is not acting for or on behalf of a United States person (other than an exempt recipient described in section 6049(b)(4) of the Internal Revenue Code and the regulations thereunder).”

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

## **REGISTERED NOTES**

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

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

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



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

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

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

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

### TRANSFER OF INTERESTS

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

### GENERAL

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

For so long as any of the Notes is represented by a Bearer Global Note or a Regulation S Global Note held on behalf of Euroclear and/or Clearstream each person (other than Euroclear or Clearstream) who is for the time being shown in the records of Euroclear or of Clearstream as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the relevant

Issuer, the Guarantor and their agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Regulation S Global Note shall be treated by the relevant Issuer, the Guarantor and their agents as the holder of such nominal amount of such Notes in accordance with, and subject to the terms of, the relevant Global Note, and the expressions “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly.

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

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

A Note may be accelerated automatically by the holder thereof in certain circumstances described in Condition 10. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then, unless within the period of seven days commencing on the relevant due date payment in full of the amount due in respect of the Global Note is received by the bearer or the registered holder, as the case may be, in accordance with the provisions of the Global Note holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream and/or DTC, as the case may be, will become entitled to proceed directly against the relevant Issuer on the basis of statements of account provided by Euroclear, Clearstream and/or DTC on and subject to the terms of a deed of covenant (the “Deed of Covenant”) dated 13 April, 2006 and executed by the Issuers. In addition, holders of interests in such Global Note credited to their accounts with DTC may require DTC to deliver Definitive Notes in registered form in exchange for their interest in such Global Note in accordance with DTC’s standard operating procedures.

#### **APPLICABLE FINAL TERMS**

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

[Date]

[FIAT FINANCE AND TRADE LTD. société anonyme/  
FIAT FINANCE CANADA LTD./  
FIAT FINANCE NORTH AMERICA, INC.]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
Guaranteed by Fiat S.p.A.  
under the €15,000,000,000  
Global Medium Term Note Programme

#### **PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 13 April, 2006 [and the supplemental prospectus[es] dated [ ] (together, the “Base Prospectus”) which together constitute] [which constitutes] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus. Full information on the Issuer and the Guarantor

and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing at [www.fiatgroup.com](http://www.fiatgroup.com) and [www.financialregulator.ie](http://www.financialregulator.ie) and copies may be obtained from the Issuer [and the Guarantor] at [its/their respective] registered office[s].

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the [Base Prospectus] dated [original date]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”) and must be read in conjunction with the Base Prospectus dated [current date] which constitutes a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the [Base Prospectus] dated [original date] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the [Base Prospectus(es)] dated [current date] and [original date]. Copies of such [Base Prospectuses] are available for viewing at [address] [and] [website] and copies may be obtained from [address].]

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

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

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

1. (i) Issuer: [Fiat Finance and Trade Ltd. société anonyme/Fiat Finance Canada Ltd./Fiat Finance North America, Inc.]
- (ii) Guarantor: Fiat S.p.A.
2. (i) Series Number: [ ]
- (ii) Tranche Number: [ ]  
*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
3. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount:
  - (a) – [Series [ ]
  - (b) – [Tranche: [ ]
5. [Issue Price of Tranche: [ ] per cent. of the Aggregate Nominal Amount [plus accrued Interest from [insert date] (if applicable)]
6. Specified Denominations: *[(in the case of Registered Notes, this means the minimum integral amount in which transfers can be made)]*  
*(N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under*

*the Prospectus Directive the €50,000 minimum denomination is not required]*

7. [(i) Issue Date: [ ]]  
 [(ii) Interest Commencement Date [ ]]
8. Maturity Date: *[Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month]]*
9. Interest Basis:  
 [[ ] per cent. Fixed Rate]  
 [[LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate]  
 [Zero Coupon]  
 [Index Linked Interest]  
 [Dual Currency Interest]  
 [specify other]  
 (further particulars specified below)
10. Redemption/Payment Basis:  
 [Redemption at par]  
 [Index Linked Redemption]  
 [Dual Currency Redemption]  
 [Partly Paid]  
 [Instalment]  
 [specify other]  
*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
11. Change of Interest Basis or Redemption/Payment Basis: *[Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]*
12. Put/Call Options:  
 [Investor Put]  
 [Issuer Call]  
 (further particulars specified below)
13. Listing: [Ireland/specify other/None]
14. Method of distribution: [Syndicated/Non-syndicated]

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

15. Fixed Rate Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [ ] per cent. per annum [payable [annually/semi-annually/ quarterly] in arrear]  
*(If payable other than annually, consider amending Condition 5.)*
- (ii) Interest Payment Date(s): [ ] in each year up to and including the Maturity Date/[specify other]  
*(N.B. This will need to be amended in the case of long or short coupons)*
- (iii) Fixed Coupon Amount(s): [ ] per [ ] in nominal amount

- (iv) Broken Amount(s): *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount]*
- (v) Day Count Fraction: ☐ ☐
- (vi) Determination Date(s): ☐ ☐ in each year  
*[Insert interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.] (N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration.)*  
*(NB: Only relevant where Fixed Day Count Fraction is Actual/Actual (ICMA))*
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: *[None/Give details]*
16. Floating Rate Note Provisions *[Applicable/Not Applicable]*  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Specified Period(s)/Specified Interest Payment Dates: ☐ ☐
- (ii) Business Day Convention: *[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/[specify other]]*
- (iii) Additional Business Centre(s): ☐ ☐
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: *[Screen Rate Determination/ISDA Determination/ specify other]*
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): ☐ ☐
- (vi) Screen Rate Determination:
- Reference Rate: ☐ ☐  
*(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)*
- Interest Determination Date(s): ☐ ☐  
*(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
- Relevant Screen Page: ☐ ☐

*(In the case of EURIBOR, if not Telerate Page 248 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*

- (vii) ISDA Determination:  
     – Floating Rate Option: [   ]  
     – Designated Maturity: [   ]  
     – Reset Date: [   ]
- (viii) Margin(s): [ +/- ] [   ] per cent. per annum
- (ix) Minimum Rate of Interest: [   ] per cent. per annum
- (x) Maximum Rate of Interest: [   ] per cent. per annum
- (xi) Day Count Fraction: [Actual/365  
     Actual/365 (Fixed)  
     Actual/365 (Sterling)  
     Actual/360  
     30/360  
     30E/360  
     Other]  
*(See Condition 5 for alternatives)*

- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [   ]

17. Zero Coupon Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Accrual Yield: [   ] per cent. per annum
- (ii) Reference Price: [   ]
- (iii) Any other formula/basis of determining amount payable: [   ]
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 7(e)(iii) and (j) apply/specify other]  
*(Consider applicable day count fraction if not U.S. dollar denominated)*

18. Index Linked Interest Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Index/Formula: [give or annex details]
- (ii) Calculation Agent responsible for calculating the interest due: [   ]

- (iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: *[need to include a description of market disruption events and adjustment provisions]*
- (iv) Specified Period(s)/Specified Interest Payment Dates: ☐ ☐
- (v) Business Day Convention: *[Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention/specify other]*
- (vi) Additional Business Centre(s): ☐ ☐
- (vii) Minimum Rate of Interest: ☐ ☐ per cent. per annum
- (viii) Maximum Rate of Interest: ☐ ☐ per cent. per annum
- (ix) Day Count Fraction: ☐ ☐
19. Dual Currency Interest Note Provisions *[Applicable/Not Applicable]*  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate of Exchange/method of calculating Rate of Exchange: *[give or annex details]*
- (ii) Calculation Agent, if any, responsible for calculating the interest payable: ☐ ☐
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: *[need to include a description of market disruption events and adjustment provisions]*
- (iv) Person at whose option Specified Currency(ies) is/are payable: ☐ ☐

## PROVISIONS RELATING TO REDEMPTION

20. Issuer Call *[Applicable/Not Applicable]*  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): ☐ ☐
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): *[As set out in Condition 7(c)/☐ ☐ per Note of ☐ ☐ Specified Denomination]*
- (iii) If redeemable in part:  
(a) Minimum Redemption Amount: ☐ ☐
- (b) Maximum Redemption Amount: ☐ ☐
- (iv) Notice period (if other than as set out in the Conditions): ☐ ☐  
*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements)*



*which may apply, for example, as between the Issuer and the Agent)*

21. Investor Put

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Optional Redemption Date(s):

[ ]

(ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):

[ ] per Note of [ ] Specified Denomination

(iii) Notice period (if other than as set out in the Conditions):

[ ]

*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*

22. Final Redemption Amount:

[ ] per Note of [ ] Specified Denomination/specify other/see Appendix]

*(N.B. In relation to any issue of Notes which are expressed at paragraph 6 above to have a minimum denomination and tradeable amounts above such minimum denomination which are smaller than it the following wording should be added. "For the avoidance of doubt, in the case of a holding of Notes in an integral multiple of €1,000 in excess of €50,000 as envisaged in paragraph 6 above, such holding will be redeemed at its nominal amount.")*

*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*

23. Early Redemption Amount of each note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7(e)):

[ ]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

24. Form of Notes: [Bearer Notes:  
[TEFRA D:  
Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event\*].  
*(NB please consider whether item (iii) of the definition of Exchange Event should be disapplied here in the case of securities with a minimum denomination of €50,000 and tradeable integrals of €1,000 thereafter).*  
[Temporary Bearer Global Note exchangeable for Definitive Notes on and after the Exchange Date.]]  
[TEFRA C:  
[Permanent Bearer Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]\*\*]  
*(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Base Prospectus and the Notes themselves)*  
[Registered Notes:  
[Regulation S Global Note ([U.S.\$[ ]][ ] nominal amount)/ Rule 144A Global Note (U.S.\$[ ] nominal amount) (specify nominal amounts)]]
25. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details]  
*(Note that this item relates to the place of payment and not Interest Period end dates to which items 15(iii) and 17(vi) relate)*
26. Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details. NB: new forms of Global Note may be required for Partly Paid issues.]
28. Details relating to Instalment Notes: [Not Applicable/give details]  
(a) Instalment Amount(s): [Not Applicable/give details]  
(b) Instalment Date(s): [Not Applicable/give details]
29. Redenomination applicable: Redenomination [not] applicable  
*(if Redenomination is applicable, specify the terms of Redenomination in an Annex to the Final Terms)*

---

\* Second alternative not applicable where FFNA is the Issuer.

\*\* Not applicable where FFNA or FFC is the Issuer.

30. Other final terms: [Not Applicable/give details]  
(When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)

#### DISTRIBUTION

31. (a) If syndicated, name of Manager: [Not Applicable/give name]  
(b) Stabilising Manager (if any): [Not Applicable/give name]
32. If non-syndicated, name of relevant Dealer: [ ]
33. Whether TEFRA D or TEFRA rules applicable or TEFRA rules not applicable: [TEFRA D/TEFRA C/TEFRA not applicable]
34. Additional selling restrictions: [Not Applicable/give details]

#### [LISTING AND ADMISSION TO TRADING APPLICATION

This Final Terms comprises the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the €15,000,000,000 Global Medium Term Note Programme of Fiat Finance and Trade Ltd. société anonyme, Fiat Finance Canada Ltd. and Fiat Finance North America, Inc.

#### RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in these Final Terms. [[ ] has been extracted from [ ]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.] (Only if Notes to be admitted to an EEA Market)

Signed on behalf of the Issuer:

Signed on behalf of the Guarantor:

By: .....  
Duly authorised

By: .....  
Duly authorised

## PART B – OTHER INFORMATION

### 1. LISTING

- (i) Listing: [Ireland/other (*specify*)/None]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on [ ] with effect from [ ].]  
[Not Applicable.]
- (iii) Estimate of total expenses related [ ]  
to admission to trading:

### 2. RATINGS

- Ratings: The Notes to be issued have been rated:
- [S&P: [ ]]  
[Moody's [ ]]  
[[Other]: [ ]]
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

### 3. NOTIFICATION

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

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

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

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

- Indication of yield: [ ]
- The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

### 6. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING (*Index-Linked Notes only*)

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

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

7. PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT (Dual Currency Notes only)

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

8. OPERATIONAL INFORMATION

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

---

## Terms and Conditions of the Notes

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

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

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

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

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Amended and Restated Agency Agreement (such Amended and Restated Agency Agreement as amended and/or supplemented and/or restated from time to time, the “Agency Agreement”) dated 13 April, 2006 and made between (*inter alia*) the Issuer, Fiat S.p.A. (the “Guarantor”) as guarantor, Citibank, N.A., London office as issuing and principal paying agent and agent bank (the “Principal Paying Agent”, which expression shall include any successor principal paying agent) and as exchange agent (the “Exchange Agent”, which expression shall include any successor exchange agent), the other paying agents named therein (together with the Principal Paying Agent, the “Paying Agents”, which expression shall include any additional or successor paying agents), Citigroup Global Markets Deutschland AG & Co. KGaA as registrar (the “Registrar”, which expression shall include any successor or alternative registrar) and as transfer agent and the other transfer agents named therein (together with the Registrar, the “Transfer Agents”, which expression shall include any additional or successor transfer agents).

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

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



The payment of all amounts in respect of this Note has been guaranteed by the Guarantor pursuant to a guarantee (the “Guarantee”) dated 13 April, 2006 executed by the Guarantor. The original of the Guarantee is held by the Principal Paying Agent on behalf of the Noteholders, the Receiptholders and the Couponholders at its specified office.

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

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

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

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the “Deed of Covenant”) dated 13 April, 2006 and made (*inter alia*) by the Issuer. The original of the Deed of Covenant is held by the common depository for Euroclear (as defined below) and Clearstream (as defined below).

Copies of the Agency Agreement, the Guarantee, a deed poll (the “Deed Poll”) dated 13 April, 2006 and made (*inter alia*) by the Issuer, the Guarantor and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Principal Paying Agent, the Registrar and the other Paying Agents and Transfer Agents (such Agents and the Registrar being together referred to as the “Agents”). Copies of the applicable Final Terms are obtainable during normal business hours at the specified office of each of the Agents save that, if this Note is an unlisted Note of any Series, the applicable Final Terms will only be obtainable by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Guarantee, the Deed Poll, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

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

### 1. FORM, DENOMINATION AND TITLE

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

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

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

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

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

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

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

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

## 2. TRANSFERS OF REGISTERED NOTES

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

denominations set out in the applicable Final Terms). In order to effect any such transfer (i) the holder or holders must (a) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (b) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request.

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

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

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

In the case of (i) above, such transferee may take delivery through a Legended Note in global or definitive form. After expiry of the applicable Distribution Compliance Period (i) beneficial interests in Regulation S Global Notes may be held through DTC directly, by a participant in

DTC, or indirectly through a participant in DTC and (ii) such certification requirements will no longer apply to such transfers.

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

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

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

- (g) **Exchanges and transfers of Registered Notes generally:** Holders of Registered Notes in definitive form may exchange such Notes for interests in a Registered Global Note of the same type at any time.
- (h) **Definitions:** In these Conditions, the following expressions shall have the following meanings:
- “Distribution Compliance Period” means the period that ends 40 days after the completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue);
- “Legended Note” means Registered Notes (whether in definitive form or represented by a Registered Global Note) sold in private transactions to QIBs in accordance with the requirements of Rule 144A;
- “QIB” means a “qualified institutional buyer” within the meaning of Rule 144A;
- “Regulation S” means Regulation S under the Securities Act;
- “Regulation S Global Note” means a Registered Global Note representing Notes sold outside the United States in reliance on Regulation S;
- “Rule 144A” means Rule 144A under the Securities Act;
- “Rule 144A Global Note” means a Registered Global Note representing Notes sold in private transactions to QIBs in accordance with the requirements of Rule 144A; and
- “Securities Act” means the United States Securities Act of 1933, as amended.

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

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

**4. NEGATIVE PLEDGE**

- (a) **Inapplicability of Certain Provisions Following Investment Grade Rating:** Immediately after the Notes have obtained an Investment Grade Rating (as defined below), and notwithstanding that the Notes may later cease to have an Investment Grade Rating:
- (i) Condition 4(b) shall not apply to any Material Subsidiary (as defined in Condition 4(b)(vi));
  - (ii) Condition 4(b) shall not apply to Indebtedness (as defined in Condition 4(b)(iii)), but shall instead apply only to Quoted Indebtedness (as defined in Condition 4(b)(xiii)); and
  - (iii) Clause (3) of the definition of Change in Control as set forth in Condition 7(k) shall cease to apply.

For the purpose of these Conditions “Investment Grade” or “Investment Grade Rating” means Baa3 or better by Moody’s or BBB– or for the purposes of these Conditions better by S&P (or, if either such entity ceases to rate the Notes for reasons outside of the control of the Guarantor or the relevant Issuer, the equivalent investment grade credit rating from any other “nationally recognised statistical rating organization” within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the United States Securities Exchange Act of 1934, as amended (the “Exchange Act”) selected by Fiat as a replacement agency) (each of S&P, Moody’s and any such replacement agency, a “Rating Agency”);

“Moody’s” means Moody’s Investors Service, Inc. and its successors; and

“S&P” means Standard & Poor’s Rating Services, a division of the McGraw Hill Companies, Inc. and its successors.

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

For the purpose of these Conditions and the Guarantee:



- (i) “Fiat Group” means Fiat S.p.A. and its direct and indirect subsidiaries consolidated in accordance with IFRS; and
- (ii) “Financial Services Subsidiary” means a Subsidiary of Fiat:
  - (A) which carries on no material business other than the offer and sale of financial services products to customers of Members of the Fiat Group (and other related support activities incidental to the offer and sale of such financial services products including, without limitation, input financing, the purchase and sale of equipment in connection with eqpower.com and rental business activities) in any of the following areas:
    - (i) retail financing for the purchase, contract hire or lease of new or old equipment manufactured by a Member of the Fiat Group or any other manufacturer whose products are from time to time sold through the dealer network of a Member of the Fiat Group;
    - (ii) other retail and wholesale financing programmes reasonably related thereto, including, without limitation, financing to the dealer network of any Member of the Fiat Group;
    - (iii) insurance and credit card products and services reasonably related thereto, together with the underwriting, marketing, servicing and other related support activities incidental to the offer and sale of such financial services products; and
    - (iv) licensed banking activities; or
  - (B) a holding company of a Financial Services Subsidiary which carries on no material business or activity other than holding shares in that Financial Services Subsidiary and/or activities described in paragraph (A) above;
- (iii) “Indebtedness” means any indebtedness (whether principal, premium or interest) for or in respect of (A) any notes, bonds, debenture stock, loan stock or other securities, (B) any Loan Financing, or (C) any liability under or in respect of any banker’s acceptance or banker’s acceptance credit; *provided*, that (x) Indebtedness of a Member of the Fiat Group to any other Member of the Fiat Group and (y) Indebtedness that qualifies as Non-recourse Securitisation Debt shall, in each case, not be deemed to be Indebtedness for purposes of this Condition 4(b) or any other purpose of these Conditions of the Guarantee;
- (iv) “Industrial Subsidiary” means each subsidiary of the Guarantor other than a Financial Services Subsidiary;
- (v) “Loan Financing” means any money borrowed from (A) a bank, financial institution, hedge fund, pension fund, or insurance company or (B) any other entity having as its principal business the lending of money and/or investing in loans, in each case other than public or quasi-public entities or international organisations with a public or quasi-public character (collectively, “Banks”);
- (vi) “Material Subsidiary” means (A) each of Fiat Auto S.p.A., CNH Global N.V. and Iveco S.p.A. (and any other person Controlled by Fiat which any of Fiat Auto S.p.A., CNH Global N.V. and Iveco S.p.A. is consolidated or merged with or into or to whom all or substantially all of the assets of such entity is sold, assigned, transferred, leased or otherwise disposed of); (B) each of the respective direct and indirect subsidiaries of the entities identified in the preceding clause (A) which are a Member of the Fiat Group; (C) any Member of the Fiat Group the total assets of which on a stand-alone basis (excluding intra-Group items and as determined from the entity’s most recent IFRS financial data used by Fiat in the preparation of its most recent audited IFRS consolidated financial statements) constitutes five per cent. or more of the consolidated total assets of the Fiat Group (as determined from Fiat’s most recent audited IFRS consolidated financial statements); (D) any Treasury Subsidiary or (E) any entity under the direct or indirect Control of Fiat that directly or indirectly Controls a subsidiary that meets the



requirements of the preceding clauses (A), (C) or (D), *provided* that if any such entity Controls such a subsidiary only pursuant to the aggregate ownership test specified in the proviso to clause (I) of the definition of “Control”, “Controls” or “Controlled” below, then, and only then, the Issuer and Fiat shall have the right to designate which such entities shall be deemed to so Control such a subsidiary *provided* that, in each case, such designated entities Control in the aggregate more than 50 per cent. of the relevant subsidiary's Voting Stock. For purposes of this definition of “Material Subsidiary,” (i) the term “Control”, “Controls” or “Controlled” means (1) the direct or indirect ownership (beneficial or otherwise) of more than 50 per cent. of the Voting Stock of a Person measured by voting power rather than number of shares, *provided* that to the extent that no single entity directly owns more than 50 per cent. of the Voting Stock of a Person, entities with aggregate direct or indirect ownership of more than 50 per cent. of the Voting Stock of a Person will be deemed to Control such Person or (2) the power to appoint or remove all or the majority of the directors or other equivalent officers of a Person and (ii) no Financial Services Subsidiary shall be considered or deemed to be a Material Subsidiary;

- (vii) “Member of the Fiat Group” means each of Fiat S.p.A. and any direct or indirect subsidiaries it fully consolidates on a line-by-line basis in accordance with IFRS;
- (viii) “Non-recourse Securitisation” means any securitisation, asset backed financing or transaction having similar effect under which an entity (or entities related transactions) on commercially reasonable terms:
  - (A) acquires receivables for principally cash consideration or uses existing receivables; and
  - (B) issues any notes, bonds, commercial paper, loans or other securities (whether or not listed on a recognised stock exchange) to fund the purchase of or otherwise backed by those receivables and/or any shares or other interests referred to in Condition 4(b)(x)(C)(ii) and the payment obligations in respect of such notes, bonds, commercial paper, loans or other securities:
    - (i) are secured on those receivables; and
    - (ii) are not guaranteed by any Member of the Fiat Group (other than as a result of any Lien which is granted by any Member of the Fiat Group as permitted by Condition 4(b)(x)(C)(ii) or as to the extent of any Standard Securitisation Undertakings);
- (ix) “Non-recourse Securitisation Debt” means any Indebtedness incurred by a Securitisation Entity pursuant to a securitisation of receivables where the recourse in respect of that Indebtedness to the Issuer or the Guarantor or any Material Subsidiary (other than the relevant securitisation Entity) is limited to:
  - (A) those receivables and/or related insurance and/or any Standard Securitisation Undertakings; and
  - (B) if those receivables comprise all or substantially all of the business or assets of such Securitisation Entity, the shares or other interests of any Member of the Fiat Group in such Securitisation Entity.

