02 REPORT ON OPERATIONS

HIGHLIGHTS

($ million)		2014	2013(*)	2012(*)(**)	2011(*)(**)	2010(*)(**)
Net revenues		**32,957**	34,231	33,128	33,809	28,294
Trading profit		**2,399**	2,637	2,650	2,353	1,453
Operating profit/(loss)		**2,167**	2,481	2,377	2,283	1,354
Profit/(loss) before taxes		**1,482**	2,002	1,882	1,627	751
Profit/(loss)		**916**	1,218	1,162	977	490
Attributable to:						
Owners of the parent		**917**	1,048	1,023	871	442
Non-controlling interests		**(1)**	170	139	106	48
Basic earnings/(loss) per common share ($)	(1)	**0.68**	0.83	0.84	0.68	0.34
Diluted earnings/(loss) per common share ($)	(1)	**0.68**	0.83	0.84	0.68	0.34
Investments in tangible and intangible assets		**1,698**	1,985	1,733	1,382	1,156
of which: capitalized R&D costs		**676**	759	685	556	525
R&D expenditure	(2)	**1,122**	1,240	1,149	1,033	864
Total Assets		**54,441**	56,462	51,273	49,908	46,597
Net (debt)/cash		**(23,590)**	(23,290)	(21,102)	(18,825)	(16,273)
of which: net industrial (debt)/cash		**(2,874)**	(2,195)	(2,166)	(1,603)	(2,539)
Total equity		**7,577**	7,662	7,093	6,795	6,088
Equity attributable to owners of the parent		**7,534**	7,591	6,107	5,711	5,099
Employees at year end		**69,207**	71,192	68,257	66,998	62,123

(*) Amounts recast in order to reflect the change in presentation currency from euro to U.S. dollar. Reference should be made to the section "Significant accounting policies", paragraph "Change in presentation currency", in the Notes to the Consolidated Financial Statements .

(**) Figures have been recast following the adoption of IAS 19 Revised. There was no significant impact for any individual line item.

(1) As a consequence of the effective date of the merger, full-year 2013 basic EPS has been calculated on approximately 1,255 million of weighted average number of common shares outstanding. For 2012 and prior years, earnings per share calculation is based on the average number of Fiat Industrial ordinary shares outstanding after taking into account the effect of the conversion of preference and savings shares that occurred on May 21, 2012. See Note 13 to the Consolidated Financial Statements for additional information on the calculation of basic and diluted earnings per share.

(2) Includes capitalized development costs and R&D charged directly to the income statement.

SELECTED DATA BY REGION

	Employees		Plants		R&D Centers		Revenues ($ million)	
	2014	2013	2014	2013	2014	2013	2014	2013
EMEA	**41,756**	41,961	**34**	33	**26**	26	**14,951**	14,372
NAFTA	**11,647**	11,948	**12**	11	**13**	13	**9,447**	9,742
LATAM	**10,485**	12,081	**10**	10	**6**	5	**4,914**	6,391
APAC	**5,319**	5,202	**8**	8	**4**	4	**3,645**	3,726
Total	**69,207**	**71,192**	**64**	**62**	**49**	**48**	**32,957**	**34,231**

HIGHLIGHTS BY SEGMENT

	Net revenues		Trading profit/(loss)		Operating profit/(loss)	
($ million)	2014	2013(*)	2014	2013(*)	2014	2013(*)
Agricultural Equipment	**15,204**	16,763	**1,689**	1,949	**1,641**	1,949
Construction Equipment	**3,346**	3,258	**66**	(109)	**10**	(140)
Commercial Vehicles	**11,087**	11,447	**2**	145	**(122)**	73
Powertrain	**4,475**	4,423	**220**	210	**220**	209
Eliminations and Other	**(2,704)**	(3,050)	**(110)**	(76)	**(114)**	(87)
Total of Industrial Activities	**31,408**	32,841	**1,867**	2,119	**1,635**	2,004
Financial Services	**2,086**	1,950	**532**	518	**532**	477
Eliminations	**(537)**	(560)	**-**	-	**-**	-
Total for the Group	**32,957**	34,231	**2,399**	2,637	**2,167**	2,481

	Capital expenditure(1)		Of which capitalized development costs		R&D expense(2)		Number of employees	
($ million)	2014	2013(*)	2014	2013(*)	2014	2013(*)	2014	2013
Agricultural Equipment	**730**	879	**322**	340	**519**	564	**27,322**	27,972
Construction Equipment	**129**	157	**64**	83	**130**	151	**6,431**	6,800
Commercial Vehicles	**625**	732	**234**	275	**350**	395	**25,881**	27,011
Powertrain	**192**	210	**56**	61	**123**	130	**8,295**	8,232
Eliminations and Other	**5**	1	**-**	-	**-**	-	**114**	109
Total of Industrial Activities	**1,681**	1,979	**676**	759	**1,122**	1,240	**68,043**	70,124
Financial Services	**17**	6	**-**	-	**-**	-	**1,164**	1,068
Eliminations	**-**	-	**-**	-	**-**	-	**-**	-
Total for the Group	**1,698**	1,985	**676**	759	**1,122**	1,240	**69,207**	71,192

(*) Amounts recast in order to reflect the change in presentation currency from euro to U.S. dollar.
(1) Investments in tangible and intangible assets (net of vehicles sold under buy-back commitments and operating lease).
(2) It includes capitalized development costs and R&D charged directly to the income statement.

SHAREHOLDERS

FINANCIAL COMMUNICATION

During 2014, the Group reignited its outreach and communication with the financial community by completing the transition to one entity following the merger between Fiat Industrial S.p.A. and CNH Global N.V. into CNH Industrial N.V. and culminating in the presentation of its five year strategic business plan in May 2014.

The Group's objective is to continue building on the relationship of trust with analysts and investors through transparent and responsible management aimed at increasing the value of the enterprise on a sustainable basis. The Investor Relations team interacts with the financial community throughout the year, maintaining an active dialogue with shareholders, investors and analysts to keep them informed and enhance their understanding of the Group and its activities.

Those communication activities include conference calls, meetings and public Group presentations of its periodic financial results or other events that require direct communication to the market. Information presented or discussed on those occasions is immediately made publicly available on the corporate website. Other activities include participation in seminars and industry conferences, as well as non-deal roadshows in major financial centers that provide the opportunity for direct contact with management.

Several non-deal roadshows, one-on-one meetings and conferences on the capital goods sector were organized by equity and fixed income analysts in New York, Boston, Las Vegas, Des Moines, Detroit, Los Angeles, London, Paris, Milan and Turin, at which management and the Investor Relations team also had the opportunity to give additional briefings to investors on the operating performance of CNH Industrial's various businesses and their strategic plans going forward.

Financial information, institutional presentations, periodic publications, official press releases and real-time share price updates are available in the Investors section of the corporate website (www.cnhindustrial.com) or may be requested at the followng e-mail address: investor.relations@cnhind.com

US registered shareholders may contact the Transfer Agent and Registrar, Computershare Trust Company NA, by:

Telephone: +1 855 807 3164 (US) or +1 732 491 0514 (outside US)

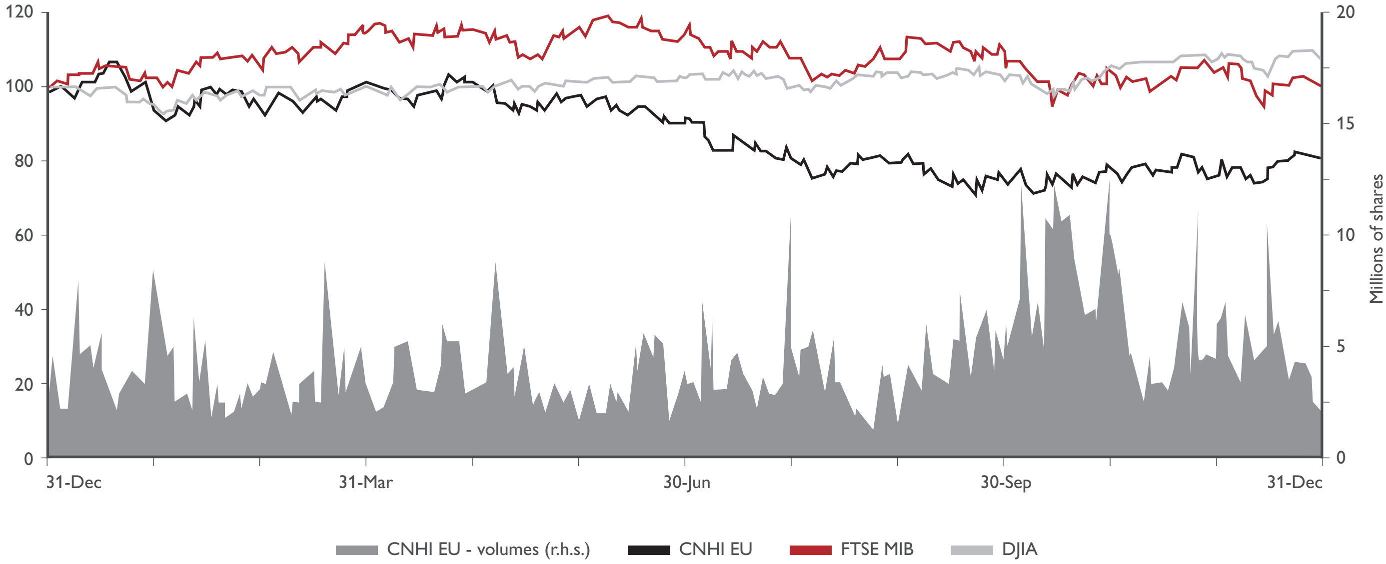
E-mail: web.queries@computershare.com

Shareholders holding their shares in an intermediary account with a participant in the Monte Titoli clearing system may contact the Italian Agent Computershare S.p.A., by:

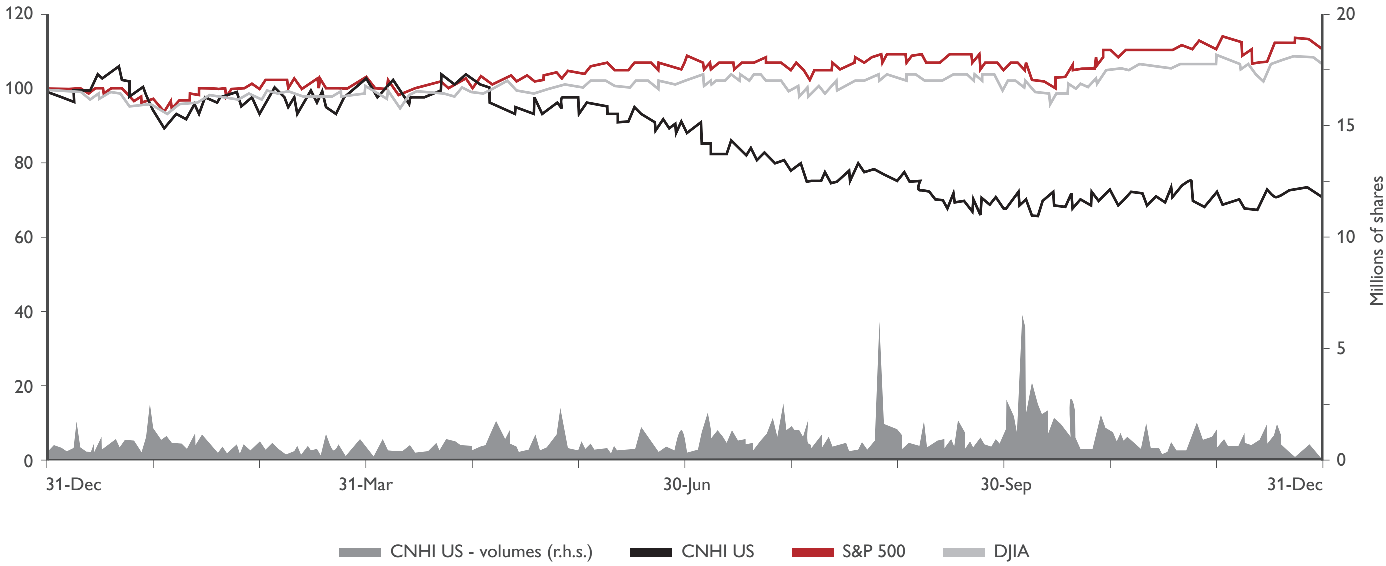
Telephone: +39 011 0923200

E-mail: cnhi@computershare.it

MI: CNH INDUSTRIAL COMMON SHARES: PERFORMANCE RELATIVE TO FTSE MIB AND DOW JONES INDUSTRIAL AVERAGE (REBASED TO 100 AT 12/31/2013) AND DAILY TRADING VOLUME



NYSE: CNH INDUSTRIAL COMMON SHARES: PERFORMANCE RELATIVE TO S&P 500 AND DOW JONES INDUSTRIAL AVERAGE (REBASED TO 100 AT 12/31/2013) AND DAILY TRADING VOLUME



In 2014, the global economy grew at a moderate pace of 2.7%. North America continued to grow (+2.3%), above the prior year's growth trend. While many states in Northern Europe closed the year in positive territory, economic conditions in Southern Europe remain weak. Economic activity was varied in other regions. While growth in Asia (excluding Japan) stabilized at 5.8%, other economies, such as LATAM (+0.6%) and CIS (+0.4%), suffered slowdowns in infrastructure development and increased political and economic volatility. Various factors are driving these global trends such as low interest rates, weak commodity prices and the sharp decline in crude oil prices, starting in the second half of 2014. Foreign currency fluctuations have also become as issue in some regions. For 2014, the FTSE 250 index registered a 0.9% increase, the S&P 500 was up 11.4% and the Dow Jones Industrial US was up 7.5%.

MAJOR SHAREHOLDERS

At December 31, 2014 the fully subscribed and paid in shares of CNH Industrial N.V. amount to 1,829,793,916 divided into 1,355,319,640 common shares and 474,474,276 special voting shares of €0.01 each. On the same date, on the basis of the information published on the Netherlands Authority for the Financial Markets's website (Autoriteit Financiële Markten or AFM) and in reference to the up-to-date information on the files of CNH Industrial N.V., since they held 3% or more of the aggregate number of outstanding common and special voting shares, the following institutions were considered as the major shareholders of CNH Industrial N.V.:

OUTSTANDING COMMON AND SPECIAL VOTING SHARES:

EXOR S.p.A.	41.44%
Harris Associates LP	10.45%
Southeastern Asset Management, Inc.	3.23%

At December 31, 2014 there were 1,355,319,640 common shares and 415,399,503 special voting shares outstanding since CNH Industrial N.V. held 59,074,773 special voting shares equal to 3.23% of the total issued shares (acquired by CNH Industrial N.V following the de-registration of the corresponding amount of qualifying common shares from the Loyalty Register).

The percentage of the aggregate number of common and special voting shares of CNH Industrial N.V. held by its major shareholders was calculated by using the publicly disclosed number of beneficially owned shares published on the AFM's website and in reference to the up-to-date information on the files of CNH Industrial N.V., the following institutions as the numerator, and the aggregate number of outstanding common shares and special voting shares as of December 31, 2014 as the denominator (1,770,719,143).

EARNINGS PER SHARE (*)

(figures in $)	**2014**	2013	2012	2011	2010
Basic earnings/(loss) per common share	**0.68**	0.83	0.84	0.68	0.34
Diluted earnings/(loss) per common share	**0.68**	0.83	0.84	0.68	0.34

(*) As a consequence of the effective date of the merger, full-year 2013 basic EPS has been calculated on approximately 1,255 million of weighted average number of common shares outstanding. For 2012 and prior years, earnings per share calculation is based on the average number of Fiat Industrial ordinary shares outstanding after taking into account the effect of the conversion of preference and savings shares occurred on May 21, 2012.

FIAT INDUSTRIAL REFERENCE PRICE PER SHARE (*)

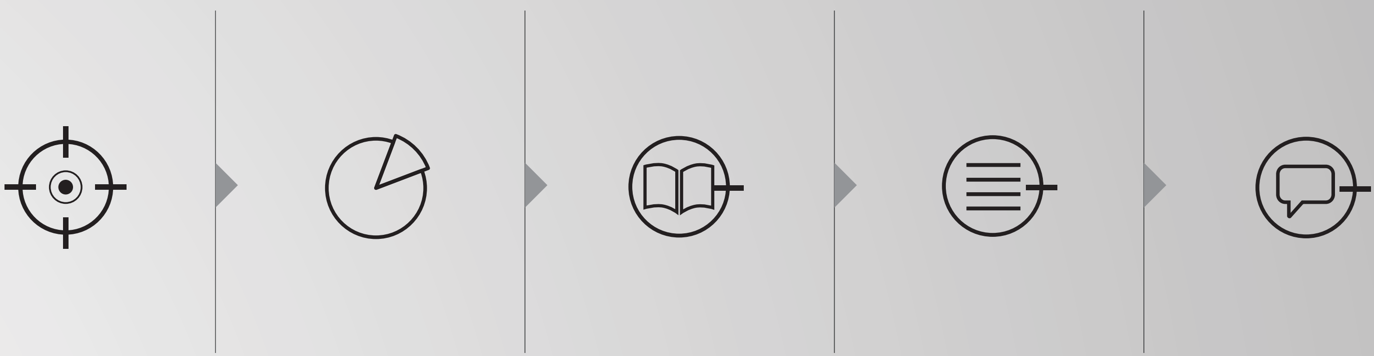
(figures in €)	**09.27.13**	12.28.12	12.30.11	01.03.11
Ordinary shares	**9.75**	8.26	6.63	9.00
Preference shares			4.57	6.25
Savings shares			4.73	6.18

(Source: Bloomberg)
(*) Equivalent to the closing auction price

CNH INDUSTRIAL REFERENCE PRICE PER SHARE (*)

	12.31.2014	12.31.2013	09.30.2013
MI:CNHI Common shares (€)	**6.70**	8.29	9.48
NYSE:CNHI Common shares ($)	**8.06**	11.35	12.50

(Source: Bloomberg)
(*) Equivalent to the closing auction price



MAIN RISKS AND UNCERTAINTIES TO WHICH CNH INDUSTRIAL N.V. AND THE GROUP ARE EXPOSED

RISKS RELATED TO THE BUSINESS, STRATEGY AND OPERATIONS

Global economic conditions impact the business of the Group

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

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

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

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

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

- changes in laws, regulations and policies that affect, among other things:
  - import and export duties and quotas;
  - currency restrictions;
  - the design, manufacture and sale of the Group's products, including, for example, engine emissions regulations;

- interest rates and the availability of credit to the Group's dealers and customers;
- property and contractual rights;
- where and to whom products may be sold such as changing economic sanctions related to Iran, Russia and the crisis in Ukraine; and
- taxes;

- regulations from changing world organization initiatives and agreements;
- changes in the dynamics of the industries and markets in which the Group operates;
- varying and unpredictable needs and desires of customers;
- varying and unexpected actions of the Group's competitors;
- labor disruptions;
- disruption in the supply of raw materials and components;
- changes in governmental debt relief and subsidy program policies in certain significant markets such as Argentina and Brazil; and
- war, civil unrest and terrorism.

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

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

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

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

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

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

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

Consistent with its risk management policies, the Group seeks to manage currency and interest rate risk through the use of financial hedging instruments. Despite such hedges being in place, sudden fluctuations in currency or interest rates could have an adverse effect on the Group's business prospects, results of operations and/or financial position. In addition, by utilizing these instruments, the Group potentially foregoes the benefits that may result from favorable fluctuations in currency exchange rates. For additional information see Note 33 "Information on financial risks" to the Consolidated Financial Statements at December 31, 2014.

The Group is also subject to the risk of insolvency of dealers and customers, as well as unfavorable economic conditions in markets where financing activities are carried out, which the Group seeks to mitigate through credit policies applied to dealers and customers. In addition, the Group is subject to laws and government actions that may, among other things, prevent the Group from enforcing legal rights and remedies.

The Group faces risks associated with its relationships with its employees

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CNH Industrial is subject to extensive anti-corruption and antitrust laws and regulations

CNH Industrial's global operations are subject to a number of laws and regulations that govern its operations around the world, including the U.S. Foreign Corrupt Practices Act (FCPA), the U.K. Bribery Act, which apply to conduct around the world, as well as a range of national anti-corruption laws that apply to conduct in a particular jurisdiction. These laws prohibit improper payments in cash or anything of value to improperly influence government officials or other persons to obtain or retain business or gain a business advantage. These laws tend to apply whether or not those practices are legal or culturally acceptable in a particular jurisdiction. Over the past several years there has been a substantial increase in the enforcement of anti-corruption laws both globally and in particular jurisdictions and the Group's employees have from time to time been subject to investigations and charges claiming violations of anti-corruption laws. CNH Industrial is committed to operating in compliance with all applicable laws, in particular anti-corruption laws. The Group has implemented a program to promote compliance with these laws and to identify and minimize the risk of any violations, which could result in criminal or civil prosecution of the Group or its employees. Investigations of alleged violations of these laws tend to require dedication of significant resources in funds and management time and attention and these investigations or any violations, as well as any publicity regarding potential violations, could harm CNH Industrial's reputation and have a material adverse effect on its business, results of operations and financial position. For further information see Note 30 "Guarantees granted, commitments and other contingent liabilities" to the Consolidated Financial Statements at December 31, 2014.

Risks associated with the defined benefit pension plans and other post-employment obligations

At December 31, 2014, CNH Industrial's defined benefit pension plans and other post-employment benefits had an underfunded status of $2,517 million which is included in the consolidated statement of financial position. The funded status is the balance between the present value of the defined benefit obligation and the fair value of related assets, in case of funded plans (plans managed by a separate fund, "trust"). Consequently, the funded status is subject to many factors as discussed in the Consolidated Financial Statements at December 31, 2014, section "Significant Accounting Policies" paragraph "Use of Estimates", as well as Note 25 "Provisions for employee benefits".

To the extent that the Group's obligations under a plan are unfunded or underfunded, the Group will have to use cash flows from operations and other sources to pay its obligations as they become due. In addition, since the assets that currently fund these obligations are primarily invested in debt instruments and equity securities, the value of these assets is subject to changes due to market fluctuations. In recent years, these fluctuations have been significant and adverse and there is no assurance that they will not be significant and adverse in the future.

Dealer equipment sourcing and inventory management decisions could adversely affect the Group's sales

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

Adverse economic conditions could place a financial strain on the Group's dealers and adversely affect the Group's operating results

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

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

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

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

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

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

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

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

The companies within the Group are involved in various product liability, warranty, product performance, asbestos, personal injury, environmental claims and lawsuits and other legal proceedings that arise in the ordinary course of their businesses. The industries in which the Group operates are also periodically reviewed or investigated by regulators, which could lead to enforcement actions, fines and penalties or the assertion of private litigation claims. The ultimate outcome of these legal matters pending against the Group is uncertain, and although such legal matters are not expected individually to have a material adverse effect on the Group's financial position or profitability, such legal matters could, in the aggregate, in the event of unfavorable resolutions thereof, have a material adverse effect on the Group's consolidated financial position, cash flows and results of operations. Furthermore, the Group could in the future be subject to judgments or enter into settlements of lawsuits and claims that could have a material adverse effect on its results of operations in any particular period. In addition, while the Group maintains insurance coverage with respect to certain claims, it may not be able to obtain such insurance on acceptable terms in the future, if at all, and any such insurance may not provide adequate coverage against any such claims. The Group establishes reserves based on its assessment of contingencies, including contingencies related to legal claims asserted against the Group. Subsequent developments in legal proceedings may affect the Group's assessment and estimates of the loss contingency recorded as a reserve and require the Group to make payments in excess of its reserves, which could have a material adverse effect on the Group's results of operations and/or financial position. For further information see Note 30 "Guarantees granted, commitments and other contingent liabilities" to the Consolidated Financial Statements at December 31, 2014.

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

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

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

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

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

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

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

- the Group may not be able to introduce new products or pursue business opportunities;
- the Group may not be able to adjust rapidly to changing market conditions, which may make it more vulnerable to a downturn in general economic conditions; and
- the Group may not be able to access the capital markets on favorable terms, which may adversely affect its ability to provide competitive retail and wholesale financing programs.

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

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

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

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

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

Although CNH Industrial does not believe any of these covenants materially restrict its operations, a breach of one or more of the covenants could result in adverse consequences that could negatively impact the Group's businesses, results of operations and financial position. These consequences may include the acceleration of amounts outstanding under certain of the Group's credit facilities, triggering an obligation to redeem certain debt securities, termination of existing unused commitments by the Group's lenders, refusal by the Group's lenders to extend further credit under one or more of the facilities or to enter into new facilities or the lowering or modification of CNH Industrial's credit ratings or those of one or more of its subsidiaries. For further information see Note 27 "Debt" to the Consolidated Financial Statements at December 31, 2014.

Risks related to increased information technology security threats

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

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

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

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

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

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

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

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

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

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

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

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

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

Producers in the capital goods sector are subject to:

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

RISKS RELATED TO FINANCIAL SERVICES

The Group offers a wide range of financial services and products to Agricultural Equipment, Construction Equipment and Commercial Vehicles dealers and customers including retail financing for the purchase or lease of new and used equipment and vehicles, and wholesale financing to dealers.

In light of the above, the following risks associated with the financial services offered by the Group should be considered.