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

- (x) “Permitted Liens” means:
  - (A) Liens existing on the Issue Date; or

- (B) Liens arising by operation of law, by contract having an equivalent effect, from rights of set-off arising in the ordinary course of business between any of the Issuer, the Guarantor or any Material Subsidiary and its respective suppliers or customers, or from rights of set-off or netting arising by operation of law (or by contract having similar effect) by virtue of the provision to the Issuer, the Guarantor or any Material Subsidiary of clearing bank facilities or overdraft facilities; or
- (C) any Lien over
  - (i) the receivables of a Securitisation Entity which is a Material Subsidiary (and any bank account to which such proceeds are deposited) which are subject to a Non-recourse Securitisation as security for Non-recourse Securitisation Debt raised by such Securitisation Entity in respect of such receivables; and/or
  - (ii) the shares or other interests owned by any Member of the Fiat Group in any Securitisation Entity as security for Non-recourse Securitisation Debt raised by such Securitisation Entity *provided* that the receivables or revenues which are the subject of the relevant Non-recourse Securitisation comprise all or substantially all of the business of such Securitisation Entity; or
- (D) any Liens on assets acquired by a Member of the Fiat Group after the Issue Date, *provided* that (i) such Lien was existing or agreed to be created at or before the time the relevant asset was acquired by a Member of the Fiat Group, (ii) such Lien was not created in contemplation of such acquisition, and (iii) the principal amount then secured does not exceed the principal amount of the committed financing then secured (whether or not drawn), with respect to such assets at the time the relevant asset was acquired by a Member of the Fiat Group (except that any such excess will be a Permitted Lien if such excess when aggregated with all other Liens (other than Permitted Liens) would not result in the violation of Condition 4(b)(x)(I)); or
- (E) any Lien created to secure all or any part of the purchase price, or to secure Indebtedness incurred or assumed to pay all or any part of the purchase price or cost of construction, of property (or any improvement thereon) acquired or constructed by the Issuer, Fiat or any Material Subsidiary after the Issue Date, *provided*, that (i) any such Lien shall extend solely to the item or items of property (or improvement thereon) so acquired or constructed and (ii) the principal amount of Indebtedness secured by any such Lien shall at no time exceed an amount equal to the fair market value of such property (or any improvement thereon) at the time of such acquisition or construction (except that any such excess will be a Permitted Lien if such excess when aggregated with all other Liens (other than Permitted Liens) would not result in the violation of Condition 4(b)(x)(I); or
- (F) any Lien securing Indebtedness incurred to refinance other indebtedness itself secured by a Lien included in clauses (A), (B), (D) or (E) above, but only if the principal amount of the Indebtedness is not increased and only the same assets are secured as were secured by the prior Lien (except that any such increase in the amount of such Indebtedness or assets secured will be a Permitted Lien if such increase when aggregated with all other Liens (other than Permitted Liens) would not result in the violation of Condition 4(b)(x)(I)); or
- (G) any Lien provided in favour of any bank or governmental (central or local), intergovernmental or supranational body, agency, department or other authority securing any Indebtedness of the Issuer, the Guarantor or any Material Subsidiary under a loan scheme operated by (or on behalf of) Banco Nacional de Desenvolvimento Economico e Social, Finame, Banco de Minas Gerais, a member country of the OECD, Argentina, Brazil, China, India, South Africa or any supranational entity (such as the European Bank for Reconstruction and Development or the International Finance Corporation) where the provision of such Lien is required for the relevant loan; or

- (H) (i) any Lien created on the shares of capital stock of a subsidiary, *provided* that such subsidiary is not a Material Subsidiary and (ii) any Lien created on the assets of a Material Subsidiary of the type described in Condition 4(b)(viii)(E) other than shares of capital stock of any Material Subsidiary; or
- (I) any other Lien, but only if the aggregate Indebtedness secured by (i) such Liens permitted under this Condition 4(b)(x)(I) and (ii) any increased or excess amounts permitted under Conditions 4(b)(xii)(D), (E) and (F), do not at any time exceed 20 per cent. of the consolidated total assets of the Fiat Group (calculated in euro and determined in accordance with IFRS), *provided* that if the aggregate euro equivalent amount of Liens permitted under this Condition 4(b)(x)(I) at any time exceeds 20 per cent. of the consolidated total assets of Fiat (calculated in euro and determined in accordance with IFRS) solely as a result of changes in the relevant exchange rates, that threshold will be deemed not to have been exceeded for purposes of this Condition 4(b)(x)(I). No Liens may be created with respect to Quoted Indebtedness at any time in reliance on this Condition 4(b)(x)(I);
- (xi) “Person” means any individual, group, company, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organisation, limited liability other entity;
- (xii) “Qualifying Guarantee” means a direct or indirectly guarantee in respect of any Indebtedness or a direct or indirect indemnity against the consequences of a default in the payment of any Indebtedness, other than, in each case, by endorsement of negotiable instruments, letters of credit or reimbursement agreements in the ordinary course of business;
- (xiii) “Quoted Indebtedness” means any indebtedness in the form of, or represented by, bonds, notes, debentures, loan stock or other securities and which at the time of issue is, or is capable of being, quoted, listed or ordinarily dealt in on any stock exchange or over-the-counter market or other securities market (whether or not initially distributed by means of private placing);
- (xiv) “Securitisation Entity” means any special purpose vehicle created for the sole purpose of carrying out, or otherwise used solely for the purpose of carrying out a Non-recourse Securitisation or any other Industrial Subsidiary which is effecting Non-recourse Securitisations;
- (xv) “Standard Securitisation Undertakings” means representations, warranties, covenants and indemnities entered into by any Member of the Fiat Group from time to time which are customary in relation to Non-recourse Securitisations, including any performance undertakings with respect to servicing obligations or undertakings with respect to breaches of representation or warranties; and
- (xvi) “Treasury Subsidiary” means (A) each of Fiat Finance and Trade Ltd. société anonyme, Fiat Finance North America, and Fiat Finance Canada Ltd. and (B) any other subsidiary of Fiat the primary purpose of which is borrowing funds, issuing securities or incurring Indebtedness. For the avoidance of doubt, “Treasury Subsidiary” does not, and shall not be deemed to, include any Financial Services Subsidiary.
- (c) Reports: If the Guarantor ceases to be a reporting company under the U.S. federal securities laws and ceases to be listed on the Italian Stock Exchange or any other stock exchange in the European Economic Area, Fiat will furnish to the Noteholders so long as the Notes are outstanding, English language annual and quarterly reports containing financial information substantially similar in scope to that provided in the annual and quarterly reports published in Italy in the financial year ended immediately prior to such cessation. For the avoidance of doubt, such reports do not include the Guarantor’s Annual Report on Form 20-F (or any successor form) and the Guarantor shall not be required to provide any U.S GAAP reconciled financial information in any reports it is required to provide pursuant to this Condition 4(c).

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

### 5. INTEREST

- (a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from and including the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year and on the Maturity Date if that does not fall on an Interest Payment Date.

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

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise rounded in accordance with applicable market convention.

In these Conditions:

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

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

“Determination Period” means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date

or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

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

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

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

(i) *Interest Payment Dates:* Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

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

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

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

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

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



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

(A) ISDA Determination for Floating Rate Notes

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

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

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

(B) Screen Rate Determination for Floating Rate Notes

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

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

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11:00 a.m. (London time, in the case



of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

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

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

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

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

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

The Principal Paying Agent will calculate the amount of interest (the “Interest Amount”) payable on the Floating Rate Notes or Index Linked Interest Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

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

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

- (C) if “**Actual/365 (Sterling)**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
  - (D) if “**Actual/360**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
  - (E) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
  - (F) if “**30E/360**” or “**Eurobond Basis**” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of an Interest Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).
- (v) *Notification of Rate of Interest and Interest Amounts:* The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression “London Business Day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.
- (vi) *Certificates to be final:* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(b), whether by the Principal Paying Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith, negligence or manifest error) be binding on the Issuer, the Guarantor, the Principal Paying Agent, the Calculation Agent (if applicable), the other Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Guarantor, the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.
- (c) **Interest on Dual Currency Interest Notes:** In the case of Dual Currency Interest Notes, if the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the applicable Final Terms.

- (d) **Interest on Partly Paid Notes:** In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.
- (e) **Accrual of interest:** Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:
  - (1) the date on which all amounts due in respect of such Note have been paid; and
  - (2) the date on which the full amount of the moneys payable in respect of such Notes has been received by the Principal Paying Agent or the Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 14.

## 6. PAYMENTS

### (a) Method of payment

Subject as provided below:

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

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

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

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

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

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

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

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

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

by a holder with a Designated Bank and identified as such in the Register and “Designated Bank” means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

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

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

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

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

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

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if: (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full



- amount of principal and interest on the Bearer Notes in the manner provided above when due; (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantor, adverse tax consequences to the Issuer or the Guarantor.
- (f) **Payment Day:** If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "Payment Day" means any day which (subject to Condition 9) is:
- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
    - (A) the relevant place of presentation;
    - (B) London;
    - (C) any Additional Financial Centre specified in the applicable Final Terms; and
    - (D) *where the Issuer is FFT, Luxembourg, where the Issuer is FFC, Toronto, and where the Issuer is FFNA, New York City;*
  - (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET System is open; and
  - (iii) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.
- (g) **Interpretation of principal and interest:** Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:
- (i) any additional amounts which may be payable with respect to principal under Condition 8;
  - (ii) the Final Redemption Amount of the Notes;
  - (iii) the Early Redemption Amount of the Notes;
  - (iv) the Optional Redemption Amount(s) (if any) of the Notes;
  - (v) in relation to Notes redeemable in instalments, the Instalment Amounts;
  - (vi) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7(e)); and
  - (vii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.



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

### 7. REDEMPTION AND PURCHASE

- (a) **Redemption at maturity:** Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.
- (b) **Redemption for tax reasons:**
  - (i) The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note nor an Index Linked Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Interest Note), on giving not less than 30 nor more than 60 days' notice to the Principal Paying Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if:
    - (1) either the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 or the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws, regulations or rulings of the Relevant Tax Jurisdiction or any change in the application or official interpretation of such laws, regulations or rulings, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
    - (2) such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it,

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

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

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

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

(ii) *Where the Issuer is FFNA:*

If the Issuer shall determine that any payment made outside the United States by the Issuer or any of its paying agents in respect of any Bearer Note, Receipt or Coupon would, under any present or future laws or regulations of the United States, be subject to any certification, documentation, information or other reporting requirement of any kind the effect of which requirement is the disclosure to the Issuer, the Guarantor, any paying agent or any governmental authority of the nationality, residence or identity of a beneficial owner of such Bearer Note, Receipt or Coupon that is a United States Alien (as defined in Condition 8(b)) (other than a requirement (a) that would not be applicable to a payment by the Issuer, the Guarantor or any one of its paying agents (i) directly to the beneficial owner or (ii) to a custodian, nominee or other agent of the beneficial owner, or (b) that can be satisfied by such custodian, nominee or other agent certifying to the effect that the beneficial owner is a United States Alien, provided that, in any case referred to in clauses (a)(ii) or (b), payment by the custodian, nominee or agent to the beneficial owner is not otherwise subject to any such requirement, or (c) that would not be applicable to a payment by at least one paying agent of the Issuer), the Issuer shall elect either (x) to redeem the Notes in whole but not in part, at a price equal to the Early Redemption Amount, together with accrued interest to the date fixed for redemption or (y) if the conditions of the next succeeding paragraph are satisfied, to pay the additional amounts specified in such paragraph. The Issuer shall make such determination as soon as practicable and publish prompt notice thereof (the "Determination Notice") stating the effective date of such certification, documentation, information or other reporting requirement, whether the Issuer will redeem the Notes or pay the additional amounts specified in the next succeeding paragraph, and (if applicable) the last date by which the redemption must take place, as provided in the next succeeding sentence. If the Notes are to be redeemed pursuant to this paragraph, such redemption shall take place on such date, not later than one year after the publication of the Determination Notice, as the Issuer shall specify by notice to the Principal Paying Agent at least 45 days before the date fixed for redemption. Notice of such redemption of the Notes will be given to the holders of the Notes not more than 60 nor less than 30 days prior to the date fixed for redemption by publication in accordance with Condition 14. Notwithstanding the foregoing, the Issuer shall not so redeem the Notes if the Issuer shall subsequently determine, not less than 30 days prior to the date fixed for redemption, that subsequent payments on the Bearer Notes, Receipts and Coupons would not be subject to any such certification, documentation, information or other reporting requirement, in which case the Issuer shall give prompt notice of such subsequent determination by publication in accordance with Condition 14 and any earlier redemption notice shall be revoked and of no further effect. Prior to the publication of any Determination Notice pursuant to this paragraph, the Issuer shall deliver to the Principal Paying Agent a certificate signed by one Director of the Issuer stating that the Issuer is obligated to make such determination and setting forth a statement of facts showing that the conditions precedent to the obligation of the Issuer to redeem the Notes or to pay the additional amounts specified in the next succeeding paragraph have occurred, and an opinion of independent legal advisers of recognised standing to the effect that such conditions have occurred.

If and so long as the certification, documentation, information or other reporting requirements referred to in the preceding paragraph would be fully satisfied by payment of a backup withholding tax or similar charge, the Issuer may elect to pay as additional interest such additional amounts as may be necessary so that every net payment made outside the United States following the effective date of such requirement by the Issuer or the Guarantor or any of its paying agents in respect of any Bearer Note, Receipt or any Coupon of which the beneficial owner is a United States Alien (but without any requirement that the nationality, residence or identity, other than status as a United States Alien, of such beneficial owner be disclosed to the Issuer, the Guarantor, any paying agent or any governmental authority), after deduction or withholding for or on account of such backup withholding tax or similar charge (other than a backup withholding tax or similar charge that (i) would not be applicable in the circumstances referred to in the parenthetical clause of the first sentence of the preceding paragraph, or (ii) is imposed as a result of the presentation of such Bearer Note or Coupon for payment more than 15 days after the date on which such payment became due and payable or on which payment thereof was duly provided

for, whichever occurred later), will not be less than the amount provided for in such Bearer Note, Receipt or Coupon to be then due and payable. If the Issuer elects to pay additional amounts pursuant to this paragraph, the Issuer shall have the right to redeem the Notes at any time in whole but not in part, subject to the provisions of the last three sentences of the immediately preceding paragraph. Any redemption payments made by the Issuer pursuant to the two immediately preceding sentences shall be subject to the continuing obligation of the Issuer to pay additional amounts pursuant to this paragraph. If the Issuer elects to pay additional amounts pursuant to this paragraph and the condition specified in the first sentence of this paragraph should no longer be satisfied, then the Issuer shall redeem the Notes pursuant to the provisions of the immediately preceding paragraph.

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

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

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

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

In these Conditions:

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

- (i) 1.0 per cent. of the principal amount of such Note(s), or
- (ii) the excess of:

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

(B) the principal amount of such Note(s), if greater.

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

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

If this Note is in definitive form, to exercise the right to require redemption of this Note the holder of this Note must deliver such Note at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a “Put Notice”) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under

this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2(b).

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

- (e) **Early Redemption Amounts:** For the purpose of paragraph (b) above and Condition 10, each Note will be redeemed at its Early Redemption Amount calculated as follows:

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

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

“**RP**” means the Reference Price;

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

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

or on such other calculation basis as may be specified in the applicable Final Terms.

- (f) **Instalments:** Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (e) above.
- (g) **Partly Paid Notes:** Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Final Terms.
- (h) **Purchases:** The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmaturing Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Noteholders alike. Such Notes may be held, reissued, resold or, at the option of the Issuer or the Guarantor, surrendered to any Paying Agent and/or the Registrar for cancellation.
- (i) **Cancellation:** All Notes which are redeemed will forthwith be cancelled (together with all unmaturing Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to



paragraph (h) above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

- (j) **Late payment on Zero Coupon Notes:** If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (e)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:
- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
  - (ii) the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent or the Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 14.
- (k) **Repurchase at the Option of Noteholders—Change of Control:** If a Change of Control occurs, the holder of any Note will have the right to require such Issuer to repurchase all (but not, in the case of a Bearer Note in definitive form, any part) of Note pursuant to a Change of Control Offer. Registered Notes may be repurchased under this Condition 7(k) in any multiple of their lowest Specified Denomination. In the Change of Control Offer, the relevant Issuer will offer a Change of Control Payment in cash equal to 101 per cent. of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest, if any, to the date of purchase. Within thirty (30) days following any Change of Control, the Issuer will give notice to each holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase Notes on the Change of Control Payment Date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is given to Noteholders in accordance with Condition 14. If and for so long as the Notes are listed on the Irish Stock Exchange and the rules of that exchange so require, the Issuer will publish notices relating to the Change of Control Offer in a leading newspaper of general circulation in Ireland (which is expected to be the *Irish Times*).

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

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

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

If the Note is in definitive form, to exercise the right to require repurchase of the Note the holder of the Note must deliver such Note at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, accompanied by a duly completed and signed acceptance notice in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be,



the Registrar (an “Acceptance Notice”) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2(b).

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

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

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

“Board of Directors” means (i) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorised to act on behalf of such board; (ii) with respect to a partnership, the board of directors of the general partner of the partnership; (iii) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and (iv) with respect to any other Person, the board or committee of such Person serving a similar function;

“Change of Control” means the occurrence of both (i) an event described in clauses (1) to (3) below and (ii) a Rating Decline:

- (1) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any “person” (as that term is used in Section 13(d) of the Exchange Act), other than one or more Related Parties, becomes the beneficial owner, directly or indirectly, of more than 50 per cent. of the Voting Stock of the Guarantor measured by voting power rather than number of shares;
- (2) the stockholders of the Guarantor or the Issuer approve any plan of liquidation or dissolution of the Guarantor or the Issuer, as the case may be; or
- (3) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Guarantor (together with any new directors whose election at a shareholders meeting of the Guarantor or whose nomination for election at whose shareholders meeting was approved either (x) pursuant to a vote of a majority of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved (including any approval by a Related Party), or (y) by a Related Party) cease for any reason to constitute a majority of the Board of Directors of the Guarantor then in office; *provided*, however, that for purposes of this clause (3), any members of the Board of Directors of the Guarantor who are elected from a “*lista di minoranza*” within the meaning of Article 147-ter, Paragraph 3 of the Legislative Decree No 58/98 as enacted by Law No 262 of 28th December, 2005 (or any successor statute or regulation having force of law) shall be excluded from both the numerator and denominator of the calculation of a majority;

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

“Rating Date” means (i) the date one business day (being for this purpose a day on which banks are open for business in Turin and London) prior to the occurrence of an event specified in clauses (1) to (3) of the definition of Change of Control or, if applicable, and only with respect to the type of transaction specified in clause (1) of the definition of Change of Control, the date one business day before the first public announcement of a definitive agreement with respect to such transaction and (ii) in the event that a Rating Agency has announced a Rating Decline of the Notes within 90 days prior to the occurrence of an event specified in clauses (1) to (3) of the definition of Change of Control or, if applicable, and only with respect to the type of transaction specified in clause (1) of the definition of Change of Control, within 90 days before the first public announcement of a definitive agreement with respect to such transaction, and the official statement issued by a Rating Agency announcing the Rating Decline refers to such event or transaction as a reason for such downgrade, the date one business day prior to such announcement by a Ratings Agency;

“Rating Decline” means the occurrence on any date within the 60-day period following the occurrence of the event specified in clauses (1) to (3) of the definition of a Change of Control (which period shall be extended so long as during such period any rating of the Notes is under publicly announced consideration for possible downgrade by a Rating Agency, *provided* that such extension shall not be for more than 30 days) of: (i) in the event the Notes are rated by any Rating Agency on the Rating Date below Investment Grade, the rating of the Notes by such Rating Agency within such period being at least one rating category below the rating of the Notes by such Rating Agency on the Rating Date, (ii) in the event the Notes are rated by any Rating Agency on the Rating Date as Investment Grade, the rating of the Notes within such period by such Rating Agency being (A) at least two rating categories below the rating of the Notes by such Rating Agency on the Rating Date or (B) below Investment Grade or (iii) the Notes not being rated by any Rating Agency. In determining how many rating categories the rating of the Notes has decreased, gradation will be taken in account (e.g., with respect to S&P, a decline in a rating from BB+ to BB, or from BB- to B+, will constitute a decrease of one rating category);

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

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

## **8. TAXATION**

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

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

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

- (i) presented for payment in Luxembourg or the Republic of Italy; or

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

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

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

- (i) presented for payment in the Republic of Italy;
- (ii) presented for payment by, or by a third party on behalf of, a holder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with the Relevant Tax Jurisdiction other than the mere holding or use or ownership of such Note, Receipt or Coupon or deemed holding or use outside Canada or ownership as a non-resident of Canada of such Note, Receipt or Coupon;
- (iii) presented for payment by, or by a third party on behalf of, a holder in respect of whom such taxes or duties are required to be withheld or deducted by reason of the holder being a person with whom FFC is not dealing at arm's length (within the meaning of the *Income Tax Act* (Canada));
- (iv) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day;
- (v) presented for payment by, or by a third party on behalf of, a holder in respect of whom any such taxes or duties would not have been so imposed but for the failure of such holder to comply with any requirement under relevant income tax treaties or Canadian statutes and regulations (or any administrative practice in Canada) to claim or establish entitlement to exemption from or reduction of such taxes or duties;
- (vi) presented for payment in respect of any taxes or duties required to be withheld by any Paying Agent from any payment in respect of any Note, Receipt or Coupon, if such payment can be made without such withholding by any other Paying Agent; or
- (vii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

**(c) Where the Issuer is FFNA:**

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

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

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

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

United States federal income tax purposes, a foreign corporation, a non-resident alien individual or a non-resident alien fiduciary of a foreign estate or trust.

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

### 9. PRESCRIPTION

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

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

### 10. EVENTS OF DEFAULT

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

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



more than 50 per cent. of the voting share capital of the Issuer; or (b) has power to appoint or remove more than 50 per cent. of the Board of Directors (or other similar senior supervisory body) of the Issuer; or

- (vii) a default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness of the relevant Issuer, the Guarantor or any Material Subsidiary (as defined below in this Condition 10) (or the payment of which is guaranteed by the relevant Issuer, the Guarantor or any such Material Subsidiary) which default (A) is caused by a failure to pay the principal, interest or premium, if any, of any such Indebtedness (including without limitation a such failure under any called but unpaid guarantee issued or given by the Issuer, the Guarantor or any such Material Subsidiary in respect of any such Indebtedness) whether in the case of a repayment at maturity, a mandatory prepayment or otherwise, in each case after any applicable grace period provided in such Indebtedness or guarantee on the date of such failure (each such failure being a “payment default”), which payment default has not been validly waived in accordance with the terms of such Indebtedness or guarantee and applicable law, *provided* that the amount unpaid pursuant to such payment default, together with the amount unpaid pursuant to any other such payment default that has not been so waived or has not been otherwise validly cured aggregates €100,000,000 or (B) results in the acceleration of such Indebtedness prior to its express maturity, and such acceleration has not been validly waived in accordance with the terms of such Indebtedness and applicable law, *provided* that the principal amount of such Indebtedness so accelerated, together with the principal amount of any such other Indebtedness the maturity of which has been so accelerated and has not been waived or otherwise validly cured, aggregates €250,000,000; or
- (viii) the Guarantee shall be held in any judicial proceeding (in each case being a judgment or order from which no further appeal or judicial review is permissible under applicable law) to be unenforceable or invalid or shall cease for any reason to be in full force and effect or the Guarantor shall deny or disaffirm its obligations under the Guarantee, as the case may be,

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

For the purposes of this Condition 10, the term “Material Subsidiary” shall have the meaning given such term in Condition 4(b)(viii) except that a Material Subsidiary shall be considered or deemed to be a Material Subsidiary for purposes of this Condition 10 only (x) to the extent that such subsidiary (including if it is a Treasury Subsidiary) is located or domiciled in an OECD Country (or, to the extent that the Organisation for Economic Co-operation and Development or a successor organisation no longer exists, the countries that were members of the relevant organisation on the date such organisation ceased to exist) and (y) if, and only if, such subsidiary meets the requirements set forth in (clauses (A), (C), (D) or (E) of the definition of “Material Subsidiary” in Condition 4(b) (viii).

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

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

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes, Receipts or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and



indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

### 12. AGENTS

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

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

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

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

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

### 13. EXCHANGE OF TALONS

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

### 14. NOTICES

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

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth

day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange and the rules of that stock exchange so require, such notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange.

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

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

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

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

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

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

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

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

### 16. FURTHER ISSUES

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

### 17. RIGHTS OF THIRD PARTIES

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

### 18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

- (a) **Governing law:** The Agency Agreement, the Guarantee, the Deed of Covenant, the Deed Poll, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law.
- (b) **Submission to jurisdiction:** The Issuer agrees, for the exclusive benefit of the Noteholders, the Receiptholders and the Couponholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes, the Receipts and/or the Coupons and that accordingly any suit, action or proceedings (together referred to as "Proceedings") arising out of or in connection with the Notes, the Receipts and the Coupons may be brought in such courts.

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

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

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

---

## Use of Proceeds

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

---

# Fiat Finance and Trade Ltd.

**société anonyme**

## **BUSINESS AND INCORPORATION**

Fiat Finance and Trade Ltd. société anonyme (“FFT”) was registered for an unlimited duration on 6th May, 1985 under the laws of the Cayman Islands and was incorporated on 18th June, 1997 with limited liability under the laws of the Grand-Duchy of Luxembourg. Its registered office is 13 Rue Aldringen, L-1118, Luxembourg, telephone number + 352 262 05621 and it is registered in the Luxembourg trade and company register (*Registre de Commerce et des Sociétés de Luxembourg*) under number B-59500. The Articles of Incorporation of FFT have been published in the *Mémorial C, Journal Officiel du Grand-Duché de Luxembourg, Recueil Spécial des Sociétés et Associations* under number C. 384 of 17th July, 1997. The articles were modified on 9th October, 1997 (published in the *Mémorial C* under number 635 of 13th November, 1997), on 31st December, 1998 (published in the *Mémorial C* under number 237 of 6th April, 1999), on 25th June, 1999 (published in the *Mémorial C* under number 705 of 22nd September, 1999), on 27th November, 2000 (published in the *Mémorial C* under number 514 of 7th July, 2001), on 12th November, 2004 (published in the *Mémorial C* under number 118 of 9th February, 2005) and on 27th January, 2006 (in process of publication in the *Mémorial C*).

FFT, which is 99.99 per cent. owned by Fiat Finance S.p.A. (formerly Fiat Ge.Va. S.p.A.), which in turn is a wholly-owned subsidiary of the Guarantor, is the central treasury vehicle for the Fiat Group in the international financial markets. Its object, according to article 3 of its Articles of Association, is the holding of participations in other companies and/or enterprises and the direct and/or indirect financing of such entities or entities being members of its group.

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

## **Directors**

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

<b>Name</b>	<b>Position on Board</b>
Ernesto Rodoni	Chairman
Giancarlo Ghione	Director
Jacques Loesch	Director
Andrea Paulis	Director

The business address for the Board of Directors is 13 Rue Aldringen, L-1118, Luxembourg.

The directors of FFT do not hold any principal executive directorships outside the Fiat Group which are significant with respect to FFT, and there are no potential conflicts of interest of the members of the Board of Directors between their duties to FFT and their private interests and/or other duties.

# Financial information relating to Fiat Finance and Trade Ltd.

société anonyme

The following financial information is extracted without material adjustment from the audited annual accounts of Fiat Finance and Trade Ltd. société anonyme as at 31st December, 2005 and 2004 and for the years then ended, prepared in accordance with Luxembourg GAAP:

## BALANCE SHEET

	As at 31st December,	
	2005	2004
	(euro)	
<b>Assets</b>		
<b>Fixed assets</b>		
Tangible assets .....	597,037	287,165
<b>Financial assets</b>		
Amounts owed by Group companies .....	2,547,138,419	6,642,792,133
<b>Current assets</b>		
<b>Debtors</b>		
Amounts owed by third parties .....	452,270	525,658
<b>Financial assets</b>		
Amounts owed by Group companies .....	6,633,445,108	2,968,472,179
Transferable securities .....	530,150,320	642,798,434
Cash at banks .....	1,193,002,836	1,052,902,438
Accrued Income .....	199,196,514	272,022,058
Deferred expenses .....	25,748,634	177,596,188
<b>Total Assets</b> .....	<u>11,129,731,138</u>	<u>11,757,396,253</u>
<b>Liabilities</b>		
<b>Shareholders equity</b>		
Subscribed capital .....	251,494,000	251,494,000
Legal reserve .....	8,100,000	6,800,000
Special reserve .....	98,775	6,075
Interim dividends .....	(10,000,000)	(50,000,000)
Retained earnings.....	48,201,789	75,011,706
Profit of the year .....	27,275,639	24,582,783
<b>Total Shareholders' Equity</b> .....	<u>325,170,203</u>	<u>307,894,564</u>
<b>Provision for liabilities and charges</b>		
Provision for taxation .....	1,083,101	649,724
Provision for other risk and charges .....	500,000	–
<b>Creditors</b>		
<b>Amounts due and payable after more than one year</b>		
Bonds and other notes payable .....	3,178,529,626	5,446,316,129
<b>Amounts due and payable with one year</b>		
Bank loans and overdrafts .....	7,360,429	172,379,717
Borrowings from Group companies .....	4,777,576,600	3,908,245,191
Bonds and other notes payable .....	2,562,091,000	1,642,330,816
Amounts owed to third parties .....	428,491	1,465,388
Accrued expenses .....	218,180,510	269,564,263
Deferred income .....	58,811,178	8,550,461
<b>Total liabilities</b> .....	<u>11,129,731,138</u>	<u>11,757,396,253</u>



## STATEMENTS OF PROFIT AND LOSS

	Year ended 31st December,	
	2005	2004
	(thousands of euro)	
<b>Interest receivable and similar income</b>		
Banks .....	12,937,141	9,801,488
Other investments .....	18,370,089	17,961,850
Group companies and third parties.....	386,586,000	391,138,442
	<u>417,893,230</u>	<u>418,901,780</u>
<b>Interest payable and similar charges</b>		
Banks .....	(1,055,989)	(1,733,868)
Group companies and third parties.....	(115,395,078)	(94,181,476)
Bonds and other notes payable .....	(384,500,312)	(399,235,767)
	<u>(500,951,379)</u>	<u>(495,151,111)</u>
<b>Other financial income and expenses</b>		
Dividends from subsidiaries .....	–	1,155,000
Net income on off-balance sheet items.....	121,563,641	104,321,485
Foreign exchange gain, net.....	195,243	466,937
Other financial income.....	1,885,144	7,065,285
Fees, commissions and other financial expenses.....	(8,557,409)	(7,791,638)
	<u>115,086,619</u>	<u>105,197,069</u>
<b>Net profit before operating charges and taxation .....</b>	<b>32,028,470</b>	<b>28,947,738</b>
Operating charges .....	(4,232,168)	(3,861,753)
Taxation.....	(520,663)	(503,202)
<b>Profit for the Financial Year .....</b>	<b><u>27,275,639</u></b>	<b><u>24,582,783</u></b>

## STATEMENT OF CASH FLOWS

	As at 31st December,	
	2005	2004
	(euro)	
<b>Cash flows from operating activities</b>		
Profit for the year .....	27,275,639	24,582,783
Interest and similar charges .....	500,951,379	495,151,111
Interest and similar income .....	(417,893,230)	(418,901,780)
Interest paid .....	(552,335,132)	(549,757,598)
Interest received .....	490,718,774	453,978,499
	<u>48,717,430</u>	<u>5,053,015</u>
<b>Decrease/(Increase) in operating assets:</b>		
Fixed assets .....	(309,872)	(45,836)
Amounts owed by Group companies .....	430,680,785	(93,306,977)
Amounts owed by third parties .....	73,388	510,309
Deferred expenses .....	151,847,554	(8,195,031)
<b>Increase/(Decrease) in operating liabilities:</b>		
Bank loans and overdrafts .....	(165,019,288)	(118,603,261)
Borrowings from Group companies .....	869,331,409	(39,117,977)
Amounts owed to third parties .....	(1,036,897)	138,041
Deferred income.....	50,260,717	(7,411,009)
Provision for charges and other risk .....	500,000	—
Provisions for taxation.....	433,377	(534,377)
<b>Net cash (used in) generated by operating activities.....</b>	<u>1,385,478,603</u>	<u>(261,513,103)</u>
<b>Cash flows from investing activities</b>		
Decrease in investment in transferable securities .....	112,648,114	1,212,451,472
<b>Cash flows from financing activities</b>		
Net decrease in bonds and other notes payable .....	(1,348,026,319)	(966,803,814)
Decrease in financial fixed assets .....	0	678,185
Dividends paid .....	(10,000,000)	(50,000,000)
<b>Net cash used in financing activities .....</b>	<u>(1,358,026,319)</u>	<u>(1,016,125,629)</u>
<b>Net change in cash and cash equivalents .....</b>	<u>140,100,398</u>	<u>(65,187,260)</u>
<b>Cash and cash equivalents at the beginning of the year.....</b>	<u>1,052,902,438</u>	<u>1,118,089,698</u>
<b>Cash and cash equivalents at the end of the year .....</b>	<u><u>1,193,002,836</u></u>	<u><u>1,052,902,438</u></u>

---

# Fiat Finance Canada Ltd.

## BUSINESS AND INCORPORATION

Fiat Finance Canada Ltd. (“FFC”) was incorporated on 2nd May, 1991 under the Business Corporations Act of the Province of Alberta, Canada with registration number 20492799 and began operations on 6th May, 1991. Its registered office is at 855 – 2nd Street SW, Suite 3500, Calgary, Alberta T2P 4J8, Canada with telephone number +1 212 207-0956.

FFC is a wholly owned subsidiary of Fiat Finance S.p.A. that performs cash management and investment. FFC performs cash management, investment and corporate finance services and provides working capital financing for Fiat Group companies in Canada.

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

## Directors

FFC’s is managed by a board of directors comprising five members. The names of the directors are listed below:

Name	Position on Board
Maria Cristina De Berardinis	Director
David A. Jackson	Director
Paul K. Tamaki	Director
David J. Toswell	Director
Enrico Zecchini	Director

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

The Directors of FFC do not hold any principal executive directorships outside the Fiat Group which are significant with respect to FFC nor do there exist any potential conflicts of interest between their duties to FFC and their private interests and/or other duties.

## Financial information relating to Fiat Finance Canada Ltd.

The following financial information is extracted without material adjustment from the audited annual accounts of FFC as at 31st December, 2005 and 2004 and for the years then ended, prepared in accordance with IFRS:

### BALANCE SHEET

	As at 31st December,	
	2005	2004
	(thousands of CAN\$)	
<b>Assets</b>		
Cash and short term investments .....	CAN\$ –	CAN\$77,701
Marketable securities – at fair value .....	–	1,528
Finance and interest receivables from affiliates .....	220,636	267,962
Interest receivables from third parties .....	3,798	4,571
Other assets .....	8,046	38,678
Total assets.....	<u>CAN\$232,480</u>	<u>CAN\$390,440</u>
<b>Liabilities</b>		
Borrowings from banks.....	CAN\$70,661	CAN\$123,969
Notes payable .....	138,992	168,002
Finance and interest payables to affiliates .....	223	72,789
Interest payable to third parties .....	5,637	6,354
Accounts payable, and accruals and other liabilities .....	352	2,946
Total liabilities .....	<u>CAN\$215,865</u>	<u>CAN\$374,060</u>
<b>Stockholder's equity</b>		
Capital Stock (no par value; unlimited shares authorised; 493 shares outstanding at assigned value).....	10,100	10,100
Retained earnings.....	6,515	6,280
Total stockholder's equity .....	<u>16,615</u>	<u>16,380</u>
Total liabilities and stockholder's equity .....	<u>CAN\$232,480</u>	<u>CAN\$390,440</u>

### STATEMENTS OF PROFIT AND LOSS

	Year ended 31st December,	
	2005	2004
	(thousands of CAN\$)	
<b>Revenues</b>		
Interest income.....	CAN\$27,430	CAN\$33,243
Other income .....	1	574
Unrealized losses on derivatives .....	(99)	(57)
Total revenues .....	<u>CAN\$27,332</u>	<u>CAN\$33,760</u>
<b>Expenses</b>		
Interest expense.....	CAN\$26,498	CAN\$32,648
Operating expenses .....	244	322
General and administrative expenses .....	247	183
Total expenses.....	<u>26,989</u>	<u>33,153</u>
Income before provision for income taxes.....	343	607
Provision for income taxes .....	108	195
Net income .....	<u>CAN\$235</u>	<u>CAN\$412</u>

---

# Fiat Finance North America, Inc.

## BUSINESS AND INCORPORATION

Fiat Finance North America (“FFNA”) was incorporated in the State of Delaware on 5th August, 1996 and began operations on 15th September, 1996. Its registered office is at 1209 Orange Street, Wilmington, County of New Castle, Delaware, United States of America with telephone number +1 212 2070910.

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

The authorised share capital of FFNA is represented by 5,000 common shares of no par value. The subscribed capital is U.S.\$40,090,000 represented by 380 common shares of no par value.

In 1999, FFNA issued 230 common shares to Fiat Finance S.p.A. Prior to 1999, FFNA was wholly owned by I.H.F.-Internazionale Holding Fiat S.A., which continues to own 150 common shares.

## Directors

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

Name	Position on Board
Gianluigi Gabetti	Chairman
Maria Cristina De Berardinis	Director
Enrico Zecchini	Director

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

Gianluigi Gabetti, the Chairman of the Board of FFNA, is the Chairman of Giovanni Agnelli & C. S.A.p.A. (“GA”), an Italian limited partnership, which owns 100 per cent. of the voting power and approximately 53 per cent. of the equity of Istituto Finanziario Industriale S.p.A. (“IFI”). IFI, through its 62.03 per cent.-owned subsidiary IFIL S.p.A. (“IFIL”), owns 30.06 per cent. of Fiat. Mr. Gabetti is Chairman of both IFI and IFIL. He is also Chairman of Exor Group S.A. (Luxembourg), a Luxembourg holding company controlled by GA, and a director of Mediobanca S.p.A., an Italian investment bank which acts as a Dealer under the Programme.

With exception of Mr. Gabetti, as disclosed above, no potential conflicts of interest exist between any duties to FFNA of the FFNA directors, senior managers or statutory auditors and the private interests, and/or other duties, of such persons.

## Financial information relating to Fiat Finance North America, Inc.

The following financial information is extracted without material adjustment from the audited annual accounts of FFNA, as at 31st December, 2005 and 2004 and for the years then ended, prepared in accordance with IFRS:

### BALANCE SHEET

	As at 31st December,	
	2005	2004
	(thousands of U.S. dollars)	
<b>Assets</b>		
Cash and short term investments .....	\$ 9,067	\$ 72,700
Marketable securities – at fair value .....	59	17,146
Finance and interest receivables from affiliates .....	360,900	604,794
Interest receivables from third parties .....	1,027	6,405
Other assets .....	4,084	47,817
Total assets .....	<u>\$ 375,137</u>	<u>\$ 748,862</u>
<b>Liabilities</b>		
Borrowings from banks .....	\$ 218,200	\$ 25,000
Notes payable .....	–	135,558
Finance and interest payables to affiliates .....	106,363	535,721
Interest payable to third parties .....	2,957	7,102
Accrued expenses and other liabilities .....	1,122	132
Total liabilities .....	<u>\$ 328,642</u>	<u>\$ 703,513</u>
<b>Stockholder's equity</b>		
Capital stock (no par value; authorised 5,000 shares; 380 shares outstanding at assigned value) .....	40,090	40,090
Retained earnings .....	6,405	5,259
Total stockholders' equity .....	<u>46,495</u>	<u>45,349</u>
Total liabilities and stockholders' equity .....	<u>\$ 375,137</u>	<u>\$ 748,862</u>

### STATEMENTS OF INCOME

	Year ended 31st December,	
	2005	2004
	(thousands of U.S. dollars)	
<b>Revenues</b>		
Interest income .....	\$ 37,603	\$ 33,482
Other income .....	476	723
Total revenues .....	<u>38,079</u>	<u>34,205</u>
<b>Expenses</b>		
Interest expense .....	34,347	32,481
Operating expenses .....	1,303	1,429
Other expenses .....	302	46
Total expenses .....	<u>35,952</u>	<u>33,956</u>
Income before provision for income taxes .....	2,127	249
Provision for income taxes .....	981	170
Net income .....	<u>\$ 1,146</u>	<u>\$ 79</u>



---

## Fiat S.p.A.

The Guarantor and its consolidated subsidiaries (the “Group”) constitute the largest private sector industrial group in Italy. The Group also has extensive operations in the rest of Europe and in other parts of the world. In 1999, Fiat celebrated its centenary, having been founded in Turin in 1899 as a manufacturer of automobiles.

Fiat is a *società per azioni*, or corporation limited by shares, organised under the laws of Italy. Under its current *Statuto*, or by-laws, Fiat has a duration expiring on 31st December, 2100. Fiat’s registered office and principal place of business is located at Via Nizza, 250, Turin, Italy (telephone number +39-011-006-1111) and it is registered in the Turin Company Register under number 00469580013.

The Group is engaged principally in the manufacture and sale of automobiles, commercial vehicles and agricultural and construction equipment. The Group also manufactures, for use by its automotive sectors and for sale to third parties, other automotive-related products and systems, principally powertrains, components, metallurgical products and production systems. In addition, the Group is involved in other sectors, including publishing and communications and service operations. At 31st December, 2005, the Group had a total of 173,695 employees.

The Group has adopted organisational and industrial initiatives as part of a plan to return to profitability, to generate positive cash flow and to reduce indebtedness. As part of this process, the Group has divested non-core assets and re-focused on its core sectors: automobiles, agricultural and construction equipment and commercial vehicles. In 2005, the Group returned to profitability as described below.

The Group’s main strategic objectives currently include:

- restoring Fiat Auto to profitability and to positive cash flow generation;
- developing and integrating innovation capabilities and expertise;
- adopting a more dynamic and efficient management structure;
- reinforcing the Group’s capital structure and maintaining a healthy liquidity position; and
- building on the Group’s global presence and expertise in other core sectors, in particular agricultural and construction equipment and commercial vehicles, through product innovation and continued efficiency improvements.

The following significant transactions were carried out during the course of 2005:

- On 13th February, 2005 the Boards of Directors of Fiat and General Motors Corporation (“General Motors”) approved a settlement agreement pursuant to which General Motors paid Fiat €1.56 billion to terminate the master agreement which was entered into between the parties in 2000 and which governed the industrial alliance between Fiat and General Motors (the “Master Agreement”), including cancellation of a put option in favour of Fiat, unwinding of all joint ventures and the return of General Motors’ 10 per cent. equity interest in Fiat Auto Holdings B.V. to Fiat. Under the settlement agreement, General Motors continues to use some of Fiat’s diesel technology and acquired a 50 per cent. interest in the Bielsko-Biala (Poland) plant which manufactures diesel engines.
- On 9th September, 2005 Fiat sold 24.6 per cent. of the share capital of Italenergia Bis S.p.A. to Electricité de France at a price of €1.147 billion. This sum was utilised by Fiat to reimburse a financing of the same amount.
- On 20th September, 2005 Fiat issued 291,828,718 ordinary shares at the price of €10.28 each which were subscribed by the lending banks under a €3 billion mandatory convertible loan (the “Mandatory Convertible Facility”) in satisfaction of the reimbursement of the principal amount of the loan.

The Group recorded revenues of €46.5 billion in 2005, an increase of approximately 2 per cent. from €45.6 billion in 2004. All automotive sectors posted improvements, apart from a slight decrease (-0.8 per cent.)

at Fiat Auto as a recovery in car sales volumes in the fourth quarter was insufficient to offset the trend of the first nine months of 2005, when sales slowed down ahead of new model launches. Group trading profit for the year was €1.0 billion, compared with €50 million in 2004, reflecting a €541 million reduction in trading losses at Fiat Auto and the positive performance of all other industrial sectors. Operating income for the year totalled €2.2 billion, compared with an operating loss of €585 million in 2004 as a result of the improvement in trading profit and, more particularly, from the gain of €1.1 billion from the General Motors settlement described above and the gain realised on the sale of the investment in Italenergia Bis S.p.A. (€878 million). Income before taxes was €2.3 billion, compared with a loss of €1.6 billion in 2004. The €3.9 billion improvement reflected an increase in operating result (an increase of €2.8 billion), the unusual financial income of €858 million associated with the capital increase to service the Mandatory Convertible Facility and a decrease in net financial expenses. Consolidated net income amounted to €1.4 billion, against a loss of €1.6 billion in 2004. Net industrial debt amounted to €3.2 billion, showing a decrease during the year of approximately €6.2 billion, mainly reflecting the conversion of the Mandatory Convertible Facility, the repayment of financial debt related to the Italenergia Bis S.p.A. transaction, and the receipt of the General Motors indemnity following the settlement of the Master Agreement. The Group's cash position at 31st December, 2005 was approximately €7 billion, up from €6.1 billion at 1st January, 2005, after the utilisation of €1.9 billion of cash for the repayment of bonds.

## SECTORS

The companies of the Group are organised into eleven operating sectors, each of which operates with a high degree of operating autonomy, subject to some key issues such as senior leadership appointment, human resources, capital allocation and strategic development, which must be shared with Group management. On 24th March, 2005, Fiat announced that a new sector (Fiat Powertrain Technologies) would be created that integrates the Group's capabilities and expertise in engines and transmissions in a new business.

Starting 1st January, 2005, for external presentation purposes, the Group's activities have been presented in five business areas that aggregate its operating sectors as follows: Automobiles (which includes Fiat Auto S.p.A. ("Fiat Auto"), an Italian corporation wholly owned by the Guarantor's Dutch subsidiary Fiat Auto Holdings B.V., Maserati S.p.A. ("Maserati"), Ferrari S.p.A. ("Ferrari") and Fiat Powertrain Technologies); agricultural and construction equipment (CNH Global N.V. ("CNH")); commercial vehicles (Iveco S.p.A. ("Iveco")); components and production systems (Magneti Marelli Holding S.p.A. ("Magneti Marelli"), Teksid S.p.A. ("Teksid") and Comau S.p.A. ("Comau")); and other businesses (Business Solutions S.p.A. ("Business Solutions"), Itedi – Italiana Edizioni S.p.A. ("Itedi"), holding companies and other companies). The Group continues to report certain financial information for each sector on an individual basis.

The following table sets forth, for the periods indicated, net revenues and trading profit (loss) for each of the Group's business areas:

	Net Revenues year ended 31st December,			Trading Profit year ended 31st December,		
	2005	2004	% change	2005	2004	Change
	(in millions of euro)			(in millions of euro)		
Automobiles .....	21,729	21,207	2.5%	(183)	(852)	669
Agricultural and Construction Equipment .....	10,212	9,983	2.3%	698	467	231
Commercial Vehicles .....	9,489	9,047	4.9%	415	371	44
Components and Production Systems .....	6,642	6,416	3.5%	249	166	83
Other Businesses .....	1,618	2,003	-19.2%	(179)	(102)	(77)
Eliminations .....	(3,146)	(3,019)	–			
<b>Total .....</b>	<b>46,544</b>	<b>45,637</b>	<b>2.0%</b>	<b>1,000</b>	<b>50</b>	<b>950</b>

## Automobiles

The Group's automobile operations are conducted primarily through Fiat Auto, Maserati, Ferrari and Fiat Powertrain Technologies. The automobiles business area operates internationally with five major brands: Fiat, Lancia, Alfa Romeo, Maserati and Ferrari. In addition, in May 2005, following the termination of the Master Agreement, operations previously forming part of the Fiat-General Motors powertrain joint venture were transferred to Fiat Powertrain Technologies. The automobiles business area manufactures and markets automobiles and related products primarily in Italy, the rest of Europe and South America. At 31st December, 2005, the business area employed 59,625 workers.

### Overview

#### Net Revenues

In 2005, the automobiles business area recorded net revenues of €21,729 million, up 2.5 per cent. on the prior year as a result of improvements posted by Ferrari (+9.7 per cent.) and Maserati (+30.3 per cent.), and the consolidation of the powertrain activities as of May 2005. Fiat Auto instead showed a slight decrease (0.8 per cent.).

The following table sets forth, for the periods indicated, net revenues for the operating units within the automobile sector:

	2005	2004	% change
	(in millions of euro)		
Fiat Auto .....	19,533	19,695	-0.8%
Maserati .....	533	409	30.3%
Ferrari .....	1,289	1,175	9.7%
Fiat Powertrain Technologies.....	1,966 <sup>(1)</sup>	–	–
Eliminations.....	(1,592)	(72)	–
<b>Total .....</b>	<b>21,729</b>	<b>21,207</b>	<b>2.5%</b>

(1) Includes revenues from Fiat Auto for €1,512 million.

#### Fiat Auto

In 2005, Fiat Auto recorded net revenues of €19,533 million, reflecting a slight decrease (-0.8 per cent.) from the €19,695 million of 2004. The decrease was due to lower volumes, partially offset by a better mix and positive exchange rate impacts. The decrease in volumes was mainly concentrated in the first nine months of the year, principally due to the impact of slower sales of older models ahead of new product launches, the Group's focus on more profitable sales channels, and intense competitive pressure. This decline was in part offset by an increase in sales in fourth quarter of the year due to the launches of new models: Grande Punto, Croma and Alfa 159.

Fiat Auto delivered a total of 1,697,300 units in 2005, 3.9 per cent. fewer than in 2004. A total of 1,100,000 units were delivered in Western Europe (-7.8 per cent.). The decline recorded for the year levelled off in the fourth quarter due to the positive contribution of the new models. While sales were down in most leading countries of Europe, the decline was less pronounced in Italy (-2.4 per cent.) and Spain (-3 per cent.). France represented the exception, where deliveries increased by 8.3 per cent. Fiat Auto had a 28 per cent. share of the Italian car market (unchanged from 2004) and 6.5 per cent. in Western Europe (-0.7 percentage points from 2004).

Outside Western Europe, the unfavourable trend of the Polish market severely impacted Fiat Auto sales, which fell by 44.3 per cent. from 2004. In Brazil, Fiat Auto exploited expansion on the domestic market by increasing its sales 12.9 per cent. and achieving a 24.4 per cent. share of the car market and 28.8 per cent. share of the commercial vehicle market, reflecting increases of 0.9 and 4.5 percentage points respectively.

## Maserati

Maserati had revenues of €533 million in 2005. The significant improvement (30.3 per cent.) from 2004 was due to the success of the Quattroporte and the sales of the special MC12 street version.

## Ferrari

Ferrari posted revenues of €1,289 million in 2005. The 9.7 per cent. increase from 2004 was largely attributable to the good performance of the F430 and 612 Scaglietti models. Revenues were also boosted by sales of the Supramerica and the FXX models, produced in limited edition.