Credit risk

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

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

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

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

Funding risk

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

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

Repurchase risk

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

Regulatory risk

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

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

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

Potential impact of the Dodd-Frank Act

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

OTHER RISKS

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

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

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

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

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

CNH Industrial is successor to Fiat Industrial – a company formed as a result of the demerger of Fiat S.p.A. (which, effective October 12, 2014, was merged into Fiat Chrysler Automobiles N.V., "FCA") in favor of Fiat Industrial (the "Demerger"). As such, CNH Industrial continues to be liable jointly with FCA for the liabilities of FCA that arose prior to the effective date of the Demerger (January 1, 2011) and were still outstanding at that date ("the Liabilities"). This statutory provision is limited to the value of the net assets transferred to Fiat Industrial in the Demerger and survives until the Liabilities are satisfied in full. Furthermore, CNH Industrial may be responsible jointly with FCA in relation to tax liabilities, even if such tax liabilities exceed the value of the net assets transferred to Fiat Industrial in the Demerger. At December 31, 2014, the outstanding Liabilities amount to approximately $3.5 billion (of which $3.2 billion consists of bonds guaranteed by FCA). CNH Industrial evaluated as extremely remote the risk of FCA's insolvency and therefore no specific provision has been accrued in respect of the above mentioned potential joint liability. For further information about the Demerger, please refer to Fiat Industrial's Consolidated Financial Statements at December 31, 2011 and 2012.

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

A relatively large proportion of the voting power of CNH Industrial could be concentrated in a relatively small number of shareholders who would have significant influence over the Group. As of December 31, 2014 EXOR S.p.A. had a voting interest in CNH Industrial of approximately 41%.

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

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

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

The provisions of CNH Industrial's Articles of Association establishing the loyalty voting structure may make it more difficult for a third party to acquire, or attempt to acquire, control of the Group, even if a change of control is considered favorably by shareholders holding a majority of CNH Industrial's common shares. As a result of the loyalty voting structure, a relatively large proportion of the voting power of CNH Industrial's common shares could be concentrated in a relatively small number of shareholders who would have significant influence over the Group. As of December 31, 2014 EXOR S.p.A. had a voting interest in CNH Industrial of approximately 41%. Such shareholders participating in the loyalty voting structure could effectively prevent change of control transactions that may otherwise benefit CNH Industrial's shareholders.

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

BUSINESS OVERVIEW

CNH Industrial is a leading global capital goods group engaged in the design, production, marketing, sale and financing of agricultural and construction equipment, trucks, commercial vehicles, buses and specialty vehicles for firefighting, defense and other uses, as well as engines, transmissions and axles for those vehicles and engines for marine and power generation applications. The Group has industrial and financial services companies located in 45 countries and a commercial presence in approximately 190 countries. The Group had net revenues of $32,957 million in 2014 and, as of December 31, 2014, had 69,207 employees.

In order to enhance its reporting following the Merger between CNH Global N.V. and Fiat Industrial S.p.A., the Group realigned its segment reporting and expanded its reportable segments from three (Agricultural and Construction Equipment inclusive of its financial services activities, Trucks and Commercial Vehicles inclusive of its financial services activities, and Powertrain) to five (Agricultural Equipment, Construction Equipment, Commercial Vehicles, Powertrain, and Financial Services).

Group segments presented in this Annual Report are as follows:

- Agricultural Equipment, which designs, manufactures and distributes a full line of farm machinery and implements, including two-wheel and four-wheel drive tractors, crawler tractors (Quadtrac®), combines, cotton pickers, grape and sugar cane harvesters, hay and forage equipment, planting and seeding equipment, soil preparation and cultivation implements and material handling equipment. Agricultural equipment is sold under the New Holland Agriculture and Case IH Agriculture brands, as well as the Steyr brand in Europe. Subsequent to the acquisition of substantially all of the assets of Miller in November 2014, certain agricultural equipment products are also sold under the Miller brand, primarily in North America;
- Construction Equipment, which designs, manufactures and distributes a full line of construction equipment including excavators, crawler dozers, graders, wheel loaders, backhoe loaders, skid steer loaders, telehandlers and trenchers. Construction equipment is sold under the New Holland Construction and Case Construction Equipment brands;
- Commercial Vehicles, which designs, produces and sells a full range of light, medium and heavy vehicles for the transportation and distribution of goods through the Iveco brand, commuter buses and touring coaches through the Iveco Bus (previously Iveco Irisbus) and Heuliez Bus brands, quarry and mining equipment through the Iveco Astra brand, firefighting vehicles through the Magirus brand and vehicles for civil defense and peace-keeping missions under the Iveco Defence Vehicles brand;
- Powertrain, which designs, manufactures and offers a range of propulsion and transmission systems and axles for on- and off-road applications, as well as engines for marine application and power generation through the FPT Industrial brand; and
- Financial Services, which offers a range of financial services to dealers and customers. Financial Services provides and administers retail financing to customers for the purchase or lease of new and used industrial equipment or vehicles and other equipment sold by CNH Industrial dealers. In addition, Financial Services provides wholesale financing to CNH Industrial dealers, which primarily consists of floor plan financing and allows the dealers to purchase and maintain a representative inventory of products.

Net revenues by segment in the years ended December 31, 2014 and 2013 were as follows:

($ million)	2014	2013
Agricultural Equipment	15,204	16,763
Construction Equipment	3,346	3,258
Commercial Vehicles	11,087	11,447
Powertrain	4,475	4,423
Eliminations and Other	(2,704)	(3,050)
Total of Industrial Activities	**31,408**	**32,841**
Financial Services	2,086	1,950
Eliminations and Other	(537)	(560)
Total for the Group	**32,957**	**34,231**

Net revenues by region in the years ended December 31, 2014 and 2013 were as follows:

($ million)	2014	2013
EMEA	14,951	14,372
NAFTA	9,447	9,742
LATAM	4,914	6,391
APAC	3,645	3,726
Total	**32,957**	**34,231**

INDUSTRY OVERVIEW

Agricultural Equipment

The operators of food, dairy, livestock and grain crop producing farms, as well as independent contractors that provide services to such farms, purchase most agricultural equipment. The key factors influencing sales of agricultural equipment are the level of net farm income and, to a lesser extent, general economic conditions, interest rates and the availability of financing, farm land prices, and farm debt levels. Net farm income is primarily impacted by the volume of acreage planted, commodity and/or livestock prices and stock levels, the impacts of fuel ethanol demand, crop yields, farm operating expenses (including fuel and fertilizer costs), fluctuations in currency exchange rates, government subsidies and tax incentives. Farmers tend to postpone the purchase of equipment when the farm economy is declining and to increase their purchases when economic conditions improve. The availability, quality, and cost of used equipment for sale also impact the level of new equipment sales. Weather conditions are a major determinant of crop yields and therefore also affect equipment buying decisions. In addition, geographical variations in weather from season to season may affect sales volumes differently in different markets. Government policies may affect the market for agricultural equipment by regulating the levels of acreage planted, with direct subsidies affecting specific commodity prices, or with other payments made directly to farmers. Global organization initiatives, such as those of the World Trade Organization, also can affect the market with demands for changes in governmental policies and practices regarding agricultural subsidies, tariffs and acceptance of genetically modified organisms such as seed, feed and animals.

Demand for agricultural equipment also varies seasonally by region and product, primarily due to differing climates and farming calendars. Peak retail demand for tractors and planting, seeding, and application equipment typically occurs in March through June in the Northern hemisphere and in September through December in the Southern hemisphere. Dealers order equipment year-round, but harvesting equipment orders in the Northern hemisphere generally increase in the late fall and winter so that the dealers can receive inventory prior to the peak retail selling season, which generally extends from March through June. In the Southern hemisphere, dealers generally order between August and October so they can receive inventory prior to the peak retail selling season, which extends from November through February. The production levels of Agricultural Equipment are based upon estimated retail demand which takes into account, among other things, the timing of dealer shipments (which occur in advance of retail demand), dealer and Group inventory levels, the need to retool manufacturing facilities to produce new or different models and the efficient use of manpower and facilities. Production levels are adjusted to reflect changes in estimated demand and dealer inventory levels. However, because production and wholesale shipments adjust throughout the year to take into account the factors described above, wholesale sales of agricultural equipment products in any given period may not reflect the timing of dealer orders and retail demand for that period.

Customer preferences regarding farming practices, and thus product types and features, vary by region. In North America, Australia and other areas where soil conditions, climate, economic factors and population density allow for intensive mechanized agriculture, farmers demand high capacity, sophisticated machines equipped with the most advanced technology. In Europe, where farms are generally smaller in size than those in North America and Australia, there is greater demand for somewhat smaller, yet equally sophisticated, machines. In the developing regions of the world where labor is more abundant and infrastructure, soil conditions and/or climate are not conducive to intensive agriculture, customers generally prefer simple, robust and durable machines with relatively lower acquisition and operating costs. In many developing countries, tractors are the primary, if not the sole, type of agricultural equipment used, and much of the agricultural work in such countries that cannot be performed by tractors is carried out by hand. A growing number of part-time farmers, hobby farmers and customers engaged in landscaping, municipality and park maintenance, golf course and roadside mowing in Western Europe and North America also prefer relatively simple, low-cost agricultural equipment. Agricultural Equipment's position as a geographically diversified manufacturer of agricultural equipment and its broad geographic network of dealers allows it to provide customers in each significant market with equipment that meets their specific requirements.

Major trends in the North American and Western European agricultural industries include a reduction in number but growth in size of farms, supporting increased demand for higher capacity agricultural equipment. In addition, the use of technology and other precision farming solutions to increase crop yield is becoming more established. In Latin America and in other emerging markets, the number of farms is growing and mechanization is replacing manual labor. Government subsidies (including crop insurance) are a key income driver for farmers raising certain commodity crops in the United States and Western Europe. The level of support can range from 10% to over 30% of the annual income for these farmers in years of low global commodity prices or natural disasters. The existence of a high level of subsidies in these markets for agricultural equipment reduces the effects of cyclicality in the agricultural equipment business. The effect of these subsidies on agricultural equipment demand depends to a large extent on the U.S. Farm Bill and programs administered by the United States Department of Agriculture, the Common Agricultural Policy of the European Union and World Trade Organization negotiations. Additionally, the Brazilian government subsidizes the purchase of agricultural equipment through low-rate financing programs administered by the Banco Nacional de Desenvolvimento Economico e Social ("BNDES"). These programs have a significant influence on sales.

Agricultural equipment manufacturers are subject to continuous changes in emission regulations and restrictions. These changes require frequent changes in engine technology, which can involve significant research and development investments. Manufacturers generally attempt to pass these incremental costs to their customers, but these price increases must be balanced with the affordability of the equipment. Each market may have its own unique regulations, which adds a level of complexity required to meet global product needs.

Global demand for renewable fuels increased considerably in recent years driven by consumer preference, government renewable fuel mandates, renewable fuel tax, and production incentives. Biofuels, which include fuels such as ethanol and biodiesel, have become one of the most prevalent types of renewable fuels. The primary type of biofuel supported by government mandates and incentives varies somewhat by region. North America and Brazil are promoting ethanol first and then biodiesel, while Europe is primarily focused on biodiesel.

The demand for biofuels has created an associated demand for agriculturally based feedstocks which are used to produce biofuels. Currently, most of the ethanol in the U.S. and Europe is extracted from corn, while in Brazil it is extracted from sugar cane. Biodiesel is typically extracted from soybeans and rapeseed oil in the U.S. and Brazil, and from rapeseed and other oil seeds as well as food waste by-products in Europe. The use of corn and soybeans for biofuel has been one of the main factors impacting the supply and demand relationships for these crops, resulting in higher crop prices. The economic feasibility of biofuels is significantly impacted by the price of oil. As the price of oil rises, biofuels become a more attractive alternative energy source. Although oil prices have declined significantly since the summer of 2014, they are still at levels that make biofuels an attractive alternative energy source. This relationship will, however, be impacted by government policy and mandates as governments around the world consider ways to combat global warming and avoid potential energy resource issues in the future.

The increase in crop production for biofuels has also driven changes in the type of crops grown and in crop rotations. The most significant change in U.S. crop production was the increase in acreage devoted to corn, typically using land previously planted with soybeans and cotton. In addition, a change in crop rotation resulted in more acres of corn being planted. As a result, agricultural producers are faced with new challenges for managing crop residues and are changing the type of equipment they use and how they use it.

Although the demand for new agricultural equipment tends to decrease during periods of economic stagnation or recession, the aftersales market is historically less volatile than the new equipment market and, therefore, helps limit the impact of declines in new equipment sales on the operating results of full-line manufacturers, such as the Agricultural Equipment segment.

Construction Equipment

The construction equipment market consists of two principal businesses: heavy construction equipment (excluding the mining and the specialized forestry equipment markets in which the Group does not participate), with equipment generally weighing more than 12 metric tons, and light construction equipment, with equipment generally weighing less than 12 metric tons.

In developed markets, customers tend to prefer more sophisticated machines equipped with the latest technology and features to improve operator productivity. In developing markets, customers tend to prefer equipment that is relatively less costly and has greater perceived durability. In North America and Europe, where the cost of machine operators is higher relative to fuel costs and machine depreciation, customers typically emphasize productivity, performance and reliability. In other markets, where the relative costs for machine operators is lower, customers often continue to use equipment after its performance and efficiency have begun to diminish.

Customer demand for power and operating capacity does not vary significantly from market to market. However, in many countries, restrictions on equipment weight or dimensions, as well as road regulations or job site constraints can limit demand for larger machines.

Although the demand for new construction equipment tends to decrease during periods of economic stagnation or recession, the aftersales market is historically less volatile than the new equipment market and, therefore, helps limit the impact of declines in new equipment sales on the operating results of full-line manufacturers, such as the Construction Equipment segment.

Heavy Construction Equipment

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

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

Light Construction Equipment

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

Equipment rental is a significant element of the construction equipment market. Compared to the United Kingdom and Japan, where there is an established market for long-term equipment rentals as a result of favorable tax treatment, the rental market in North America and Western Europe (except for U.K.) consists mainly of short-term rentals of light construction equipment to individuals or small contractors for which the purchase of equipment is not cost effective or that need specialized equipment for specific jobs. In North America, the main rental product has traditionally been the backhoe loader and, in Western Europe, it has been the mini-excavator. As the market has evolved, a greater variety of light and heavy equipment products have become available to rent. In addition, rental companies have allowed contractors to rent machines for longer periods instead of purchasing the equipment, enabling contractors to complete specific job requirements with greater flexibility and cost control. Large national rental companies can significantly impact the construction equipment market, with purchase volumes being driven by their decisions to increase or decrease the sizes of their rental fleets based on rental utilization rates.

Seasonal demand for construction equipment fluctuates somewhat less than for agricultural equipment. Nevertheless, in North America and Western Europe, housing construction generally slows during the winter months. North American and European industry retail demand for construction equipment is generally strongest in the second and fourth quarters.

In markets outside of North America, Western Europe and Japan, equipment demand may also be partially satisfied by importing used equipment. Used heavy construction equipment from North America may fulfill demand in the Latin American market and equipment from Western Europe may be sold to Central and Eastern European, North African and Middle Eastern markets. Used heavy and light equipment from Japan is mostly sold to other Southeast Asian markets, while used excavators from Japan are sold to almost every other market in the world. This flow of used equipment is highly influenced by exchange rates, the weight and dimensions of the equipment and the different local regulations in terms of safety and/or engines emissions.

The construction equipment industry has seen an increase in the use of hydraulic excavators and wheel loaders in earth-moving and material handling applications. In addition, the light equipment sector has grown as more manual labor is being replaced on construction sites by machines with a variety of attachments for specialized applications, such as skid steer loaders, mini-crawler excavators and telehandlers. Finally, the Chinese construction equipment market has grown significantly in recent years and is now the largest market.

General economic conditions, infrastructure spending rates, housing starts, commercial construction and governmental policies on taxes, spending on roads, utilities and construction projects can have a dramatic effect on sales of construction equipment.

Commercial Vehicles

Trucks

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

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

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

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

Industry forecasts indicate that transportation of goods by road, currently the predominant mode of transport, will remain so in the future. Demand for services and service-related products, including parts, is a function of the number of vehicles in use. Although the demand for new commercial vehicles tends to decrease during periods of economic stagnation or recession, the aftersales market is historically less volatile than the new vehicle market and, therefore, helps limit the impact of declines in new vehicle sales on the operating results of full-line manufacturers, such as the Commercial Vehicles segment.

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

Buses

The global bus market is organized by missions, from city and intercity transport to tourism purposes, with a capacity ranging from 7 up to 150 seating/standing passengers. The Iveco Bus (previously Iveco Irisbus) and Heuliez

Bus target market includes urban, intercity buses and long-distance touring coaches. Operators in this market include three types of manufacturers: those specialized in providing chassis to bodybuilders, those that build bodies on chassis produced by third parties, and those like Iveco Bus that produce the entire vehicle.

The principal customers of the bus segment are tour and intercity bus service operators, while the principal customers of the city bus segment are the transport authorities in small and large urban areas.

Deregulation and privatization of transport services in many markets has favored concentration towards large private companies operating in one country, in more than one neighboring country or at an international level. Demand has increased for highly standardized, high-use products for large fleets, with financing and maintenance agreements or kilometric pricing. Deregulation and privatization have also increased competition between large transport service companies, raising the level of vehicle use and increasing the choice of brands for operators in the sector.

Sales for urban and intercity buses are generally higher in the second half of the year, due to public entities budgeting processes, tender rules and buses production lead time.

Powertrain

The dynamics of the industrial powertrain business vary across the different market segments in which the various propulsion systems are used, and in many cases are particularly influenced by emission requirements. For vehicle and equipment applications, product development is driven by regulatory factors (i.e., legislation on emissions and, increasingly, CO_2 emissions), as well as the need to reduce total operating costs. This, in turn, translates into customers seeking more efficient propulsion systems that enable lower total cost of ownership and higher productivity.

For on-road applications in fully developed markets, where economy and infrastructure drive demand for local and haulage transportation, light duty engines (below 3.9 liters in displacement) and heavy duty engines (above 8 liters) constitute the majority of demand, while medium duty engines (3.9-8 liters) cover the majority of needs in developing markets. Demand for heavy engines is driven by general economic conditions, capital investment, industrialization and infrastructure developments.

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

For the off-road market, engines in the 50 hp to 300 hp output range are dominant in all major markets worldwide, with demand for high-power engines predominantly in the European and U.S. markets. Demand for off-road applications in the construction business is driven by general economic factors and the level of public investment in infrastructure, which affects the need for replacement of old equipment and investment in more innovative solutions to boost productivity. The demand for off-road applications in the agricultural business is affected by similar drivers as the construction business, and is also dependent on the level of net farm income.

The Group believes that the evolution in emission regulations in Europe, the U.S. and Asia (Euro VI, Stage IV and Tier 4B) presents an opportunity for Powertrain to gain a competitive advantage through top level performance derived from technological solutions developed for engines and after-treatment systems (such as its High Efficiency SCR technology). The increasing trend among middle-sized original equipment manufacturers ("OEMs") to outsource engine development, as a result of the significant research and development expenditures required to meet the new emission requirements, presents an opportunity for Powertrain to increase sales to third party customers. In addition, engine manufacturers occasionally supplement their available range with certain engines sourced from third-party suppliers.

The on-road market has some minimal local fluctuation during the year, tempered by the geographical distribution of Powertrain's customer base, while the off-road market usually has a seasonal decline between November and January.

Competition

The industries in which the Group operates are highly competitive. CNH Industrial believes it has a number of competitive strengths that will enable it to improve its position in markets where it is already well established while it directs additional resources to markets and products with high growth potential.

Both Agricultural Equipment and Construction Equipment compete with: (i) large global full-line suppliers with a presence in every market and a broad range of products that cover most customer needs, (ii) manufacturers who are product specialists focused on particular industry segments on either a global or regional basis, (iii) regional full-line manufacturers, some of which are expanding worldwide to build a global presence, and (iv) local, low-cost manufacturers in individual markets, particularly in emerging markets such as Eastern Europe, India and China.

The competitive strengths of Agricultural Equipment and Construction Equipment include well-recognized brands, a full range of competitive products, and a strong global presence and distribution network. There are multiple factors which influence a buyer's choice of agricultural and construction equipment. These factors include the strength and quality of the distribution network, brand loyalty, product features and performance, availability of a full product range, the quality and pricing of products, technological innovations, product availability, financing terms, parts and warranty programs, resale value and customer service and satisfaction. The two segments continually seek to improve in each of these areas, but focus primarily on providing high-quality and high-value agricultural and construction equipment products and supporting those products through their dealer networks. In both the agricultural and construction equipment industries, buyers tend to favor brands based on experience with the product and the dealer. Customers' perceptions of product value in terms of productivity, reliability, resale value and dealer support are formed over many years.

The efficiency of the manufacturing, logistic and scheduling systems of Agricultural Equipment and Construction Equipment are dependent on forecasts of industry volumes and their anticipated share of industry sales, which is predicated on their ability to compete successfully with others in the marketplace. The segments compete on the basis of product performance, customer service, quality and price. The environment remains competitive from a pricing standpoint, but actions taken to maintain their competitive position in the current difficult economic environment could result in lower than anticipated price realization.

The Group's principal competitors in the agricultural equipment market are John Deere, AGCO (including the Massey Ferguson, Fendt, Valtra and Challenger brands), Claas, the Argo Group (including the Landini, McCormick and Valpadana brands), the Same Deutz Fahr Group (including the Same, Lamborghini, Hurlimann and Deutz brands) and Kubota.

The Group's principal competitors in the construction equipment market are Caterpillar, Komatsu, JCB, Hitachi, Volvo, Terex, Liebherr, Doosan, Kubota, Yanmar and John Deere.

In the commercial vehicles business, factors that influence a customer's decision to buy a vehicle include product, parts and aftersales service availability, which is supported by the depth of the distribution network; price, features, performance and durability of products; brand loyalty; technological innovations; availability and terms of financing; and resale value. The ability to meet or exceed applicable vehicle emissions standards as they take effect is also a key competitive factor, particularly in those markets where such standards are the subject of frequent legislative or regulatory scrutiny and change, such as Europe and North America.

Commercial Vehicles competes on the basis of product features and performance, customer service, quality and price. The Group believes that the segment's competitive strengths include well-recognized brands, competitively priced products, technological innovations, a strong distribution and customer service network.

In the commercial vehicles business, Iveco brand principally competes with major manufacturers that have similar product offerings such as:

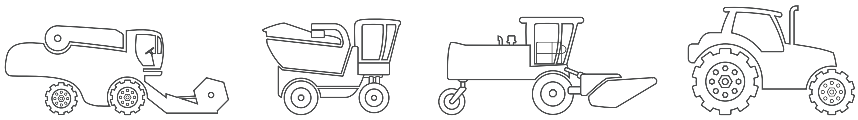
- Daimler, whose brands include Mercedes-Benz, Mitsubishi Fuso, Freightliner, Western Star and Bharat-Benz (India);
- MAN and Scania (both part of the Volkswagen group);
- Paccar, whose brands include DAF, Kenworth, Ken Mex and Peterbilt; and
- the Volvo Group, which sells products under the Volvo, Renault, MACK and UD Trucks brands.

In the bus business, Iveco Bus and Heuliez Bus' main competitors are Daimler Buses (Mercedes-Benz and Setra brands), Volvo Bus Corporation, MAN (MAN and Neoplan brands) and Scania. In the firefighting business, Magirus' principal competitor worldwide is Rosenbauer International AG. Iveco Defence Vehicles' principal competitors are Rheinmetall, Oshkosh, Navistar, Nexter, General Dynamics, BAE Systems for defense; Mercedes Benz and MAN in the trucks business. In the heavy duty equipment business, Iveco and Iveco Astra's principal competitors are Caterpillar and the Volvo Group.

In the powertrain business, product competition is driven to a significant extent by developments in emission regulations in the various markets in which Powertrain's products are used.

The principal engine manufacturers with which Powertrain competes are:

- Cummins, which has a global manufacturing presence and a broad product portfolio, particularly in the on-road and construction equipment segments;
- Deutz, which is principally focused on off-road applications;
- Perkins (part of the Caterpillar group), which has a global manufacturing presence and service network and offers a comprehensive range of products;
- John Deere, which is principally focused on the off-road segment;
- Volvo Penta, which is principally focused on the marine engine and power generation segments;
- Weichai, the leader in the Chinese market; and
- Isuzu, which has a principal focus on the excavator market.



AGRICULTURAL EQUIPMENT

CASE IH AGRICULTURE

NEW HOLLAND AGRICULTURE

STEYR

Products

The product lines of Agricultural Equipment are sold primarily under the Case IH and New Holland brands and under the Steyr brand in Europe. Subsequent to the acquisition of substantially all of the assets of Miller in November 2014, certain agricultural equipment products are also sold under the Miller brand, primarily in North America. In order to capitalize on customer loyalty to dealers and the segment's brands, relative distribution strengths and historical brand identities, the segment will continue to use the Case IH (and Steyr for tractors in Europe only) and New Holland brands. The Group believes that these brands enjoy high levels of brand identification and loyalty among both customers and dealers.

Although newer generation tractors have a high percentage of common mechanical components, each brand and product remains differentiated by features, color, interior and exterior styling and model designation. Flagship products such as row crop tractors and large combine harvesters may have significantly greater differentiation.

Distinctive features that are specific to a particular brand remain an important part of each brand's unique identity. Examples include the Supersteer® tractor axle or Twin Rotor combine threshing technology for New Holland, the Quadtrac® tracked four wheel drive tractor for Case IH, and the front axle mounted hitch for Steyr.

The Agricultural Equipment business product lines include tractors, combine harvesters, hay and forage equipment, seeding and planting equipment and sprayers. It also specializes in other key market segments like cotton picker packagers and sugar cane harvesters, where Case IH is a worldwide leader, and in self-propelled grape harvesters, where New Holland is a worldwide leader. The brands each offer parts and support services for all of their product lines. The segment's agricultural equipment is sold with a limited warranty that typically runs from one (1) to three (3) years.

On November 26, 2014, the Group completed the acquisition of the assets of Miller, a leading manufacturer of precision spraying equipment that is now part of the New Holland brand, providing a strong platform to grow the self-propelled sprayer business on a global scale.

Innovation and New Products

Case IH

The Case IH Axial-Flow 9230 received a Silver Award at the International Machinery Manufacturer's Awards (IMMA) at the U.K.'s Cereals Event held during June in Lincolnshire. The judges commended the Axial Flow's innovative pivoting auger spout and folding unloading auger with the 9230 being the only combine to be recognized in the competition.

In the U.K., Case IH expanded and upgraded its Farmall C tractor range to include six new four-cylinder models from 58 to 107 hp. All feature new 3.4-liter, four-cylinder, common rail diesel engines which are both turbocharged and intercooled.

Building on a field-proven Case IH tillage legacy, in North America the brand launched the new True-Tandem™ 345 seed bed disk harrow which delivers key advances to improve field finish, durability and machine productivity. Unlike competitive offset disk harrows, the Case IH True-Tandem's symmetrical design offers a long life of straight and easy pulling in the roughest field conditions.

At the brand press event in France in July and at the Farm Progress Show held in Iowa in August, Case IH launched the Magnum Rowtrac tractor which pairs a proven Case IH oscillating rear-track system with front tire options to fit virtually any row width. The new tractor's distinctive design makes it ideal for farming high-value specialty crops in wet conditions. At the same time the new 2015 lineup of Farmall® tractors and hay and forage tools were unveiled, expanding the Case IH offering for the livestock sector. Case IH also launched a new farm management system called AFS Connect 2.0 that uses advanced telematics technology to help producers effectively monitor and manage their operations. Additionally, at the Farm Progress Show, Case IH introduced a number of yield-boosting designs and options for both new and used planters to help producers get the most out of every acre. The five new options make up the new Case IH precision planting line-up and offer advantages in everything from seed placement accuracy to residue management.

In Brazil, for the second year in a row, Case IH was recognized as one of the top two most desired brands by the National Federation of Motor Vehicles (FENABRAVE) in the Tractor and Farm Machinery category following the results of their annual dealer survey.

Case IH launched its new Axial-Flow 4000 Series combines at the China International Agricultural Machinery Exhibition (CIAME 2014), held in October in Hubei, China. The two models, the Axial-Flow 4077 and 4088, are designed specifically for the Chinese market and produced at Harbin manufacturing complex which was inaugurated in July.

In November the Magnum 380 CVX tractor won the prestigious "Tractor of the Year" title at the 2015 TOTY® awards held in conjunction with the 2014 EIMA International fair in Bologna, Italy.

In December, the American Society of Agricultural and Biological Engineers (ASABE) included five Case IH technologies in the 2015 edition of the AE50 Awards. Every year, this prestigious awards series acknowledges the top 50 smart engineering product innovations introduced on the U.S. market.

New Holland Agriculture

New Holland had a successful start to 2014 with three FIMA Innovation awards at the Zaragoza show in Spain for the Opti-Grape™ technology on the Braud 9000 grape harvester range, the Opti-Speed™ variable speed strawwalker technology on the CX7000 and CX8000 Elevation combine range and the SmartTrax™ rubber tracks on the TK4000 tractor series.

In LATAM at the Expodireto show, New Holland launched six new models of the T7 tractor series, available with mechanical and semi powershift transmissions; the T7.205 and the TL 75 tractors were named the "Tractor of the Year" in their categories.

In August, at the Farm Progress show, New Holland celebrated the 50th anniversary of its windrower technology with the launch of the new Speedrower® equipped with the proven ECOBlue™ Tier 4B engine and the industry-leading QuickMax™ knife-change system. The brand also introduced the new Genesis® T8 SmartTrax™ Tier 4B that matches the overall versatility of a wheeled tractor with the high traction and flotation of rubber tracks ensuring minimum soil disturbance.

In October, New Holland launched its new CR10.90 combine harvester in Australia. The CR10.90, with its 652 horsepower, is the most powerful on the market. Its FPT Industrial Cursor 16 was awarded "Engine of the Year 2014". The combine harvester is equipped with Twin Rotor technology, which delivers efficiency, increased capacity and grain quality.

In December, the American Society of Agricultural and Biological Engineers (ASABE) recognized four New Holland Agriculture technologies at the 2015 edition of the AE50 Awards.

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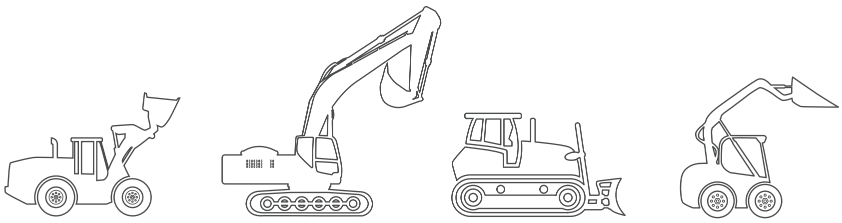
In May 2014, CNH Industrial and The Climate Corporation, a division of Monsanto Company, announced a licensing agreement for precision planting technology. This non-exclusive agreement provides CNH Industrial and The Climate Corporation the opportunity for factory integration into CNH Industrial agricultural planters of select precision planting technology specifically designed to optimize planting performance, including the Case IH Early Riser® Planters.

In June, the joint venture between CNH Industrial and Koç Holding inaugurated its second manufacturing plant in Turkey, which will produce Case IH and New Holland Agriculture tractors for the local and export markets. The inauguration coincided with the 60th anniversary of TürkTraktör, the country's leading tractor manufacturer.

In July, CNH Industrial inaugurated its new Agricultural Equipment manufacturing complex in Harbin, in Heilongjiang Province. With an investment of over $100 million, it is the largest agricultural equipment production plant in Northeast China. The Group plans to produce a complete line of products under the Case IH and New Holland Agriculture brands to support the China's agricultural needs, and the full cycle of corn, wheat, soybean and hay production. The new complex will manufacture planters, tractors, combine harvesters and corn pickers (as well as their headers), and balers and hay tools.



CONSTRUCTION EQUIPMENT

Products

CASE CONSTRUCTION EQUIPMENT

NEW HOLLAND CONSTRUCTION

Construction Equipment's product lines are sold primarily under the Case and New Holland Construction brands. Case provides a wide range of products on a global scale, including a crawler excavator that utilizes technology from Sumitomo (S.H.I.) Construction Machinery Co. Ltd. ("Sumitomo"). The New Holland Construction brand family also markets a full product line of construction equipment in most regions.

On May 12, 2014, the Group entered into a new licensing agreement with Sumitomo, a wholly owned subsidiary of Sumitomo Heavy Industries, Ltd. Under this new technology license and component supply agreement, CNH Industrial will manufacture Sumitomo designed crawler excavators (models ranging from 13 to 35 tons) at designated plants within its manufacturing network. Start of production of the new localized models is planned for mid-2015. This agreement also extends the existing Global Product Supply agreement between CNH Industrial and Sumitomo for the sourcing of excavators manufactured in Sumitomo plants. Since 1992, Sumitomo has been a supplier to CNH Industrial global distribution network of excavators ranging from 7 to 80 tons.

Construction Equipment products often share common components to achieve economies of scale in manufacturing, purchasing and development. Construction Equipment differentiates these products based on the relative product value and volume in areas such as technology, design concept, productivity, product serviceability, color and styling to preserve the unique identity of each brand.

Heavy construction equipment product lines include crawler and wheeled excavators, wheel loaders, compactors, graders and dozers for all applications. Light construction equipment product lines include backhoe loaders, skid steer and tracked loaders, mini and midi excavators, compact wheel loaders and telehandlers. The brands each offer parts and support services for all of their product lines. Construction Equipment's products are generally sold with a limited warranty that typically runs from one (1) to two (2) years.

Effective December 31, 2012, the initial term of a global alliance with KCM and Kobe Steel Ltd ("KSL") expired and the Group entered a new phase of non-exclusive licensing and supply agreements. Subject to the terms of existing agreements, the segment will continue to manufacture excavators, based on current Kobelco technology, in the segment's plants and purchase select models of whole goods as well as component parts from KCM until at least December 31, 2017. With the end of the initial term of the global alliance, the Group sold its 20% ownership interest in KCM to KSL and unwound the co-ownership with KCM of certain companies formed in connection with the global alliance. In addition, the territory and marketing restrictions in the Americas and EMEA expired on December 31, 2012, and such restrictions expired in APAC on July 31, 2013. The Group continues to evaluate its Construction Equipment business with a view toward increasing efficiencies and profitability as well as evaluating its strategic alliances to leverage its position in key markets.

Innovation and New Products

Case Construction Equipment

In NAFTA, Case Construction Equipment previewed new Tier 4B wheel loaders at ConExpo in March. Each new wheel loader delivers best-in-class horsepower with a 6.7-liter SCR engine that also provides quick throttle response and impressive torque. The new models provide up to a 10% increase in fuel economy over the previous E Series. The brand also previewed the new F Series line of compact wheel loader models, completely redesigned to provide improved maneuverability, versatility and performance and equipped with Tier 4B engines. Additionally at ConExpo, Case previewed the new Tier 4A DV209 and DV210 high frequency asphalt compactor models. They represent the addition of two new models to Case's high frequency double-drum range, giving road builders more control and versatility to dial compaction performance to match the thickness and required density.

In Brazil, Case Construction Equipment participated at the May Agrishow fair in Ribeirão Preto, displaying several machines that have agriculture related capabilities (such as the 621D and 721E wheel loaders) which can be used in sugar cane production applications.

In September, Case Construction Equipment launched in Europe the new F Series range of compact wheel loaders that sets new standards of productivity, versatility, comfort, all with low cost of operation. The four model line-up, ranging from the 4.4 ton 21F to the 6.2 ton 321F, delivers consistently high levels of performance in every task with a powerful, highly efficient new hydraulic system. The low cab means the new compact wheel loaders move efficiently in every jobsite and are easy to transport.

In North America, Case Construction Equipment's M Series crawler dozers were named as one of the 2014 "Contractors' Top 50 New Products". The Contractors' Top 50 list was compiled based on total reader inquiries from Equipment Today magazine as well as user engagement on ForConstructionPros.com over a 12-month period.

In October, in North America, Case introduced the new Tier 4B TR310 Alpha Series compact track loader at GIE 2014, in Louisville, Kentucky.

In December, five different U.S. magazines included Case Construction Equipment products into their top choice lists: CX55B compact excavator, CX350D excavator, SR210 skid steer loader, M Series dozers, 821F, 921F and 1221F wheel loaders and F Series compact wheel loaders were cited among the best 2014 construction equipment vehicles.

In India, for the second consecutive year, Case Construction Equipment has received the prestigious "Best Seller Award" for its locally manufactured compactors from Equipment India, the country's first and only infrastructure equipment magazine since its inception in 2008. The award ceremony was held at the International Trade Fair in Greater Noida, in December.

New Holland Construction

New Holland Construction presented an upgraded skid steer and compact track loader range compliant with Tier 4 standards. All models equipped with Powertrain 90 hp engines comply with Tier 4A emission requirements by using High Pressure Common Rail (HPCR) technology. The new models benefit from increased productivity, improved fuel efficiency, increased up-time through best-in-class serviceability and better operator comfort.

New Holland launched the 12D wheel loader in LATAM, focused on the heavy civil construction and rental segments. In LATAM, New Holland held "Yellow Day" events with crawler excavators, dozers and wheel loaders, offering the possibility to test the equipment and train Brazilian vendors.

In Europe, New Holland Construction developed a B100C backhoe loader for use in the marble quarry sector. The B100C backhoe loader is equipped with a support arm and chain cutter, mounted in place of the traditional backhoe, offering a new method for cutting blocks of marble. The B100C was fitted with a chain cutter developed by marble cutting specialist Benetti Macchine S.p.A., working in close collaboration with the New Holland Construction engineering division in Lecce.

In August, New Holland Construction increased its portfolio of products manufactured in Brazil, after the localization of the dozer model D140B in the Group's facility in Contagem (Belo Horizonte, MG). The D140B comes equipped with an engine developed by Powertrain, a common rail injection system. Equipped with a turbocharger and intercooler, the engine meets the certification standards of Tier 3 emissions.

In LATAM in October, New Holland Construction was chosen to receive the "2014 Top Engineering Award" in the category Machines/Vehicles – Excavators/Tractors. Promoted by the Association of Engineers, alumni of the School of Engineering at the Federal University of Minas Gerais and the Memory Center of Engineering, the award honors the best suppliers to companies of various sectors and individuals that contributed to the economic, social, cultural development and, in particular, to the engineering field.

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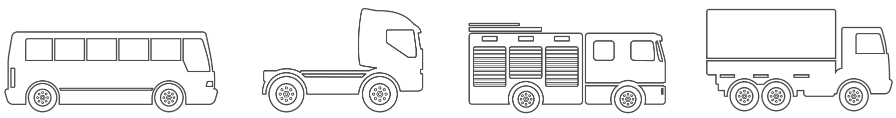
In April CNH Industrial announced a new strategic partnership with Leica Geosystems, a leading global provider of design, measurement and visualization technologies, specializing in machine control solutions for construction equipment. Under this agreement, Leica Geosystems will initially provide CNH Industrial's Case and New Holland Construction brands with machine control solutions for excavators, dozers and graders for both factory fit and aftermarket applications.



IVECO

IVECO ASTRA

IVECO BUS

HEULIEZ BUS

MAGIRUS

IVECO DEFENCE VEHICLES

COMMERCIAL VEHICLES

Products

Trucks and Commercial Vehicles

Under the Iveco brand, Commercial Vehicles offers a range of light, medium, and heavy trucks and commercial vehicles for both on-road and off-road use. The key players in its product line-up are the Daily, a vehicle that covers the 2.8 – 7 ton vehicle weight segment, the Eurocargo from 6 – 16 tons, the Trakker (dedicated to off-road missions) and the Stralis, both over 16 tons. The product offering is complemented by a series of aftersales and used vehicle assistance services.

Light vehicles include on-road vans and chassis cabs used for short and medium distance transportation and distribution of goods, off-road trucks for use in quarries and other work sites. Iveco also offers shuttle vehicles used by public transportation authorities, tourist operators, hotels and sports clubs and campers for holiday travel.

The medium and heavy vehicles product lines include on-road chassis cabs designed for medium and long distance hauling and distribution. Medium GVW off-road models are typically used for building roads, winter road maintenance, construction, transportation, maintenance of power lines and other installations in off-road areas, civil protection and roadside emergency service. Heavy GVW off-road models are designed to operate in any climate and on any terrain and are typically used to transport construction plant and materials, transport and mix concrete, maintain roads in winter and transport exceptionally heavy loads.

Commercial Vehicles offers ecological diesel and natural gas engines on its entire range of vehicles, developing engines with specific components and configurations optimized for use with compressed natural gas (“CNG”) and liquefied natural gas (“LNG”).

Commercial Vehicles, under the Iveco Astra brand, builds vehicles that can enter otherwise inaccessible quarries and mines and move large quantities of material, such as rock or mud, and perform heavy-duty tasks in extreme climatic conditions. The product range includes mining and construction vehicles, rigid and articulated dump trucks and other special vehicles.

Buses

Under Iveco Bus and Heuliez Bus brands, the segment offers a complete range of local and inter-city commuter buses, minibuses, school buses and tourism coaches.

Iveco Bus is one of the major European manufacturers in the passenger transport sector and is steadily expanding its activities globally, with a presence in more than 40 countries. This result has been achieved through continuous investment in research and development and the use of cutting-edge manufacturing technologies. A distinctive trait that sets Iveco Bus apart in its sector is its approach to innovation and testing, which for years has been conducted in close collaboration with public transport operators on alternative fuels and new vehicle concepts, focusing particularly on environmental impact, passenger comfort and operating costs.

Founded more than 90 years ago by Louis Heuliez, the company that carries his name started by manufacturing coaches, and later began producing buses for urban transport in the 1970s. Since then, Heuliez Bus has continued to grow, becoming a leader in France for the urban bus market. Today, it is a premium brand in the sector, operating according to its corporate strategy and strengths: creativity, innovation, quality, attention to customer needs and sustainability. With its headquarters in France, Heuliez Bus is also present in Spain, Switzerland, Belgium, Luxembourg and The Netherlands.

Specialty Vehicles

Under the Magirus brand, Commercial Vehicles manufactures vehicles designed to respond to natural disasters and civil emergencies, such as fires, floods, earthquakes and explosions. Magirus was established in 1864 by Conrad Magirus, commander of the fire brigade in Ulm, Germany and inventor of the first-ever fire-fighting ladder. Today Magirus is one of the major groups in the global fire-fighting and emergency-response vehicles industry. The brand collaborates actively with fire fighters and emergency workers around the world, seeking to develop the most advanced and reliable technological solutions.

Iveco Defence Vehicles produces and sells purpose-built vehicles for defense and civil protection applications. The brand offers advanced anti-ballistic, anti-mine and other life-saving technology, together with maximum mobility in extreme circumstances.

Innovation and New Products

Product development, sustainable mobility and innovation are all key pillars in Commercial Vehicles’s strategy. During the year, the segment continued development of new technologies and products that can make a significant contribution to the achievement of sustainable mobility.

Trucks and Commercial Vehicles

In EMEA, Iveco followed the introduction of the Euro VI diesel Stralis with HI-eSCR (High Efficiency Selective Catalytic Reduction) technology with the new Euro VI LNG and CNG Stralis Natural Power in markets across Europe. This medium-to-long range vehicle, which has a range of 750 km, is eco-friendly and cost effective to operate.

Major events during the year included the presentation in the second quarter of Iveco’s third generation Daily light vehicle range to dealers and the international press. The fully redesigned Daily continues to offer reliability, efficiency and versatility. It offers reduced fuel consumption compared with its predecessor, together with a significant improvement in operating costs, and best-in-class performance with a wide range of engines, transmissions and axle ratios.

In September, Iveco participated at the 65th IAA Commercial Vehicles in Hanover, which is the sector's most important international trade fair. Iveco displayed its complete vehicle range and showcased the patented Hi-SCR system, which significantly contributes to lowering the total cost of ownership. The stand also featured Iveco's low environmental impact, alternative propulsion vehicles, including the new Daily electric, the new Daily CNG and the Stralis Natural Power Euro VI LNG. The highlight was the international debut of the new Daily.

The new Daily was named "International Van of the Year 2015" during the IAA in Hanover. The annual award is conferred by a jury of 23 journalists from leading international commercial vehicle publications. The jury chose the van that "has made the greatest contribution to the standards of efficiency and the sustainability of transport of goods by road with respect to environment and safety of people".

Also presented at Hanover was the Iveco Vision, a concept commercial vehicle dedicated to sustainable mobility with a particular focus on environmental impact, alternative traction, driver assistance and comfort.

The new Astra HD9 with a 560 hp Euro VI Cursor 13 engine was also presented on the international stage for the first time.

In November, the segment held its first event series at the new facility in Rosslyn, Pretoria, of Iveco South Africa Works (Pty) Ltd, a joint-venture between Commercial Vehicles and Larimar Group. The event's three day agenda treated guests to a 360-degree CNH Industrial experience. The establishment of this facility in Pretoria is a major step for the segment in this market, particularly in terms of local manufacturing, employment and commercial opportunities.

In LATAM, in March, Commercial Vehicles recorded a major milestone with production of the 300,000th vehicle, a Stralis Hi-Way, at the Sete Lagoas plant in Brazil.

In November, Iveco presented its all-new Tector Economy product line-up for the Brazilian market. Designed, developed and manufactured at the CNH Industrial complex in Sete Lagoas.

In APAC, in January, Hongyan, a brand of the joint venture SIH (SAIC Iveco Hongyan Commercial Vehicles), received the "Most Satisfying CV Brand 2013 in China" award, which was presented by Commercial Motor World magazine in collaboration with 26 colleges and universities in China.

In March, Naveco, the Commercial Vehicles joint-venture in China, launched the new wide cab C500 version of the Chaoyue, completing the light truck range, which also includes the narrow cab C100 and the medium cab C300 presented in 2013.

In mid-April, Iveco officially introduced the third generation Iveco Trakker at the NAMI test area near Moscow, Russia to press, dealers and key clients.

In April, Iveco officially entered the imported heavy duty on-road segment in China, with delivery of the first batch of five Stralis Hi-Way trucks, specially adapted for LNG transport.

In September, Commercial Vehicles presented the new Stralis LNG at the Gazprom stand at Autotrans 2014 in Moscow, Russia.

Iveco is supporting the newly launched TechPro2 Technical Professional Programme at the Changshan Vocational Secondary School in China's Zhejiang Province. This follows the signing of a sponsorship agreement between CNH Industrial and Yizhong Education, in November 2014. This is the first edition of the TechPro2 training programme to be introduced in China and is part of a nationwide initiative by CNH Industrial that will subsequently see the initiation of similarly-structured programmes throughout China.

Iveco China was present at the Guangzhou International Commercial Vehicle Exhibition, which was held in South China, in November 2014. It previewed the New Daily, which is set to enter the Chinese market in two steps, starting in early 2015 with the Chassis Cowl version for Minibus applications, and completing the offer with Chassis Cab (Single and Crew Cab) and Van versions that will be available mid-year.

Buses

In EMEA, CNH Industrial's bus brands, Heuliez Bus and Iveco Bus, won a significant portion of a major tender from the Paris transit authority, RATP, which awarded the brands three of the four lots constituting a major multi-year tender for some 1,000 standard 12-meter hybrid and natural gas city buses. This is the first time that Heuliez Bus won a major tender from RATP with its GX 337 HYB model. For Iveco Bus, it represented consolidation of its position as the largest bus supplier to RATP due to its leadership in hybrid and natural gas technologies.

Iveco Bus also won a major tender in Germany to supply up to 710 Crossway buses to DB FuhrparkService GmbH (a subsidiary of Deutsche Bahn), Germany's largest bus transport company. Under the terms of the agreement, Iveco Bus is to deliver 400 Crossway and Crossway LE (Low Entry) buses to DB Regio Bus, with an option for an additional 310 vehicles to be delivered in 2017 and 2018. The agreement confirms Iveco Bus's leadership in the European market and the proven reliability of the Crossway range.

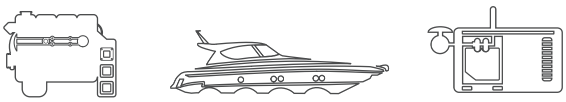
In LATAM, the Iveco Bus brand made its debut on the Brazilian market at FetransRio 2014, one of the country's largest trade fairs dedicated to the public transport sector. Iveco Bus presented its main solutions for the public transport market in Brazil, including models mounted on the 170S28U chassis. This chassis is specifically designed for the Brazilian market in response to demand in the 17 ton vehicle segment, one of the fastest growing in the country due to the renewal of public transit fleets in large cities and is offered in two configuration types: urban bus and charter/intercity bus, The 170S28U chassis is manufactured on a dedicated product development platform established for the bus and coach segment at the CNH Industrial complex in Sete Lagoas.

In APAC, in April, Iveco Bus made its first public appearance in Russia at the 7th edition of World of Buses, the country's largest annual trade show in the collective passenger transport sector. The brand presented the Citelis CNG 12m City Bus, which provides a "clean" solution to urban transport, and also displayed the best-selling Crossway 12m Intercity Bus, and the new FeniksBus Minibus Tourist Version, based on the Iveco Daily chassis.

Specialty Vehicles

Magirus, CNH Industrial's firefighting vehicle brand, celebrated its 150th anniversary in June. In May, the German Association of Communications Agencies recognized Magirus for its "Serving heroes. Since 1864" campaign.

In LATAM, in June, Commercial Vehicles recorded an important milestone with production of the 100th Guarani for the Brazilian Army, just one year after Iveco Defence Vehicle's factory in Sete Lagoas started operations.



POWERTRAIN

Products

Powertrain is dedicated to the design, development, manufacture and sale of engines, transmissions and axles under the FPT Industrial brand.

FPT INDUSTRIAL

Engines

Powertrain's product portfolio includes engines for buses and for light, medium and heavy commercial vehicles, engines for industrial machinery including construction, agricultural and irrigation equipment, engines for special-purpose vehicles and engines for power generation units and marine applications. Powertrain's families of diesel engines, ranging in output from 15 hp to 1,006 hp, incorporate technological solutions including innovative architecture, multi-valve feed, electronically controlled high pressure injection systems (common-rail systems, and, for some versions, unit injectors and injector pumps), efficient air handling systems, for example, variable and fixed-geometry turbochargers (including double-stage turbochargers) and sophisticated emission-control systems.

Beginning at the lower end of the range, the R22 – a 3-cilynder engine with a displacement of 2.2 liters – has an output of up to 70 hp for industrial applications. The F5C family, with two different displacement (3.2 and 3.4 liters) has an output of up to 117 hp for industrial applications and power generation units. The F1 family, designed primarily for application on light commercial vehicles, has an output of up to 205 hp. For medium commercial vehicles and industrial applications, in both structural and non-structural versions, the NEF family, with 4 and 6 cylinders in 4 different displacements (from 3.9 to 6.7 liters), ranges in output from 72 hp to 320 hp. For heavy commercial vehicles and high-power industrial applications, the six cylinder CURSOR family, in six different displacements (from 7.8 to 15.9 liters), ranges in output from 245 hp to 825 hp. Completing Powertrain's engines portfolio is the V8, 8 cylinder, VECTOR family, with outputs of up to 824 hp for agricultural applications and special purpose equipment.