## Fiat Powertrain Technologies

Fiat Powertrain Technologies is the new sector which groups all passenger car engine and transmission activities. Fiat regained control over these activities in May 2005 following termination of the Master Agreement with General Motors. This sector had revenues of €1,966 million between May and December 2005. The sales of this sector were realised principally with Fiat Auto and as to 23 per cent. with third parties. Starting in 2006, the Sector will also include the engine and transmission operations of Iveco, Centro Ricerche Fiat and Elasis.

## Trading Profit

Trading profit of the automobiles business area improved by €669 million, from a loss of €852 million in 2004 to a loss of €183 million in 2005. This improvement stemmed from the strong reduction in losses at Fiat Auto and Maserati, higher trading profit reported by Ferrari and the consolidation of Fiat Powertrain Technologies.

The following table sets forth, for the periods indicated, trading profit for the operating sectors within the automobiles business area:

	2005	2004	Change
	(in millions of euro)		
Fiat Auto .....	(281)	(822)	541
Maserati .....	(85)	(168)	83
Ferrari .....	157	138	19
Fiat Powertrain Technologies.....	26	–	26
<b>Total .....</b>	<b>(183)</b>	<b>(852)</b>	<b>669</b>

## Fiat Auto

Fiat Auto had a trading loss of €281 million in 2005, a sharp improvement from the loss of €822 million registered in 2004. This change was mainly attributable to an improved product mix owing to the release of new models, a reduction in product costs due to purchasing efficiencies, a strong focus on more profitable sales channels and a drastic reduction in business governance costs.

## Maserati

The trading loss of Maserati was €85 million, as compared to a loss of €168 million in 2004 (which figure included €46 million in fixed asset write-downs). Higher sales volumes and a better product mix accounted for the further reduction in the sector's trading loss.

## Ferrari

In 2005, Ferrari had a trading profit of €157 million, up from a profit of €138 million in 2004. The improvement reflected higher sales volumes and efficiency gains, which were partially offset by the negative impact of exchange rates.

## Fiat Powertrain Technologies

Fiat Powertrain Technologies achieved a trading profit of €26 million between May and December 2005.

## *Fiat Auto*

### *Highlights*

The following table sets forth, as at and for the periods indicated, certain financial highlights of Fiat Auto:

	2005	2004
	(in millions of euro except as otherwise indicated)	
Net revenues .....	19,533	19,695
Trading profit .....	(281)	(822)
Operating result* .....	(818)	(1,412)
Investments in tangible and intangible assets.....	1,582	1,792
- of which capitalised research and development costs .....	310	500
Total research and development expenses** .....	665	952
Automobiles and light commercial vehicles delivered (number) .....	1,697,300	1,766,000
Employees at period end (number) .....	46,099	45,122

\* Includes restructuring costs and unusual income (expenses)

\*\* Includes research and development capitalised and charged to operations

### *Operating Performance*

Demand in Western Europe in the automobile market in 2005 was substantially in line (-0.2 per cent.) with the previous year. The largest declines occurred in Italy (-1.3 per cent.) and the United Kingdom (-5.0 per cent.), offset in part by gains in France (+2.6 per cent.), Germany (+1.6 per cent.) and Spain (+0.9 per cent.).

Outside Western Europe, demand was off sharply in Poland (-26.5 per cent.) while the Brazilian market continued its positive trend, with demand rising by 9.1 per cent.

The Western European market for light commercial vehicles posted an overall increase of 2.8 per cent. over 2004. This increase was the net result of gains of 13.4 per cent. in Spain, 3.4 per cent. in France and 3.1 per cent. in Germany and decreases of 1.8 per cent. in Italy and 1.3 per cent. in the United Kingdom.

Fiat Auto's share of the automobile market remained largely unchanged at 28.0 per cent. in Italy (about the same as in 2004), but declined to 6.5 per cent. for Western Europe as a whole (0.7 percentage points less than in 2004).

The sector's share of the market for light commercial vehicles was virtually unchanged, registering 10.4 per cent. for all of Western Europe (-0.2 percentage points compared with 2004) and 42.3 per cent. for Italy (in line with 2004).

In Brazil, Fiat Auto's share of the automobile and light commercial vehicle markets increased to 24.4 per cent. (+0.9 percentage points) and 28.8 per cent. (+4.5 percentage points), respectively.

In 2005, Fiat Auto sold a total of 1,697,300 vehicles, or 3.9 per cent. less than in 2004. In Western Europe, shipments were down 7.8 per cent. to 1,100,000 units. Strong competitive pressure and, early in the year, the expected introduction of new models account for the reduction in unit sales. Once new models became available, sales rebounded both in Italy and Europe as a whole, particularly in the fourth quarter.

In 2005, Fiat Auto's sales volume was down 2.4 per cent. in Italy (but increased by 14.7 per cent. in the fourth quarter of 2005) and 3 per cent. in Spain. The decrease was more pronounced in Germany (15.8 per cent.) and the United Kingdom (-38.5 per cent., owing to a sharp drop in market demand). Among all major European markets, only France registered a positive trend, posting an 8.3 per cent. increase in shipments.

In Poland, weak demand had a strong negative impact on Fiat Auto's sales volume, which contracted by 44.3 per cent. compared with 2004.

In 2005, Fiat Auto intensified its activity in those markets outside the European Union where it already has an established presence, such as Brazil, Argentina and Turkey, while at the same time launching programmes to expand in emerging markets through alliances with strong local partners.

In Brazil, Fiat Auto benefited from healthy demand in the local market, increasing sales by 12.9 per cent. with respect to 2004 and regaining leadership of the market. The success of the flex (alcohol and gasoline bi-fuel) versions of the Palio and Mille models, which were introduced during the first half of the year, account for this outstanding performance.

In Argentina, where consumer demand continued to improve after the deep crisis of 2002, the automobile market expanded at a rate of 35.6 per cent. compared with 2004 and Fiat Auto increased its market share 12.4 per cent. (+0.6 per cent. compared with 2004). Driven by the positive impact of new products and the contribution of a revamped sales network, deliveries of automobiles and light commercial vehicles increased by 43.1 per cent. to 44,100 units.

In Turkey, 2005 was a positive year for the economy in general and the automobile industry in particular. Demand for automobiles and light commercial vehicles increased to about 720,000 units (+2.9 per cent. compared with 2004). In this environment, Tofas (a local joint venture in which Fiat Auto has a 37.9 per cent. interest) achieved a market share of 11.2 per cent. and increased deliveries by 8.1 per cent. Tofas's improved performance over 2004, both in the domestic and export markets, was made possible by the start of production of the new Doblò and the market launch of the new Palio and Albea.

In 2005, sales of light commercial vehicles followed a positive trend, with total shipments rising to 285,200 units or 5.1 per cent. more than in 2004. In Western Europe, sales decreased to 181,800 units, or 0.7 per cent. less than in 2004. With the exception of Italy and Germany, where shipments were down 2.7 per cent. and 0.4 per cent., respectively, sales improved throughout Western Europe (Spain +11.6 per cent., France +3.9 per cent., United Kingdom +1.4 per cent.).

After termination of the Master Agreement, Fiat Auto regained its strategic independence and was thus able to execute targeted industrial agreements with major carmakers outside Italy. These agreements will provide the foundation for increasing the competitiveness of Fiat Auto's products and expand its presence in emerging markets

This was the rationale for the agreements signed in 2005 with Pars Industrial Development Foundation for the production and sale of Fiat cars in Iran, with PSA and Tofas to design and produce a new light commercial vehicle in Turkey, with Ford to develop and manufacture A Segment automobiles at a Fiat Auto plant in Poland, with Zastava to assemble the Fiat Punto under licence at a Zastava plant in Serbia, and with Suzuki to study the feasibility of producing new Multijet engines in Asia under licence.

Two additional agreements were executed in January 2006: one in India with Tata Motors Ltd ("Tata") that involves the sharing of the dealer network and the distribution of Fiat-branded cars through Tata's dealers in India; and another in Russia with Severstal Auto for the assembly in Russia of the Fiat Palio and Fiat Albea using CKD kits manufactured in Turkey by Tofas. In February 2006, industrial co-operation with Severstal Auto was extended to Fiat Doblò models, which will be assembled in Russia using CKD kits manufactured by Tofas.

### *Innovation and Products*

In 2005, Fiat Auto continued to pursue a strategy focused on upgrading, improving and completing its model lineup.

As part of its effort to round out its model line, Fiat launched the Croma, a new entry in the medium-high segment. This car, which is notable for its high levels of performance and comfort, was brought to market in May 2005. It was very well received by customers, with over 27,000 orders by the end of the year.



The Grande Punto was launched in September 2005 and generated an excellent response among customers at dealership showrooms during the “Open Doors” promotion. As the availability of the Grande Punto was gradually expanded to the rest of Western Europe, the year ended with sales of more than 35,000 units and new orders for 88,000 cars, with customers outside Italy accounting for 45 per cent. of the total.

The launch of the Fiat Panda Cross and Fiat Sedici during the second half of 2005 helped the Fiat brand reclaim a strong position in the all-wheel-drive segment of the market, where it had already established a presence with the Panda 4x4.

Both the Panda Cross and the Fiat Sedici were unveiled in November 2005. The Panda Cross is a new version of the all-wheel-drive Panda. The Fiat Sedici, which is being built in partnership with Suzuki at a plant owned by Suzuki in Hungary, is Fiat’s first entry ever into the C 4x4 segment of the market. Its standing has benefited from being chosen as the official car of the 2006 Turin Winter Olympic Games.

At the Bologna Motor Show, which was held at the beginning of December 2005, Fiat presented the Panda Monster, a further evolution of the Panda four-wheel-drive, and the Fiat Oltre, a show car based on a powerful Iveco multi-function vehicle.

Alfa Romeo continued to renew its product line. The Alfa 159 was launched in October 2005 and at the end of December 2005 had generated more than 14,000 orders. In October 2005, Alfa Romeo unveiled the Brera coupé, an upscale sports car.

The Fiat Veicoli Commerciali (Fiat Light Commercial Vehicles) brand also had a very positive year with the launch of the new Doblò, which was awarded the Van of the Year 2006 international prize and achieved a high level of market penetration.

#### *Financial Services*

In 2005, Sector companies that provide financing to the distribution network handled loans totalling about €9,810 million (€11,090 million in 2004).

In the renting business, Fiat Auto strengthened its position in Italy by acquiring, at the end of 2005, full control of Leasys, a joint venture that it had established with Enel and that is active in the field of company fleet management.

Savarent continued to perform the function of a captive company that operates through the Fiat Auto dealer network, serving mainly individuals and small and medium-size businesses.

The work done in previous years to strengthen their sales and customer support network enabled these two companies to end 2005 with a portfolio of more than 39,000 contracts (+14 per cent. compared with 2004). Their rental fleet also increased, rising to 144,500 vehicles at the end of 2005, or 3 per cent. more than a year earlier.

*Maserati**Highlights*

The following table sets forth, as at and for the periods indicated, certain financial highlights of Maserati:

	2005	2004
	(in millions of euro)	
Net revenues .....	533	409
Trading profit .....	(85)	(168)
Operating result* .....	(85)	(171)
Investments in tangible and intangible assets .....	20	51
- of which capitalised research and development costs .....	9	–
Total research and development expenses** .....	57	72
Cars delivered (number) .....	5,568	4,765
Employees at period-end (number) .....	606	652

\* Includes restructuring costs and unusual income (expenses)

\*\* Includes research and development capitalised and charged to operations

*Operating Performance*

In April 2005, ownership of Maserati was transferred from Ferrari to Fiat Partecipazioni S.p.A. (a holding company owned directly by Fiat). The transfer resulted in the creation of a new entity, established on 1st April, 2005, to which the business operations that produce and sell cars under the Maserati brand have been conveyed.

In order to make data comparable, the Maserati business operations have been extracted from those of Ferrari-Maserati retrospectively to 2004.

Maserati achieved major commercial and racing objectives in 2005. The success of the Quattroporte drove sales significantly higher, causing revenues to increase by 30.3 per cent. compared with 2004.

In the eight major markets in which Maserati operates, demand in the key Coupé and Spyder market segments contracted by 8.4 per cent. and 15.9 per cent., respectively.

In the luxury sedan segment, demand was down 3 per cent. compared with 2004, but the success of the Quattroporte enabled Maserati to more than double its market share, which rose from 2.1 per cent. in 2004 to 4.6 per cent. in 2005.

Maserati delivered 5,568 cars to its sales network, a gain of 16.9 per cent. compared with the 4,765 cars shipped in 2004. The significant performance of the Quattroporte accounts for this improvement with 2005 sales totalling 2,311 units (1,124 in 2004); the United States remained Maserati's most important market.

At the end of 2005, Maserati had orders for 789 cars, 613 of which were for the Quattroporte.

*Innovation and Products*

In 2005, Maserati completed the product line renewal process that commenced in 2004 with the introduction of several new models.

*Ferrari**Highlights*

The following table sets forth, as at and for the periods indicated, certain financial highlights of Ferrari:

	2005	2004
	(in millions of euro)	
Net revenues .....	1,289	1,175
Trading profit .....	157	138
Operating result* .....	157	136
Investments in tangible and intangible assets .....	142	143
- of which capitalised research and development costs .....	46	37
Total research and development expenses** .....	86	75
Cars delivered (number) .....	5,399	4,866
Employees at period-end (number) .....	2,809	2,670

\* Includes restructuring costs and unusual income (expenses)

\*\* Includes research and development capitalised and charged to operations

*Operating Performance*

In 2005, rising customer demand resulted in increased annual deliveries to end customers to 5,409 cars, mainly with the goal of reducing delivery wait time and meeting the demand from new markets, where the sales trend has been particularly strong. These achievements were driven by the performance of the F430 (both the berlinetta and spider versions), the 612 Scaglietti and the Superamerica, which was produced in a limited-edition run.

Shipment to the sales network totalled 5,399 cars in 2005, a gain of 11 per cent. over the 4,866 units delivered in 2004. With 1,580 cars sold (+9 per cent.), the United States was once again Ferrari's biggest market, followed by Europe with 2,908 units (+13.7 per cent.), including 662 cars sold in Italy (+26 per cent.).

A total of 5,409 cars were delivered to end customers, an increase of 8.7 per cent. compared with the 4,975 units shipped in 2004. The positive performance achieved in 2005 was made possible by rising demand in North America (unit sales were up about 8 per cent. compared with 2004), Italy, the United Kingdom and France. New and developing markets also provided a significant contribution (Middle East +41 per cent., Eastern Europe +92 per cent. and South America +36 per cent.), generating a significant increase in volume without compromising the exclusivity of the Ferrari brand. In China, a brand-new sales network shipped 82 cars, double the number sold in 2004.

*Innovation and Products*

The significant results achieved in 2005 were made possible by the success of the F430 in the berlinetta and spider versions, both of which feature innovations derived directly from Formula One racing (such as an electronic differential and controls placed directly on the steering wheel), and the 612 Scaglietti, which combines top-level performance with an uncompromising commitment to interior comfort. The Superamerica also provided a significant contribution to 2005 results.

*Fiat Powertrain Technologies**Highlights*

The following table sets forth, as at and for the periods indicated, certain financial highlights of Fiat Powertrain Technologies:

(Data refer to the period from 1st May to 31st December, 2005)

	2005 (in millions of euro)
Net revenues.....	1,966
Trading profit.....	26
Operating result* .....	4
Investments in tangible and intangible assets .....	173
- of which capitalised research and development costs .....	-
Total research and development expenses** .....	2
Employees at period-end (number) .....	10,111

\* Includes restructuring costs and unusual income (expenses)

\*\* Includes research and development capitalised and charged to operations

*Operating Performance*

As described above, Fiat Powertrain Technologies is a new sector to which the Group has transferred the operations (automobile engines and transmissions) that were returned to Fiat's control following the termination of the Master Agreement. As of May 2005, all of the operations originally conveyed to the Fiat-General Motors powertrain joint venture have been consolidated into Fiat Powertrain Technologies. The only exceptions are the activities in Poland, which continue to operate as a joint venture with General Motors.

In 2006, Fiat Powertrain Technologies will also include the powertrain businesses of Iveco, Centro Ricerche Fiat and Elasis.

The sector had revenues of €1,966 million for the period from May to December 2005.

Currently, the operating arm of Fiat Powertrain Technologies is its Product Line Passenger & Commercial Vehicles (FPT-P&CV) Division. Working with Fiat Auto, its largest customer, this division designs and builds innovative powertrain systems for Fiat, Lancia and Alfa Romeo, delivering products that are consistent with Fiat Auto's strategy of renewing, relaunching and repositioning its product line.

In the area of gasoline engines, the division used the opportunity provided by the launch of the Grande Punto to introduce an evolution of the Fire 1.4 8v engine that uses a phasing transformer to deliver increased fuel efficiency and better performance. For the upscale segments of the market, the division developed two new gasoline engines: the four-cylinder L850, which is available in two versions (a 160-HP 1.9-litre version and a 185-HP 2.2-litre version) and the 260-HP six-cylinder HFV6 3.2. Both engines, which are available in the newly launched Alfa Romeo 159, use a JTS direct injection system with continuous intake and exhaust phasing transformers.

In the field of diesel engines, the division's 1.3-litre Piccolo Diesel engine won Engine of the Year 2005 honours (1.0 to 1.4 litre category) in the International Engine of the Year Awards 2005 beating major European and Japanese competitors. The output of this engine has since been increased to 90 HP and the engine has been made compliant with the E4 pollution standards by adding a diesel particulate filter (DPF). At the higher end of the market, the sector offers the 200 HP E4, a 5 cylinder, 2.4-litre engine that powers the Alfa 159 and the Croma, delivering a level of specific power that places it at the top of its class.

## Agricultural and Construction Equipment

### Overview

The Group's agricultural and construction equipment sector is represented by CNH, in which the Group's wholly-owned subsidiary Fiat Netherlands Holding N.V. held approximately 83 per cent. of the common shares at December 31, 2005. CNH is the result of the Group's November 1999 acquisition of Case LLC and combines Case's operations with those of New Holland N.V., the former lead company of the Group's agricultural and construction equipment sector. Following the acquisition, New Holland changed its name to CNH Global N.V. CNH is a leading manufacturer of agricultural and construction equipment throughout the world and one of the world's largest equipment finance companies. CNH distributes its globally recognised brands in over 160 countries through an extensive network of dealers and distributors. CNH also offers retail financing for the purchase or lease of agricultural and construction equipment.

CNH's broad manufacturing base includes facilities in Europe, Latin America, North America, Australia, China, India and Uzbekistan. Its global scope and scale integrate engineering, manufacturing, marketing and distribution of equipment on five continents.

### Agricultural Equipment

CNH's primary product lines of agricultural equipment, sold under the Case IH and New Holland global brands, include tractors, combine harvesters, hay and forage equipment, seeding and planting equipment, tillage equipment, sprayers, and grape, cotton and sugar cane harvesters. In addition, CNH sells a large number of construction equipment products, such as telehandlers, skid steer loaders and backhoe loaders, to agricultural equipment customers. CNH also sells tractors under the Steyr brand in Western Europe.

### Construction Equipment

CNH manufactures and distributes a full line of construction equipment, including crawler excavators, wheeled excavators, wheel loaders, backhoe loaders, skid steer loaders and mini-excavators. The present brand and product portfolio is the heritage of many companies that have been merged into the global Case and New Holland brand families.

### Financial Services

CNH Capital is the captive financing arm of CNH, providing financial services to dealers and customers in North America, Australia, Brazil and (through its joint venture with BNP Paribas Lease Group) in Western Europe. The principal products offered on a worldwide basis are retain loans to final customers and wholesale financing to its dealers.

### Highlights

The following table sets forth, as at and for the periods indicated, certain financial highlights of CNH:

	2005	2004
	(in millions of euro)	
Net revenues .....	10,212	9,983
Trading profit .....	698	467
Operating result* .....	611	399
Investments in tangible and intangible assets .....	255	243
- of which capitalised research and development costs .....	40	32
Total research and development expenses** .....	234	221
Employees at period-end (number) .....	25,420	25,746

\* Includes restructuring costs and unusual income (expenses)

\*\* Includes research and development capitalised and charged to operations

### *Operating Performance*

In 2005, the worldwide market for agricultural equipment experienced a slight increase in tractor sales (+5 per cent.) and a decline in combines (-16 per cent.). In tractors, market demand was down in Latin America (-19 per cent.) and Western Europe (-6 per cent.). It increased significantly in the Rest of the World (which includes all markets outside Western Europe, North America and Latin America) (+26 per cent.) and remained flat in North America. With respect to 2004 the combines market declined sharply in Latin America (-58 per cent.), it increased in Western Europe (+6 per cent.) and the rest of the world (+10 per cent.) and remained unchanged in North America.

Sales of CNH tractors decreased across all regions with respect to 2004 except for the Rest of the World which recorded an increase in volumes. Overall CNH reported a slight decrease in market share. CNH unit sales of combines were also down compared to 2004: a sharp decline in Latin America was only partially offset by higher volumes in North America and in the Rest of the World. Overall market share was almost unchanged; the decrease in Latin America was compensated by the increase in the Rest of the World.

The global market for construction equipment expanded in 2005 compared to 2004 (+11 per cent.). Retail unit demand for loader backhoes rose 15 per cent. worldwide thanks to a significant increase in Latin America (+47 per cent.) and to growth on the North American market (+8 per cent.). Market demand for skid steer loaders was up 4 per cent. worldwide as a result of positive performances in Latin America (+34 per cent.) and Western Europe (+9 per cent.). Retail unit demand for heavy equipment increased 8 per cent. worldwide, with sales growth posted in Latin America (18 per cent.), in North America (15 per cent.) and in Western Europe (4 per cent.).

In 2005, CNH benefited from the rising demand, increasing its total shipments of construction equipment at a rate consistent with that of the overall market in the different market regions. Only in Western Europe was there a slight decrease.

### *Growth Strategies*

CNH reorganised its operations in the fourth quarter of 2005 to focus on its four distinct global brands, giving each one full independent profit and loss accountability – Case IH and New Holland in agricultural equipment and Case and New Holland in construction equipment – in order to invigorate the brands and satisfy more effectively the differentiated needs of the customers and dealers of each brand. CNH is allocating new resources to provide additional dedicated sales and marketing personnel and materials, and additional technical support and training to its dealers.

### *Innovation and Products*

CNH has recently completely renewed product lineup across all of its brands. It is now shifting product development, management and manufacturing efforts to focus on achieving best-in-class product quality and reliability. In addition, CNH intends to introduce greater differentiation between its brands to increase their market attractiveness. The sector will action these plans by optimising research and developments expenses, through the continued use of common architectures, the development of engines through joint ventures and the introduction of new engines that meet tightening emissions standards.

### *Commercial Vehicles*

The Group's commercial vehicles operations are conducted through Iveco and its subsidiaries and include the manufacture and sale, primarily to customers in Western Europe, of (i) commercial vehicles; (ii) buses; (iii) several types of other vehicles for civil and military use; and (iv) diesel engines.



## Highlights

The following table sets forth, as at and for the periods indicated, certain financial highlights of Iveco:

	2005	2004
	(in millions of euro)	
Net revenues .....	9,489	9,047
Trading profit .....	415	371
Operating result* .....	289	347
Investments in tangible and Intangible assets .....	444	330
- of which capitalised research and development costs .....	175	114
Total research and development expenses** .....	277	243
Employees at period-end (number) .....	32,373	31,037

\* Includes restructuring costs and unusual income (expenses)

\*\* Includes research and development capitalised and charged to operations

## Operating Performance

In 2005, Western European demand for commercial vehicles (GVW over 2.8 tons) increased to 1,109,700 units, or 5.2 per cent. more than in 2004. The largest gains occurred in France (+10.8 per cent.) and Spain (+9.6 per cent.), followed by more modest increases in the United Kingdom (+3.7 per cent.) and Germany (+2.9 per cent.). In Italy, demand was down 1.7 per cent.

New registrations of light commercial vehicles (GVW between 2.8 and 6 tons) grew to 779,800 units, for an increase of 4.3 per cent. compared with 2004. Demand was particularly strong in Spain (+9.4 per cent.) and France (+8.2 per cent.), expanded more moderately in Germany (+1.5 per cent.) and the United Kingdom (+3.8 per cent.), and contracted in Italy (-2.1 per cent.).

Demand for medium vehicles (GVW between 6.1 and 15.9 tons) also improved, rising to 79,100 units (+2.9 per cent. compared with 2004). All of the European markets benefited from the increase in demand, especially Germany (+8.7 per cent.) and Spain (+9.3 per cent.). The exceptions were the United Kingdom, where new registrations were flat, and Italy, where shipments were down (-6.6 per cent. with respect to 2004).