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

Furthermore, Powertrain offers a wide range of engines available in CNG, ethanol and hybrid versions, for commercial vehicles employed for both transport of goods and people.

Emission regulations are becoming increasingly strict for both on-road (Euro VI and EPA 13) and off-road vehicles (Stage IV and Tier 4B), particularly in relation to limits for nitrous oxides and particulate emissions, which have been reduced 80% from previous limits in Europe for on-road and off-road vehicles. To meet these limits, Powertrain's technological solutions strive to provide enhanced results in terms of cost, packaging and fuel consumption for each segment of the market.

For example, Powertrain offers an external exhaust gas recirculation system combined with a diesel particulate filter for engines up to 205 hp for application on light commercial vehicles. For heavy-duty commercial applications, Powertrain has developed a high efficiency selective catalyst reduction system (HI-eSCR), which processes exhaust gases using a catalyzing liquid, lowering operating and maintenance costs.

This unique SCR-only solution is capable of meeting required emissions levels without the cost and bulk of an exhaust gas recirculation valve, and, in particular, for the off-road market, this solution is maintenance-free (no DPF).

Powertrain has a product range for leisure and professional marine engines that includes four product families and 28 models ranging in output from 15 hp to 825 hp. All engines benefit from advanced production technologies such as high-pressure common-rail and unit-injector systems, complete electronic management with power and fuel consumption optimization, low emissions, engine protection, diagnosis and safety programs. Marine engines are manufactured to standards that include high specific output, reduced weight/power and volume/power ratios and low noise and exhaust gas emissions.

Powertrain is also active in the power generation field. A diverse array of technological solutions is capable of responding to a large number of different needs and can be adapted for applications ranging from emergency response to self-generation and rental units. Engines for power generation applications are capable of outputs ranging from 44 hp to 1,006 hp and may be customized to the needs of customers such as banks, hospitals, shopping malls, public work and industrial sites and households. The range of soundproof generator setups (self-contained and dedicated electrical generation systems for both rental and fixed installation) offer fuel efficiency, minimum maintenance requirements and low operating costs.

Transmissions and Axles

Powertrain currently produces a wide range of manual transmissions for light commercial vehicles, having either five or six gears, and ranging from 320 to 500 Nm. These transmissions are designed with power take-off that enables them to be used for applications requiring hydraulic power to drive specialized equipment, including compactors and cranes. The two latest transmissions launched for the Euro 5/V (2835 and 2850), which both have six gears with double overdrive, were specifically designed to reduce weight and further enhance smoothness while shifting gears.

Furthermore, Powertrain boasts an extensive range of axle products to meet all customer requirements, including axle products for commercial vehicles, such as the Daily, and axle products for heavy mining, construction and special vehicles (military and fire-fighting) designed by Commercial Vehicles. The range includes both single and hub reduction axles in single and tandem versions. The single reduction axles available as single and twin wheels versions are built for loads of up to 23 metric tons. The hub reduction axles can carry loads of up to 32 metric tons. Powertrain's ongoing development of the range of axle products is focused on improving efficiency and upgrading the vehicle constraints, particularly in relation to the application of new braking systems (availability of both drum and disc brakes).

Innovation and New Products

On-road applications

During the year Powertrain began production of the Euro VI F1C engine for the new Iveco Daily at the Foggia plant in Italy.

At the Bourbon-Lancy plant in France production was started on the Euro VI CNG Cursor 8 engine for the Iveco Stralis.

In April, the first F1C with ULEV 34 (Ultra-low emission vehicle) homologation went into production at the Foggia plant.

New production launches included also F1A and F1C GBIV engines for Naveco.

In the third quarter, Powertrain signed a contract with a new customer, Xiamen King Long United Automotive Industry Co., Ltd. (King Long), one of the leading Chinese bus manufacturers, for the supply of Euro VI compliant Cursor 9 engines for a new 12-meter coach. Production of the engines began during the quarter.

Off-road applications

At the SFH (SAIC Fiat Powertrain Hongyan) plant in China, production began on the Tier 4B Cursor 9 for Agricultural Equipment's CCH (Cash Crop High) tractors.

At ConExpo, held in Las Vegas in March, Powertrain launched the new R22 engine designed for construction machinery, together with its new range of latest generation engines. Powertrain also presented its new range of HI-eSCR after-treatment systems, which are extremely flexible in terms of installation.

At Samoter 2014 in May, the newly-launched Cursor 16 engine received the "Diesel of the Year 2014" award from Diesel magazine. The engine is designed for the high-powered off-road market. Production of the Tier 4B version started in the third quarter and the applications will include New Holland and Case IH combines.

For the second year running, Powertrain has again powered the winner of the prestigious 2015 Tractor of the Year® (TOTY) title, assigned to the Case IH Magnum 380 CVX equipped with Powertrain's Cursor 9 engine. Powertrain also equips, with its Series 8000, the New Holland T3F tractor, awarded "Best of Specialized".

In the marine segment, the 650 hp Cursor 9 Tier 3 marine engines for Caterpillar went into production.

Powertrain signed an alliance agreement with Cascade Engine Center LLC for distribution of its engines across the western USA and British Columbia, Canada. The deal will strengthen the Group's distribution capability in the marine sector in North America.

In the power generation segment, at Middle East Electricity 2014, held in Dubai in February, Powertrain presented its new range of gensets and G-Drives based on the Cursor series engines, which expand its product offering of not emissionized products up to 500 kVA.

At Smart Energy Expo in Verona, Italy, Asja, a leading manufacturer of generators powered by renewable sources, introduced its new range of TOTEM micro-cogenerators, equipped with Powertrain's F1C CNG engine.

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Two Powertrain's plants were awarded the WCM program's Silver Level certification, confirming Powertrain's commitment to increasingly competitive and reliable production processes: the transmissions and axles plant in Turin and the engines plant in Foggia.

OTHER INFORMATION ON INDUSTRIAL ACTIVITIES

Sales and Distribution

Agricultural Equipment and Construction Equipment

Agricultural Equipment sells and distributes products through approximately 2,700 full-line dealers and distributors with over 6,600 points of sale. Construction Equipment sells and distributes products through approximately 600 full-line dealers and distributors with over 1,500 points of sale. Agricultural Equipment and Construction Equipment dealers are almost all independently owned and operated. Some Agricultural Equipment dealers also sell construction equipment. In the United States, Canada, Mexico, most of Western Europe, Brazil and Australia, products are generally distributed directly through the independent dealer network. In the rest of the world, products are initially sold to independent distributors who then resell them to dealers, in order to take advantage of their knowledge of the market and minimize marketing costs.

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

In North America and Australia a trade-in of used equipment typically accompanies the sale of new equipment to end-users. CNH Industrial often provides marketing assistance to its dealers to support the sales of used trade-in equipment through subsidized financing incentives, inventory carrying cost defrayment, or other methodologies.

Exclusive, dedicated dealers generally provide a higher level of market penetration. Some dealers may sell complementary products manufactured by other suppliers in order to complete their product offerings or to satisfy local demand for a particular specialty application or segment.

A strong dealer network with wide geographic coverage is a critical element in the success of Agricultural Equipment and Construction Equipment. The two segments work to enhance their dealer network through the expansion of their product lines and customer services, including enhanced financial services offerings, and an increased focus on dealer support. To assist dealers in building rewarding relationships with their customers, focused customer satisfaction programs have been introduced and they are expected to incorporate customer input into the relevant product development and service delivery processes.

As the equipment rental business becomes a more significant factor in the agricultural equipment and construction equipment markets, Agricultural Equipment and Construction Equipment are continuing to support their dealer network by facilitating sales of equipment to the local, regional and national rental companies through their dealers as well as by encouraging dealers to develop their own rental activities. A strong dealer service network is required to maintain the rental equipment and to help ensure that the equipment remains at peak performance levels both during its life as rental equipment and afterward when resold into the used equipment market. Agricultural Equipment and Construction Equipment have launched several programs to support their dealer service and rental operations, including training, improved dealer standards, financing, and advertising. As the rental market is a capital-intensive sector and sensitive to cyclical variations, Agricultural Equipment and Construction Equipment expand such activities gradually, with special attention to managing the resale of rental units into the used equipment market by its dealers, who can utilize this opportunity to improve their customer base and generate additional parts business.

CNH Industrial believes that it is generally more cost-effective to distribute its agricultural and construction equipment products through independent dealers, although Agricultural Equipment and Construction Equipment maintain a limited number of company-owned dealerships in some markets. As of December 31, 2014, Agricultural Equipment and Construction Equipment operated 3 and 4 company-owned dealerships, respectively, primarily in North America and Europe. The two segments also operate a selective dealer development program in territories with growth potential but underdeveloped representation by the Agricultural Equipment and Construction Equipment brands that typically involve a transfer of ownership to a qualified operator through a buy-out or private investment after a few years.

Commercial Vehicles

Commercial Vehicles had 672 dealers globally (of which 20 were directly owned by the segment and 13 were branches), including 299 in Western Europe, 72 in Eastern Europe, 124 in Africa and the Middle East, 69 in Latin America and 108 in the Asia-Pacific region. 502 of those dealers sell trucks and commercial vehicles, 95 sell buses and 75 sell specialty vehicles. All of these dealers sell spare parts for the relevant vehicles. Commercial Vehicles bolsters its distribution strategy by offering incentives to its dealers based on target achievements for sales of new vehicles and parts and providing high quality aftersales services. Through 2,845 sales centers and over 4,700 service centers in over 160 countries, the business can provide support in any geographic area where its vehicles are at work.

A key element of Commercial Vehicles' growth strategy is its distribution network. In Western Europe, Eastern Europe and Latin America, continued consolidation of the distribution network is aimed at improving service to customers, increasing profitability and reducing overall distribution costs. In Africa and the Middle East, the distribution network is being expanded in order to fully exploit growth in these markets.

In the United Kingdom, the segment is one of the few OEMs that sells trucks and commercial vehicles to companies which offer commercial vehicle rental solutions, such as Ryder, Fraikin and Burntree, among others.

In accordance with European legislation, Commercial Vehicles' dealers have a specific sales territory. Additionally, European law allows Commercial Vehicles' dealers to carry multiple brands.

Powertrain

In addition to the Group captive customers, including Agricultural Equipment, Construction Equipment and Commercial Vehicles, Powertrain's commercial strategy and business model are focused on the development of a portfolio of medium-to-large OEM customers. Powertrain has entered into long-term supply agreements with Claas, Perkins, Komatsu, Tigercat, Merlo, Carraro, LS Mtron, Argo Tractors and Dieci for off-road applications; Daimler-Fuso, VDL, Ford, Tata-Daewoo, Hyundai Motors, Karsan and Xiamen King Long for on-road applications; and Generac, Himoinsa and Greenpower for power generation applications.

Powertrain has a network of 93 dealers and 899 service points in 100 countries that cover its entire product range and related market sectors. Large OEMs use their own internal networks to obtain parts and services for purchased equipment, while small OEMs frequently rely on the Group for delivery of parts and services through Powertrain's worldwide network.

Pricing and Promotion

The actual retail price of any particular piece of equipment and vehicle is determined by the individual dealer or distributor and generally depends on market conditions, features, options and, potentially, regulatory requirements. Actual retail sale prices may differ from the manufacturer-suggested list prices. CNH Industrial sells equipment and vehicles to its dealers and distributors at wholesale prices that reflect a discount from the manufacturer-suggested list price. In the ordinary course of business CNH Industrial engages in promotional campaigns that may include price incentives or preferential credit terms with respect to the purchase of certain products in certain areas.

CNH Industrial regularly advertises its products to the community of farmers, builders, transporters and agricultural and construction contractors, as well as to distributors and dealers in each of its major markets. To reach its target audience, CNH Industrial uses a combination of general media, specialized design and trade magazines, the Internet and direct mail. CNH Industrial also regularly participates in major international and national trade shows and engage in co-operative advertising programs with distributors and dealers. The promotion strategy for each brand varies according to its target customers for that brand.

Parts and Services

The quality and timely availability of parts and services are important competitive factors for each of the Group's businesses, as they are significant elements in overall dealer and customer satisfaction and important considerations in a customer's original equipment purchase decision. The Group supplies a complete range of parts, many of which are proprietary, to support current products as well as for products sold in the past. In certain markets, the Group also offers personalized aftersales customer assistance programs which provide a wide range of modular and flexible maintenance and repair contracts, as well as warranty extension services, to meet a variety of customers' needs and to support the vehicle's value over time. As many of the products sold can have economically productive lives of up to 20 years when properly maintained, each unit sold has the potential to produce a long-term parts and services revenue stream for both the Group and its dealers.

As of December 31, 2014, the Group operated and administered 59 parts depots worldwide, either directly, through a joint venture, or through arrangements with warehouse service providers. This network includes 11 parts depots in NAFTA, 21 in EMEA, 5 in LATAM and 22 in APAC. Each depot may stock parts for one or more of the Group's segments. The network includes 35 parts depots that support Agricultural Equipment, 26 that support Construction Equipment, 20 that support Commercial Vehicles and 3 that support Powertrain. These depots supply parts to dealers and distributors, which are responsible for sales to retail customers. These parts depots and the segments' parts delivery systems provide customers with access to substantially all of the parts required to support the products sold.

In December 2009, a 50/50 joint venture, CNH Reman LLC, was formed for full-scale remanufacturing and service operations in the United States. The joint venture primarily remanufactures engine, engine components, driveline, hydraulic, rotating electrical and electronic products. The joint venture is focused on serving the North American agricultural and construction equipment industries. Remanufacturing is a way to support sustainable development and gives customers the opportunity to purchase high quality replacement assemblies and components at reduced prices.

As of December 31, 2014, Commercial Vehicles had over 4,700 service outlets. In addition to Commercial Vehicles standard one-year full vehicle warranty and two-year powertrain warranty, which are extended in certain jurisdictions including the United Kingdom and Germany to match competitors' practices, Commercial Vehicles offers personalized aftersales customer assistance programs.

Joint Ventures

As part of a strategy to enter and expand in new markets, the Group is also involved in several commercial and/or manufacturing joint ventures, including the following:

- the Group owns 50% of New Holland HFT Japan Inc. ("HFT"), which distributes its products in Japan. HFT imports and sells the full range of New Holland agricultural equipment;
- in Pakistan, the Group owns 43.2% of Al Ghazi Tractors Ltd., which manufactures and distributes New Holland tractors;
- in Turkey, the Group owns 37.5% of Turk Traktor ve Ziraat Makineleri A.S., which manufactures and distributes various models of both New Holland and Case IH tractors;
- in Mexico, the Group owns 50% of CNH de Mexico S.A. de C.V., which manufactures New Holland agricultural equipment and distributes equipment for all Agricultural Equipment brands through one or more of its wholly-owned subsidiaries;
- in China, the Group owns an interest in Naveco, a well-established player in the Chinese light and medium truck and commercial vehicle market. Naveco is a 50/50 Chinese joint-venture of Commercial Vehicles and the Nanjing Automotive Corporation, a subsidiary of the SAIC Group, which designs, produces and sells the Daily model, light and medium vehicles;
- the Group also owns 33.5% of SAIC Iveco Hongyan Commercial Vehicle ("SIH"), which designs, produces and sells heavy vehicles;
- the Group controls 60% of SAIC Fiat Powertrain Hongyan Ltd ("SFH"), a manufacturing company located in Chongqing: 30% directly through Powertrain, while a 50/50 joint venture between Commercial Vehicles and SAIC group owns 60%. SFH produces diesel engines under license from Powertrain to be sold in the Chinese market (mainly to SIH) and to be exported to Europe, USA and Latin America; and
- in South Africa, Commercial Vehicles owns 60% of Iveco South Africa Works (Pty) Ltd, a joint-venture with the Larimar Group, a leading South African public transport operator and bus manufacturer, operating a new assembly facility for medium and heavy range trucks and buses in Rosslyn, South Africa.

FINANCIAL SERVICES

Financial Services offers a range of financial products and services to dealers and customers in the various regions in which it operates. The principal products offered are retail financing for the purchase or lease of new and used equipment and vehicles and wholesale financing to dealers. Wholesale financing consists primarily of floor plan financing and allows dealers to purchase and maintain a representative inventory of products. Financial Services also provides financing to dealers for equipment used in dealer owned rental yards, parts inventory, working capital and other financing needs. Additionally, Financial Services purchases equipment and vehicles from dealers that are leased to retail customers under operating lease agreements. As a captive finance business, Financial Services is reliant on the operations of Agricultural Equipment, Construction Equipment and Commercial Vehicles, their dealers and customers.

Financial Services supports the growth of Industrial Activities sales and builds dealer and customer loyalty. Financial Services' strategy is to grow a core financing business to support the sale of equipment and vehicles by improving its portfolio credit quality, service levels, operational effectiveness and customer satisfaction. The segment works to develop and structure financial products with the objective of increasing equipment and vehicle sales as well as profitability. Financial Services also offers products to finance third party equipment and vehicles sold through the Group's dealer network or within the Group's core businesses. Financed third party equipment and vehicles include used equipment and vehicles taken in trade on the Group's products or equipment used in conjunction with or attached to the Group's products.

In North America, Financial Services' activity is carried out through wholly-owned financial services companies that support sales through dealer and customer financing, as well as operating leases.

In Europe, customer financing for customers of Agricultural Equipment and Construction Equipment is primarily managed through CNH Industrial Capital Europe S.a.S., a joint venture with BNP Paribas Group (49.9% owned by CNH Industrial N.V. and accounted for under the equity method) that operates in Italy, France, Germany, Belgium, The Netherlands, Luxembourg, the U.K., Spain and Austria. Vendor programs with banking partners are also in place in France, Portugal, Denmark and Poland. Dealer financing and customer financing activities not managed by the joint venture with BNP Paribas or the vendor programs are managed through captive financial services subsidiaries.

In January, 2014, CNH Industrial and BNP Paribas reached an agreement to extend the joint-venture services to CNH Industrial's Commercial Vehicles business in Italy, Germany, France, the U. K. and other major European markets. As a result of this increase in scope, CNH Industrial Capital Europe is now the captive finance company for all of the Group's current businesses in major European countries.

In Spain, financial services related to Commercial Vehicles are managed through Transolver Finance Establecimiento Financiero de Credito S.A., a joint venture with the Santander Group (50% owned by CNH Industrial N.V. and accounted for under the equity method) which offers retail and dealer financing services.

In Eastern Europe, financial services for customers of Commercial Vehicles are managed by fully consolidated captive financial services companies.

In Brazil, the captive financial services company Banco CNH Industrial Capital S.A. offers both dealer and customer financing for customers of Agricultural Equipment and Construction Equipment. For customer financing, the company mainly serves as intermediary for funding provided by BNDES, a federally-owned financial institution linked to the Brazilian Ministry of Development, Industry and Foreign Trade. Vendor programs offered jointly with banking partners are also in place. Starting from January 2014, financial services for Commercial Vehicles' dealers and customers in Latin America are provided directly by Banco CNH Industrial Capital S.A.

In Australia, Agricultural Equipment and Construction Equipment offer dealer and end-customer financing through a captive financial services company.

In China, financial services are provided to dealers and customers of Commercial Vehicles through FCA or its subsidiaries or affiliates.

Customer Financing

Financial Services has certain retail underwriting and portfolio management policies and procedures that are specific to Agricultural Equipment, Construction Equipment and Commercial Vehicles. This distinction allows the segment to reduce risk by deploying industry-specific expertise in each of these businesses. CNH Industrial provides retail financial products primarily through its dealers, who are trained in the use of the various financial products. Dedicated credit analysis teams perform retail credit underwriting. The terms for financing equipment and vehicle retail sales typically provide for retention of a security interest in the equipment or vehicles financed.

Financial Services' guidelines for minimum down payments for equipment and vehicles generally range from 5% to 30% of the actual sales price, depending on equipment types, repayment terms and customer credit quality. Finance charges are sometimes waived for specified periods or reduced on certain equipment sold or leased in advance of the season of use or in connection with other sales promotions. Financial Services generally receives compensation from Agricultural Equipment, Construction Equipment and Commercial Vehicles equal to a competitive interest rate for periods during which finance charges are waived or reduced on the retail notes or leases. The cost is accounted for as a deduction in arriving at net sales for the applicable industrial segment.

Dealer Financing

Financial Services provides wholesale floor plan financing for nearly all of the Group's dealers, which allows them to acquire and maintain a representative inventory of products. Financial Services also provides some working capital and real estate loans on a limited basis. For floor plan financing, Financial Services generally provides a fixed period of "interest free" financing to the dealers. This practice helps to level fluctuations in factory demand and provides a buffer from the impact of sales seasonality. After the "interest-free" period, if the equipment or vehicles remain in dealer inventory, the dealer pays interest costs. Financial Services generally receives compensation from the applicable Industrial Activities business equal to a competitive interest rate for the "interest-free" period.

A wholesale underwriting group reviews dealer financial information and payment performance to establish credit lines for each dealer. In setting these credit lines, Financial Services seeks to meet the reasonable requirements of each dealer while managing its exposure to any one dealer. The credit lines are secured by the equipment or vehicles financed. Dealer credit agreements generally include a requirement to repay the particular loan at the time of the retail sale. Financial Services employees or third-party contractors conduct periodic stock audits at each dealership to confirm that the financed equipment or vehicle is still in inventory. These audits are unannounced and the frequency of these audits varies by dealer and depends on the dealer's financial strength, payment history and prior performance.

Sources of Funding

The long-term profitability of Financial Services' activities largely depends on the cyclical nature of the industries Industrial Activities operate in, interest rate volatility and the ability to access funding on competitive terms. Financial Services funds its operations and lending activity through a combination of term receivable securitizations, committed asset-backed and unsecured facilities, secured and unsecured borrowings, affiliated financing and retained earnings. CNH Industrial will continue to evaluate alternative funding sources to help ensure that Financial Services maintains access to capital on favorable terms in support of its business, including through new funding arrangements, joint venture opportunities, vendor programs or a combination of the foregoing.

Financial Services has periodically accessed the public financial markets and ABS markets in the United States, Canada and Australia, as part of its wholesale and retail financing programs when those markets offer funding opportunities on competitive terms. The segment's ability to access these markets will depend, in part, upon general economic conditions, legislative changes and the segment's financial condition and portfolio performance. These factors can be negatively affected by cyclical swings in the industries in which Industrial Activities operate.

Competition

The financial services industry is highly competitive. Financial Services competes primarily with banks, finance companies and other financial institutions. Typically, this competition is based upon the financial products and services offered, customer service, financial terms and interest rates charged. Financial Services' ability to compete successfully depends upon, among other things, the availability and competitiveness of funding resources, the development of competitive financial products and services, and licensing or other governmental regulations.

PLANTS AND MANUFACTURING PROCESSES

As of December 31, 2014, the Group owned 64 manufacturing facilities, of which 14 were located in Italy, 10 in the United States, 8 in France, 6 in Brazil. The Group also owns other significant properties including spare parts centers, research laboratories, test tracks, warehouses and office buildings.

A number of the Group's manufacturing facilities (land and industrial buildings) are subject to mortgages and other security interests granted to secure indebtedness to certain financial institutions. These assets equaled approximately $93 million at December 31, 2014, as compared to $101 million at the end of 2013.

The Group makes capital expenditures in the regions in which it operates principally related to initiatives to introduce new products, enhance manufacturing efficiency, improve capacity, and for maintenance and engineering. In 2014, the Group's total capital expenditures were $1,698 million of which 64% was spent in EMEA, 19% in NAFTA, 10% in LATAM and 7% in APAC. These capital expenditures were funded through a combination of cash generated from operating activities and borrowings under short-term facilities. In 2013, the Group's total capital expenditures were $1,985 million. The Group continually analyzes the allocation of its industrial resources taking into account such things as relative currency values, existing and anticipated industry and product demand, the location of suppliers, the cost of goods and labor, and plant utilization levels.