New registrations of heavy vehicles (GVW over 16 tons) grew to 250,800 units, or 8.6 per cent. more than in 2004. The largest gains were recorded in Spain (+10.0 per cent.), France (+21.6 per cent.), the United Kingdom (+5.0 per cent.) and Germany (+4.1 per cent.). Demand held relatively steady in Italy (+1.1 per cent.) but was up a healthy 8.9 per cent. in the remaining countries of Western Europe.

In Western Europe, the bus market expanded to 34,800 units, or 6.6 per cent. more than in 2004. This improvement is the result of a positive trend in France (+11.9 per cent.), the United Kingdom (+23.3 per cent.) and Spain (+15.9 per cent.), and steady demand in Germany and Italy.

Iveco's share of the Western European market for vehicles with a curb weight of 2.8 tons or more settled at 10.9 per cent. (0.2 percentage points less than in 2004), due mainly to weakness in Italy, where the sector's share went from 29.8 per cent. in 2004 to 29.4 per cent. in 2005.

In the light-vehicle segment, Iveco's market share held steady at 9.3 per cent., with minor changes in the different markets.

In the medium-vehicle segment, the sectors' market share decreased to 26.3 per cent., or 1.7 percentage points less than in 2004. Nevertheless, Iveco was able to maintain and consolidate its rank as the second largest producer.

At 11.1 per cent. Iveco's share of the heavy-vehicle segment was about the same as in 2004 (11.3 per cent.)

The Irisbus Group's penetration of the Western European market (20.4 per cent. in 2005) declined by 1 percentage point compared with 2004. The sector's market share contracted in Italy (-3.3 percentage points) and France (-3.0 percentage points), where Iveco still controls a significant portion of the market (about 45 to 50 per cent.), decreased by a smaller percentage in Spain (-1.7 percentage points) and held relatively steady in the United Kingdom (-0.4 percentage points) and Germany (+0.6 percentage points).

Iveco sold 172,500 vehicles worldwide (+6.3 per cent. compared with 2004). The Sector's licensee affiliates in India and Turkey shipped approximately 64,800 units (+12.8 per cent.). In Western Europe, Iveco sold about 134,900 vehicles, or 2.3 per cent. more than in the previous year. This positive sales performance reflects favourable conditions in all European markets with the exception of Italy, where the sales volume contracted by 3.8 per cent. In the rest of the world, sales volumes were buoyed by a strong performance in Latin America, where Iveco shipped 11,900 vehicles, for a gain of 22.8 per cent. compared with 2004.

The Irisbus Group sold a total of 8,526 vehicles in 2005, in line with the previous year (8,553 vehicles).

Iveco produced about 435,300 engines, about the same as in 2004. 41 per cent. of this production was used directly by the Sector, while 48 per cent. of it was sold to CNH and Sevel, a joint venture between Fiat Auto and the PSA Group.

The powertrain operations generated revenues of €2,554 million in 2005 (58 per cent. coming from intra-Sector sales), for a year-over-year gain of 6.3 per cent., and a trading profit of €83 million, up from €76 million in 2004.

In China, Naveco, a 50-50 joint venture with the Yuejin Group, produced and sold around 18,000 light vehicles (+20 per cent. compared with 2004).

In Turkey, the Otozol licensee sold 5,200 vehicles (about the same as in 2004), while in India the associated company Ashok Leyland, manufactured and shipped 59,600 units (+14 per cent. compared with 2004).

### ***Distribution***

The Group distributes its commercial vehicles in Western Europe through networks of independent dealers, as well as through Iveco-owned dealers and branches.

### ***Financial Services***

In the first half of 2005, as part of its effort to deliver increasingly innovative and competitive financial solutions, Iveco and Barclays Mercantile Business Finance Ltd. entered into an agreement that established Iveco Finance Holdings Limited. Iveco conveyed some of its finance companies in France, Germany, Italy, Switzerland and the United Kingdom to this new company, which will provide financing and leasing solutions for commercial vehicles. On June 1, 2005, Iveco sold 51 per cent. of Iveco Finance Holdings Limited to Barclays Mercantile Business Finance Ltd. Iveco Finance Holdings Limited was deconsolidated as of the same date and is accounted for from that date using the equity method.

In 2005, Iveco Finance provided funding for 23.4 per cent. of all of the vehicles sold by the Sector.

The pool of long-term rental vehicles managed by Transolver Services companies number 3,116 units at the end of 2005.

### **Components and Production Systems**

#### ***Magneti Marelli***

The Group's components sector is led by Magneti Marelli, a wholly-owned subsidiary of Fiat. In 2005, Magneti Marelli reported revenues of €4,033 million, an increase of 6.3 per cent. from 2004, which partly reflected the consolidation of Mako from 2004.

### *Comau*

Comau, a wholly owned subsidiary of the Group, is the lead company of the production systems sector. The sector's revenues totalled €1,573 million in 2005, a decrease of 8.1 per cent. from 2004 that reflected the transfer of Comau's European service activities to Iveco, Magneti Marelli and CNH.

The sector's core business is the engineering and manufacturing of industrial automation systems and related products, mainly for the automotive industry. Its principal products include metal working systems, mechanical assembly systems, body welding and assembly systems, sheet metal dies and injection moulds, injection moulding presses, handling systems, robotics, product and process engineering, software engineering and systems, and specialised maintenance services. The sector's principal customers are international automotive manufacturers, including the automotive sectors of the Fiat Group. In 2005, approximately 16 per cent. of the sector's revenues were derived from sales within the Group, compared to approximately 25 per cent. in 2004.

### *Teksid*

The Group's metallurgical products sector is led by Teksid, which is approximately 85 per cent. owned by Fiat, with the remainder being held by Renault. In 2005, the sector reported revenues of €1,036 million, as compared with a total of €910 million in 2004. The increase of 13.8 per cent. higher volumes at the cast iron business unit (+4.6 per cent.), the positive impact of exchange rates, and the recovery of higher raw materials costs through higher sales prices which more than offset lower volume in the magnesium business unit (-6.8 per cent.).

### **Other Sectors**

The Group also includes three other sectors not directly related to the Group's automotive activity: publishing, communications and services.

## **ENVIRONMENTAL AND OTHER REGULATORY MATTERS**

Management believes that the Group is in substantial compliance with regulatory requirements affecting its facilities and its products in the relevant markets and is continuously engaged in monitoring such requirements and adjusting affected operations. The Group's management believes that environmental regulatory requirements have not had a material adverse effect on Fiat's operations.

## **RESEARCH AND INNOVATION**

In a competitive environment characterised by continuous and rapid change, research activities have become a vital component of Fiat's strategy and expansion programmes. The Group's commitment in this area is demonstrated by the financial resources and the number of researchers and technicians involved. In 2005, a central research and innovation function was set up with the aim of:

- overseeing multi-sector research and innovation, ensuring a uniform approach and cost containment;
- optimising and facilitating the transfer of results achieved within the Group and guaranteeing synergies between the sectors in projects of common interest;
- promoting opportunities for public funding in the Group;
- protecting and enhancing intellectual property; and
- promoting the Group's high-tech image.

The new function groups together human and engineering resources already available at the Centro Ricerche Fiat, Elasis and the corresponding development centres within the single sectors (Fiat Auto, CNH, Iveco, Magneti Marelli and Comau). A multi-sector innovation team has also been set up, which is composed of upper echelon engineering and marketing personnel from each sector.

In 2005, the Group's two research and development companies, the Centro Ricerche Fiat and Elasis, intensified their interactions with the operating sectors. Improved coordination of policies, objectives and initiatives made it possible to rationalise skills and optimise each centre's area of excellence.

In 2005, research and development expenses totalled approximately €1.6 billion, equal to about 3.5 per cent. of net revenues of industrial activities. The plan for the 2006-2008 period currently stipulates expenses for a total of approximately €5.9 billion. Overall, research and development activities involved approximately 13,200 people at 120 centres in Italy and abroad.

## **RECENT DEVELOPMENTS**

Significant transactions completed by the Group during 2006 to the date of the Base Prospectus are set out below:

- On 3rd January, 2006, Fiat Auto and Severstal Auto announced that they had signed an industrial agreement for the assembly in Russia of Fiat Palio and Fiat Albea models based on CKDs produced in Turkey by Tofas, the joint venture between Fiat Auto and the Koç Group. The assembly will start in 2007 in the Severstal Auto plant of Naberejniye Chelni near Kazan in the Volga region. On 8th February, 2006, Fiat Auto and Severstal Auto extended the scope of the industrial agreement to Fiat Doblò models (which are also produced in Turkey), that will be assembled in Russia in the same manner as the Fiat Palio and Fiat Albea models.
- On 13th January, 2006, the Fiat Group and Tata Motors Ltd. announced, by means of a joint press release, that they had signed an agreement to co-operate on dealer network sharing, which covers the sale of Fiat branded cars in Tata outlets throughout India. As a result of this agreement, a targeted selection of Fiat cars and the complete Tata product range along with service and sale of spare parts will be available from March 2006 through the Tata dealership network. Dealers will display the new Fiat logo alongside the Tata logo at their outlets.
- Following its announcement on 30th January, 2006, Fiat communicated on 10th February, 2006 that it had successfully closed its offer to issue 6.625 per cent. Senior Notes having a face value of 1 billion euros and maturing on 13th February, 2013, whose price was set on 7th February, 2006 at face value. The Notes, which were issued by Fiat Finance and Trade Ltd. Société Anonyme, a wholly-owned subsidiary of Fiat S.p.A., have been admitted to listing on the Irish Stock Exchange and were rated Ba3 by Moody's Investors Service, BB- by Standard & Poor's Ratings Services and BB- by Fitch Ratings. These ratings are in line with the agencies' ratings of the Fiat Group's long-term debt. In January 2006, Fitch Ratings and Moody's changed their outlook on Fiat S.p.A. from negative to stable, as Standard & Poor's Ratings Services had already done in August 2005.
- On 13th February, 2006, the Piedmont Region and Fiat Group announced, by means of a joint press release, a wide-ranging cooperative program for hydrogen fuelled transport, as envisaged in the protocol of intent signed at the end of December 2005. Fiat and the Piedmont Region will cooperate on local and European-level programmes over the short, medium and long term. They will promote the Piedmont Region as a key research and development centre in this innovative area. Fiat will support these initiatives by lending some of its internationally recognised experts, including available resources at the Centro Ricerche Fiat in Orbassano and at the Fiat Auto innovation facilities.
- On 19th February, 2006, the Italian Ministry of Productive Activities, Fiat Auto and Elasis (Fiat's advanced research centre headquartered in Pomigliano d'Arco near Naples) signed a contract for renewal of the Group's Termini Imerese manufacturing facility. The contract is part of a more general Programme Agreement drawn up with the government in December 2002, and follows through on a project that Fiat Auto submitted to the Ministry and Sicily's regional administration in April 2004. The project will involve action along two fronts.

In the first area, and in line with the Fiat development plan, the project calls for industrial investments in the Termini Imerese plant amounting to approximately 31 million euros to prepare the Sicilian facility to produce the Lancia Ypsilon and the model's subsequent facelifts.

The second area of action is that of research and development, where Elasis will work on improving the plant's manufacturing processes. Investments in this area will amount to approximately 13 million euros.

The Fiat Group has committed a total of 44 million euros to the project. Public funding will amount to about 10 million euros, of which 1.6 million euros have been provided by the Sicilian regional administration.

- On 21st February, 2006, the Italian Ministry of Productive Activities, Fiat Powertrain Italia, Fabbrica Motori Automobilistici (FMA), and Elasis signed a project agreement providing for an investment plant to support Fiat's manufacturing plants at Pratola Serra near Avellino and Termoli near Campobasso and the research activities carried out at Pomigliano d'Arco (Naples).

This agreement is part of the general Programme Agreement reached with the Italian government in December 2002.

The plan calls for the following measures:

- industrial capital expenditures of approximately 180 million euros in the FMA plant at Pratola Serra for the production of new diesel engines (1.6 and 1.9 JTD two- and four-valve engines);
- industrial capital expenditures of approximately 434 million euros in the Powertrain Italia plant at Termoli for a new highly automated and flexible production line that will make advanced generation petrol-powered engines able to respond quickly to changes in demand, and the new M40 transmission for light commercial vehicles of Sevel Val di Sangro;
- an investment of approximately 33 million euros earmarked for research and development specifically performed by Elasis in the design of new engines.

The Fiat Group's commitment of 647 million euros will be supplemented by a Government contribution of approximately 82 million euros.

- On 24th February, 2006, CNH announced that its wholly owned subsidiary, Case New Holland Inc., issued senior notes with a face value of U.S.\$500 million maturing in 2014 (fixed annual interest rate of 7.125 per cent.) to professional investors. The company completed the transaction on 3rd March, 2006.
- On 23rd March, 2006, Fiat announced that on March 22nd, 2006, the conditions required for the automatic conversion the Series A Preference Shares it held in CNH had been met, as the average of the New York Stock Exchange closing prices for CNH's common shares price over the preceding 30 trading days exceeded U.S.\$24.00. The conversion resulted in Fiat receiving 100 million newly issued CNH common shares, thereby increasing its stake in CNH from approximately 84 per cent. to approximately 90 per cent. This conversion did not give rise to any gain or loss in Fiat's consolidated accounts, but Fiat's consolidation of CNH's income has increased to 90 per cent.

## MANAGEMENT

### Directors

Following is a list of the names, ages and positions of the current members of Fiat's Board of Directors.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Luca Cordero di Montezemolo <sup>(1)</sup> .....	58	Chairman of the Board
Andrea Agnelli .....	30	Director
Angelo Benessia <sup>(2)</sup> .....	64	Director
Tiberto Brandolini d'Adda .....	57	Director
Flavio Cotti <sup>(3)</sup> .....	66	Director
John Philip Elkann <sup>(1)(3)</sup> .....	29	Vice Chairman of the Board
Luca Garavoglia <sup>(3)</sup> .....	36	Director
Gian Maria Gros-Pietro <sup>(3)</sup> .....	63	Director
Hermann-Josef Lamberti <sup>(2)</sup> .....	49	Director
Sergio Marchionne <sup>(1)</sup> .....	53	Director, Chief Executive Officer
Virgilio Marrone.....	59	Director
Vittorio Mincato <sup>(1)</sup> .....	69	Director
Pasquale Pistorio <sup>(1)</sup> .....	70	Director
Daniel John Winteler <sup>(3)</sup> .....	42	Director
Mario Zibetti <sup>(2)</sup> .....	66	Director

(1) Member of the Strategic Committee

(2) Member of the Internal Control Committee

(3) Member of the Nominating and Compensation Committee



**Senior Management**

Following is a list of the names, ages and positions of the current members of the senior management of the Group.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Ernesto Auci .....	59	Senior Vice President Institutional Relations, Fiat S.p.A
Alessandro Baldi .....	53	Group Controller, Fiat S.p.A.
Domenico Bordone .....	59	Chief Executive Officer, Fiat Powertrain Technologies Group Purchasing Coordinator
Harold Boyanovsky .....	61	Chief Executive Officer, CNH Global N.V.
Nevio Di Giusto .....	53	Chief Executive Officer, Centro Ricerche Fiat (CRF) and Elasis
Maurizio Francescatti .....	43	Group Treasurer, Fiat S.p.A.
Mauro Di Gennaro .....	44	Chief Audit Executive and Compliance Officer, Fiat S.p.A.
Ferruccio Luppi .....	55	Senior Vice President of Business Development and Strategies, Fiat S.p.A.
Mario Mairano .....	54	Senior Vice President Human Resources, Fiat S.p.A.
Simone Migliarino .....	58	Senior Vice President Communications, Fiat S.p.A.
Paolo Monferino .....	59	President and Chief Executive Officer, Iveco S.p.A.
Daniele Pecchini.....	55	President and Chief Executive Officer, Comau S.p.A.
Eugenio Razelli .....	55	Chief Executive Officer, Magneti Marelli
Roberto Russo.....	46	Senior Counsel, Fiat S.p.A.
Riccardo Tarantini.....	56	President and Chief Executive Officer, Teksid S.p.A.
Carl Heinz Kalbfell .....	56	Chief Executive Officer, Maserati
Giorgio Frasca .....	64	International Relations
Paulo Rebaudengo.....	58	Industrial Relations

**Statutory Auditors**

Statutory Auditors	Cesare Ferrero – Chairman Giuseppe Camosci Giorgio Ferrino
Alternate Auditors	Giorgio Giorgi Natale Ignazio Girolamo Piero Locatelli

**General**

The business address of the directors, senior managers and statutory auditors is c/o Fiat S.p.A. at Via Nizza 250, I-10126 Turin, Italy.

John Philip Elkann, the Vice Chairman of the Board of Fiat, is the Vice Chairman of and a partner in Giovanni Agnelli & C.S.A.p.A. (“GA”), an Italian limited partnership, which owns 100 per cent. of the voting power and approximately 53 per cent. of the equity of Istituto Finanziario Industriale S.p.A. (“IFI”), which, through its 62.03 per cent.-owned subsidiary IFIL S.p.A. (“IFIL”), owns 30.46 per cent. of Fiat. Mr Elkann, together with other members of the Agnelli family, also owns substantially all of the ownership interest in GA. Tiberto Brandolini d’Adda, a director of Fiat since 30th May, 2004, is a director of and a partner in GA, and is also a member of the Agnelli family and a member of the board and executive committee of IFIL. Director, Virgilio Marrone is currently general manager of IFI, while director Daniel John Winteler is Chairman and Chief Executive Officer of Alpitour, a tourism group controlled by IFIL.

Otherwise, none of Fiat’s directors, senior managers or statutory auditors has any potential conflicts of interest between any duties to Fiat and their private interests and/or other duties.

## MAJOR STOCKHOLDERS

Fiat is directly controlled by its largest single stockholder, IFIL, which in turn is controlled by IFI. As of the end of February 2006, IFIL owned 30.46 per cent. of Fiat's ordinary shares outstanding as of such date.

The following table presents information on stockholders who owned more than 2 per cent. of Fiat's ordinary shares as of the end of February 2006, as reported on the website of Italian securities as reported on the website of the Italian Securities and Exchange commission (*Commissione Nazionale per la società e la borsa*, "CONSOB").

	<b>% of ordinary shares</b>
IFIL .....	30.06%
Banca Intesa S.p.A. ....	6.08%
UniCredito Italiano S.p.A. ....	5.58%
Capitalia S.p.A. ....	3.80%
Assicurazioni Generali S.p.A. (and affiliates) .....	2.38%
Libyan Arab Foreign Investment Co. (Lafico) .....	2.28%
Banca Nazionale del Lavoro S.p.A. ....	2.06%

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

As noted above, Fiat is currently indirectly controlled by IFI, which in turn is controlled by GA. As discussed in "Management", John Philip Elkann, the Vice Chairman of the Board of Fiat, is the Vice Chairman of and a partner in GA and, together with other members of the Agnelli family, owns substantially all of the ownership interest in GA. Tiberto Brandolini d'Adda, director of Fiat since 30th May, 2004, is a director of and a partner in GA, and is also a member of the Agnelli family.

## RELATED PARTY TRANSACTIONS

Relationships with related parties, whose definition was extended in 2005 accordance with International Accounting Standard 24, include not only normal financial relationships with listed groups or other major groups in which the directors of the Company or its parent companies have a significant position, but also purchases of Group products at normal market prices or, in the case of physical persons, the prices that are usually charged to employees. Transactions with related parties to be mentioned include professional services rendered by Franco Grande Stevens (consultancies and activities performed in his capacity as secretary of the Board of Directors) to the Guarantor for a total of €940 thousand.

## CORPORATE GOVERNANCE

Fiat has established an Internal Control Committee in accordance with the Corporate Governance Code for Italian Listed Companies. The committee is primarily charged with verifying that Fiat's administrative accounting system, organisational structure and internal controls system are adequate. The committee receives periodic reports on these matters from the Group's operating companies, and reports to the full Board of Directors at least every six months.

# Financial information relating to Fiat S.p.A.

The following financial information is extracted without material adjustment from the annual audited accounts of Fiat S.p.A. as at 31st December, 2004 and 2005 and for the years then ended.

The following financial statements have been prepared, pursuant to the provisions of the Italian civil code, on the basis of the requirements set forth in Italian Legislative Decree no. 127 of 9th April, 1991, as amended. Starting from 1st January 2006, Fiat S.p.A. will prepare its statutory financial statements in accordance with IFRS.

## BALANCE SHEETS

### Assets

	As at 31st December,	
	2005	2004
	(euro)	
<b>Fixed assets</b>		
<b>Intangible fixed assets</b>		
Start-up and expansion costs .....	27,627,109	41,726,538
Concessions, licenses, trademarks and similar rights.....	91,536	54,868
Intangible assets in progress and advances.....	221,163	185,759
Other intangible assets fixed assets .....	362,900	8,187,824
<b>Total .....</b>	<b>28,302,708</b>	<b>50,154,989</b>
<b>Property, plant and equipment</b>		
Land and buildings .....	34,477,620	35,831,465
Plant and machinery .....	1,925,748	2,887,128
Other assets .....	4,330,833	4,766,873
<b>Total .....</b>	<b>40,734,201</b>	<b>43,485,466</b>
<b>Financial fixed assets</b>		
Investments in:		
Subsidiaries .....	4,856,539,398	5,122,130,119
Other companies.....	126,725,012	126,730,177
<b>Total investments .....</b>	<b>4,983,264,410</b>	<b>5,248,860,296</b>
Other securities .....	73,175	74,180
<b>Total .....</b>	<b>4,983,337,585</b>	<b>5,248,934,476</b>
<b>Total fixed assets .....</b>	<b>5,052,374,494</b>	<b>5,342,574,931</b>
<b>Current assets</b>		
<b>Inventories</b>		
Contract work in progress .....	104,837,856	91,261,958
Advances to suppliers .....	8,326,204,876	7,053,456,999
<b>Total .....</b>	<b>8,431,042,732</b>	<b>7,144,718,957</b>
<b>Receivables</b>		
Trade receivables(*) .....	207,965,283	350,602,953
Receivables from subsidiaries.....	112,581,102	25,250,689
Tax receivables (**) .....	102,569,479	288,901,943
Deferred tax assets.....	—	277,000,000
Receivables from others(***).....	35,029,595	32,795,820
<b>Total .....</b>	<b>458,145,459</b>	<b>974,551,405</b>
<b>Financial assets not held as fixed assets</b>		
Treasury stock total par value (€21,658,540) .....	27,709,936	26,413,309
Financial receivables:		
From subsidiaries .....	3,058,299,491	2,320,580,431
<b>Total .....</b>	<b>3,086,009,427</b>	<b>2,346,993,740</b>
<b>Cash</b>		
Bank and postal office accounts.....	344,879	324,705
Cheques .....	150,356	—
Cash on hand.....	—	554
<b>Total .....</b>	<b>495,235</b>	<b>325,259</b>
<b>Total current assets .....</b>	<b>11,975,692,853</b>	<b>10,466,589,361</b>
<b>Accrued income and prepaid expenses .....</b>	<b>13,303,183</b>	<b>6,881,119</b>
<b>Total assets .....</b>	<b>17,041,370,530</b>	<b>15,816,045,411</b>
Receivables are intended to be due within the subsequent fiscal year except the following:		
(*) Amounts due within one year .....	207,965,283	350,318,902
Amounts due beyond one year.....	—	284,051
(**) Amounts due within one year .....	98,067,732	286,720,362
Amounts due beyond one year.....	4,501,747	2,181,581
(***) Amounts due within one year .....	34,984,515	32,735,791
Amounts due beyond one year.....	45,080	60,029