The following table provides information about the Group's significant manufacturing and engineering facilities as of December 31, 2014:

Location	Primary Functions	Approximate Covered Area (Sqm/000)
Italy		
S. Mauro	Excavators; R&D center	57
Modena	Components (agricultural equipment and construction equipment)	102
S. Matteo	R&D center (agricultural equipment)	51
Jesi	Tractors	77
Lecce	Construction equipment; R&D center	130
Piacenza	Quarry and construction vehicles; R&D center	63
Brescia	Medium vehicles, cabs, chassis; R&D center	275
Suzzara	Light vehicles; R&D center	175
Brescia	Firefighting vehicles; R&D center	28
Bolzano	Defense vehicles; R&D center	81
Pregnana Milanese	Diesel engines	31
Torino	R&D center (commercial vehicles)	100
Torino	R&D center (powertrain)	28
Torino	Diesel engines	142
Torino	Transmissions and axles	239
Foggia	Diesel engines; drive shafts	151
United States		
New Holland	Agricultural equipment; R&D center	104
Grand Island	Agricultural equipment and combines	128
Benson	Sprayers, cotton pickers; R&D center	41
Burlington	Backhoe loaders, forklift trucks; R&D center	91
Fargo	Tractors, wheeled loaders; R&D center	88
Goodfield	Soil management equipment; R&D center	39
Racine	Tractors, transmissions	105
Mt. Joy	R&D center (agricultural equipment)	11
Wichita	Skid steer loaders; R&D center	46
Burr Ridge (Hinsdale)	R&D center (agricultural equipment, construction equipment and diesel engines)	43
Calhoun (*)	Dozers; R&D center	31
St. Nazianz	Sprayers	24
France		
Coex	Grape harvesters; R&D center	26
Croix	Cabins (agricultural equipment)	12
Tracy-Le-Mont	Hydraulic cylinders (agricultural equipment and construction equipment)	16
Annonay	Buses; R&D center	137
Venissieux	R&D center (commercial vehicles)	11
Rorthais	Buses; R&D center	29
Fourchambault	Engines	22
Bourbon Lancy	Diesel engines; R&D center	102
Fecamp	Diesel engines	25

Location	Primary Functions	Approximate Covered Area (Sqm/000)
Brazil		
Belo Horizonte	Construction equipment; R&D center	70
Curitiba	Combines and tractors; R&D center	103
Piracicaba	Sugar cane harvesters; R&D center	12
Sorocaba	Crawler loaders, backhoe loaders, excavators, agricultural equipment; R&D center	160
Sete Lagoas	Heavy and light vehicles, defense vehicles; R&D center	119
Sete Lagoas	Engines; R&D center	14
Germany		
Berlin	Construction equipment; R&D center	59
Ulm	Firefighting vehicles; R&D center	35
Ulm	R&D center (commercial vehicles)	144
China		
Harbin	Tractors, balers; R&D center	250
Chongqing	Diesel engines; R&D centers	76
Foshan	Sugar cane harvesters	11
Argentina		
Cordoba	Diesel engines	20
Ferreira	Trucks and buses	44
Cordoba	Agricultural equipment, tractors	30
Belgium		
Antwerp	Components (agricultural equipment)	79
Zedelgem	Combines, agricultural equipment; R&D center	159
Spain		
Madrid	Heavy vehicles; R&D center	134
Valladolid	Light vehicles	74
India		
Pithampur	Backhoe loaders, earth compactors	29
Noida	Tractors; R&D center	82
Others		
Basildon (U.K.)	Tractors; R&D center	129
Plock (Poland)	Combines; R&D center	95
Saskatoon (Canada)	Agricultural equipment (sprayers, seeders); R&D center	61
Dandenong (Australia)	Trucks; R&D center	42
St.Valentin (Austria)	Tractors; R&D center	56
Vysoke Myto (Czech Republic)	Buses; R&D center	123
Queretaro (Mexico)	Components (agricultural equipment and construction equipment)	15
Naberezhnye Chelny (Russia)	Agricultural equipment	50
La Victoria (Venezuela)	Assembly of light and heavy vehicles and buses	56
Rosslyn (South Africa)	Trucks and buses	55
Arbon (Switzerland)	R&D (powertrain)	6

(*) The Calhoun facility is expected to be closed in 2015.

World Class Manufacturing

CNH Industrial, in striving to consolidate and maintain high standards of excellence in its manufacturing systems, applies principles of World Class Manufacturing ("WCM"), the innovative program for continuous improvement that encompasses the most effective manufacturing methodologies. These include: Total Quality Control ("TQC"), Total Productive Maintenance ("TPM"), Total Industrial Engineering ("TIE"), and Just In Time ("JIT"). Applying rigorous methods and procedures WCM aims to eliminate all types of waste and loss, including zero injuries, zero defects, zero breakdowns, zero waste, reduced inventories, and punctual delivery of parts by suppliers to plants, and thereafter to dealers and end users. Actions for continuous improvement are driven by the Cost Deployment pillar, which precisely identifies all plant wastes and losses, guides the activities of the corporate functions in charge of containing and eliminating the sources of waste, evaluates project feasibility, and assesses and certifies the results achieved by carefully monitoring specific performance indicators.

One of the main features of WCM is the way it incentivizes employees to engage and take responsibility, contributing directly to process optimization through a consistent system for collecting suggestions. This allows individuals to acquire and develop skills and good practices that are then shared across plants, forming a network of expertise and knowledge at the service of the Group. In 2014, about 395 thousand suggestions were collected across the plants where WCM principles are applied, with an average of eleven per employee. The projects implemented in 2014 within WCM generated savings of $196 million.

Each pillar involves a seven-step approach and auditing process, culminating in several awards (bronze, silver, gold, and world class). In December 2014, 53 plants were participating in the program, involving 83% of Group's plants and 98% of revenues from sales of products manufactured in Group's plants; 19 of them received bronze awards and six received silver awards (Bourbon-Lancy, Foggia, Madrid, Suzzara, Torino - transmissions and axles - and Valladolid).

Environmental impacts of manufacturing processes

The Group's manufacturing facilities are subject to a variety of laws designed to protect the environment, particularly with respect to solid and liquid wastes, air emissions, energy usage and water consumption. CNH Industrial is committed to continuously improving the environmental performance of its manufacturing processes, beyond the requirements of legislation, adopting the best technologies available and acting responsibly to preserve natural resources and to fight climate change. Environmental protection at CNH Industrial is focused on prevention, conservation, information and people engagement, thus facilitating long-term management. CNH Industrial principles are included in its Environmental Policy that describe the short, medium, and long-term commitments toward the responsible management of the environmental aspects, such as: energy, natural resources, raw materials, hazardous substances, polluting emissions, waste, natural habitats and biodiversity.

Most of the Group's manufacturing operations voluntarily participate in the ISO 14001 and ISO 50001 certification process. Receipt of a certification for environmental or energy management confirms that an organization has a system capable of keeping the impacts of its operations under control, and that it systematically seeks to improve this system in a way that is coherent, effective and, above all, sustainable. As of December 31, 2014, 53 plants were ISO 14001 certified and 39 sites, accounting for 94% of total energy consumption, had been ISO 50001 certified.

CNH Industrial's expenditure on environmental protection measures totaled approximately $56 million in 2014 (13% over 2013) and included: $35 million on waste disposal and emissions treatment and $21 million for prevention and environmental management. Investment to improve energy performance represented 7% of the total energy expenditure and led to a reduction of approximately 307 thousand GJ in energy consumed for the year and 19,467 tons of CO_2.

All environmental aspects are monitored, measured and quantified to set improvement targets at both corporate and segment level. The principal environmental KPIs maintained the positive trend recorded in recent years, reconfirming CNH Industrial's significant commitment to environmental protection. In 2014, the targets on the main environmental aspects were updated for the period 2015-2018, in line with the targets set in CNH Industrial's Business Plan.

Environmental and energy performance(1)	2014/2013 (%)	2014	2013
Energy consumption (*GJ per hour of production*)	-13.1	0.1309	0.1505
CO_2 emissions (*tons per hour of production*)	-14.1	0.0085	0.0098
Energy consumption from renewable sources (%)	25.5	20.2	16.1
VOC emissions (*g/m²*)	-10.7	43.4	48.6
Water withdrawals (*m³ per hour of production*)	-12.5	0.14	0.16
Hazardous waste generation (*kg per hour of production*)	-12.5	0.56	0.64

(1) Environmental performance relates to 55 fully consolidated plants, representing 99% of revenues from sales of products manufactured in Group's plants. Energy performance relates to 54 fully consolidated plants, representing 98% of revenues from sales of products manufactured in Group's plants. Energy and CO_2 emissions data for 2013 are an estimate.

Numerous initiatives were rolled out in 2014 to optimize environmental and energy management. A major intervention to reduce environmental impact was undertaken at the plant in Bolzano (Italy). Works were completed to revamp and optimize the system for the treatment of industrial wastewater (from machining and washing) before authorized discharge into the public sewer system. The total amount of waste produced by the plant at standard use will be cut by over 40% compared to 2013 (approximately 1,000 tons), resulting in savings of over $133 thousand per year, thanks to the treatment of wastewater rather than its disposal. As regards energy management, in 2014, the Grand Island plant (USA) followed the example set by the Saskatoon plant (Canada) in 2013, by completely replacing its lighting system with the latest generation of LED ceiling lights. The project involved the replacement of 1,250 metal halide lamps (i.e., the substitution of 360 W lamps with 260 W lamps), saving 27% on electrical power consumption. The total investment was approximately $1,048 thousand. The replacement also doubled average brightness levels on the plant's production area, with considerable benefits in terms of work area productivity and safety. Per year, this change saves 1,787,500 kWh, equal to approximately $140 thousand, and eliminates 1,135 tons of CO_2 emissions. Furthermore, the expected savings in maintenance costs, as of 2015, amount to $60 thousand, which the plant will use to install additional LED lights in non-manufacturing areas and to enhance automated lighting control systems.

SUPPLIERS

CNH Industrial adopts a responsible approach to the management of its supply chain, establishing relationships that go beyond commercial transactions, fostering long-lasting and mutually satisfying collaborations with qualified partners that share the Group's principles. CNH Industrial has adopted the Sustainability Guidelines for Suppliers that provide the framework for responsible supply chain management. In addition to compliance with local legislation, the Guidelines call for observance of human rights and working conditions, respect for the environment and business ethics.

At December 31, 2014, CNH Industrial had approximately 5,850 global direct suppliers, focusing the relationships on quality improvement, cost reduction, product innovation and production flexibility.

CNH Industrial's standards of environmental and social responsibility have been fully integrated into its supply chain management. Supplier selection is an operational phase of the procurement process and is regulated by specific procedures. It is based not only on the quality and competitiveness of their products and services, but also on their compliance with CNH Industrial's social, ethical and environmental principles. The assessment process is built on objective criteria and tools aimed at ensuring fairness and equal opportunities for all parties involved.

Furthermore, in order to assess whether suppliers meet the sustainability standards set by CNH Industrial and, where necessary, take steps towards improvement and realignment, a monitoring process has been designed and implemented. It consists of an assessment questionnaire and a follow-up on-site audit, mainly focused on the following issues: human rights, environment, compliance and ethics, diversity, health and safety. The self-assessment questionnaire has been recently revised in 2014 in order to improve the process and to align it to worldwide recognized standards. In 2014, 115 suppliers were assessed through the questionnaire and 62 audits were performed worldwide. The analysis of the results highlighted the widespread implementation of sustainability initiatives, with a significant number of suppliers adopting their own social and environmental systems, setting specific targets and drafting periodic reports. In some cases, corrective action plans for areas in need of improvement were formulated in collaboration with suppliers. In fact, this monitoring process is considered also a way to promote the continuous improvement along the supply chain.

In line with previous years, several initiatives continued to promote the exchange of ideas and information, including Technology Days (10 events organized in 2014) attended by approximately 1,000 people where suppliers that are industry-leaders in innovation, technology and quality discussed specific topics and shared information on recent technological developments. Moreover, Supplier Advisory Councils were organized in all the regions. The Councils are intended to promote the exchange of information and opinions with leading suppliers that account for a significant percentage of the value of annual purchases in each region and for each segment.

Other initiatives were in place to incentivize supplier innovation such as the Supplier Performance (Su.Per) program, that encourages suppliers to be proactive by sharing the economic benefits generated by innovative methods and technologies that they have proposed. In 2014, 4 suppliers benefited from this program and 8 supplier proposals were implemented, generating economic benefits in favor of suppliers valued at $53 thousand.

Continuous improvement is also seen in World Class Manufacturing Purchasing, which has continued providing its advice to suppliers intending to implement the WCM system. During the year, WCM was implemented at additional supplier plants, reaching a total of 130 supplier sites. This means they now apply what is considered to be one of the world's leading set of manufacturing standards. In addition, in order to promote good practice within the supply chain, a selected number of suppliers (more than 100) have been involved in responding to the CDP Supply Chain questionnaire to assess the strategies adopted to fight climate change and the initiatives already in place or to be implemented to reduce CO_2 emissions.

LEGAL PROCEEDINGS

As a global company with a diverse business portfolio, CNH Industrial is exposed to numerous legal risks, particularly in the areas of product liability (including asbestos-related liability), product performance, retail and wholesale credit, competition and antitrust law, intellectual property matters (including patent infringement), disputes with dealers and suppliers and service providers, environmental risks, and tax and employment matters. The most significant of these matters are described in Note 30 "Guarantees granted, commitments and other contingent liabilities" to the Consolidated Financial Statements for the year ended December 31, 2014.

The outcome of any current or future proceedings cannot be predicted with certainty. It is therefore possible that legal judgments could give rise to expenses that are not covered, or not fully covered, by insurers' compensation payments and could affect the Group's financial position and results. Although the ultimate outcome of legal matters pending against CNH Industrial and its subsidiaries cannot be predicted, the CNH Industrial believes the reasonable possible range of losses for these unresolved legal actions in addition to the amounts accrued would not have a material effect on its financial statements.

As of December 31, 2014, contingent liabilities estimated by the Group amounted to approximately $41 million (compared to approximately $48 million as of December 31, 2013), for which no provisions have been recognised since an outflow of resources is not considered probable as of that date. When it is probable that an outflow of resources embodying economic benefits will be required to resolve obligations and this amount can be reliably estimated, the Group designates specific provisions for this purpose.

Starting January 2011, Iveco and certain of its competitors have been subject to an investigation being conducted by the European Commission into certain business practices of the leading manufacturers of trucks and commercial vehicles in the European Union in relation to possible anti-competitive behavior.

On November 20, 2014, Iveco received a Statement of Objections from the European Commission alleging that Iveco and other companies in the heavy and medium truck industry had breached EU antitrust rules. The Commission indicated that it would seek to impose significant fines on the manufacturers. The Statement of Objections is a formal step in the Commission's investigative process and details the Commission's preliminary view of the conduct of the companies involved.

The Statement of Objections is not a final decision and, as such, it does not prejudice the final outcome of the proceedings. Under the applicable procedural rules, the Commission will review the manufacturers' responses before issuing a decision and any decision would be subject to further appeals.

Iveco is evaluating the Statement of Objections and the documents on the Commission's case file, and intends to issue its response to the Commission in due course and to avail itself of any opportunity allowed by the procedure to clarify its position in this matter. Given the numerous uncertainties in the next stages of the investigation, CNH Industrial is unable to predict the outcome or to estimate the potential fine at this time.

INSURANCE

CNH Industrial maintains insurance with third-party insurers to cover various risks arising from its business activities including, but not limited to, risk of loss or damage to its assets or facilities, business interruption losses, general liability, automobile liability, product liability and directors and officers liability insurance. CNH Industrial believes that it maintains insurance coverage that is customary in its industry. CNH Industrial uses a broker that is a subsidiary of Fiat Chrysler Automobiles N.V. to place a portion of its insurance coverage.

RESEARCH AND DEVELOPMENT

In a continuously and rapidly changing competitive environment, CNH Industrial's research activities are a vital component in its strategic development.

Research and development times are reduced, where possible, to accelerate time-to-market, while taking advantage of specialization and experience in different markets. Technical and operational synergies and rapid technical communication form the basis of the Group's research and development process. CNH Industrial's innovation process consists of a series of clear-cut steps, from the evaluation of innovative concepts up to the final step before product development. The Group believes that innovation is essential to offering products that are consistently high-tech, ecofriendly, ergonomic, safe and cost-effective. In particular, the main areas of focus are reducing polluting emissions, assessing the potential of alternative propulsion systems and fuels, reducing the cost of operations, and improving ergonomics and safety.

The following table shows the number of collaborative research projects in which CNH Industrial was involved during 2014:

(number)	2014
Reduction of polluting emissions	6
Optimization of consumption and energy efficiency	30
Alternative fuels	3
Alternative propulsion systems	2
Others	40
Total	**81**

CNH Industrial considers participation in external working groups and research projects strategically important in developing know-how and promoting the active exchange of ideas. In addition to long-standing collaborations with the University of Turin, Turin Polytechnic and Milan Polytechnic in Italy, the CNH Industrial brands also work with approximately 40 other universities in North America (USA and Canada), Europe (Italy, Spain, Germany and Belgium), Latin America (Brazil) and Asia (China) to further enhance their activities in innovation.

The following table shows the number of research and development scientific collaborations in which CNH Industrial was involved during 2014:

(number)	2014
Universities	41
Research Centers	9
Total	**50**

In 2014, Group expenditure on research and development (including capitalized development costs and costs charged directly to operations during the year) totaled $1,122 million, or 3.6% of net revenues from Industrial Activities. Research and development activities involved approximately 6,100 employees at 49 sites around the world.

The following table shows the Group's total research and development expenditures, including capitalized development costs and costs charged directly to operations during the year, by segment for the years ended December 31, 2014 and 2013:

($ million)	2014	2013
Agricultural Equipment	519	564
Construction Equipment	130	151
Commercial Vehicles	350	395
Powertrain	123	130
Eliminations and Other	-	-
Total of Industrial Activities	**1,122**	**1,240**
Financial Services	-	-
Eliminations	-	-
Total for the Group	**1,122**	**1,240**

The Group owns a significant number of patents, trade secrets, licenses and trademarks related to its products and services, and that number is expected to grow as the Group's technological innovation continues. At year end, the Group had 7,518 active patents, including 761 new patents registered during the year (in addition to 2,846 applications pending). The Group files patent applications in Europe, the United States and around the world to protect technology and improvements considered important to the business. Certain trademarks contribute to the Group's identity and the recognition of its products and services and are an integral part of its business, and their loss could have a material adverse effect on the Group.

HUMAN RESOURCES

EMPLOYEES

CNH Industrial's business is, by nature, labor intensive and this is reflected in the high number of hourly employees the Group employs. A large number of hourly employees are based in European countries and Italy in particular, where 26% of the total employees are based.

The following tables show the breakdown of the number of employees by segment and by region at December 31, 2014 and 2013:

(number)	2014	2013
Agricultural Equipment	27,322	27,972
Construction Equipment	6,431	6,800
Commercial Vehicles	25,881	27,011
Powertrain	8,295	8,232
Other Activities	114	109
Total of Industrial Activities	**68,043**	**70,124**
Financial Services	1,164	1,068
Total	**69,207**	**71,192**

(number)	2014	2013
EMEA	41,756	41,961
NAFTA	11,647	11,948
LATAM	10,485	12,081
APAC	5,319	5,202
Total	**69,207**	**71,192**

As of December 31, 2014, CNH Industrial had 69,207 employees, a decrease of 1,985 over the 71,192 figure at year-end 2013. The change was attributable to the difference between new hires (approximately 5,000) and departures (approximately 7,800) during the year, partially offset by an increase of approximately 800 employees due to changes of the scope of the operations, which included: approximately 230 employees attributable to the acquisition of the assets of the U.S. precision spraying equipment manufacturer Miller, and about 570 employees were due to the insourcing of purchasing activities from FCA in Italy and Financial Services activities in LATAM. Excluding the scope of the operations, the change compared to year-end 2013 is mainly attributable to a decrease of workers for manufacturing activities in LATAM due to the weak market demand and a decrease of salaried employees mainly due to actions to reduce selling, general and administrative costs and business support costs as a result of the transition to CNH Industrial's regional structure. Minor increases included the first wave of hiring in the new plant of the joint venture Iveco South Africa Works in Rosslyn (South Africa) and new hiring for various functions in the emerging countries.

One of CNH Industrial's key challenges is the need to grow and adapt to a constantly changing environment. The Group realizes that the nature of today's socio-economic context calls for leaders with the ability to evolve. A solid people management process is the key to success, as it includes employees in the Group's business goals, takes advantage of employee talent and fuels workforce motivation. CNH Industrial is committed to supporting its employees with training initiatives and recognizing and rewarding their achievements and contribution to business results. In this manner, the Group not only gauges itself against today's expected levels of global competitiveness, but also gains insight into potential improvements and succession plans that are essential for the future. In 2014 CNH Industrial spent approximately $6 million in employee training.

As stated in CNH Industrial's Code of Conduct, occupational health and safety is an employee's fundamental right and a key part of CNH Industrial's sustainability model. Safety management engages all employees in creating a culture of accident prevention and risk awareness, sharing common occupational health and safety ethical principles to achieve improvement targets. One of the initiatives developed by CNH Industrial is an effective health and safety management system which conforms to OHSAS 18001 standards. As demonstration of its commitment in this area 54 plants around the world are OHSAS 18001 certified and approximately 48,000 people are involved. In 2014, approximately $114 million was spent on improving health and safety protection. The investments in health and safety allowed saving on the insurance premiums paid to the Italian National Institute for Insurance against Accidents at Work (INAIL), for a total of over $7 million in 2014. To achieve the challenging targets that the Group has set, all employees are involved in informational activities and in classrooms and hands-on training consistent with their roles and responsibilities. CNH Industrial provided over 253,000 hours of training on occupational health and safety in 2014. More than 32,000 employees were engaged in training on the job activities, 76% of whom were hourly. Owing to the Group's many initiatives, the overall frequency rate in 2014 was 0.25 injuries per 100,000 hours worked, an 11% drop compared to the previous year.

INDUSTRIAL RELATIONS

Management of production levels

In 2014, CNH Industrial's work with trade unions and employee representatives, to reach consensus-based solutions for managing market conditions, varied by business and market.

Also in 2014 several plants in EMEA utilized mechanisms to address fluctuations in production volumes such as overtime and temporary contracts, to support growth in demand, and/or plant stoppages, to cope with drops in market volumes. In Italy, compared to 2013, the Powertrain segment, Iveco brand and New Holland Construction Machinery resorted less to temporary layoff. In the first part of the year, almost all the plants of the Agricultural Equipment segment in EMEA made use of overtime as well as of temporary workers to cover production volumes, while, due to a market slowdown whose effects were felt especially in the second half of the year, there were production stoppages at the Italian, U.K. and Belgian Agricultural Equipment plants. At the Iveco Bus plants in Annonay (France) and Vysoke Myto (Czech Republic) the intense production flow required overtime and agency contracts. In Spain, at the Commercial Vehicle plant in Valladolid, the utilization of temporary layoffs was almost unchanged compared to 2013. In France and Germany, production stoppages through temporary layoff benefit schemes decreased significantly over the previous year. During the year, flexible working time agreements were applied to meet fluctuations in production at the Agricultural Equipment plants in Belgium and Poland as well as at the Commercial Vehicles plants in Annonay and Madrid. In North America, overtime diminished in the second half of the year and employment levels registered a modestly negative trend versus 2013 due to softening in the Agricultural Equipment market and relative stability in the Construction Equipment market. Several NAFTA plants in the Agricultural Equipment segment implemented workforce rebalance initiatives and additional down days to manage costs in light of the weaker business. In LATAM, declines in several CNH Industrial businesses were registered versus the year before. The decline in volumes was managed in the first part of the year mainly through a reduction of temporary workers; initiatives to re-balance the workforce based on the reduced production needs were then put into effect. Commercial Vehicles initially addressed the sharp market decline causing a downturn in production volumes with time banks and extensive use of collective vacation (mainly in Brazil) as well as temporary lay-offs (in Argentina and Venezuela); however the implementation of a restructuring program was then needed. In APAC the production volumes were quite flat compared to the previous year even if the Agricultural Equipment plants of Noida (India) and Harbin (China) experienced production volume increases, the latter due to the new product launch, managed through the use of overtime. Other plants like Naberezhnye Chelny (Russia), belonging to Agricultural Equipment, and Dandenong (Australia), part of the Commercial Vehicles production network, experienced decreased volumes compared to 2013, and implemented down days.

Restructuring and reorganization

At the Valle Ufita plant (Italy), December 31, 2014 marked the end of the third year of extraordinary temporary layoff benefits, granted after the business closure on December 31, 2011. Effective January 1, 2015, approximately 300 workers still employed at the end of December 2014 were transferred, along with the plant and in the framework of a transfer of undertaking, to Industria Italiana Autobus S.p.A., a newly created company belonging to the entrepreneur identified for the re-industrialization of the area by the Ministry of Economic Development.

In the U.S., it was announced in June 2014 that the Calhoun (Georgia) plant which produces excavators and dozers for Construction Equipment would be shut down in the third quarter of 2015. The excavator production at the Calhoun plant ceased in the last quarter of 2014, and dozer production will be transferred to the Burlington plant (Iowa) during 2015. The Calhoun plant closure affects approximately 100 employees. The plant complies and will continue to comply with all federal and state notification laws, and severance payments, benefit continuation, and other assistance consistent with Group policies applicable to non-unionized employees will continue to be provided.

In LATAM, due to the sharp decline registered in Commercial Vehicles, CNH Industrial implemented a restructuring program whose objectives include reducing the permanent workforce at plants in Brazil, Argentina and Venezuela. In the latter country, this has been pursued mainly through voluntary dismissals. Trade unions have been engaged in the workforce reduction process although this was not mandatory.

In China, due to the closure of Shanghai New Holland Agricultural Machinery Corporation Limited, a 60% owned joint venture, an agreement has been reached with the trade unions and the employees representatives on a Placement Plan elaborated in accordance to applicable labor laws and regulations with the purpose of minimizing the social impact of this closure. The plan provides for the placement in the company of the former joint venture partner of the employees meeting certain conditions and for a severance payment in the other cases.

Collective bargaining

The main wage and regulatory agreements signed in 2014 at the company/plant level include: in Italy the renewal of the collective labor agreement covering both pay and employment conditions, applicable to all the managers of the Group and valid until December 31, 2015; the renewal of the sections dealing with pay-related and with regulatory aspects of the Collective Labor Agreement ("CLA") applied in Italy to all CNH Industrial employees (except managers), providing, respectively, for a lump sum payment in July and for some changes to the regulation aimed, among others, at allowing a more flexible use of the paid leaves, at extending the flexible entry time, at establishing some specific provisions for the workers attending education courses at the school or at the University; the agreements reached through the annual negotiations in France, which resulted in salary increases varying from levels slightly below the inflation to levels slightly above it also in consideration of business results; the agreement signed in Czech Republic, which provides wage increases higher than inflation, due to country specificities and positive business results; agreements in Brazil envisaging pay increases, benefit and working conditions in line with the ones applied within the country's industrial sector, and further agreement on one-off bonuses.

In United States, unions represent a small portion of CNH Industrial's production and maintenance employees. The collective bargaining agreement with the UAW, which represents approximately 1,250 of the hourly production and maintenance employees, continues through April 2016. The CLA with the International Association of Machinists, which represents approximately 600 of CNH Industrial's employees in Fargo, North Dakota, expires in April 2018.

In Europe, most employees are covered by CLAs stipulated either at the company level or by the employer association for the specific industry, to which the applicable CNH Industrial companies belong. In some cases, the CLAs in the same country, stipulated at the extra company level, differ by territory.

Labor unrest

In Italy the overall level of labor unrest in the year was low. The hours of work lost were more than in the previous year, but less than the ones of 2012. The overall levels of labor unrest in 2014 in countries outside Italy were negligible.

FINANCIAL REVIEW

INTRODUCTION

The results presented in this Report are prepared in accordance with IFRS and relate to CNH Industrial Group including the impacts of the merger between Fiat Industrial S.p.A. and CNH Global N.V., which was completed on September 29, 2013. The merger had no impact on the consolidated activities of the former Fiat Industrial Group and therefore the results presented herein are consistent and comparable with those previously published by Fiat Industrial. However, as of the merger closing date, net profit and net equity that previously would have been attributed to the ex-CNH Global minority shareholders, are included in the profit and net equity attributable to owners of the parent.

As already mentioned, financial information included in this Annual Report is prepared in accordance with IFRS and presented in U.S. dollars, with segment reporting based on five segments. Prior year results have been consistently recast.

Principal changes in the scope of consolidation in 2014

There have been no significant changes in the scope of consolidation during 2014.

EFFICIENCY PROGRAM

In July 2014, CNH Industrial launched a comprehensive efficiency program designed to enhance the efficiency and competitiveness of its Industrial Activities.

The program is expected to result in a total cumulative charge of approximately $280 million over three years, with a non-cash impact of approximately 20%. The majority of the restructuring charges impacted or will impact the income statement in 2014 and 2015, respectively. Benefits from this program started to impact the operating performance in the third quarter of 2014, with annualized savings of approximately $160 million by the end of 2016.

Restructuring actions in Agricultural Equipment are mainly related to the closure of the joint venture in China, as the business model is no longer viable in the current environment, and cost reduction activities as a result of negative demand conditions.

Actions identified by Construction Equipment are related to the re-tooling of its industrial footprint in connection with the enlargement of the licensing agreements with Sumitomo, as well as the realignment of the dealer networks in EMEA as a result of the re-positioning of the Case and New Holland brand offerings. The announced closure of the assembly plant in Calhoun, Georgia, USA, represents one of those actions.

Commercial Vehicles actions are focused on selling, general and administrative expenses and business support costs as a result of the transition to CNH Industrial's regional structure, as well as the completion of manufacturing product specialization programs.

OPERATING PERFORMANCE

Basis of analysis

The following table provides the consolidated statements of income and a breakdown of Group results between Industrial Activities and Financial Services. Industrial Activities represent the activities carried out by the four industrial segments Agricultural Equipment, Construction Equipment, Commercial Vehicles, and Powertrain, as well as Corporate functions.

The segmentation between Industrial Activities and Financial Services represents a sub-consolidation prepared on the basis of the core activities of each Group company.

Investments held by companies belonging to one segment in companies included in the other segment are accounted for under the equity method and are classified in the income statement under result from intersegment investments.

The parent company, CNH Industrial N.V., is included under Industrial Activities.

The sub-consolidation of Industrial Activities also includes companies that provide centralized treasury services (i.e., raising funding in the market and financing Group companies). The activities of the treasury companies do not include the offer of financing to third parties.

Results of Operations – 2014 compared to 2013

($ million)	2014 Consolidated	2014 Industrial Activities	2014 Financial Services	2013(1) Consolidated	2013(1) Industrial Activities	2013(1) Financial Services
Net revenues	32,957	31,408	2,086	34,231	32,841	1,950
Cost of sales	26,841	26,051	1,327	27,750	27,078	1,232
Selling, general and administrative costs	2,753	2,548	205	2,961	2,754	207
Research and development costs	878	878	-	797	797	-
Other income/(expenses)	(86)	(64)	(22)	(86)	(93)	7
TRADING PROFIT/(LOSS)	2,399	1,867	532	2,637	2,119	518
Gains/(losses) on disposal of investments	-	-	-	(25)	(25)	-
Restructuring costs	192	192	-	54	54	-
Other unusual income/(expenses)	(40)	(40)	-	(77)	(36)	(41)
OPERATING PROFIT/(LOSS)	2,167	1,635	532	2,481	2,004	477
Financial income/(expenses)	(776)	(776)	-	(615)	(615)	-
Result from investments (*)	91	73	18	136	121	15
PROFIT/(LOSS) BEFORE TAXES	1,482	932	550	2,002	1,510	492
Income taxes	566	378	188	784	632	152
PROFIT/(LOSS)	916	554	362	1,218	878	340
Result from intersegment investments	-	362	2	-	340	(1)
PROFIT/(LOSS)	916	916	364	1,218	1,218	339
PROFIT/(LOSS) ATTRIBUTABLE TO:						
Owners of the parent	917			1,048		
Non-controlling interests	(1)			170		

(1) Amounts recast in order to reflect the change in presentation currency from euro to U.S. dollar. For additional information, refer to the section "Significant accounting policies", paragraph "Change in presentation currency" in the Notes to the Consolidated Financial Statements.

(*) Includes income from investments as well as impairment (losses)/reversals on non-intersegment investments accounted for under the equity method.

Net revenues

The Group reported net revenues of $32,957 million for 2014, a 3.7% decrease compared to 2013 (down 2.0% on a constant currency basis). Net revenues of **Industrial Activities** were $31,408 million in 2014, a 4.4% decrease compared to prior year (down 2.7% on a constant currency basis) with revenue growth for Construction Equipment and Powertrain more than offset by declines in Agricultural Equipment and Commercial Vehicles. Agricultural Equipment reported net revenues of $15,204 million for 2014, a 9.3% decrease from 2013 mainly due to lower volumes and unfavorable product mix primarily in LATAM and NAFTA. Net revenues for Construction Equipment were up 2.7% to $3,346 million, due to positive pricing in NAFTA and LATAM, along with positive volume and mix in NAFTA and EMEA. Commercial Vehicles revenues decreased 3.1% to $11,087 million, due to lower volumes and the negative impact of currency translation, partially offset by better pricing in all regions. Powertrain net revenues at $4,475 million, up 1.2% over 2013, were driven by higher volumes. **Financial Services** recorded net revenues of $2,086 million in 2014, an increase of 7.0% compared to 2013.

Cost of sales

Cost of sales were $26,841 million in 2014 (81.4% of net revenues), compared to $27,750 million in 2013 (81.1% of net revenues). Cost of sales of **Industrial Activities** were $26,051 million in 2014 (82.9% of net revenues), compared to $27,078 million in 2013 (82.5% of net revenues).

Selling, general and administrative costs

Selling, general and administrative ("SG&A") costs amounted to $2,753 million in 2014 (8.4% of net revenues), with a decrease of 7.0% from the $2,961 million recorded in 2013 (8.7% of net revenues) mainly due to cost containment actions at Commercial Vehicles and Construction Equipment.

Research and development costs

In 2014, research and development costs of $878 million (compared to $797 million in 2013) comprise research and development costs not recognized as assets in the year, amounting to $446 million ($481 million in 2013), the depreciation of capitalized development cost of $12 million (zero million in 2013) and the amortization of previously capitalized development costs of $420 million ($316 million in 2013) with an increase attributable to all segments and mainly linked with the launches of new products. During 2014, the Group capitalized new expenditures for development in the amount of $676 million ($759 million in 2013).

Other income/(expenses)

2014 net other expenses were in line with the previous year amount.

Trading profit/(loss)

Group trading profit was $2,399 million, or 7.3% of net revenues, in 2014. Trading profit decreased of $238 million compared to a trading profit of $2,637 million, or 7.7% of net revenues, in 2013. Trading profit of **Industrial Activities** was $1,867 million, a decrease of $252 million compared to prior year. Trading profit increases in Construction Equipment and Powertrain were more than offset by declines in Commercial Vehicles and Agricultural Equipment.

Construction Equipment benefitted from favorable volume and mix in all regions, positive price realization, and cost efficiencies. For Powertrain, the improvement was mainly due to the increase in sales, primarily with third parties, and continued industrial cost efficiencies partially offset by an increase in research and development costs. For Commercial Vehicles, positive performance in EMEA and APAC and significant reductions in SG&A costs were more than offset by the negative effects of challenging trading conditions in LATAM, due to a significant decline in market demand. For Agricultural Equipment, lower volume and negative product mix were partially offset by positive net price realization, industrial efficiencies and structural cost reductions in SG&A costs. Trading profit for **Financial Services** totaled $532 million, an increase of $14 million compared with $518 million for 2013 with the positive impact of the higher average portfolio value partially offset by higher provisions for credit losses.

Gains/(losses) on the disposal of investments

Gains/(losses) on disposal of investments amount to zero in 2014. In 2013, this item amounted to $25 million and included an additional loss of $26 million on the sale of the investment in Kobelco Construction Machinery Co., Ltd., which took place in 2012, following an adverse ruling issued by the arbitrator on the price of the transaction.

Restructuring costs

In 2014, restructuring costs amounted to $192 million, as part of the Group's Efficiency Program announced in July 2014. Agricultural Equipment recorded $46 million primarily for the planned closure of a 60% owned joint venture in China and cost reduction activities as a result of negative demand conditions. Construction Equipment recorded $43 million restructuring costs mainly due to the realignment of the dealer networks in EMEA as a result of the re-positioning of the Case and New Holland brand offerings, and the announced closure of an assembly plant in Calhoun, Georgia, USA. Commercial Vehicles recorded $103 million mainly due to actions to reduce SG&A costs and business support costs as a result of the transition to CNH Industrial's regional structure, and costs related to the completion of manufacturing product specialization programs. For 2013, restructuring costs were $54 million, mainly related to Commercial Vehicles as a consequence of the actions initiated in 2012 to rationalize the heavy truck and firefighting businesses.

Other unusual income/(expenses)

Other unusual expenses were $40 million in 2014 mainly due to the closure of an indirect taxes claim, costs for the rationalization of strategic suppliers and other minor items. Other unusual expenses were $77 million in 2013, largely reflecting expenses related to the dissolution of the previous joint venture with Barclays group and its consolidation into Financial Services ($41 million) and costs for the rationalization of strategic suppliers.

Operating profit/(loss)

The Group recorded an operating profit of $2,167 million (or 6.6% of net revenues) in 2014, a decrease of $314 million compared to $2,481 million (or 7.2% of net revenues) recorded for 2013. Operating profit for **Industrial Activities** was $1,635 million, down $369 million from 2013, with lower trading profit and higher restructuring costs partially offset by lower loss on disposal of investment. Operating profit for **Financial Services** totaled $532 million, up $55 million over 2013, which was affected by other unusual expenses reflecting costs ($41 million) related to the dissolution of the Financial Services joint venture with Barclays.

Following is a summary of the principal components of operating profit, by segment:

	Trading profit/(loss)		Gains/(losses) on disposal of investments		Restructuring costs		Other unusual income/ (expenses)		Operating profit/(loss)	
($ million)	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Agricultural Equipment	1,689	1,949	-	-	46	-	(2)	-	1,641	1,949
Construction Equipment	66	(109)	-	(26)	43	(3)	(13)	(8)	10	(140)
Commercial Vehicles	2	145	-	1	103	55	(21)	(18)	(122)	73
Powertrain	220	210	-	-	-	2	-	1	220	209
Eliminations and Other	(110)	(76)	-	-	-	-	(4)	(11)	(114)	(87)
Total of Industrial Activities	1,867	2,119	-	(25)	192	54	(40)	(36)	1,635	2,004
Financial Services	532	518	-	-	-	-	-	(41)	532	477
Total for the Group	2,399	2,637	-	(25)	192	54	(40)	(77)	2,167	2,481

Non-operating items

Net financial expenses were $776 million in 2014, compared to $615 million for 2013, and included a pre-tax charge of $71 million due to the re-measurement of Venezuelan assets denominated in bolivars. Based on changes to the way Venezuela's exchange rate mechanism operates, CNH Industrial changed the bolivar fuerte ("Bs.F.") rate used to re-measure its Venezuelan Commercial Vehicles operations financial statements in U.S. dollars. Excluding this exceptional charge, net financial expenses totaled $705 million, an increase of $90 million over the prior year, mainly deriving from higher average net industrial debt, partially offset by more favorable interest rates.

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

Income taxes totaled $566 million in 2014 compared to $784 million in 2013, representing an effective tax rate of 38.2% for the year (2013 effective tax rate of 39.2%). The decrease of the effective tax rate in 2014 was primarily due to the net result of the exceptional pre-tax charge relating to the re-measurement of Venezuelan assets recognized in 2014, for which no corresponding tax benefit was recorded, that was more than offset by the favorable resolution of tax audits recorded in 2014.

Profit/(loss)

Net profit was $916 million in 2014, compared to $1,218 million for 2013. Profit attributable to owners of the parent was $917 million, compared to $1,048 million for 2013.

Business segments

The following is a discussion of net revenues and trading profit for each segment:

Revenues by segment:

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

Trading profit/(loss) by segment:

($ million)	2014	2013	Change
Agricultural Equipment	1,689	1,949	-260
Construction Equipment	66	(109)	175
Commercial Vehicles	2	145	-143
Powertrain	220	210	10
Eliminations and Other	(110)	(76)	-34
Total of Industrial Activities	**1,867**	**2,119**	**-252**
Financial Services	532	518	14
Total for the Group	**2,399**	**2,637**	**-238**
Trading margin (%)	**7.3**	**7.7**	

Agricultural Equipment

Net revenues

Agricultural Equipment full-year net revenues were $15,204 million in 2014, a 9.3% decrease over 2013 (down 7.9% on a constant currency basis), driven by unfavorable volume and product mix, particularly in LATAM and NAFTA with a significant decrease for high horsepower products. This negative impact was partially offset by positive pricing.

The following table shows Agricultural Equipment revenues broken down by geographic region in 2014 compared to 2013:

($ million)	2014	2013	% Change
NAFTA	6,884	7,460	-7.7
EMEA	4,719	4,889	-3.5
LATAM	1,975	2,613	-24.4
APAC	1,626	1,801	-9.7
Total	**15,204**	**16,763**	**-9.3**

Worldwide agricultural equipment industry unit sales were down during 2014, with global demand for tractors and combines down 7% and 18% respectively. NAFTA tractor sales were up 3%, largely concentrated in the lower horsepower segment (under 140 hp). The over 140 hp segment and combine demand were both down 25% year over year. LATAM tractor and combine markets decreased 15% and 24% respectively. EMEA markets were down 8% for tractors and 10% for combines. APAC markets decreased 8% for tractors and 9% for combines.

Agricultural Equipment's worldwide market share performance was flat for tractors and down for combines, mainly due to transition to Tier 4B engine compliant products in NAFTA and a negative market mix in APAC.

Trading profit/(loss)

Agricultural Equipment trading profit totaled $1,689 million (trading margin of 11.1%), down $260 million compared to the $1,949 million trading profit for the 2013 (trading margin of 11.6%). Trading profit was down due to negative industrial cost absorption (due to decreased volumes) and unfavorable volume and mix (primarily tractors with horsepower over 140 hp and combines in NAFTA) that were only partially offset by net price realization as well as SG&A cost reductions.

Construction Equipment

Net revenues

Construction Equipment net revenues were $3,346 million, a 2.7% increase compared to 2013, (up 5.1% on a constant currency basis), due to positive pricing in NAFTA and LATAM, along with positive volume and mix in NAFTA and EMEA. This was partially offset by weakened activity in LATAM and APAC.

The following table shows Construction Equipment revenues broken down by geographic region in 2014 compared to 2013:

($ million)	2014	2013	% Change
NAFTA	1,476	1,253	17.8
EMEA	660	633	4.3
LATAM	894	986	-9.3
APAC	316	386	-18.1
Total	**3,346**	**3,258**	**2.7**

In 2014, worldwide heavy and light construction equipment industry sales were down 9% and up 5%, respectively, compared to the prior year. Industry heavy construction equipment sales were up in NAFTA and EMEA but decreased in LATAM and APAC. Industry light construction equipment sales were up in NAFTA and EMEA, flat in APAC and down considerably in LATAM.

Construction Equipment's worldwide market share was flat overall, with increases in all regions for heavy equipment being offset by slight decreases in the light construction equipment markets in APAC and EMEA.

Trading profit/(loss)

Construction Equipment trading profit totaled $66 million (trading margin of 2.0%), up $175 million over the $109 million trading loss for 2013, mainly due to favorable pricing in NAFTA and LATAM, positive volume and mix in all regions and continued containment actions in SG&A costs as a result of the realization of the Group's brand re-alignment initiatives and global excavator strategy.

Commercial Vehicles

Net revenues

Commercial Vehicles reported full-year net revenues of $11,087 million, a decrease of 3.1% from 2013 (down 1.3% on a constant currency basis) due to lower volumes and the negative impact of currency translation, partially offset by better pricing in all regions. Net revenues increased in EMEA driven by higher volumes and favorable mix for trucks, despite lower deliveries in the bus business due to the transition to Euro VI applications. In LATAM, net revenues decreased significantly (-31.4%) as a result of overall weak market conditions, production curtailments to realign dealer inventories to market demand, and the negative impact of currency translation. In APAC, net revenues increased due to higher volumes, mainly for buses, partially offset by the negative impact of currency translation.

The following table shows Commercial Vehicles revenues broken down by geographic region in 2014 compared to 2013:

($ million)	2014	2013	% Change
EMEA	**8,225**	7,837	5.0
LATAM	**1,773**	2,583	-31.4
APAC	**1,089**	1,027	6.0
Total	**11,087**	**11,447**	**-3.1**

During 2014, Commercial Vehicles delivered a total of 128,163 vehicles (including buses and specialty vehicles), representing a 5.5% decrease compared to 2013. Volumes were higher in the light vehicle segment (+2.1%), primarily as a result of the launch of the new Daily, while volumes declined in the heavy (-8.7%) and medium (-24.5%) segments driven by weak trading conditions in LATAM and Euro V pre-buy demand in the second half of 2013 in EMEA. Deliveries increased 3.9% in EMEA and 0.9% in APAC, but were down 37.5% in LATAM (with Brazil down approximately 33% and Argentina down approximately 39%).

The European truck market (GVW ≥3.5 tons) registered a 1.0% increase over 2013 to approximately 667,700 units. By category, light vehicles (GVW 3.5-6.0 tons) increased 8.4% while the medium vehicles market (GVW 6.1-15.9 tons) and heavy vehicles (GVW ≥16.0 tons) registrations were down 18.4% and 6%, respectively, mainly due to increased sales of Euro V vehicles in the second half of 2013 prior to the introduction of Euro VI emissions regulations in January 2014. The industry continued to experience large variations in demand across markets.

The Group's market share in the European truck market (GVW ≥3.5 tons) remained unchanged year over year at an estimated 10.9%. In the light segment, the share is estimated to be 10.7% (down 0.6 p.p.). In the medium segment, the Group's market share increased 4.5 p.p. to 29.1%, with gains in nearly all markets, and in the heavy segment was up 0.6 p.p. to 7.5%.

In LATAM, new truck registrations (GVW ≥3.5 tons), at 188,800 units, were down 16.4% compared to 2013. The largest decrease was registered in Venezuela, down 73.1%, while Argentina was down 26.0% and Brazil decreased 9.4%.

The Group's share of the LATAM market (GVW ≥3.5 tons) was down 0.9 p.p. from 2013 to 10.1%, mainly driven by a 1.0 percentage point decrease in Brazil to 7.8%. Market share increased 0.8 p.p. and 0.4 p.p., respectively, in light and medium segments, while market share declined 1.9 p.p. in the heavy segment.

In APAC, registrations decreased by 2.6% compared to 2013, mainly due to the decline in demand in the Russian Federation (down 21.6%). Group market share was down 0.2 p.p. to 1.9%.

Commercial Vehicles deliveries

By geographic area (units in thousands)	2014	2013	% change
France	**18.5**	18.3	1.1
Germany & Switzerland	**17.8**	17.5	1.7
U.K.	**6.3**	6.6	-4.5
Italy	**14.4**	14.8	-2.7
Iberia (Spain & Portugal)	**8.2**	6.4	28.1
Rest of EMEA	**32.2**	30.1	6.9
EMEA	**97.4**	**93.7**	**3.9**
LATAM	**18.8**	30.1	-37.5
APAC	**12.0**	11.9	0.9
Total Sales	**128.2**	**135.7**	**-5.5**
Naveco	**97.5**	126.9	-23.2
SAIC Iveco Hongyan	**25.0**	28.0	-10.7
Grand total	**250.7**	**290.6**	**-13.7**

By product (units in thousands)	2014	2013	% change
Heavy	30.8	33.7	-8.7
Medium	15.4	20.4	-24.5
Light	69.5	68.0	2.1
Buses	8.6	9.4	-8.0
Specialty vehicles (*)	3.9	4.2	-7.3
Total Sales	**128.2**	**135.7**	**-5.5**

(*) Defense and firefighting vehicles

Trading profit/(loss)

Commercial Vehicles closed the year with a trading profit of $2 million, compared to trading profit of $145 million for 2013, as result of difficult trading conditions and negative foreign exchange currency impacts in LATAM, that were only partially offset by the recovery of trucks in EMEA and cost control actions within SG&A expenses.

Powertrain

Net revenues

Powertrain reported 2014 revenues of $4,475 million, an increase of 1.2% over the prior year (up 1.4% on a constant currency basis), primarily attributable to higher volumes of engines sold. For 2014, sales to external customers accounted for 41% of total net revenues up from 34% in 2013.

During the year, Powertrain sold a total of 583,589 engines, an increase of 7.1% year over year. By major customer, 24% of engines were supplied to Commercial Vehicles, 24% to Agricultural Equipment, 5% to Construction Equipment, and the remaining 47% to external customers. Additionally, Powertrain delivered 64,174 transmissions (+3.3% compared to 2013) and 156,921 axles, in line with the prior year.

Trading profit/(loss)

Powertrain closed the year with a trading profit of $220 million, representing a trading margin of 4.9%, compared to $210 million (trading margin of 4.7%) for 2013. The improvement was due to an increase in volumes, a larger proportion of third-party business and industrial efficiencies, which was partially offset by an increase in research and development costs.

Financial Services

Net revenues

Financial Services reported net revenues of $2,086 million in 2014, up 7.0% compared to 2013, primarily due to the increase in the average value of the portfolio.

Trading profit/(loss)

For 2014, Financial Services recorded a trading profit of $532 million, compared to $518 million in 2013. The improvement was mainly attributable to higher average portfolio value, partially offset by higher provisions for credit losses.

LIQUIDITY AND CAPITAL RESOURCES

The following discussion of liquidity and capital resources principally focuses on CNH Industrial's consolidated statement of financial position and CNH Industrial's consolidated statement of cash flows.

Statement of financial position review

Statement of Financial Position by Activity

	At December 31, 2014			At December 31, 2013(1)		
($ million)	Consolidated	Industrial Activities	Financial Services	Consolidated	Industrial Activities	Financial Services
Intangible assets:	6,031	5,874	157	6,046	5,893	153
Goodwill	2,494	2,359	135	2,514	2,375	139
Other intangible assets	3,537	3,515	22	3,532	3,518	14
Property, plant and equipment	6,733	6,730	3	6,967	6,962	5
Investments and other financial assets	690	3,122	136	758	3,136	129
Leased assets	1,518	20	1,498	1,059	34	1,025
Defined benefit plan assets	20	19	1	44	43	1
Deferred tax assets	1,655	1,460	195	1,672	1,485	187
Total Non-current assets	**16,647**	**17,225**	**1,990**	**16,546**	**17,553**	**1,500**
Inventories	7,140	6,977	163	7,536	7,440	96
Trade receivables	1,054	1,025	92	1,362	1,338	88
Receivables from financing activities	21,472	4,788	22,724	21,986	5,853	23,655
Current taxes receivable	324	200	124	348	332	16
Other current assets	1,434	1,137	588	1,900	1,284	951
Current financial assets:	205	198	9	261	254	10
Current securities	-	-	-	-	-	-
Other financial assets	205	198	9	261	254	10
Cash and cash equivalents	6,141	4,123	2,018	6,489	4,010	2,479
Total Current assets	**37,770**	**18,448**	**25,718**	**39,882**	**20,511**	**27,295**
Assets held for sale	24	4	20	34	10	24
TOTAL ASSETS	**54,441**	**35,677**	**27,728**	**56,462**	**38,074**	**28,819**
Equity	**7,577**	**7,577**	**2,568**	**7,662**	**7,662**	**2,508**
Provisions:	6,386	6,329	57	6,528	6,460	68
Employee benefits	2,831	2,800	31	2,713	2,679	34
Other provisions	3,555	3,529	26	3,815	3,781	34
Debt:	29,701	11,666	24,075	29,946	12,088	25,380
Asset-backed financing	13,587	82	13,561	14,727	120	14,711
Other debt	16,114	11,584	10,514	15,219	11,968	10,669
Other financial liabilities	235	221	16	94	78	19
Trade payables	5,982	5,850	197	7,369	7,162	273
Current taxes payable	206	114	92	418	393	25
Deferred tax liabilities	399	191	208	302	197	105
Other current liabilities	3,955	3,729	515	4,143	4,034	441
Liabilities held for sale	-	-	-	-	-	-
Total Liabilities	**46,864**	**28,100**	**25,160**	**48,800**	**30,412**	**26,311**
TOTAL EQUITY AND LIABILITIES	**54,441**	**35,677**	**27,728**	**56,462**	**38,074**	**28,819**

(1) Amounts recast in order to reflect the change in presentation currency from euro to U.S. dollar. For additional information, refer to the section "Significant accounting policies", paragraph "Change in presentation currency" in the Notes to the Consolidated Financial Statements.