**BALANCE SHEETS****Liabilities and Stockholders' Equity**

	As at 31st December,	
	2005	2004
	(euro)	
<b>Stockholders' equity</b>		
Capital .....	6,377,257,130	4,918,113,540
Additional paid-in capital .....	1,540,856,410	–
Revaluation reserve under Law No. 413 of 12/30/91 .....	22,590,857	22,590,857
Legal reserve .....	446,561,762	446,561,762
Treasury stock valuation reserve .....	27,709,936	26,413,309
Other reserves		
Extraordinary reserve .....	334,634	1,631,261
Retained earnings/(losses) .....	(949,100,522)	–
Net income/(loss) .....	223,019,671	(949,100,522)
<b>Total stockholders' equity .....</b>	<b>7,689,229,878</b>	<b>4,466,210,207</b>
<b>Reserves for risks and charges</b>		
Reserve for pensions and similar obligations .....	21,666,308	19,273,212
Other reserves .....	31,037,811	29,738,650
<b>Total reserves for risks and charges .....</b>	<b>52,704,119</b>	<b>49,011,862</b>
<b>Reserve for employee severance indemnities .....</b>	<b>11,995,621</b>	<b>11,616,488</b>
<b>Payables</b>		
Borrowings from banks .....	–	3,060,245,135
Advances .....	8,656,661,821	7,336,405,933
Trade payables .....	380,335,441	501,654,329
Payables to subsidiaries(*) .....	222,848,288	222,730,082
Payables to controlling company .....	–	234,360
Taxes payable .....	2,749,639	8,986,970
Social security payable .....	1,717,427	2,797,294
Other payables(**) .....	22,606,627	26,484,115
<b>Total payables .....</b>	<b>9,286,919,243</b>	<b>11,159,538,218</b>
<b>Accrued expenses and deferred income .....</b>	<b>521,669</b>	<b>129,668,636</b>
<b>Total liabilities and stockholders' equity .....</b>	<b>17,041,370,530</b>	<b>15,816,045,411</b>
Receivables are intended to be due within the subsequent fiscal year except the following:		
(*) Amounts due within one year .....	220,225,807	222,730,082
Amounts due beyond one year .....	2,622,481	–
(**) Amounts due within one year .....	8,976,923	13,491,702
Amounts due beyond one year .....	13,629,704	12,992,413

**BALANCE SHEETS****Memorandum Accounts**

	As at 31st December,	
	2005	2004
	(euro)	
<b>Guarantees granted</b>		
<b>Unsecured guarantees</b>		
Suretyships on behalf of:		
Subsidiaries .....	797,456,604	672,385,005
Others .....	460,303,341	1,116,275,497
	1,257,759,945	1,788,660,502
Other unsecured guarantees on behalf of:		
Subsidiaries .....	7,100,923,987	9,596,883,852
Others .....	119,781,615	171,364,028
	7,220,705,602	9,768,247,880
<b>Total guarantees granted.....</b>	<b>8,478,465,547</b>	<b>11,556,908,382</b>
<b>Commitments</b>		
Commitments related to supply contracts .....	10,906,319,695	10,261,146,601
Commitments related to derivative financial instruments.....	70,240,610	90,397,500
Other commitments .....	6,972,168	9,296,224
<b>Total commitments .....</b>	<b>10,983,532,473</b>	<b>10,360,840,325</b>
<b>Total memorandum accounts.....</b>	<b>19,461,998,020</b>	<b>21,917,748,707</b>

## INCOME STATEMENTS

	Year ended 31st December,	
	2005	2004
	(euro)	
<b>Value of production</b>		
Revenues from sales and services.....	20,169,500	59,775,406
Change in contract work in progress.....	13,575,898	16,859,476
Other income and revenues .....	11,702,535	11,851,617
<b>Total value of production .....</b>	<b>45,447,933</b>	<b>88,486,499</b>
<b>Costs of production</b>		
Raw materials, supplies and merchandise.....	406,725	423,376
Services.....	76,217,668	109,849,162
Leases and rentals.....	987,596	949,056
Personnel		
Wages and salaries.....	22,992,468	29,980,662
Social security contributions .....	7,222,924	9,873,787
Employee severance indemnities .....	4,087,033	4,088,328
Employee pension and similar benefits .....	3,590,586	2,189,912
Other costs .....	3,812,121	6,745,987
	41,705,132	52,878,676
Amortisation, depreciation and writedowns		
Amortisation of intangible fixed assets.....	23,745,920	26,496,908
Depreciation of property, plant and equipment .....	3,285,314	3,220,295
	27,031,234	29,717,203
Other operating costs .....	40,701,141	13,451,449
<b>Total costs of production.....</b>	<b>187,049,496</b>	<b>207,268,922</b>
<b>Difference between the value and costs of production .....</b>	<b>(141,601,563)</b>	<b>(118,782,423)</b>
<b>Financial income and expenses</b>		
Investment income		
Subsidiaries.....	–	676,123,797
Other companies .....	7,713,904	6,433,015
	7,713,904	682,556,812
Other financial income		
From securities held as fixed assets other than equity investments .....	2,072	2,467
From securities held as current assets other than equity investments.....	85,750	–
Other income		
Subsidiaries.....	101,199,017	63,019,390
Others.....	11,415,199	9,955,470
	112,614,216	72,974,860
	112,702,038	72,977,327
Interest and other financial expenses		
Subsidiaries.....	2,941,624	17,686,797
Others.....	165,735,025	192,535,010
	168,676,649	210,221,807
Foreign exchange gains and losses.....	(58,155)	283,349
<b>Total financial income and expenses .....</b>	<b>(48,318,862)</b>	<b>545,595,681</b>



## FINANCIAL INFORMATION RELATING TO FIAT S.p.A.

	Year ended 31st December,	
	2005	2004
	(euro)	
<b>Adjustments to financial assets</b>		
Revaluations of:		
Equity investments.....	526,753,314	—
Securities held as current assets other than equity investments .....	1,611,796	—
	<u>528,365,110</u>	<u>—</u>
Writedowns		
Equity investments.....	957,542,000	1,639,152,526
Securities among current assets other than equity investments .....	—	1,631,261
	<u>957,542,000</u>	<u>1,640,783,787</u>
<b>Total adjustments .....</b>	<b>(429,176,890)</b>	<b>(1,640,783,787)</b>
<b>Extraordinary income and expenses</b>		
Income		
Gains on disposals.....	615,204	28,000
Other income.....	1,135,073,884	1,551,187
	<u>1,135,689,088</u>	<u>1,579,187</u>
Expenses		
Losses on disposals.....	1,915,338	428,922
Other expenses .....	12,829,210	14,721,837
	<u>14,744,548</u>	<u>15,150,759</u>
<b>Total extraordinary income expense.....</b>	<b>1,120,944,540</b>	<b>(13,571,572)</b>
<b>Income (loss) before taxes .....</b>	<b>501,847,225</b>	<b>(1,227,542,101)</b>
<b>Income taxes.....</b>	<b>278,827,554</b>	<b>(278,441,579)</b>
<b>Net gain (loss) .....</b>	<b><u>223,019,671</u></b>	<b><u>(949,100,522)</u></b>

# Financial information relating to the Fiat Group

The following financial information is extracted without material adjustment from the annual audited accounts of the Fiat Group as at 31st December, 2004 and 2005 and for the years then ended.

The 2005 consolidated financial statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB").

The Group adopted IFRS on 1st January, 2005 and the accounting policies applied to the following financial statements are consistent with those adopted in preparing the IFRS opening consolidated balance sheet at 1st January, 2004, as well the consolidated financial statements at 31st December, 2004, as restated in accordance with IFRS.

## CONSOLIDATED BALANCE SHEETS

	At 31st December,	
	2005	2004
	(millions of euro)	
<b>Assets</b>		
Intangible assets.....	5,943	5,578
Property, plant and equipment .....	11,006	9,437
Investment property.....	26	46
Investments and other financial assets: .....	2,333	4,025
– <i>Investments accounted for using the equity method</i> .....	1,762	3,490
– <i>Other investments and financial assets</i> .....	571	535
Leased assets .....	1,254	740
Deferred tax assets .....	2,104	2,402
<b>Total Non-current assets</b> .....	<b>22,666</b>	<b>22,228</b>
Inventories.....	7,881	7,257
Trade receivables .....	4,969	5,491
Receivables from financing activities .....	15,973	17,498
Other receivables.....	3,084	2,734
Accrued income and prepaid expenses .....	272	295
Current financial asset: .....	1,041	1,237
– <i>Current equity investments</i> .....	31	33
– <i>Current securities</i> .....	556	353
– <i>Other financial assets</i> .....	454	851
Cash and cash equivalents.....	6,417	5,767
<b>Total Current assets</b> .....	<b>39,637</b>	<b>40,279</b>
Assets held for sale .....	151	15
<b>TOTAL ASSETS</b> .....	<b>62,454</b>	<b>62,522</b>
<b>Total assets adjusted for asset-backed financing transactions</b> .....	<b>52,244</b>	<b>52,348</b>

## CONSOLIDATED BALANCE SHEETS

	At 31st December,	
	2005	2004
	(millions of euro)	
<b>Liabilities</b>		
Stockholders' equity .....	9,413	4,928
– <i>Stockholders' equity of the Group</i> .....	8,681	4,304
– <i>Minority interest</i> .....	732	624
Provisions .....	8,698	7,290
– <i>Employee benefits</i> .....	3,919	3,682
– <i>Other provisions</i> .....	4,779	3,608
Debt .....	25,761	32,191
– <i>Asset-backed financing</i> .....	10,210	10,174
– <i>Other debt</i> .....	15,551	22,017
Other financial liabilities .....	189	203
Trade payables .....	11,777	11,697
Other payables .....	4,821	4,561
Deferred tax liabilities .....	405	522
Accrued expenses and deferred income .....	1,280	1,130
Liabilities held for sale .....	110	–
<b>TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES</b> .....	<b>62,454</b>	<b>62,522</b>
<b><i>Total liabilities adjusted for asset-backed financing transactions</i></b> .....	<b>52,244</b>	<b>52,348</b>

## CONSOLIDATED INCOME STATEMENTS

	For the years ended 31st December	
	2005	2004
	(millions of euro)	
Net revenues .....	46,544	45,637
Cost of sales .....	39,624	39,121
Selling, general and administrative costs .....	4,513	4,701
Research and development costs .....	1,364	1,350
Other income (expenses) .....	(43)	(415)
Trading profit .....	1,000	50
Gains (losses) on the disposal of equity investments .....	905	150
Restructuring costs .....	502	542
Other unusual income (expenses) .....	812	(243)
Operating result .....	2,215	(585)
Financial income (expenses) .....	(843)	(1,179)
Unusual financial income .....	858	–
Result from equity investments .....	34	135
Result before taxes .....	2,264	(1,629)
Income taxes .....	844	(50)
Result from continuing operations .....	1,420	(1,579)
Result from discontinued operations .....	–	–
Net result before minority interest .....	1,420	(1,579)
Minority interest .....	89	55
Group interest in net result .....	1,331	(1,634)
	(in euros)	
Earnings per ordinary and preference share .....	1.250	(1.699)
Earnings per savings share .....	1.250	(1.699)
Diluted earnings per ordinary and preference share .....	1.250	(1.699)
Diluted earnings per savings share .....	1.250	(1.699)

---

## Book-Entry Clearance Systems

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream (together, the “Clearing Systems”) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuers and the Guarantor believe to be reliable, but none of the Issuers, the Guarantor nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuers, the Guarantor nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

### BOOK-ENTRY SYSTEMS

#### DTC

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

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

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

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC’s records reflect only the identity of the Direct

Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

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

### **Euroclear and Clearstream**

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

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

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

### **BOOK-ENTRY OWNERSHIP OF AND PAYMENTS IN RESPECT OF DTC NOTES**

The Issuers will apply to DTC in order to have each Tranche of Notes represented by Rule 144A Global Notes accepted in its book-entry settlement system. Upon the issue of any Rule 144A Global Notes, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the

individual beneficial interests represented by such Rule 144A Global Notes to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in a Rule 144A Global Note will be limited to Direct Participants or Indirect Participants. Ownership of beneficial interests in a Rule 144A Global Note will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

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

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

#### **TRANSFERS OF NOTES REPRESENTED BY REGISTERED GLOBAL NOTES**

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

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

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

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

Cross-market transfers between accountholders in Clearstream or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the



case of cross-market transfers, settlement between Euroclear or Clearstream accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

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

---

# Taxation

## LUXEMBOURG

The following discussion is a summary of the Luxembourg tax consequences to potential purchasers or holders of Notes, based on current law and practice in Luxembourg. This discussion is for general information purposes only and does not purport to be a comprehensive description of all possible tax consequences that may be relevant. Potential purchasers of Notes should consult their own professional advisers as to the consequences of making an investment in, holding or disposing of the Notes and the receipt of any amount in connection with the Notes and Coupons.

### *Withholding Tax*

Under Luxembourg tax laws currently in effect and with the possible exception of interest paid to individuals, there is no Luxembourg withholding tax on payments of interest, including accrued but unpaid interest. There is also no Luxembourg withholding tax, with the possible exception of payments made to individuals, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

### *Luxembourg non-resident individuals*

Under the Luxembourg laws dated 21st June, 2005 implementing the European Council Directive 2003/48/EC on the taxation of savings income (the “Savings Directive”) and several agreements concluded between Luxembourg and certain dependent territories of the European Union, a Luxembourg based paying agent (within the meaning of the Savings Directive) is required since 1st July, 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State, unless the beneficiary of the interest payments elects for an exchange of information. The same regime applies to payments to individuals resident in certain EU dependent territories.

The withholding tax rate is initially 15 per cent., increasing steadily to 20 per cent. and to 35 per cent. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

### *Luxembourg resident individuals*

A 10 per cent. withholding tax has been introduced, as from 1st January, 2006, on interest payments made by Luxembourg paying agents (defined in the same way as in the Savings Directive) to Luxembourg individual residents. Only interest accrued after 1st July, 2005 falls within the scope of the withholding tax.

### *Taxes on Income and Capital Gains*

Holders of Notes will not become residents or be deemed to be residents, in Luxembourg by reason only of the holding of the Notes.

Holders of Notes who are non-residents of Luxembourg and who do not hold the Notes through a permanent establishment or a fixed base of business in Luxembourg with which the holding of the Notes is connected are not liable to Luxembourg income tax on (i) payments of principal or interest, (ii) accrued but unpaid interest, (iii) payments received upon redemption, repurchase or exchange of the Notes or (iv) realise capital gains on the sale or exchange of any Notes.

Holders of Notes resident in Luxembourg who are fully taxable or holders of Notes who have a permanent establishment or a fixed base of business in Luxembourg with which the holding of the Notes is connected, must for income tax purposes include any interest received (or accrued) in their taxable income. The 10 per cent. Luxembourg withholding tax (see the above section “*Withholding tax – Luxembourg resident individuals*”) represents, however, the final tax liability on interest received for the Luxembourg resident

individuals acting in the course of their private wealth. Holders of Notes will not be liable for any Luxembourg taxation on income on repayment of principal.

Individual Luxembourg resident holders of Notes are not subject to taxation on capital gains upon the disposition of the Notes unless the disposition of the Notes precedes the acquisition of the Notes or the Notes are disposed of within six months of the date of acquisition of these Notes. The portion of the sale, repurchase, redemption or exchange price corresponding to capitalised or accrued but unpaid interest, however subject to the 10 per cent. withholding tax, must be included in the taxable income of the Luxembourg resident individual, if applicable.

A corporate entity or “*société de capitaux*”, which is a Luxembourg resident holder of Notes or a foreign entity of the same type which has a Luxembourg permanent establishment, will need to include in its taxable income the difference between the sale, repurchase, redemption or exchange price (including accrued but unpaid interest) and the lower of cost or book value of the Notes sold, repurchased, redeemed or exchanged. These holders of Notes should not be liable for any Luxembourg income tax on repayment of principal upon repurchase, redemption or exchange of the Notes.

### *Other Taxes*

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by a holder of Notes as a consequence of the issuance of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer or redemption or repurchase of the Notes.

Luxembourg net wealth tax will not be levied on a holder of Notes, unless such holder of Notes is (i) a Luxembourg resident company, or (ii) a non-resident company and the Notes are attributable to an enterprise of part thereof which is carried on in Luxembourg through a permanent establishment or a fixed base of business.

No gift, estate or inheritance taxes are levied on the transfer of the Notes upon the death of a holder of Notes in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes.

### *Taxation of the Issuer*

The Issuer is a company subject to corporate income tax and municipal business tax in Luxembourg at the standard rate.

The Issuer will be subject to a 1 per cent. capital duty on any capital contribution in kind or in cash.

It will not be subject to VAT in Luxembourg in respect of payments in consideration for the issue of the Notes or in respect of payments of interest or principal under the Notes.

Luxembourg VAT may however be payable in respect of fees charged for certain services rendered to the Issuer if, for Luxembourg VAT purposes, such services are rendered or are deemed to be rendered in Luxembourg and an exemption from Luxembourg VAT does not apply with respect to such services.

## CANADA

Subject to the following, in the case of a Note issued by FFC (a “Canadian Issuer Note”), interest paid or credited by FFC or the Guarantor or deemed to be paid or credited on such Note (including accrued interest on such Note in certain cases involving the assignment or transfer of such Note to a resident or deemed resident of Canada) to a person who is the beneficial owner of such Note and is a non-resident of Canada for purposes of Canadian federal income tax laws will not be subject to Canadian non-resident withholding tax where FFC deals at arm’s length for the purposes of Canadian federal income tax laws with such non-resident at the time of such payment and under the terms and conditions of the Canadian Issuer Notes or any agreement relating thereto FFC may not under any circumstances be obliged to repay more than 25 per cent. of the aggregate principal amount of a Tranche of Canadian Issuer Notes issued as a single debt issue within five years from the date of issue of such Tranche except, generally, in the event of a failure or default under such Notes or a related agreement. Canadian non-resident withholding tax will also apply if all or

any portion of such interest on the Canadian Issuer Notes (other than on a prescribed obligation described below) is contingent or dependent upon the use of or production from property in Canada or is computed by reference to revenue, profit, cash flow, commodity price or any other similar criterion or by reference to dividends paid or payable on any class of shares of the capital stock of a corporation (a “Contingent Interest Note”). The Canadian non-resident withholding tax is at the rate of 25 per cent., or such lower rate as may be provided for under the terms of any applicable bilateral tax treaty.

A prescribed obligation for this purpose is an “indexed debt obligation” (as defined below) in respect of which no amount payable is contingent or dependent upon the use of, or production from, property in Canada or is computed by reference to revenue, profit, cash flow, commodity price or any other similar criterion (other than an amount determined by reference to a change in the purchasing power of money) or by reference to dividends paid or payable to shareholders of any class of shares of the capital stock of a corporation. An “indexed debt obligation” is a debt obligation the terms and conditions of which provide for an adjustment to an amount payable in respect of the obligation for a period during which the obligation was outstanding that is determined by reference to a change in the purchasing power of money. All or a portion of an adjustment to an amount payable in respect of such an obligation may be treated as being paid or credited by the issuer as interest on such obligation.

Accordingly, interest on any Tranche of Canadian Issuer Notes having a term of less than five years, on any Tranche of Canadian Issuer Notes of which instalment payments of more than 25 per cent. of the aggregate principal amount of such Notes are obliged to be paid within five years from the date of issue of such Tranche, on any Tranche of Canadian Issuer Notes of which more than 25 per cent. of the principal amount of which is redeemable at the option of the holder within five years from the date of issue of such Tranche and on any Tranche of Canadian Issuer Notes which are Contingent Interest Linked Notes will be subject to Canadian non-resident withholding tax. Interest on Floating Rate Notes, Inverse Floating Rate Notes, Index Linked Notes and Dual Currency Notes issued by FFC, depending upon the interest rate formula and other terms as set forth in the applicable Final Terms, may be subject to Canadian non-resident withholding tax.

In the event that a Canadian Issuer Note is redeemed, cancelled, repurchased or purchased by FFC, or any other resident or deemed resident of Canada, from a non-resident holder or otherwise assigned or transferred by a non-resident holder to a resident or deemed resident of Canada for an amount which exceeds, generally, the issue price thereof (as calculated in Canadian dollars at the time of issue), the difference between the price for which such Note is redeemed, cancelled, repurchased or purchased or otherwise assigned or transferred (as calculated in Canadian dollars at such time) and the issue price (as calculated in Canadian dollars at the time of issue) may, in certain circumstances, be deemed to be interest on such Note. Such deemed interest on such Note will be subject to Canadian non-resident withholding tax if such interest is not otherwise exempt from Canadian non-resident withholding tax (as described above). A further exception to this deemed interest rule may apply if the Canadian Issuer Note is not an indexed debt obligation (as defined above), was issued for at least 97 per cent. of its principal amount and its annual yield is not more than four-thirds of the interest stipulated to be payable on such Note. Depending upon the terms set forth in the applicable Final Terms, Canadian Issuer Notes issued at a discount or redeemable at a premium may be subject to these deemed interest rules, and accordingly subjected to Canadian non-resident withholding tax.

Additional considerations relating to Canadian Issuer Notes may be set forth in the Final Terms relating to the issue of such Notes.

Under the existing federal laws of Canada, generally, there are no other taxes on income (including taxable capital gains) payable in respect of a Canadian Issuer Note or interest, discount, or premium thereon by a non-resident person who, for the purposes of such laws, is the beneficial owner of the Note and is neither a resident nor deemed to be a resident of Canada at any time during which the Canadian Issuer Note is held (and to whom the Canadian Issuer Note is not a “designated insurance property” within the meaning of the Act), who does not use or hold and is not deemed to use or hold the Canadian Issuer Note in or in the course of carrying on a business in Canada and is not otherwise required by or for the purposes of such laws to include an amount in respect of the Canadian Issuer Note in computing income from a business carried on in Canada (“Non-Residents of Canada”).

The foregoing is general information with respect to certain Canadian federal income tax considerations applicable under current law to Non-Residents of Canada. It is not exhaustive. Holders of Notes should consult their own tax advisors for advice with respect to their particular situations. In particular, this summary only considers Notes contemplated by terms and conditions set out herein.

**UNITED STATES**

The following is a summary of certain United States federal tax considerations that may be relevant to a holder which is a beneficial owner of Notes, Receipts or Coupons issued by FFNA and is a United States Alien (as defined in clause (c) of “Terms and Conditions of the Notes—Taxation”). This summary is based on laws, regulations, rulings and decisions now in effect, all of which are subject to change. The information provided below does not purport to be a complete summary of United States tax law and practice currently applicable.

This summary has been written to support the marketing of the Notes. It was not intended or written to be used, and cannot be used by any taxpayer, for the purpose of avoiding U.S. federal income tax penalties. Investors should consult their own tax advisors in determining the tax consequences to them of investing in the Notes, including the application to their particular situation of the U.S. federal income tax considerations discussed below, as well as the application of state, local, foreign or other tax laws.

Under current United States federal income and estate tax law:

- (i) payment on a Note, Receipt or Coupon by the Issuer, the Guarantor, or any Paying Agent to a holder that is a United States Alien will not be subject to withholding of United States federal income tax, provided that, with respect to payments of interest, (i) the holder does not actually or constructively own 10 per cent. or more of the combined voting power of all classes of stock of the Issuer, is not a controlled foreign corporation related to the Issuer through stock ownership, (ii) the interest is not contingent interest described in section 871(h)(4) of the Code (very generally, interest based on or determined by reference to income, profits, cash flow or other comparable attributes of the obligor or an affiliate of the issuer) and (iii) in the case of a Registered Note, the beneficial owner provides a statement signed under penalties of perjury that includes its name and address and certifies that it is a United States Alien in compliance with applicable requirements (or satisfies certain documentary evidence requirements for establishing that it is a United States Alien);
- (ii) a holder of a Note, Receipt or Coupon that is a United States Alien will not be subject to United States federal income tax on gain realised on the sale, exchange or redemption of the Note, Receipt or Coupon, unless (x) such gain is effectively connected with the conduct by the holder of a trade or business in the United States or (y) in the case of gain realised by an individual holder, the holder is present in the United States for 183 days or more in the taxable year of the sale and either (A) such gain or income is attributable to an office or other fixed place of business maintained in the United States by such holder or (B) such holder has a tax home in the United States;
- (iii) a beneficial owner of a Bearer Note, Receipt or Coupon that is a United States Alien will not be required to disclose its nationality, residence or identity to the Issuer, the Guarantor, a Paying Agent (acting in its capacity as such) or any United States governmental authority in order to receive payment on such Bearer Note, Receipt or Coupon from the Issuer, the Guarantor, or a Paying Agent outside the United States; and
- (iv) a Note, Receipt or Coupon will not be subject to United States federal estate tax as a result of the death of a holder who is not a citizen or resident of the United States at the time of death, provided that such holder did not at the time of death actually or constructively own 10 per cent. or more of the combined voting power of all classes of stock of the Issuer and, at the time of such holder's death, payments of interest on such Note, Receipt or Coupon would not have been effectively connected with the conduct by such holder of a trade or business in the United States.

United States information reporting requirements and backup withholding tax will not apply to payments on a Bearer Note, Receipt or Coupon made outside the United States by the Issuer, the Guarantor, or any Paying Agent to a holder that is a United States Alien. Payments on a Registered Note owned by a United

States Alien will not be subject to such requirements or tax if the statement described in clause (i) of the preceding paragraph is duly provided to the Principal Paying Agent.