At December 31, 2014, **total assets** amounted to $54,441 million, a decrease of $2,021 million compared to $56,462 million at year-end 2013.

Non-current assets totaled $16,647 million, an increase of $101 million over year-end 2013, primarily attributable to investments for the year (net of amortization/depreciation).

Current assets decreased $2,112 million to $37,770 million at year-end 2014. The change was primarily attributable to a decrease in receivables from financing activities ($514 million), in other current assets ($466 million), in inventories ($396 million), in trade receivables ($308 million) and in cash and cash equivalents ($348 million).

Receivables from financing activities totaled $21,472 million at December 31, 2014. Net of currency translation differences and write-downs, there was a $799 million increase mainly relating to increases in retail and wholesale receivables in NAFTA and wholesale receivables in LATAM.

Working capital (net of items relating to vehicles sold under buy-back commitments and vehicles no longer subject to lease agreements that are held in inventory) was positive at $1,488 million, representing a $573 million increase for the year.

($ million)		At December 31, 2014	At December 31, 2013	Change
Inventories	(a)	6,857	7,334	(477)
Trade receivables		1,054	1,362	(308)
Trade payables		(5,982)	(7,369)	1,387
Net current taxes receivable/(payable) & other current receivables/(payables)	(b)	(441)	(412)	(29)
Working capital		1,488	915	573

(a) Inventories are reported net of vehicles held for sale by Commercial Vehicles segment that have been bought back (under buy-back commitments) or returned following expiry of a lease agreement.

(b) Other current payables, included under Net current taxes receivable/(payable) & other current receivables/(payables), are stated net of amounts due to customers in relation to vehicles sold under buy-back commitments, which consist of the repurchase amount payable at the end of the lease period, together with the value of any lease installments received in advance. The value at the beginning of the contract period, equivalent to the difference between the sale price and the repurchase amount, is recognized on a straight-line basis over the contract period.

Working capital increased $705 million over the year on a comparable scope of operations and on a constant currency basis.

At December 31, 2014, trade receivables, other receivables and receivables from financing activities falling due after that date and sold without recourse (and, therefore, eliminated from the statement of financial position pursuant to the derecognition requirements of IAS 39) totaled $654 million ($1,091 million at December 31, 2013).

At December 31, 2014, CNH Industrial's **debt** was $29,701 million ($29,946 million at the end of 2013) of which $13,587 million ($14,727 million at December 31, 2013) related to asset-backed financing operations. Remaining debt of $16,114 million at December 31, 2014 ($15,219 million at the end of 2013) included bonds of $9,519 million ($7,329 million at the end of 2013), bank loans of $5,547 million ($7,101 million at the end of 2013) and other indebtedness of $1,048 million ($789 million at the end of 2013). Debt decreased $245 million during 2014, mainly reflecting a decrease of $1,997 million due to currency translation impact, a decrease of $507 million in asset-backed financing, a net decrease of $497 million in bank debt, net of $2,759 million in new bond issues. See Note 27 to the CNH Industrial Consolidated Financial Statements for additional information on CNH Industrial's indebtedness at December 31, 2014, including a table summarizing the maturity profile and interest rates payable on its outstanding bonds at that date.

At December 31, 2014, CNH Industrial's **net debt** (a non-GAAP measure which is calculated as debt plus other financial liabilities, net of cash, cash equivalents, current securities and other financial assets, all as recorded in the consolidated statement of financial position) was $23,590 million, an increase of $300 million, or 1.3%, compared with the $23,290 million at the end of 2013. Cash from operating activities was more than offset by the increase in the loan portfolios of Financial Services, as well as by capital expenditures and dividend distributions during the year. Currency translation differences positively affected net debt by $1,824 million.

The following table details CNH Industrial's net debt at December 31, 2014 and 2013, and provides a reconciliation of this non-GAAP measure to debt, the most directly comparable measure included in CNH Industrial's consolidated statement of financial position. Net debt is one of management's primary measures for analyzing CNH Industrial's debt and managing its liquidity, because CNH Industrial believes this measure illustrates how much indebtedness would remain if all of CNH Industrial's available liquid resources were applied to the repayment of debt. Due to different sources of cash flows used for the repayment of the debt between Industrial Activities and Financial Services (by cash from operations for Industrial Activities and by collection of financing receivables for Financial Services), management separately evaluates the cash flow performance of Industrial Activities using the net debt of Industrial Activities (i.e., net industrial debt). Net industrial debt is the principal indicator of changes in financial structure and, as such, is one of the key targets used to measure Group performance.

($ million)	At December 31, 2014 Consolidated	Industrial Activities	Financial Services	At December 31, 2013 Consolidated	Industrial Activities	Financial Services
Debt:	**(29,701)**	**(11,666)**	**(24,075)**	(29,946)	(12,088)	(25,380)
Asset-backed financing	**(13,587)**	**(82)**	**(13,561)**	(14,727)	(120)	(14,711)
Other debt	**(16,114)**	**(11,584)**	**(10,514)**	(15,219)	(11,968)	(10,669)
Intersegment financial receivables (1)	**-**	**4,692**	**1,348**	-	5,707	1,815
Debt, net of intersegment balances	**(29,701)**	**(6,974)**	**(22,727)**	**(29,946)**	**(6,381)**	**(23,565)**
Other financial assets (2)	**205**	**198**	**9**	261	254	10
Other financial liabilities (2)	**(235)**	**(221)**	**(16)**	(94)	(78)	(19)
Liquidity:						
Cash and cash equivalents	**6,141**	**4,123**	**2,018**	6,489	4,010	2,479
Net (debt)/cash	**(23,590)**	**(2,874)**	**(20,716)**	**(23,290)**	**(2,195)**	**(21,095)**

(1) As a result of the role played by the central treasury, debt for Industrial Activities also includes funding raised by the central treasury on behalf of consolidated Financial Services companies (included under intersegment financial receivables). Intersegment financial receivables for Financial Services companies, on the other hand, represent loans or advances to Industrial Activities companies – for receivables sold to Financial Services companies that do not meet the derecognition requirements of IAS 39 – as well as cash deposited temporarily with the central treasury. The net intersegment receivable/payable balance owed by Financial Services to Industrial Activities was $3,344 million and $3,892 million as of December 31, 2014 and 2013, respectively.

(2) Other financial liabilities and other financial assets include, respectively, the negative and positive fair values of derivative financial instruments.

At December 31, 2014, **liquidity** totaled $6,141 million (down $348 million over the $6,489 million at year-end 2013). Cash and cash equivalents included $978 million at December 31, 2014 ($922 million at December 31, 2013) of restricted cash the use of which is primarily limited to the repayment of the debt relating to securitizations classified as asset-backed financing.

Based on changes to the way Venezuela's exchange rate mechanism operates, CNH Industrial changed the Bs.F. rate used to re-measure its Venezuelan Commercial Vehicles operations financial statements in U.S. dollars. Effective March 31, 2014, CNH Industrial started to use the exchange rate determined by U.S. dollar auctions conducted under Venezuela's Complementary System of Foreign Currency Administration (SICAD I). The SICAD I exchange rate which CNH Industrial used at December 31, 2014 is 12.0 Bs.F. to the U.S. dollar compared with a previously used Official Exchange Rate of 6.3 Bs.F. to the U.S. dollar before March 31, 2014. At December 31, 2014, CNH Industrial's Venezuelan subsidiary had net monetary assets of $125 million at 12.0 Bs.F., including $106 million of cash and cash equivalents. As the SICAD I rate is based on periodic auctions, there may be significant changes to the exchange rate in future years, as well as other related developments in Venezuela, which may impact CNH Industrial's Consolidated Financial Statements.

Total **available liquidity** (including $2,716 million and $2,224 million in undrawn committed facilities at year-end 2014 and 2013, respectively) increased $144 million to $8,857 million, as proceeds from three capital markets issuances (€1 billion bond, 2.75% due March 2019; a €700 million bond, 2.875% due September 2021, both issued by CNH Industrial Finance Europe S.A., and a $500 million bond, 3.375% due July 2019, issued by CNH Industrial Capital LLC) more than offset cash utilized by increase in working capital, by capital expenditures, by reduction of bank debt and by dividend payments and negative currency translation. During the year, a €1.75 billion five-year committed revolving credit facility was signed, replacing an existing €2 billion three-year committed revolving credit facility due to mature in February 2016.

CNH Industrial has traditionally relied upon the ABS market and committed asset-backed facilities as a primary source of funding and liquidity. The Group carried out term securitizations for a total amount of $3,448 million in 2014 ($5,332 million in 2013). CNH Industrial also established or renewed wholesale securitized credit facilities for a total commitment amount of $4,946 million in 2014 ($2,245 million in 2013) and retail securitized credit facilities for a total commitment amount of $2,167 million in 2014 ($2,401 million in 2013).

In January, 2014, CNH Industrial and BNP Paribas reached an agreement to extend the joint venture services (retail financing) to CNH Industrial's Commercial Vehicles business in Italy, Germany, France, the United Kingdom and other major European markets. As a result of this increase in scope, CNH Industrial Capital Europe is now the captive finance company for all the Group's current businesses in major European countries.

In 2013, Financial Services further diversified its sources of funding for the Commercial Vehicle business (end customers and dealers) through new arrangements, including receivables factoring agreements and revolving unsecured credit facilities. A pan-European securitization program set in place in 2011, with a maximum amount of $827 million, continued to ensure the funding of dealer financing activities.

Change in Net Industrial Debt

($ million)	2014	2013
Net industrial (debt)/cash at beginning of the year	(2,195)	(2,166)
Profit/(loss)	916	1,218
Amortization and depreciation (net of vehicles sold under buy-back commitments and operating lease)	1,145	994
Change in provisions for risks and charges and similar	(115)	84
Change in working capital	(942)	192
Investments in property, plant and equipment and intangible assets (net of vehicles sold under buy-back commitments and operating lease)	(1,681)	(1,979)
Change in consolidation scope and other changes	(193)	20
Net industrial cash flow	(870)	529
Capital increases and dividends	(364)	(374)
Currency translation differences	555	(184)
Change in net industrial debt	(679)	(29)
Net industrial (debt)/cash at end of year	(2,874)	(2,195)

During 2014, net industrial debt increased $679 million to $2,874 million. Cash generation in the operations before changes in working capital contributed for $1,946 million. Changes in working capital negatively impacted by $942 million, mainly due to lower payables as a result of the relevant production curtailments in Agricultural Equipment in the fourth quarter, and of Commercial Vehicles in EMEA returning to normalized levels of production as compared to prior year's Euro V pre-buy activity, as well as in LATAM operations. Capital expenditures activity totaled $1,681 million and dividend payments, net of capital increases, were $364 million. Currency translation differences positively affected net industrial debt by $555 million.

Changes in Net Debt of Financial Services

Net debt of Financial Services at December 31, 2014 was $379 million lower than year-end 2013. The decrease mainly reflects positive currency translation differences ($1,269 million) and cash from operating activities ($329 million), partially offset by the increase in the lending portfolio ($1,004 million) and dividend distributions of $160 million.

Cash flow analysis

CNH Industrial's operations are capital intensive and subject to seasonal variations in financing requirements for dealer receivables and dealer and company inventories.

CNH Industrial finances its operations through cash flows generated by operations, issuance of bonds and other medium-term borrowings, as well as securitization transactions which principally provide funding and liquidity to Financial Services.

In 2014 operating activities generated $1,173 million of cash. Investing activities absorbed a total of $2,380 million of cash to fund capital expenditures of $1,698 million and increases in receivables from financing activities of $923 million. Financing activities generated a total of $1,373 million in cash.

In 2013, operating activities generated $2,437 million in cash. Investing activities absorbed a total of $4,555 million of cash to fund capital expenditures of $1,985 million and increases in financial receivables of $2,399 million. Financing activities generated a total of $2,532 million in cash.

Statement of Cash Flows by Activity

($ million)		2014 Consolidated	2014 Industrial Activities	2014 Financial Services	2013 Consolidated	2013 Industrial Activities	2013 Financial Services
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		6,489	4,010	2,479	6,084	3,890	2,194
B) CASH FROM/(USED IN) OPERATING ACTIVITIES:							
Profit/(loss)		916	916	364	1,218	1,218	339
Amortization and depreciation (net of vehicles sold under buy-back commitments and operating lease)		1,151	1,145	6	997	994	3
(Gains)/losses on disposal of non-current assets (net of vehicles sold under buy-back commitments) and other non-cash items		156	(340)	132	66	(383)	110
Dividends received		88	248	-	81	344	7
Change in provisions		(70)	(66)	(4)	132	128	4
Change in deferred taxes		108	35	73	(49)	(52)	3
Changes relating to buy-back commitments	(a)	111	4	107	105	44	61
Changes relating to operating lease	(b)	(582)	4	(586)	(210)	3	(213)
Change in working capital		(705)	(942)	237	97	192	(95)
TOTAL		1,173	1,004	329	2,437	2,488	219
C) CASH FROM/(USED IN) INVESTING ACTIVITIES:							
Investments in:							
Property, plant and equipment and intangible assets (net of vehicles sold under buy-back commitments and operating lease)		(1,698)	(1,681)	(17)	(1,985)	(1,979)	(6)
Subsidiaries and other investments		(104)	(117)	-	(113)	(124)	-
Proceeds from the sale of non-current assets (net of vehicles sold under buy-back commitments)		25	25	-	7	7	-
Net change in receivables from financing activities		(923)	81	(1,004)	(2,399)	(41)	(2,358)
Change in current securities		-	-	-	5	-	5
Other changes		320	559	(239)	(70)	582	(652)
TOTAL		(2,380)	(1,133)	(1,260)	(4,555)	(1,555)	(3,011)
D) CASH FROM/(USED IN) FINANCING ACTIVITIES:							
Net change in debt and other financial assets/liabilities		1,737	995	742	2,906	(467)	3,373
Increase in share capital		18	18	13	4	4	11
Dividends paid		(382)	(382)	(160)	(368)	(368)	(270)
(Purchase)/sale of treasury shares		-	-	-	8	8	-
(Purchase)/sale of ownership interests in subsidiaries		-	-	-	(18)	(18)	-
TOTAL		1,373	631	595	2,532	(841)	3,114
Currency translation differences		(514)	(389)	(125)	(9)	28	(37)
E) NET CHANGE IN CASH AND CASH EQUIVALENTS		(348)	113	(461)	405	120	285
F) CASH AND CASH EQUIVALENTS AT END OF YEAR		6,141	4,123	2,018	6,489	4,010	2,479

(a) Cash generated from the sale of vehicles under buy-back commitments, net of amounts included in profit/(loss), are recognized under operating activities in a single line item, which includes changes in working capital, capital expenditure, depreciation and impairment losses. The item also includes gains and losses arising from the sale of vehicles subject to buy-back commitments before the end of the agreement and without repossession of the vehicle.

(b) Cash from operating lease is recognized under operating activities in a single line item, which includes capital expenditure, depreciation, write-downs and changes in inventory.

Net Cash from Operating Activities

Cash generated by operating activities in 2014 totaled $1,173 million (compared to $2,437 million in cash generated in 2013) and comprised the following elements:

- $916 million profit for 2014;
- plus $1,151 million in non-cash charges for depreciation and amortization (net of vehicles sold under buy-back commitments and operating lease);
- plus $156 million in (gains)/losses on disposal and other non-cash items;
- plus $88 million in dividends received, minus changes in provisions of $70 million and plus change in deferred income taxes of $108 million; and
- plus $111 million for changes in items due to buy-back commitments, minus $582 million for changes in operating lease items and minus $705 million in change in working capital.

In 2013, $2,340 million of the $2,437 million in cash generated by operating activities during the year was from income-related cash inflows (calculated as profit plus amortization and depreciation, dividends, changes in provisions and deferred taxes, various items related to sales with buy-back commitments and operating lease, net of gains/losses on disposals and other non-cash items) with $97 million resulting from an increase in working capital (calculated on a comparable scope of operations and on a constant currency basis).

Net Cash from Investing Activities

In 2014, investing activities absorbed $2,380 million in cash (compared to $4,555 million in cash absorbed by investing activities in 2013). The negative flows were mainly generated by:

- investments in tangible and intangible assets that used $1,698 million in cash (compared to $1,985 million used in 2013), including $676 million in capitalized development costs. Investments in tangible and intangible assets are net of investments in vehicles for CNH Industrial's long-term rental operations and of investments relating to vehicles sold under buy-back commitments, which are reflected in cash flows relating to operating activities; and
- $923 million increase in receivables from financing activities, primarily as a result of higher levels of financing provided to both dealers and customers in NAFTA and dealers in LATAM.

In 2013, cash used in investing activities totaled $4,555 million. Expenditure on tangible and intangible assets (including $759 million in capitalized development costs) totaled $1,985 million. The increase in receivables from financing activities, which accounts for cash absorption of $2,399 million, related primarily to dealer and customer financing for Agricultural Equipment and Construction Equipment.

The following table summarizes CNH Industrial's investments in tangible and intangible assets by segment for each of the years ended December 31, 2014 and 2013:

($ million)	2014	2013
Agricultural Equipment	730	879
Construction Equipment	129	157
Commercial Vehicles	625	732
Powertrain	192	210
Eliminations and Other	5	1
Total of Industrial Activities	1,681	1,979
Financial Services	17	6
Total	1,698	1,985

The Group incurred these capital expenditures to acquire property, plant and equipment necessary to introduce and manufacture new products, enhance CNH Industrial's manufacturing efficiency and implement further environmental and safety programs.

Net Cash from Financing Activities

In 2014, cash generated from financing activities totaled $1,373 million (compared to a total of $2,532 million cash generated in 2013). New bond issues ($2,759 million) and issuance of medium-term borrowings ($2,306 million) were partially offset by repayments and by dividend payments of $382 million.

Cash generated from financing activities totaled $2,532 million in 2013. New bond issues ($1,100 million) and issuance of medium-term borrowings ($2,520 million) were partially offset by repayments and by dividend payments of $368 million.

Statement of Cash Flows by Activity

For 2014, **Industrial Activities** generated cash and cash equivalents totaling $113 million. In particular:

- operating activities generated $1,004 million in cash, primarily related to profit adjusted for amortization and depreciation, gains/losses on disposals and other non-cash items, changes in provisions and deferred taxes, items related to vehicles sold under buy-back commitments and operating lease and dividends received, totaling $1,946 million, and to an increase in working capital of $942 million (on a comparable scope of operations and on a constant currency basis);

- investing activities absorbed a total of $1,133 million in cash, primarily related to investments in fixed assets and in subsidiaries and other equity investments ($1,798 million), partially offset by the changes in financial receivables from/debt payable to Financial Services (included under other changes); and
- financing activities generated cash of $631 million, essentially due to new bond issues ($2,259 million), medium-term borrowing issuances ($1,032 million), partially offset by borrowing repayments ($2,093 million) and by the distribution of dividends ($382 million).

At December 31, 2014, cash and cash equivalents for **Financial Services** totaled $2,018 million, down $461 million from December 31, 2013. Changes in cash for Financial Services were attributable to:

- operating activities, which generated $329 million in cash, mainly deriving from income-related cash inflows;
- investing activities (including changes in financial receivables from/debt payable to Industrial Activities), which absorbed $1,260 million in cash, with a $1,004 million increase in the loan portfolio; and
- financing activities, which generated a total of $595 million in cash, mainly from proceeds from a new bond issuance ($500 million).

Capital Resources

Funding Policy

The funding requirements and liquidity of CNH Industrial's companies are managed on a standard and centralized basis. This centralized system is aimed at optimizing the efficiency, effectiveness and security of CNH Industrial's management of capital resources.

In the major jurisdictions where CNH Industrial operates, its subsidiaries participate in a Group-wide cash management system. In these jurisdictions, the cash balances of all CNH Industrial's companies are aggregated at the end of each business day to central pooling accounts. The centralized treasury management offers professional financial and systems expertise in managing these accounts, as well as providing related services and consulting to CNH Industrial's business segments.

In the continuing environment of uncertainty in the financial markets, CNH Industrial's policy is to keep a high degree of flexibility with its funding and investment options in order to maintain its desired level of liquidity. In managing its liquidity requirements, CNH Industrial is pursuing a financing strategy that includes open access to a variety of financing sources, including capital markets, bank credit lines and ABS transactions.

A summary of CNH Industrial's strategy is set forth below:

- to fund Industrial Activities' short-term financing requirements and to ensure near-term liquidity, Industrial Activities will continue to sell certain of its receivables to Financial Services and rely on internal cash flows including managing working capital. CNH Industrial will also supplement its short-term financing by drawing on existing or new credit lines with banks;
- to the extent funding needs of Industrial Activities are determined to be of a longer-term nature, CNH Industrial may access public medium-term debt markets as well as private investors and banks, as appropriate, to refinance borrowings and replenish its liquidity; and
- Financial Services' funding strategy is to maintain a sufficient level of liquidity and flexible access to a wide variety of financial instruments. CNH Industrial expects securitizations, intersegment borrowings and sale of receivables (factoring) to continue to represent a substantial portion of its capital structure. However, CNH Industrial will continue to diversify its funding sources and expand its investor base within Financial Services to create a stand-alone funding profile and support the target of investment grade credit ratings. CNH Industrial will continue to look at the public ABS market as an important source of funding in North America and Australia. In addition to its current funding and liquidity sources, which include a combination of term receivables, securitizations, committed asset-backed facilities and unsecured and secured borrowings, CNH Industrial expects changes to its funding profile as costs and terms of accessing the unsecured term market are favorable. In addition to offering unsecured notes and accessing unsecured committed bank facilities, Financial Services will continue to evaluate financing alternatives to further diversify its funding base. CNH Industrial will tailor its offerings to improve investor interest in the Group's securities while optimizing economic factors and reducing execution risks.

On a global level, CNH Industrial will continue to evaluate alternatives to ensure that Financial Services has access to capital on favorable terms to support its business, including agreements with global or regional partners, new funding arrangements or a combination of the foregoing.

CNH Industrial's access to external sources of financing, as well as the cost of financing, is dependent on various factors, including its credit ratings. Currently, CNH Industrial is rated below investment grade, with long-term corporate credit ratings of "BB+" (with a stable outlook) and a short-term rating of "B" from S&P, and a "Ba1" corporate family rating with a stable outlook from Moody's. A credit rating is not a recommendation to buy, sell or hold securities. Ratings may be subject to revision or withdrawal at any time by the assigning rating organization, and each rating should be evaluated independently of any other rating. A deterioration in CNH Industrial's ratings could impair its ability to obtain debt financing and would increase the cost of such financing. Ratings are influenced by a number of factors, including, among others: financial leverage on an absolute basis or relative to peers, the composition of the balance sheet and/or capital structure, material changes in earnings trends and volatility, ability to dividend monies from subsidiaries and CNH Industrial's competitive position. Material deterioration in any one, or a combination, of these factors could result in a downgrade of CNH Industrial's ratings, thus increasing the cost, and limiting the availability, of financing.

Consolidated Debt

At December 31, 2014, CNH Industrial's **debt** was $29,701 million ($29,946 million at the end of 2013) of which $13,587 million ($14,727 million at December 31, 2013) related to asset-backed financing operations. Remaining debt of $16,114 million at December 31, 2014 ($15,219 million at the end of 2013) included bonds of $9,519 million ($7,329 million at the end of 2013), bank loans of $5,547 million ($7,101 million at the end of 2013) and other indebtedness of $1,048 million ($789 million at the end of 2013).

At December 31, 2014, the principal amount of bonds outstanding amounted to $9,339 million, net of hedge accounting effect and amortized cost valuation of $180 million. For information on the terms and conditions of the bonds, including applicable financial covenants, see Note 27 to the CNH Industrial Consolidated Financial Statements.

CNH Industrial has a Global Medium Term Note Program ("GMTN"), which was established in February 2011 and has a total authorized amount of €10 billion, equivalent to $12 billion, allowing for the placement of debt securities with institutional investors. At December 31, 2014, €3,900 million ($4,735 million) was outstanding under the program, all such debt having been issued by CNH Industrial Finance Europe S.A. and guaranteed by CNH Industrial N.V.

On November 21, 2014, CNH Industrial refinanced the €2 billion ($2.4 billion) three-year, multi-currency revolving credit facility due in February 2016 with a €1.75 billion ($2.1 billion) five-year multi-currency revolving credit facility. The facility, expires in November 2019 and includes typical provisions for contracts of this type and size such as:

- financial covenants (Net debt/EBITDA and EBITDA/Net interest ratios relating to Industrial Activities) and other customary covenants (including a negative pledge, *pari passu* and restrictions on the incurrence of indebtedness by certain subsidiaries);
- customary events of default (some of which are subject to minimum thresholds and customary mitigants), including cross-default provisions, failure to pay amounts due or to comply with certain provisions under the loan agreement and the occurrence of certain bankruptcy-related events; and
- mandatory prepayment obligations upon a change in control of CNH Industrial or the borrowers.

The failure to comply with the above provisions, in certain cases if not suitably remedied, can lead to the requirement to make early repayment of the outstanding loans.

CNH Industrial N.V. has guaranteed any borrowings under the revolving credit facility with cross-guarantees from each of the Borrowers (*i.e.*, CNH Industrial Finance S.p.A., CNH Industrial Finance Europe S.A., CNH Industrial Finance North America Inc.).