Information reporting requirements and backup withholding tax will not apply to any payment on a Bearer Note, Receipt or Coupon outside the United States by a foreign office of a foreign custodian, foreign nominee or other foreign agent of the beneficial owner of such Note, Receipt or Coupon, provided that such custodian, nominee or agent (i) derives less than 50 per cent. of its gross income from certain periods from the conduct of a trade or business in the United States, (ii) is not a controlled foreign corporation for United States federal income tax purposes and (iii) is not a foreign partnership that, at any time during its taxable year, is 50 per cent. or more (by income or capital interest) owned by U.S. persons or is engaged in the conduct of a U.S. trade or business. Payment on a Bearer Note, Receipt or Coupon outside the United States to the beneficial owner thereof by a foreign office of any other custodian, nominee or agent will not be subject to backup withholding tax, but will be subject to information reporting requirements unless such custodian, nominee or agent has documentary evidence in its records that the beneficial owner is a United States Alien or the beneficial owner otherwise establishes an exemption. Payment on a Registered or Bearer Note, Receipt or Coupon by the United States office of a custodian, nominee or other agent of the beneficial owner of such Note, Receipt or Coupon will be subject to information reporting requirements and backup withholding tax unless the beneficial owner certifies its non-U.S. status under penalties of perjury or otherwise establishes an exemption.

Information reporting requirements and backup withholding tax will not apply to any payment of the proceeds of the sale of a Registered or Bearer Note, Receipt or Coupon effected outside the United States by a foreign office of a foreign “broker” (as defined in applicable Treasury regulations), provided that such broker (i) derives less than 50 per cent. of its gross income for certain periods from the conduct of a trade or business in the United States, (ii) is not a controlled foreign corporation for United States federal income tax purposes and (iii) is not a foreign partnership that, at any time during its taxable year, is 50 per cent. or more (by income or capital interest) owned by U.S. persons or is engaged in the conduct of a U.S. trade or business. Payment of the proceeds of the sale of a Registered or Bearer Note, Receipt or Coupon effected outside the United States by a foreign office of any other broker will not be subject to backup withholding tax, but will be subject to information reporting requirements unless such broker has documentary evidence in its records that the beneficial owner is a United States Alien and certain other conditions are met, or the beneficial owner otherwise establishes an exemption. Payment of the proceeds of a sale of a Registered or Bearer Note, Receipt or Coupon by the United States office of a broker will be subject to information reporting requirements and backup withholding tax unless the beneficial owner certifies its non-U.S. status under penalties of perjury or otherwise establishes an exemption.

For the purposes of applying the rules set forth under this heading “*Taxation – United States*” to an entity that is treated as fiscally transparent (e.g. a partnership) for U.S. federal income tax purposes, the beneficial owner means each of the ultimate beneficial owners of the entity.

## **EUROPEAN UNION DIRECTIVE ON TAXATION OF SAVINGS INCOME**

Under the Savings Directive, Member States of the European Union are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg (see “*Taxation – Luxembourg – Luxembourg non-resident individuals*”, above) and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories have agreed to adopt similar measures (some of which involve a withholding system).

## **REPUBLIC OF ITALY**

According to one interpretation of Italian tax law, payments in lieu of interest made by the Guarantor under the guarantee to Noteholders not resident in Italy for tax purposes may be subject to an Italian final tax levied by means of withholding currently levied at a rate of 12.5 per cent. or 27 per cent., depending on the



maturity and/or the features of the Notes or, in any event, of 27 per cent., in case the Noteholder is resident for tax purposes in a country listed as a tax haven under Ministerial Decree of 23rd January, 2002, as amended from time to time. A reduced rate of taxation may apply pursuant to an applicable double taxation convention provided that a certification of residence issued by the competent tax authorities of the treaty partner country is duly produced. Pursuant to another interpretation, Noteholders resident in a country that has an adequate exchange of information program in place with Italy (as listed in Ministerial Decree of 4th September, 1996, as amended from time to time) and certain other Noteholders (including international bodies or entities set up pursuant to international agreements executed by Italy or a central bank or entity that manages, inter alia, the official reserves of a foreign bank) may be eligible for an exemption from Italian taxation insofar as they produce a statement of residence in such a country.

*Prospective purchasers are urged to consult their own tax advisors as to the tax consequences of any such withholding, including the potential availability of foreign tax credits or deductions for such withholding.*

---

## Subscription and Sale and Transfer and Selling Restrictions

The Dealers have in an amended and restated programme agreement (the “Programme Agreement”) dated 13 April, 2006 agreed with the Issuers and the Guarantor a basis upon which they or any of them may from time to time agree to purchase Notes and resell such Notes. Any such agreement will extend to those matters stated under “Form of the Notes” and “Terms and Conditions of the Notes”. In the Programme Agreement, each of the Issuers (failing which the Guarantor) has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

In order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the relevant Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time. Under U.K. laws and regulations stabilising activities may only be carried on by the Stabilising Manager named in the applicable Final Terms and only for a period of 30 days following the Issue Date of the relevant Tranche of Notes.

### TRANSFER RESTRICTIONS

*As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.*

Each purchaser of Registered Notes (other than a person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or vice versa, will be required to acknowledge, represent and agree as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (i) that either: (a) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A or (b) it is outside the United States and is not a U.S. person;
- (ii) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (iii) that, unless it holds an interest in a Regulation S Global Note and either is a person located outside the United States or is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the date which is two years after the later of the last Issue Date for the Series and the last date on which the relevant Issuer or an affiliate of the relevant Issuer was the owner of such Notes, only (a) to the Issuer or any affiliate thereof, (b) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (c) outside the United States in compliance

with Rule 903 or Rule 904 under the Securities Act, (d) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;

- (iv) it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (iii) above, if then applicable;
- (v) that Notes initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Notes and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;
- (vi) that the Notes, other than the Regulation S Global Notes, will bear a legend to the following effect unless otherwise agreed to by the relevant Issuer:

“THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT REFERRED TO HEREIN AND, PRIOR TO THE DATE WHICH IS TWO YEARS AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS

SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).”;

- (vii) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the closing date with respect to the Tranche of which such Registered Notes form part), it will do so only (a)(i) outside the United States in compliance with Rule 903 or 904 under the Securities Act or (ii) to a QIB in compliance with Rule 144A and (b) in accordance with all applicable U.S. State securities laws; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the relevant Issuer:

“THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART.”; and

- (viii) that the relevant Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the relevant Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

No sale of Legended Notes in the United States to any one purchaser will be for less than U.S.\$250,000 (or its foreign currency equivalent) principal amount and no Legended Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$250,000 (or its foreign currency equivalent) of Registered Notes.

## **SELLING RESTRICTIONS**

### **United States**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder.

In connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S (“Regulation S Notes”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver such Regulation S Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Regulation S Notes

are a part or (iii) in the event of a distribution of a Tranche that is fungible therewith, until 40 days after the completion of the distribution of such fungible Tranche, as determined by the parties described in clause (ii), within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Regulation S Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S Notes within the United States or to, or for the account or benefit of, U.S. persons.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Dealers may arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Notes which may be purchased by a QIB pursuant to Rule 144A is U.S.\$100,000 (or the approximate equivalent thereof in any other currency). To the extent that the relevant Issuer is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the relevant Issuer has agreed to furnish to holders of Notes and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

Each issuance of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the relevant Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms.

### **European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of Notes to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 Months after the date of such publication;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.



### Canada

The Notes have not been, and will not be, qualified for sale under the securities laws of any province or territory of Canada. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered, and that it will not offer, sell or deliver, any Notes, directly or indirectly, in Canada or to, or for the benefit of, any resident thereof in contravention of the securities laws of any province or territory of Canada or, in the case of Notes issued by FFC (the “FFC Notes”), without the consent of FFC. Each Dealer has also agreed not to distribute the Base Prospectus or any other offering material relating to the Notes, in Canada without the written permission of FFC. Each Dealer has further agreed that until 40 days after any closing date, it will deliver to any purchaser who purchases from it any FFC Notes a notice stating in substance that, by purchasing such FFC Notes, such purchaser represents and agrees that it has not offered or sold and will not offer or sell, directly or indirectly, any of such FFC Notes in Canada or to, or for the benefit of, any resident thereof, except pursuant to available exemptions from applicable Canadian provincial or territorial securities laws and will deliver to any other purchaser to whom it sells any of such FFC Notes a notice containing substantially the same statement as in this sentence.

### Italy

No prospectus has been nor will be published in Italy in connection with the offering of the Notes and such offering has not been cleared by the Italian Securities and Exchange Commission (*Commissione Nazionale per le Società e la Borsa*, “CONSOB”) pursuant to Italian securities legislation and, accordingly, the Notes may not and will not be offered, sold or delivered, nor may or will copies of the this Base Prospectus or of any other document relating to the Notes be distributed in Italy, except:

- (i) to professional investors (*operatori qualificati*), as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of 1st July, 1998, as amended from time to time, or
- (ii) in other circumstances which are exempted from the rules on investment solicitation pursuant to Article 100 of Legislative Decree No. 58 of 24th February, 1998 (the “Italian Finance Law”) as amended from time to time and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14th May, 1999, as amended from time to time.

Any offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to any Notes under (i) or (ii) may and will be effected in accordance with all Italian securities, tax, exchange control and other applicable laws and regulations, and, in particular, will be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Italian Finance Law, Legislative Decree No. 385 of 1st September, 1993, as amended (the “Italian Banking Law”), Regulation No. 11522, and any other applicable laws and regulations;
- (ii) in compliance with Article 129 of the Italian Banking Law and the implementing guidelines of the Bank of Italy, pursuant to which the issue or the offer of securities in Italy may need to be preceded and followed by appropriate notices to be filed with the Bank of Italy depending, among other things, on the aggregate amount of the securities issued or offered in Italy and their characteristics; and
- (iii) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

Any investor purchasing the Notes in the offering is solely responsible for ensuring that any offer or resale of the Notes it purchased in the offering occurs in compliance with applicable Italian laws and regulations.

Italy has only partially implemented the Prospectus Directive. The provisions under the heading “European Economic Area” above shall apply with respect to Italy only to the extent that the relevant provisions of the Prospectus Directive have already been implemented in Italy.



### United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their business where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (“FSMA”) by the relevant Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the relevant Issuer or the Guarantor; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA, with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### The Netherlands

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that any Notes with a maturity of less than 12 months will be offered in the Netherlands in accordance with the Securities Transactions Supervision Act 1995 (“*Wet toezicht effectenverkeer 1995*”).

### Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the “Securities and Exchange Law”) and each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

### General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes the Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuers, the Guarantor nor any of the other Dealers shall have any responsibility therefor.

None of the Issuers, the Guarantor or the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the relevant Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

---

# General Information

## **AUTHORISATION**

The amendment and restatement of the Programme and the issue of Notes have been duly authorised by a resolution of the Board of Directors of each of FFT and FFNA and the sole shareholder of FFC dated, respectively, 11th April, 2006, 11th April, 2006 and 12th April, 2006. The Guarantee has been given pursuant to Article 3 of the Guarantor's By-Laws.

## **LISTING OF NOTES ON THE IRISH STOCK EXCHANGE**

Application has been made to the IFSRA, as competent authority under the Prospectus Directive, for the Base Prospectus to be approved. Such approval relates only to the Notes which are to be admitted to trading on the Regulated Market or other FIMD Regulated Market or which are to be offered to the public in any member state of the EEA. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market.

However, Notes may be issued pursuant to the Programme which will not be listed on the Irish Stock Exchange or any other stock exchange or which will be listed on such stock exchange as the relevant Issuer and the relevant Dealer(s) may agree.

## **DOCUMENTS AVAILABLE**

For the period of 12 months following the date of the Base Prospectus copies of the following documents may be physically inspected at the offices of the Paying Agent in Ireland for the life of the Base Prospectus:

- (i) the constitutional documents (in the case of FFT, with an English translation thereof) of each Issuer and the By-laws (with an English translation thereof) of the Guarantor;
- (ii) the unconsolidated audited financial statements of each Issuer in respect of the financial years ended 31st December, 2004 and 2005 (in the case of FFT, with an English translation thereof) and the consolidated and unconsolidated financial statements of the Guarantor in respect of the financial years ended 31st December, 2004 and 2005 (with an English translation thereof) (each Issuer currently prepares audited non-consolidated accounts on an annual basis and the Guarantor prepares audited consolidated and non-consolidated accounts on an annual basis);
- (iii) the most recently published audited annual financial statements of each Issuer and the Guarantor and the most recently published unaudited interim financial statements (if any) of each Issuer and the Guarantor (in the case of FFT, with an English translation thereof) (the Guarantor prepares unaudited consolidated interim accounts on a semi-annual basis and unaudited non-consolidated interim accounts on a quarterly basis);
- (iv) the Programme Agreement, the Agency Agreement, the Guarantee, the Deed of Covenant, the Deed Poll and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;
- (v) a copy of the Base Prospectus;
- (vi) any future prospectuses, information memoranda and supplements including Final Terms (save that a Final Terms relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to each Issuer and the Paying Agent as to its holding of Notes and identity) to the Base Prospectus and any other documents incorporated herein or therein by reference; and
- (vii) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

In addition, copies of the Base Prospectus Final Terms relating to Notes which are admitted to trading on the Irish Stock Exchange's regulated market and each document incorporated by reference in the Base Prospectus (including any supplement hereto) are available on the Irish Stock Exchange's website.

### **CLEARING SYSTEMS**

The Notes in bearer form have been accepted for clearance through Euroclear and Clearstream. The appropriate Common Code and ISIN for each Tranche of Bearer Notes allocated by Euroclear and Clearstream will be specified in the applicable Final Terms. In addition, the relevant Issuer may make an application for any Notes in registered form to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of Registered Notes, together with the relevant ISIN and common code, will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system (including Sicovam) the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

### **CONDITIONS FOR DETERMINING PRICE**

The price and amount of Notes to be issued under the Programme will be determined by the relevant Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

### **MATERIAL CHANGE**

Except as disclosed in the Base Prospectus, there has been no significant change in the financial or trading position of any of the Issuers, the Guarantor or the Fiat Group (taken as whole) since 31st December, 2005, and there has been no material adverse change in financial condition of any of the Issuers or the Guarantor since 31st December, 2005, the date of the Guarantor's last published audited consolidated financial statements.

### **LITIGATION**

None of the Issuers nor the Guarantor nor any other member of the Group is or has been involved in any legal, governmental or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuers or the Guarantor are aware) which is reasonably likely to have or have had in the 12 months preceding the date of this document a significant effect on the financial position of the Issuers, the Guarantor or the Group.

### **AUDITORS**

The independent auditors of FFT from 2nd July, 2002 are Deloitte S.A. who have audited the accounts of FFT which are presented in accordance with Luxembourg GAAP, without qualification, in accordance with auditing standards generally accepted in Luxembourg for the financial years ended on 31st December, 2004 and 2005.

The independent auditors of FFNA and FFC are Deloitte & Touche LLP of Two World Financial Center, New York NY 10281, United States of America, who audited the accounts of FFNA and FFC which are presented in accordance with IFRS, without qualification, in accordance with auditing standards generally accepted in the United States of America for the financial years ended on 31st December, 2004 and 2005.

The independent auditors of the Guarantor are Deloitte & Touche S.p.A., of Galleria San Federico, 54, 10121 Turin, Italy who audited the Guarantor's accounts which are presented in accordance with Italian GAAP, without qualification, in accordance with auditing standards generally accepted in Italy for the financial years ended on 31st December, 2004 and 2005.

### **POST ISSUANCE INFORMATION**

The Issuers do not intend to provide any post-issuance information in relation to such assets underlying issues of Notes constituting derivative securities.

### ISSUES BY FFC

For the purposes of disclosure pursuant to the *Interest Act* (Canada) and not for any other purpose, where in any Note issued by FFC (i) a rate of interest is to be calculated on the basis of a year of 360 days, the yearly rate of interest to which the 360 day rate is equivalent is such rate multiplied by the number of days in the year for which such calculation is made and divided by 360, or (ii) a rate of interest is to be calculated during a leap year, the yearly rate of interest to which such rate is equivalent is such rate multiplied by 366 and divided by 365.

### ISSUES BY FFNA

Bearer Notes issued by FFNA with a maturity of 183 days or less will have a minimum denomination of \$500,000 (or its equivalent, at the spot rate on the date of issue, in the currency in which those Notes are denominated).

---

## APPENDIX 1

### ***Fiat Finance Canada Ltd.***

***(A Subsidiary of Fiat Finance S.p.A.)***

*Financial Statements as of and for the  
Years Ended December 31, 2005 and 2004 and  
Independent Auditors' Report*

---

**FIAT FINANCE CANADA, LTD.**  
**(A Subsidiary of Fiat Finance S.p.A)**

**TABLE OF CONTENTS**

---

	<b>Page</b>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004:	
Balance Sheets	2
Statements of Income	3
Statements of Changes in Stockholder's Equity	4
Statements of Cash Flows	5
Notes to Financial Statements	6–9





Deloitte & Touche LLP  
Two World Financial Center  
New York, NY 10281-1414  
USA

Tel: +1 212 436 2000  
Fax: +1 212 436 5000  
[www.deloitte.com](http://www.deloitte.com)

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder of  
Fiat Finance Canada, Ltd:

We have audited the accompanying balance sheets of Fiat Finance Canada, Ltd. (a subsidiary of Fiat Finance S.p.A., whose ultimate parent is Fiat S.p.A.) (the "Company") as of December 31, 2005 and 2004, and the related statements of income, changes in stockholder's equity, and cash flows for the years then ended (all in Canadian dollars). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards as established by the Auditing Standards Board (United States) and in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Fiat Finance Canada, Ltd. at December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended in conformity with International Financial Reporting Standards, issued by the International Accounting Standards Board.

March 15, 2006

**FIAT FINANCE CANADA, LTD.**  
**(A Subsidiary of Fiat Finance S.p.A.)**

**BALANCE SHEETS**  
**AS OF DECEMBER 31, 2005 AND 2004**  
**(Canadian Dollars in thousands, except share information)**

	<b>2005</b>	<b>2004</b>
<b>ASSETS</b>		
CASH AND SHORT-TERM INVESTMENTS	\$ -	\$ 77,701
MARKETABLE SECURITIES—At fair value	-	1,528
FINANCE AND INTEREST RECEIVABLES FROM AFFILIATES	220,636	267,962
INTEREST RECEIVABLE FROM THIRD PARTIES	3,798	4,571
OTHER ASSETS	<u>8,046</u>	<u>38,678</u>
TOTAL	<u>\$ 232,480</u>	<u>\$ 390,440</u>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
LIABILITIES:		
Borrowings from banks	\$ 70,661	\$ 123,969
Notes payable	138,992	168,002
Finance and interest payables to affiliates	223	72,789
Interest payable to third parties	5,637	6,354
Accounts payable, accruals, and other liabilities	<u>352</u>	<u>2,946</u>
Total liabilities	<u>215,865</u>	<u>374,060</u>
STOCKHOLDER'S EQUITY:		
Capital stock (no par value; unlimited shares authorized; 493 outstanding at assigned value)	10,100	10,100
Retained earnings	<u>6,515</u>	<u>6,280</u>
Total stockholder's equity	<u>16,615</u>	<u>16,380</u>
TOTAL	<u>\$ 232,480</u>	<u>\$ 390,440</u>

See notes to financial statements.

**FIAT FINANCE CANADA, LTD.**  
**(A Subsidiary of Fiat Finance S.p.A.)**

**STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**  
**(Canadian Dollars in thousands)**

	<b>2005</b>	<b>2004</b>
REVENUES:		
Interest income	\$ 27,430	\$ 33,243
Other income	1	574
Unrealized losses on derivatives	<u>(99)</u>	<u>(57)</u>
Total revenues	<u>27,332</u>	<u>33,760</u>
EXPENSES:		
Interest expense	26,498	32,648
Operating expenses	244	322
General and administrative expenses	<u>247</u>	<u>183</u>
Total expenses	<u>26,989</u>	<u>33,153</u>
INCOME BEFORE PROVISION FOR INCOME TAXES	343	607
PROVISION FOR INCOME TAXES	<u>108</u>	<u>195</u>
NET INCOME	<u>\$ 235</u>	<u>\$ 412</u>

See notes to financial statements.

**FIAT FINANCE CANADA, LTD.**  
**(A Subsidiary of Fiat Finance S.p.A.)**

**STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**  
**(Canadian Dollars in thousands)**

	<b>Capital Stock</b>		<b>Retained</b>	<b>Total</b>
	<b>Shares</b>	<b>Amount</b>	<b>Earnings</b>	<b>Stockholder's</b>
				<b>Equity</b>
BALANCE—January 1, 2004	493	\$ 10,100	\$ 5,868	\$ 15,968
Net income	—	—	412	412
BALANCE—January 1, 2005	493	10,100	6,280	16,380
Net income	—	—	235	235
BALANCE—December 31, 2005	<u>493</u>	<u>\$ 10,100</u>	<u>\$ 6,515</u>	<u>\$ 16,615</u>

See notes to financial statements.

**FIAT FINANCE CANADA, LTD.**  
**(A Subsidiary of Fiat Finance S.p.A.)**

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**  
**(Canadian Dollars in thousands)**

	<b>2005</b>	<b>2004</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 235	\$ 412
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Decrease in interest receivable from third parties	773	261
Decrease (increase) in other assets	30,632	(8,372)
Decrease in interest payable to third parties	(717)	(579)
Decrease in accounts payable, accruals, and other liabilities	<u>(2,594)</u>	<u>(291)</u>
Net cash provided by (used in) operating activities	<u>28,329</u>	<u>(8,569)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Decrease in finance and interest receivables from affiliates	47,326	16,105
Maturities of marketable securities	<u>1,528</u>	<u>2,374</u>
Net cash provided by investing activities	<u>48,854</u>	<u>18,479</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Decrease in borrowings from bank	(53,308)	(18,421)
(Decrease) increase in notes payable	(29,010)	6,798
(Decrease) increase finance and interest payables to affiliates	<u>(72,566)</u>	<u>53,300</u>
Net cash (used in) provided by financing activities	<u>(154,884)</u>	<u>41,677</u>
<b>NET (DECREASE) INCREASE</b>	<b>(77,701)</b>	<b>51,587</b>
<b>CASH AND SHORT-TERM INVESTMENTS—Beginning of year</b>	<u><b>77,701</b></u>	<u><b>26,114</b></u>
<b>CASH AND SHORT-TERM INVESTMENTS—End of year</b>	<u><b>\$ -</b></u>	<u><b>\$ 77,701</b></u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION—Cash paid during the year for:</b>		
Interest	<u><b>\$ 21,134</b></u>	<u><b>\$ 25,507</b></u>
Income Taxes	<u><b>\$ 65</b></u>	<u><b>\$ 285</b></u>

See notes to financial statements.

---

**FIAT FINANCE CANADA, LTD.**  
**(A Subsidiary of Fiat Finance S.p.A.)**

**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**  
**(In Canadian Dollars)**

---

**1. BUSINESS DESCRIPTION AND ORGANIZATION**

Fiat Finance Canada, Ltd. (the “Company”), a subsidiary of Fiat Finance S.p.A., was incorporated on May 2, 1991, under the Business Corporation Act of the Province of Alberta and began operations on May 6, 1991. The ultimate parent company is Fiat S.p.A., incorporated in Italy. The Company performs cash management, investment services, and working capital financing for Fiat Group companies in Canada.

**2. BASIS OF ACCOUNTING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Company’s financial statements are prepared in conformity with International Financial Reporting Standards (“IFRS”), issued by the International Accounting Standards Board (“IASB”). The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Interest income from finance receivables is recognized using the interest method.

Derivative financial instruments used to manage interest rate risks arising from the Company’s financial assets and financial liabilities are recorded at fair value and included in other assets.

Marketable securities are deemed to be available-for-sale financial assets. To the extent there is a change in fair value, such change would be recognized directly in equity.

The Company follows the provisions of International Accounting Standard IAS 12 (Revised), *Income Taxes*, which requires the recognition of deferred tax assets and liabilities attributable to temporary differences as determined using the asset and liability method.

In December 2003, the IASB issued a number of revised International Accounting Standards under its Improvement Project in an attempt to clarify language, to remove inconsistencies, and to achieve convergence with other accounting standards, notably US GAAP. All revised standards were effective for financial years beginning on or after January 1, 2005. The impact on these revised standards has not had a material impact on the Company’s financial condition or results of operations.

**3. CASH AND SHORT-TERM INVESTMENTS**

Cash and short-term investments include highly liquid investments with an original maturity of one month or less.



#### 4. MARKETABLE SECURITIES

There were no marketable securities held at December 31, 2005. Marketable securities at December 31, 2004, represented one note issued by a special-purpose vehicle trust which securitizes accounts receivables. The par value of the note was C\$ 1.4 million at December 31, 2004. This note matured in 2005. The weighted average interest rate of the notes at December 31, 2004 was 5.16%.

At December 31, 2004, marketable securities approximated fair value.

#### 5. DERIVATIVE FINANCIAL INSTRUMENTS

Swaps comprise both interest rate swap and interest rate currency swap agreements entered into by the Company in order to hedge exposure to interest rate and currency movements, in connection with (i) fixed rate lending to affiliates funded by floating-rate bank borrowings and (ii) notes issued in currencies other than Canadian Dollar or bearing interest at a fixed rate. Specific policy guidelines are established to ensure that asset and liability interest rate and currency positions are matched. Therefore, the Company believes that fair value of the derivative financial instruments at year-end was or will be offset by similar and opposite unrealized gains and losses on its existing medium-term loans to affiliates and on the notes issued. Under interest rate swaps, the Company agrees with other parties to exchange, at specified intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to an agreed notional principal amount.

The following indicates the types of swaps used and their fair value (Canadian Dollars in thousands). These swaps contracts will mature over the next one to two years.

	<b>Notional Value</b>	<b>Fair Value</b>
December 31, 2005:		
Interest rate swaps	\$ 161,813	\$ (12)
Interest rate and currency swaps	<u>131,215</u>	<u>7,777</u>
Total financial instruments	<u>\$ 293,028</u>	<u>\$ 7,765</u>
December 31, 2004:		
Interest rate swaps	\$ 161,241	\$ (2,802)
Interest rate and currency swaps	<u>131,215</u>	<u>36,787</u>
Total financial instruments	<u>\$ 292,456</u>	<u>\$ 33,985</u>

---

The Company follows International Standards Board (“IASB”) IAS 39, *Financial Instruments: Recognition and Measurement*, (revised 2003), which provides that all derivative instruments should be recognized as either assets or liabilities depending on the rights and obligations under the contract and that all derivative instruments be measured at fair value. For fair value hedges, in which derivatives hedge the fair value of assets and liabilities, changes in the fair value of derivatives will be reflected in current earnings, together with changes in the fair value of the related hedged item. The fair value hedges in which the Company engages include hedges of fixed rate long-term debt and loans, including currency fluctuations. On these fair value hedges, the Company specifically hedges interest-rate and/or currency risk only. These hedges have been deemed highly effective. For cash flow hedges, in which derivatives hedge the variability of cash flows related to floating-rate assets, liabilities, or forecasted transactions, the accounting treatment will depend on the effectiveness of the hedge. To the extent these derivatives are effective in offsetting the variability of the hedged cash flows; changes in the derivatives’ fair value will not be included in current earnings but will be reported as other changes in stockholders’ equity from non-owner sources. These changes in fair value will be included in earnings of future periods when earnings are also affected by the variability of the hedged cash flows. Cash flow hedges will primarily include hedges of floating-rate debt and loans. The Company had no cash flow hedges outstanding at December 31, 2005 and 2004. All the Company’s hedges are classified as fair value hedges.

The Company from time to time may enter into derivative contracts that are economic hedges and do not meet the criteria for hedge accounting. Such derivative transactions are deemed non-hedging derivatives. Realized and unrealized changes in the non-hedging derivative’s fair value, as well as the cash flows associated with the derivatives are reported in unrealized losses on derivatives.

## **6. BORROWINGS FROM BANKS**

The Company had available lines of credit of C\$ 111 million and C\$ 64 million at December 31, 2005 and 2004, respectively, at varying interest rates based on LIBOR, plus a spread. At December 31, 2005 and 2004, there were borrowings under the above-mentioned credit lines of C\$ 67.3 million and C\$ 14 million, respectively. In addition, at December 31, 2005, the Company had other short term borrowings of C\$ 3.3 million at varying rates. In addition, at December 31, 2004, the Company had a standby letter of credit issued on behalf of Fiat Group Companies of C\$ 16.5 million.

At December 31, 2004, the Company had two outstanding term loans totaling C\$ 110 million. Both loans were fully repaid on their maturity dates of March 14, 2005 and December 12, 2005, respectively.

## **7. NOTES PAYABLE**

The Company is an issuer in a Euro 15 billion Global Medium-Term Notes Program, together with Fiat Finance North America Inc. and Fiat Finance and Trade S.A. Under the Program, the Company has one note outstanding with a notional value of C\$ 131.2 million as of December 31, 2005 and 2004. The note matures in 2006 and bears an interest rate of 5.80%. As the note was issued in a currency other than Canadian Dollars and with a fixed interest rate, the Company entered into currency and interest rate swaps in order to hedge such exposure. Included in note payable is the fair value adjustment related to hedging activities (see note 5) in the amount of C\$ 7.7 million and C\$ 36.8 million for December 31, 2005 and December 31, 2004, respectively.

## 8. ESTIMATED FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

- Cash and investments, commercial paper, borrowings from banks, finance receivables from affiliates, and payables to affiliates—the carrying value approximates fair value due to the short-term maturity of these instruments.
- Medium-term finance receivables due from affiliates and medium-term notes payable—these instruments are reflected at face value on the Company's balance sheet, adjusted for the effect of changes in fair value attributable to interest rate risk and currency risk being hedged. The fair value of these instruments was determined using a discounted cash flow model, which considered among other factors yield curves, time values, and current and contractual market prices.

The fair value of derivative financial instruments as of December 31, 2005, and 2004, were estimated by the Company, based on a discounted cash flows model, which considered among other factors yield curves, time values and current and contractual market prices.

## 9. INCOME TAXES

During 2005 and 2004, the Company recognized an income tax provision of C\$ 108,000 and C\$ 195,000, respectively. As a result of differences between book and tax basis related to certain derivative contracts, the Company has recorded a deferred tax liability of C\$ 9,500 and C\$42,800 as of December 31, 2005 and 2004 respectively. This resulted in an average effective tax rate of 31.4% as opposed to a average statutory rate of 33.6% at December 31, 2005 and an average effective tax rate of 32.1% as opposed to a average statutory rate of 33.6% at December 31, 2004.

## 10. TRANSACTIONS WITH RELATED PARTIES

Cash management services provided by the Company are funded in part from the receipt of excess cash from affiliated companies on a daily basis; such balances are used for investment and for the financing of the working capital needs of other affiliated companies. The impact on the financial statements of transactions with affiliates appears below (Canadian Dollars in thousands):

	<b>For the Years Ended December 31</b>	
	<b>2005</b>	<b>2004</b>
Interest income	\$ 14,661	\$ 18,283
Interest expense	5,184	5,446
Service expense	91	139
Finance and interest receivable from affiliates	220,636	267,962
Finance and interest payable to affiliates	223	72,789

\* \* \* \* \*

---

## APPENDIX 2

### ***Fiat Finance North America, Inc.*** *(A Subsidiary of Fiat Finance S.p. A.)*

*Financial Statements as of and for the  
Years Ended December 31, 2005 and 2004,  
and Independent Auditors' Report*

---

**FIAT FINANCE NORTH AMERICA, INC.**  
**(A Subsidiary of Fiat Finance S.p.A.)**

**TABLE OF CONTENTS**

---

	<b>Page</b>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004	
Balance Sheets	2
Statements of Income	3
Statements of Changes in Stockholder's Equity	4
Statements of Cash Flows	5
Notes to Financial Statements	6-9



Deloitte & Touche LLP  
Two World Financial Center  
New York, NY 10281-1414  
USA

Tel: +1 212 436 2000  
Fax: +1 212 436 5000  
[www.deloitte.com](http://www.deloitte.com)

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder of  
Fiat Finance North America, Inc.:

We have audited the accompanying balance sheets of Fiat Finance North America, Inc. (a subsidiary of Fiat Finance S.p.A., whose ultimate parent is Fiat S.p.A.) (the "Company") as of December 31, 2005 and 2004, and the related statements of income, changes in stockholder's equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards as established by the Auditing Standards Board (United States) and in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Fiat Finance North America, Inc. at December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended in conformity with International Financial Reporting Standards, issued by the International Accounting Standards Board.

March 15, 2006

Member of  
Deloitte Touche Tohmatsu



**FIAT FINANCE NORTH AMERICA, INC.**  
**(A Subsidiary of Fiat Finance S.p.A.)**

**BALANCE SHEETS**  
**AS OF DECEMBER 31, 2005 AND 2004**  
**(US Dollars in thousands, except share information)**

	2005	2004
<b>ASSETS</b>		
CASH AND SHORT-TERM INVESTMENTS	\$ 9,067	\$ 72,700
MARKETABLE SECURITIES—At fair value	59	17,146
FINANCE AND INTEREST RECEIVABLES FROM AFFILIATES	360,900	604,794
INTEREST RECEIVABLE FROM THIRD PARTIES	1,027	6,405
OTHER ASSETS	<u>4,084</u>	<u>47,817</u>
TOTAL	<u>\$375,137</u>	<u>\$ 748,862</u>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
LIABILITIES:		
Borrowings from banks	\$218,200	\$ 25,000
Notes payable	-	135,558
Finance and interest payables to affiliates	106,363	535,721
Interest payable to third parties	2,957	7,102
Accrued expenses and other liabilities	<u>1,122</u>	<u>132</u>
Total liabilities	<u>328,642</u>	<u>703,513</u>
STOCKHOLDER'S EQUITY:		
Capital stock (no par value; authorized 5,000 shares; 380 shares outstanding at assigned value)	40,090	40,090
Retained earnings	<u>6,405</u>	<u>5,259</u>
Total stockholder's equity	<u>46,495</u>	<u>45,349</u>
TOTAL	<u>\$375,137</u>	<u>\$ 748,862</u>

See notes to financial statements.

---

**FIAT FINANCE NORTH AMERICA, INC.**  
**(A Subsidiary of Fiat Finance S.p.A.)**

**STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**  
**(US Dollars in thousands)**

---

	<b>2005</b>	<b>2004</b>
REVENUES:		
Interest income	\$ 37,603	\$ 33,482
Other income	<u>476</u>	<u>723</u>
Total revenues	<u>38,079</u>	<u>34,205</u>
EXPENSES:		
Interest expense	34,347	32,481
Operating expenses	1,303	1,429
Other expenses	<u>302</u>	<u>46</u>
Total expenses	<u>35,952</u>	<u>33,956</u>
INCOME BEFORE PROVISION FOR INCOME TAXES	2,127	249
PROVISION FOR INCOME TAXES	<u>981</u>	<u>170</u>
NET INCOME	<u>\$ 1,146</u>	<u>\$ 79</u>

See notes to financial statements.

**FIAT FINANCE NORTH AMERICA, INC.**  
**(A Subsidiary of Fiat Finance S.p.A.)**

**STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**  
**(US Dollars in thousands)**

	<b>Capital Stock</b>		<b>Retained</b>	<b>Total</b>
	<b>Shares</b>	<b>Amount</b>	<b>Earnings</b>	<b>Stockholder's</b>
				<b>Equity</b>
BALANCE—January 1, 2004	380	\$ 40,090	\$ 5,180	\$ 45,270
Net income	—	—	79	79
BALANCE—December 31, 2004	380	40,090	5,259	45,349
Net income	—	—	1,146	1,146
BALANCE—December 31, 2005	<u>380</u>	<u>\$ 40,090</u>	<u>\$ 6,405</u>	<u>\$ 46,495</u>

See notes to financial statements.

**FIAT FINANCE NORTH AMERICA, INC.**  
**(A Subsidiary of Fiat Finance S.p.A.)**

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**  
**(US Dollars in thousands)**

	<b>2005</b>	<b>2004</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 1,146	\$ 79
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Decrease in interest receivable from third parties	5,378	666
Decrease in other assets	43,733	15,519
Decrease in interest payable to third parties	(4,145)	(1,020)
Increase (decrease) in accrued expenses and other liabilities	<u>990</u>	<u>(211)</u>
Net cash provided by operating activities	<u>47,102</u>	<u>15,033</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Decrease (increase) in finance and interest receivables from affiliates	243,894	(80,569)
Maturities of marketable securities	<u>17,087</u>	<u>625,067</u>
Net cash provided by investing activities	<u>260,981</u>	<u>544,498</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Increase in borrowings from banks	193,200	11,473
Decrease in notes payable	(135,558)	(105,832)
Decrease in finance and interest payable to affiliates	<u>(429,358)</u>	<u>(434,472)</u>
Net cash used in financing activities	<u>(371,716)</u>	<u>(528,831)</u>
<b>NET (DECREASE) INCREASE</b>	<b>(63,633)</b>	<b>30,700</b>
<b>CASH AND SHORT-TERM INVESTMENTS —Beginning of year</b>	<u><b>72,700</b></u>	<u><b>42,000</b></u>
<b>CASH AND SHORT-TERM INVESTMENTS—End of year</b>	<u><b>\$ 9,067</b></u>	<u><b>\$ 72,700</b></u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION-</b>		
Cash paid during the year for:		
Interest	<u><u>\$ 30,711</u></u>	<u><u>\$ 25,631</u></u>
Income taxes	<u><u>\$ 934</u></u>	<u><u>\$ 119</u></u>

See notes to financial statements.

---

**FIAT FINANCE NORTH AMERICA, INC.**  
**(A Subsidiary of Fiat Finance S.p.A.)**

**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

---

**1. BUSINESS DESCRIPTION AND ORGANIZATION**

Fiat Finance North America, Inc. (the "Company"), a majority-owned subsidiary of Fiat Finance S.p.A., was incorporated on August 5, 1996 and began operations on September 15, 1996. The ultimate parent company is Fiat S.p.A., incorporated in Italy. The Company performs cash management, investment and corporate finance services and working capital financing for Fiat Group companies in the United States.

**2. BASIS OF ACCOUNTING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Company's financial statements are prepared in conformity with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Interest income from finance receivables is recognized using the effective interest method.

Derivative financial instruments used to manage interest rate risks arising from the Company's financial assets and financial liabilities are recorded at fair value and included in other assets.

Marketable securities are deemed to be available-for-sale financial assets. To the extent there is a change in fair value, such change would be recognized directly in equity.

The Company follows the provisions of International Accounting Standard 12 (Revised), *Income Taxes*, which requires the recognition of deferred tax assets and liabilities attributable to temporary differences as determined using the asset and liability method.

In December 2003, the IASB issued a number of revised International Accounting Standards under its Improvement Project in an attempt to clarify language, to remove inconsistencies, and to achieve convergence with other accounting standards, notably US GAAP. All revised standards were effective for financial years beginning on or after January 1, 2005. The impact of these revised standards has not had a material impact on the Company's financial condition or results of operations.

**3. CASH AND SHORT-TERM INVESTMENTS**

Cash and short-term investments include highly-liquid investments with an original maturity of one month or less

**4. MARKETABLE SECURITIES**

Marketable securities represent highly liquid money market investments. The carrying value represents estimated fair value as of December 31, 2005.

## 5. DERIVATIVE FINANCIAL INSTRUMENTS

Swaps comprise both interest rate swap and interest rate and currency swap agreements entered into by the Company in order to hedge exposure to interest rate and currency movements, in connection with: (i) fixed rate lending to affiliates funded by floating rate bank borrowings; and (ii) notes issued in currencies other than the U. S. dollar bearing fixed rates of interest or linked to the closing level of certain equity markets. Specific policy guidelines are established to ensure that asset and liability interest rate and currency positions are matched. Therefore, the Company believes that fair value of the derivative financial instruments at year-end was or will be offset by similar and opposite unrealized gains and (losses) on its existing fixed rate medium-term loans to affiliates and on the notes issued. For interest rate swaps, the Company agrees with other parties to exchange, at specified intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to an agreed notional principal amount.

The following table indicates the types of swaps used and their fair value (US dollars in thousands). These swap contracts will mature over the next one to three years.

	Nominal Value	Fair Value
December 31, 2005—interest rate swaps	\$ 150,000	\$ 2,947
Total financial instruments	<u>\$ 150,000</u>	<u>\$ 2,947</u>
December 31, 2004:		
Interest rate swaps	\$ 115,000	\$ 732
Interest rate, currency and equity swaps	<u>88,580</u>	<u>46,979</u>
Total financial instruments	<u>\$ 203,580</u>	<u>\$ 47,711</u>

The Company follows International Standards Board (“IASB”) IAS 39, *Financial Instruments: Recognition and Measurement*, (revised 2003), which provides that all derivative instruments should be recognized as either assets or liabilities depending on the rights and obligations under the contract and that all derivative instruments be measured at fair value. For fair value hedges, in which derivatives hedge the fair value of assets and liabilities, changes in the fair value of derivatives will be reflected in current earnings, together with changes in the fair value of the related hedged item. The fair value hedges in which the Company engages includes hedges of fixed rate long-term debt and loans, including currency fluctuations. On these fair value hedges, the Company specifically hedges interest-rate and/or currency risk only. These hedges have been deemed highly effective. For cash flow hedges, in which derivatives hedge the variability of cash flows related to floating rate assets, liabilities or forecasted transactions, the accounting treatment will depend on the effectiveness of the hedge. To the extent these derivatives are effective in offsetting the variability of the hedged cash flows, changes in the derivatives’ fair value will not be included in current earnings but will be reported as other changes in stockholders’ equity from nonowner sources. These changes in fair value will be included in earnings of future periods when earnings are also affected by the variability of the hedged cash flows. Cash flow hedges will primarily include hedges of floating rate debt and loans. The Company had no cash flow hedges outstanding at December 31, 2005 and 2004. All the Company’s hedges are classified as fair value hedges.

---

## **6. BORROWINGS**

The Company had available uncommitted lines of credit of \$376 million and \$155 million as of December 31, 2005 and 2004, respectively, at varying interest rates, generally based on LIBOR plus a spread. Borrowings under these lines of credit at December 31, 2005 and 2004 were \$218.2 million and \$25 million, respectively. The Company also shares with New Holland Credit Company, an affiliate, committed lines of credit of \$50 million (unchanged from December 31, 2004). Borrowings under these lines of credit at both December 31, 2005 and 2004 were \$25 million. In addition, at December 31, 2005 and 2004, the Company maintained a standby letter of credit issued on behalf of Fiat Group Companies, of \$86 million and \$77 million, respectively.

## **7. NOTES PAYABLE**

The Company is an issuer under a Euro 15 billion Global Medium-Term Notes Program, together with Fiat Finance Canada Ltd. and Fiat Finance and Trade S.A. As of December 31, 2005, all notes under the Program have matured. At December 31, 2004, the Company had notes outstanding for a total nominal value of \$89 million with an interest rate of 5.1%. When the Company issues notes in currencies other than U.S. dollars or with a fixed rate, the Company will enter into currency and interest rate swaps in order to hedge such exposure. At December 31, 2005, notes payable includes the fair value adjustment related to hedging activities (see Note 5) in the amount of \$46.6 million.

## **8. INCOME TAXES**

During 2005 and 2004, the Company recognized income tax expense of \$981,000 and \$249,000 respectively. The differences between the statutory federal rate and the Company's effective tax rate are attributable to state and local taxes and nondeductible permanent differences. Deferred taxes are not material as there are no material differences between the book and tax basis of assets and liabilities.

## **9. ESTIMATED FAIR VALUE OF FINANCIAL INSTRUMENTS**

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Cash and short-term investments, borrowing from banks, notes payable, finance receivables from affiliates and payables to affiliates—the carrying value approximates fair value because of the short-term maturity of these instruments.

Medium-term finance receivables due from affiliates and medium-term notes payable—these instruments are reflected at face value on the Company's balance sheet, adjusted for the effect of changes in fair value attributable to interest rate and/or currency risk being hedged. The fair value of these instruments was determined using a discounted cash flows model, which considered among other factors yield curves, time values and current and contractual market prices.

The fair value of derivative financial instruments as of December 31, 2005 and December 31, 2004 were estimated by the Company, based on a discounted cash flow model, which considered among other factors yield curves, time values and current and contractual market prices.



---

## 10. STOCKHOLDER'S EQUITY

In 1999, the Company issued 230 shares to Fiat Finance S.p.A. in exchange for \$25.1 million. Prior to 1999, the Company was wholly-owned by IHF-Internazionale Holding Fiat S.A., which held 150 shares. In 2002, Fiat S.p.A. purchased all the shares (150) owned by IHF.

## 11. TRANSACTIONS WITH RELATED PARTIES

Cash management services provided by the Company are funded in part from the receipt of excess cash from affiliated companies on a daily basis; such balances are used for investment and for the financing of the working capital needs of other affiliated companies.

The impact on the financial statements of transactions with affiliates appears below (US Dollars in thousands):

	<b>For the Years Ended December 31,</b>	
	<b>2005</b>	<b>2004</b>
Interest income	\$ 26,094	\$ 14,140
Service income	476	723
Interest expense	19,745	13,359
Service expense	11	70
Finance and interest receivable from affiliates	360,900	604,794
Finance and interest payable to affiliates	106,363	535,721

\* \* \* \* \*

---

**REGISTERED OFFICE OF THE ISSUERS**

Fiat Finance and Trade Ltd.  
société anonyme  
13, Rue Aldringen  
L-1118 Luxembourg

Fiat Finance Canada Ltd.  
855 – 2nd Street SW  
Suite 3500  
Calgary  
Alberta T2P 4J8

Fiat Finance North America, Inc.  
1209 Orange Street  
Wilmington  
County of New Castle  
State of Delaware

**REGISTERED OFFICE OF THE GUARANTOR**

Fiat S.p.A  
Via Nizza 250  
Turin

**PRINCIPAL PAYING AGENT**

Citibank, N.A.  
21st Floor  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

**OTHER PAYING AGENT**

Citibank International plc  
1 North Wall Quay  
Dublin 1

**REGISTRAR**

Citigroup Global Markets Deutschland AG & Co. KGaA  
Reuterweg 6  
D-60323 Frankfurt am Main

**LEGAL ADVISERS**

*To FFT as  
to Luxembourg law*  
Linklaters Loesch  
35, Avenue John F. Kennedy  
BP 1107  
L-1011 Luxembourg

*To FFNA as to US law*  
Cleary Gottlieb Steen & Hamilton LLP  
One Liberty Plaza  
New York, NY 10006

*To FFC as to Canadian law*  
Blake, Cassels & Graydon LLP  
Suite 2800, Commerce Court West  
Toronto, Ontario M5L 1A9

*To the Guarantor as to Italian law*  
Cleary Gottlieb Steen & Hamilton LLP  
Via S. Paolo, 7  
20121 Milan

*To the Dealers as to English and Italian law*  
Allen & Overy  
Corso Vittorio Emanuele II, 284  
00186 Rome

---

---

## AUDITORS

*To Fiat Finance and Trade Ltd.*

Deloitte S.A.  
560, rue de Neudorf  
BP 1173  
L-1011 Luxembourg

*To Fiat Finance North America, Inc.*

*and Fiat Finance Canada Ltd.*  
Deloitte & Touche LLP  
Two World Financial Centre  
New York NY 10281

*To Fiat S.p.A.*

Deloitte & Touche S.p.A.  
Galleria San Federico, 54  
10121 Turin

## DEALERS

**ABN AMRO Bank N.V.**

250 Bishopsgate  
London EC2M 4AA

**Banca Nazionale del Lavoro S.p.A.**

Via Vittorio Veneto, 119  
00187 Rome

**Barclays Bank PLC**

5 The North Colonnade  
London E14 4BB

**Calyon Corporate and Investment Bank**

Via Brera 21  
20121 Milan

**Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

**Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB

**Mediobanca – Banca di Credito Finanziario S.p.A.**

Piazzetta Enrico Cuccia, 1  
20121 Milan

**Morgan Stanley & Co. International Limited**

25 Cabot Square  
Canary Wharf  
London E14 4QA

**The Toronto – Dominion Bank**

Triton Court  
14/18 Finsbury Square  
London EC2A 1DB

**Banca Caboto S.p.A.**

Piazzetta Giordano Dell'Amore 3  
20121 Milan

**Banca IMI S.p.A.**

Corso Matteotti 6  
20121 Milan

**BNP PARIBAS**

10 Harewood Avenue  
London NW1 6AA

**Capitalia S.p.A.**

Via M. Minghetti, 17  
00187 Rome

**Credit Suisse Securities (Europe) Limited**

One Cabot Square  
London E14 4QJ

**Goldman Sachs International**

Peterborough Court  
133 Fleet Street  
London EC4A 2BB

**Merrill Lynch International**

Merrill Lynch Financial Centre  
2 King Edward Street  
London EC1A 1HQ

**Société Générale Corporate & Investment Banking**

29, Boulevard Haussmann  
75009 Paris

**UBM – UniCredit Banca Mobiliare S.p.A.**

Via Tommaso Grossi, 10  
20121 Milan

**UBS Limited**

1 Finsbury Avenue  
London EC2M 2PP

## IRISH LISTING AGENT

J & E Davy  
Davy House  
49 Dawson Street  
Dublin 2

---