For more information on CNH Industrial's outstanding indebtedness, see Note 27 to the CNH Industrial Consolidated Financial Statements.

During 2014, CNH Industrial Capital LLC (formerly known as CNH Capital LLC, a Financial Services subsidiary in NAFTA) continued to diversify its funding sources and issued debt securities in the amount of $500 million, at an annual fixed rate of 3.375%, due in 2019. In 2013, CNH Industrial Capital LLC entered into two issuances of debt securities, for an aggregate amount of $1.1 billion. The first issue of debt securities was in the amount of $600 million, at an annual fixed rate of 3.625% due 2018; the second issue of debt securities was in the amount of $500 million, at an annual fixed rate of 3.25% due in 2017.

CNH Industrial also sells certain of its finance, trade and tax receivables to third parties in order to improve liquidity, to take advantage of market opportunities and, in certain circumstances, to reduce credit and concentration risk in accordance with its risk management objectives.

The sale of financial receivables is executed primarily through securitization transactions and involves mainly accounts receivable from final (retail) customers and from the network of dealers to Financial Services.

At December 31, 2014, CNH Industrial's current receivables included receivables sold and financed through both securitization and factoring transactions of $15,301 million ($15,916 million at December 31, 2013), which do not meet IAS 39 derecognition requirements and therefore must be recorded on CNH Industrial's statement of financial position. These receivables are recognized as such in CNH Industrial's financial statements even though they have been legally sold; a corresponding financial liability is recorded in the consolidated statement of financial position as debt in Asset-backed financing, as described above (see Note 19 to the CNH Industrial Consolidated Financial Statements).

At December 31, 2014, the Group had discounted receivables without recourse having due dates after December 31, 2014 (and meeting IAS 39 requirements for derecognition) amounting to $654 million ($1,091 million at December 31, 2013, with due dates after that date), which refer to trade receivables and other receivables for $585 million ($1,043 million at December 31, 2013) and receivables from financing activities for $69 million ($48 million at December 31, 2013).

Future Liquidity

CNH Industrial has adopted formal policies and decision-making processes aimed at optimizing its overall financial situation and the allocation of financial funds, cash management processes and financial risk management. CNH Industrial's liquidity needs could increase in the event of an extended economic slowdown or recession that would reduce its cash flow from operations and impair the ability of its dealers and retail customers to meet their payment obligations. Any reduction of CNH Industrial's credit ratings would increase its cost of funding and potentially limit its access to the capital markets and other sources of financing.

CNH Industrial believes that funds available under its current liquidity facilities, those realized under existing and planned asset-backed securitization programs and issuances of debt securities and those expected from ordinary course refinancing of existing credit facilities, together with cash provided by operating activities, will allow CNH Industrial to satisfy its debt service requirements for the coming year. At December 31, 2014 CNH Industrial had available committed lines of credit expiring after twelve months of $2.7 billion.

CNH Industrial's securitized debt is repaid with the cash generated by the underlying amortizing receivables. Accordingly, additional liquidity is not normally necessary for the repayment of such debt. CNH Industrial has traditionally relied upon the term ABS market and committed asset-backed facilities as a primary source of funding and liquidity.

If CNH Industrial were unable to obtain ABS funding at competitive rates, its ability to conduct financing business would be limited.

Off-Balance Sheet Arrangements

CNH Industrial uses certain off-balance sheet arrangements with unconsolidated third parties in the ordinary course of business, including financial guarantees. CNH Industrial's arrangements are described in more detail below. For additional information, see Note 30 to the CNH Industrial Consolidated Financial Statements.

Financial Guarantees

CNH Industrial's financial guarantees require it to make contingent payments upon the occurrence of certain events or changes in an underlying instrument that is related to an asset, a liability or the equity of the party in the interest of which the guarantee was issued. These guarantees include arrangements that are in some cases direct obligations, giving the guaranteed party a direct claim against CNH Industrial, or in other cases indirect obligations, under which CNH Industrial has agreed to provide the funds necessary for the party in the interest of which the guarantee was issued to satisfy an obligation.

At December 31, 2014, CNH Industrial had granted guarantees on the debt or commitments of third parties or unconsolidated subsidiaries, joint ventures and associated entities totaling $383 million ($513 million at December 31, 2013). These guarantees mainly consist of obligations of certain CNH Industrial's companies undertaken in the interest of certain dealers in relation to bank financings, as well as performance guarantees in the interest of a joint venture of Commercial Vehicles.

Contractual obligations

The following table sets forth CNH Industrial's contractual obligations and commercial commitments with definitive payment terms that will require significant cash outlays in the future, as of December 31, 2014:

($ million)	At December 31, 2014 within one year	between one and three years	between three and five years	beyond five years	Total	At December 31, 2013 within one year	between one and three years	between three and five years	beyond five years	Total
Long-term debt obligations (*):										
Bonds	2,112	2,788	3,769	850	9,519	148	2,886	4,295	-	7,329
Borrowings from banks	1,218	1,885	1,237	163	4,503	837	3,660	716	240	5,453
Asset-backed financing	6,173	5,526	1,824	64	13,587	7,534	5,151	1,888	154	14,727
Other debt	322	199	142	52	715	(11)	343	110	48	490
Total Long-term debt obligations	9,825	10,398	6,972	1,129	28,324	8,508	12,040	7,009	442	27,999
Capital (Finance) lease obligations	7	13	14	30	64	8	15	12	39	74
Operating lease obligations	72	95	51	35	253	65	88	54	48	255
Purchase obligations	1,080	572	146	20	1,818	1,038	525	134	30	1,727
Uncertain tax positions (1)	18	-	138	-	156	15	-	237	-	252
Total Contractual obligations	**11,002**	**11,078**	**7,321**	**1,214**	**30,615**	**9,634**	**12,668**	**7,446**	**559**	**30,307**

(*) Amounts presented exclude the related interest expense that will be paid when due. The table above does not include short term debt obligations; furthermore, it does not include obligations for pension plans, health care plans, other post-employment benefits and other employee benefits. CNH Industrial's best estimate of expected contributions in 2015 to pension plans and healthcare plans is $28 million and zero, respectively. Potential outflows in the years after 2015 are subject to a number of uncertainties, including future asset performance and changes in assumptions, and therefore CNH Industrial is unable to make sufficiently reliable estimates of future contributions beyond that period.

(1) The total amount of CNH Industrial's tax contingencies was $156 million at December 31, 2014. Payment of these liabilities would result from settlements with tax authorities. CNH Industrial estimates that settlements with tax authorities may result in payment of $18 million of these liabilities in 2015 and a final refund of $20 million from Canada related to the 2013 transfer pricing settlement reached with the U.S. and Canada competent authorities. Because of the high degree of uncertainty relating to the timing of future cash outflows associated with these liabilities, CNH Industrial is unable to reasonably estimate the timing of any settlement with tax authorities after 2015.

Long-Term Debt Obligations

For information on CNH Industrial's long-term debt obligations, see "Capital Resources" above and Note 27 to the CNH Industrial Consolidated Financial Statements.

The Long-term debt obligations reflected in the table above can be reconciled to the amount in the December 31, 2014 statement of financial position as follows:

($ million)	Note	At December 31, 2014	At December 31, 2013
Debt reflected in the statement of financial position	(27)	**29,701**	**29,946**
Less: Capital (Finance) lease obligations	(27)	(64)	(74)
Total debt obligations		**29,637**	**29,872**
Less: Short-term debt obligations		(1,313)	(1,873)
Long-term debt obligations as reported		**28,324**	**27,999**

The amount reported as Long-term debt obligations in the table above is that of CNH Industrial's bonds, borrowings from banks, asset-backed financing and other debt (excluding finance lease obligations, which are reported in a separate line item in the table above), that at inception had a contractual maturity greater than one year.

Capital (Finance) Lease Obligations

CNH Industrial's capital leases consist mainly of industrial buildings and plant, machinery and equipment used in CNH Industrial's businesses. The amounts reported above include the minimum future lease payments and payment commitments due under such leases. For information on CNH Industrial's capital leases, see Note 27 to the CNH Industrial Consolidated Financial Statements.

Operating Lease Obligations

CNH Industrial's operating leases consist mainly of leases for commercial and industrial properties used in carrying out CNH Industrial's businesses. The amounts reported above under "Operating lease obligations" include the minimal rental and payment commitments due under such leases.

Purchase Obligations

CNH Industrial's purchase obligations at December 31, 2014, included the following:

- the repurchase price guaranteed to certain customers on sales with a buy-back commitment which is included in the line item Other current receivables in CNH Industrial's consolidated statement of financial position in an aggregate amount of $1,421 million; and
- commitments to purchase tangible fixed assets, largely in connection with planned capital expenditures of various Group companies, in an aggregate amount of approximately $397 million.

CORPORATE GOVERNANCE

INTRODUCTION

CNH Industrial is a company, organized under the laws of The Netherlands, resulting from a business combination with Fiat Industrial S.p.A. ("Fiat Industrial") and CNH Global N.V. ("CNH Global") consummated on September 29, 2013 (the "Merger"). CNH Industrial qualifies as a foreign private issuer under the New York Stock Exchange ("NYSE") listing standards and its common shares are listed on the NYSE and on the Mercato Telematico Azionario managed by Borsa Italiana S.p.A. ("MTA").

CNH Industrial has adopted, except as discussed below, the best practice provisions of the Dutch corporate governance code issued by the Dutch Corporate Governance Code Committee, which entered into force on January 1, 2009 (the "Dutch Corporate Governance Code") and contains principles and best practice provisions that regulate relations between the board of directors of a Dutch company and its shareholders. In accordance with the NYSE Listed Company Manual, CNH Industrial is permitted to follow home country practice with regard to certain corporate governance standards, whereas with respect to other corporate governance standards it is bound to comply with certain other provisions of the NYSE Listed Company Manual.

In this report CNH Industrial addresses its overall corporate governance structure. The Company discloses, and intends to disclose any material departure from the best practice provisions of the Dutch Corporate Governance Code in its future annual reports.

BOARD OF DIRECTORS

Pursuant to CNH Industrial's Articles of Association, the Board of Directors may have three or more members. At the general meeting of the shareholders held on September 9, 2013, the number of the members of the Board of Directors was set at eleven. The current slate of Directors was appointed by the Company's shareholders at the annual general meeting of shareholders ("AGM") on April 16, 2014. The term of office of the current Board of Directors will expire on April 15, 2015, the date of the Company's next AGM at which shareholders will appoint the Company's Directors for a term of approximately one-year (*i.e.* the date of the AGM in 2016). Each Director may be re-appointed at any subsequent general meeting of shareholders.

The Board as a whole has collective responsibility for the strategy of the Company. The Board of Directors is composed of two executive Directors (*i.e.*, the Chairman of the Company and the Chief Executive Officer), having responsibility for the day-to-day management of the Company, and nine non-executive Directors, who have responsibility with respect to the Board's oversight function. Under Article 16 of CNH Industrial's Articles of Association, the general authority to represent CNH Industrial shall be vested in the Board of Directors, as well as in each of the executive Directors to whom the title Chairman of the Company or Chief Executive Officer has been granted.

The Board of Directors has also appointed Mr. John Elkann Senior Non-Executive Director for the purpose of Section III.8.1 of the Code.

On September 9, 2013 the Board of Directors of the Company appointed the following internal committees: (i) an Audit Committee, (ii) a Governance and Sustainability Committee, and (iii) a Compensation Committee.

On certain key industrial matters the Board of Directors is advised by the Group Executive Council ("GEC"). The GEC is an operational decision-making body of CNH Industrial, which is responsible for reviewing the operating performance of the businesses, and making decisions on certain operational matters.

Seven directors qualified as independent (representing the majority of the directors) for purposes of the Dutch Corporate Governance Code and NYSE rules, Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

The Board of Directors has also appointed certain officers of the Company, including the Chief Financial Officer, the Chief Human Resources Officer, the Chief Purchasing Officer, the Corporate Controller and Chief Accounting Officer, the Treasurer, the Secretary of the Board, the Chief Quality Officer, and the Chief Manufacturing Officer.

During 2014, there were five meetings of the Board of Directors. Attendance at the Board meetings was 100%.

The current composition of the Board of Directors is the following:

- **Sergio Marchionne**, Chairman (*Executive-Director*)

  Sergio Marchionne is Chairman of CNH Industrial N.V. He was Chairman of Fiat Industrial S.p.A. and CNH Global N.V. until the merger of these companies into CNH Industrial. He also serves as CEO of Fiat Chrysler Automobiles N.V., Chairman and CEO of FCA US LLC and Chairman of Ferrari S.p.A.

He holds a Bachelor of Arts with a major in Philosophy from the University of Toronto and a Bachelor of Laws from Osgoode Hall Law School at York University in Toronto, as well as a Master of Business Administration and a Bachelor of Commerce from the University of Windsor (Canada). Mr. Marchionne is a barrister, solicitor and chartered accountant. He began his professional career in Canada. From 1983 to 1985, he worked for Deloitte & Touche. From 1985 to 1988, at the Lawson Mardon Group of Toronto. From 1989 to 1990, he served as Executive Vice President of Glenex Industries. From 1990 to 1992, he was Chief Financial Officer (CFO) at Acklands Ltd. From 1992 to 1994, also in Toronto, he held the position of Vice President of Legal and Corporate Development and CFO of the Lawson Mardon Group. From 1994 to 2000, he covered various positions of increasing responsibility at Algroup, headquartered in Zurich (Switzerland), until becoming its CEO. He then went on to head the Lonza Group Ltd first as CEO (2000-2001) and then as Chairman (2002). In February 2002, he became CEO of the SGS Group of Geneva. In March 2006, he was appointed Chairman of the company, a position which he continues to hold. He was non-executive Vice Chairman and Senior Independent Director of UBS from 2008 until April 2010. Mr. Marchionne became a member of the Fiat S.p.A. Board of Directors in May 2003, and Chief Executive Officer on June 1, 2004. In addition, in June 2009, he was appointed CEO of Chrysler Group LLC (renamed FCA US LLC in December 2014) and, in September 2011, also assumed the role of Chairman. On October 13, 2014, he became CEO of Fiat Chrysler Automobiles N.V. and Chairman of Ferrari S.p.A. In May 2010, he joined the Board of Directors of EXOR S.p.A. He is a member of the Board of Philip Morris International Inc. and of the Board of the Peterson Institute for International Economics as well as Chairman of the Council for the United States and Italy.

Born in 1952, Canadian and Italian citizenship.

- **Richard J. Tobin**, Chief Executive Officer (*Executive-Director*) of CNH Industrial N.V., Brand President, Case Construction Equipment and New Holland Construction Equipment, President, Construction Equipment Products Segment.

Mr. Tobin is Chief Executive Officer *(Executive-Director)*, Brand President Case Construction Equipment and New Holland Construction Equipment and President, Construction Equipment Products Segment. Prior to the integration of Fiat Industrial S.p.A. and CNH Global N.V. into CNH Industrial, Mr. Tobin was Group Chief Operating Officer of Fiat Industrial S.p.A. and President and Chief Executive Officer of CNH, a role he assumed in January 2012 after two years as Chief Financial Officer (CFO) for CNH. Mr. Tobin carries forth extensive experience in international finance and management that he acquired through regional and global leadership positions of growing responsibility and scope. He began his career with GTE Corporation in Stamford, Connecticut (U.S.), as Vice President of International Marketing. In 1995, he joined Alusuisse-Lonza SA in Zurich, Switzerland, as General Manager and Vice President, where he remained until 2001, the year when he joined Alcan Aluminum of Montreal, Canada, with a general management role. In 2002, Mr. Tobin joined SGS Group of Geneva, Switzerland, where he became the Chief Operating Officer for North America. In 2004, he became SGS Group's Chief Finance Officer & Head of Information Technology, a position he retained for six years before finally joining CNH in March 2010. Mr. Tobin holds Bachelor of Arts and Master of Business Administration degrees from Norwich University and Drexel University, respectively. He currently sits on the U.S. Chamber of Commerce Board of Directors and is a member of the Business Roundtable.

Born in 1963, American citizenship.

- **Jacqueline A. Tammenoms Bakker** Director (*Non-Executive Director - independent*), Member of the Governance and Sustainability Committee

Jacqueline A. Tammenoms Bakker was a Director of Fiat Industrial S.p.A. from April 5, 2012 until the merger of the company into CNH Industrial.

Jacqueline A. Tammenoms Bakker studied at Oxford University (BA) and the Johns Hopkins School for Advanced International Studies in Washington D.C. (MA). She joined Shell International in 1977 holding a number of positions in The Netherlands, the U.K. and Turkey. In 1989 she joined McKinsey where she worked as a consultant in the U.K. and The Netherlands until 1995 when she was appointed Vice-President Food Europe at Quest International (Unilever) in The Netherlands. In 1999 she moved to the public sector in The Netherlands, firstly as Director of GigaPort (a public-private initiative to roll out broadband networks), and then as Director-General of Freight Transport (2001-2004) and Director-General of Civil Aviation and Freight Transport (2004-2007) at the Dutch Ministry of Transport. In 2006 she was awarded the Légion d'Honneur for her contribution to cooperation between The Netherlands and France, and in 2006/2007 she chaired the High Level Group on the regulatory framework for civil aviation reporting to the EU Commissioner for Transport. Since 2008 Ms. Tammenoms Bakker has been an independent Board member and is currently also a Board member of TomTom (NL). She is Chairman of the Van Leer Group Foundation (NL) and Vice-Chair of the advisory board of the Rotterdam School of Management. Previously she was a Board member of Vivendi (FR) (2010-2014) and Tesco PLC (UK) (2009-2015).

Born in 1953, Dutch citizenship.

- **John Elkann**, Director (*Senior Non-Executive Director*), Chairman of the Governance and Sustainability Committee, Chairman of the Compensation Committee

John Elkann was a Director of Fiat Industrial S.p.A. from incorporation of the company until its merger into CNH Industrial. Mr. Elkann holds a degree in Engineering from Politecnico, the Engineering University of Turin (Italy). Mr. Elkann is Chairman of Fiat Chrysler Automobiles N.V., Chairman and Chief Executive Officer of EXOR S.p.A. and Chairman of Giovanni Agnelli e C. Sapaz. In addition, he serves as Chairman of Cushman & Wakefield and Italiana Editrice and is also on the boards of The Economist Group, News Corporation and Banca Leonardo. While at university, he gained work experience at various Fiat Group companies in the UK and Poland (manufacturing), as well as France (sales and marketing). He started his professional career in 2001 at General Electric as a member of the Corporate Audit Staff, with assignments in Asia, the USA and Europe. Mr. Elkann is member of the IAC of Brookings Institution and of MoMA. He also serves as Vice Chairman of the Italian Aspen Institute and the Giovanni Agnelli Foundation.

Born in 1976, Italian citizenship.

- **Mina Gerowin,** Director (*Non-Executive Director*), Member of the Governance and Sustainability Committee

Ms. Gerowin has an A.B. from Smith College in Political Economy, a J.D. from the University of Virginia School of Law and an M.B.A. from Harvard Business School where she was a Baker Scholar. She practiced law in Switzerland and New York then worked as Investment Banker in International Mergers and Acquisitions at Lazard Frères in New York and Paris. Ms. Gerowin formed her own consulting and investing company, completing five LBO transactions and participated in their direction as an officer and director. After their sale she consulted internationally. Ms. Gerowin was a Managing Director and partner of Paulson Europe LLP in London working on event, credit, distressed, recovery and merger arbitrage. She joined Paulson & Co. in 2004, helping establish the hedge fund's Event fund. Mina Gerowin is a Director of EXOR S.p.A., Lafarge S.A. and a member of the Global Advisory Committee of Samsung Asset Management.

Born in 1951, American citizenship.

- **Maria Patrizia Grieco**, Director (*Non-Executive Director - independent*), Member of the Compensation Committee

Maria Patrizia Grieco was a Director of Fiat Industrial S.p.A. from April 5, 2012 until the merger of the company into CNH Industrial.

Ms. Grieco holds a degree in Law from Milan State University. She began her career in 1977 in the Legal & General Affairs division of Italtel, becoming head of the division in 1994. In 1999 she was appointed as Italtel's Chief Operating Officer to reorganize and reposition the company, of which she became CEO in 2002. From September 2003 to January 2006, she was CEO of Siemens Informatica, the Siemens Business Services parent company in Italy. She became member of the Executive Council of Siemens Business Services at worldwide level. From February 2006 to September 2008 she was a Partner of Value Partners and CEO of the Value Team Group – now NTT Data - which provides IT consultancy and services in Italy and abroad through approximately 2,700 professionals. From November 2008 to March 2013 she was CEO of Olivetti. She was also Chairman of Olivetti from June 2011 to June 2014. In May 2014 she was appointed Chairman of Enel S.p.A. She is on the Board of Anima Holding S.p.A. She has been appointed in November 2014 to the Board of Bocconi University. She serves as a Director of Save the Children and on the Advisory Board of British Telecom Italy.

Born in 1952, Italian citizenship.

- **Léo W. Houle**, Director (*Non-Executive Director - independent*), Member of the Compensation Committee

Mr. Houle was a Director of CNH Global N.V. from April 7, 2006 until the merger of the company into CNH Industrial. On September 6, 2011, Mr. Houle was appointed to the Board of Directors of Chrysler Group LLC now known as FCA US LLC.

Mr. Houle was Chief Talent Officer of BCE Inc. and Bell Canada, Canada's largest communications company, from June 2001 until his retirement in July 2008. Prior to joining BCE and Bell Canada, Mr. Houle was Senior Vice-President, Corporate Human Resources of Algroup Ltd., a Swiss-based diversified industrial company. From 1966 to 1987, Mr. Houle held various managerial positions with the Bank of Montreal, the last of which was Senior Manager, Human Resources Administration Centers. In 1987, Mr. Houle joined the Lawson Mardon Group Limited and served as Group Vice-President, Human Resources until 1994 when Algroup Ltd. acquired Lawson Mardon Group at which time he was appointed Head of Human Resources for the packaging division of Algroup and in 1997 Head of Corporate Human Resources of Algroup, Ltd. Mr. Houle completed his studies at the College Saint Jean in Edmonton, attended the Executive Development Program in Human Resources at the University of Western Ontario in 1987 and holds the designation of Certified Human Resources Professional (CHRP) from the Province of Ontario.

Born 1947, Canadian citizenship.

- **Peter Kalantzis**, Director (*Non-Executive Director - independent*), Member of the Audit Committee, Member of the Compensation Committee

Mr. Kalantzis was a Director of CNH Global N.V. from April 7, 2006 until the merger of the company into CNH Industrial.

Mr. Kalantzis has been a non-executive member of various boards of directors since 2001. Prior to 2000, he was responsible for Alusuisse-Lonza Group's corporate development and actively involved in the de-merger and stock market launch of Lonza, as well as the merger process of Alusuisse and Alcan. Mr. Kalantzis served as head of the Chemicals Division of Alusuisse-Lonza Group from 1991 until 1996. In 1991 Mr. Kalantzis was appointed Executive Vice-President and member of the Executive Committee of the Alusuisse-Lonza Group. Between 1971 and 1990 he held a variety of positions at Lonza Ltd. in Basel. Mr. Kalantzis is Chairman of the Board of Clair Ltd., Cham (Switzerland); Chairman of Von Roll Holding Ltd., Breitenbach (Switzerland); Chairman of Lamda Development Ltd., Athens (Greece); Chairman of Elpe-Thraki S.A., Athens (Greece) and Chairman of Degussa Sonne/Mond Goldhandel AG, Cham (Switzerland). He is a member of the Board of Movenpick-Holding Ltd., Baar (Switzerland); of Paneuropean Oil and Industrial Holdings, Luxembourg; of Consolidated Lamda Holdings (Luxembourg); of SGS Ltd., Geneva (Switzerland); and of Hardstone Services SA, Geneva (Switzerland). From 1993 until 2002, he served on the Board of the Swiss Chemical and Pharmaceutical Association as Vice-President and in 2001-2002 as President. Mr. Kalantzis holds a Ph.D. in Economics and Political Sciences from the University of Basel and engaged in research as a member of the Institute for Applied Economics Research at the University of Basel between 1969 and 1971.

Born in 1945, Swiss and Greek citizenship.

- **John Lanaway**, Director (*Non-Executive Director - independent*), Member of the Audit Committee

Mr. Lanaway was elected a Director of CNH Industrial N.V. in September 2013. Mr. Lanaway previously served as a director of CNH Global N.V. from 2006 to 2013. On September 6, 2011, Mr. Lanaway was appointed to the Board of Directors of Chrysler Group LLC now known as FCA US LLC.

His work and academic background includes: 2011–Present, independent consultant; 2007-2011, Executive Vice President and Chief Financial Officer, North America at McCann Erickson; 2001-2007, various positions of increasing responsibility at Ogilvy North America, finally as Senior Vice President and Chief Financial Officer; 1999-2001, Chief Financial Officer and Senior Vice President at Geac Computer Corporation Limited; 1997-1999, Chief Financial Officer for Algorithmics Incorporated; 1995-1997, Senior Vice President and Chief Financial Officer at Spar Aerospace; 1993-1994, Sector Vice President, Labels North America with Lawson Mardon Group Limited; 1989-1993, Group Vice President and Chief Financial Officer for Lawson Mardon Group Limited; 1988-1989, General Manager at Lawson Mardon Graphics; 1985-1988, Vice President, Financial Reporting and Control at Lawson Mardon Group Limited; 1980-1985, Client Service Partner at Deloitte; and 1971-1980 Student-Staff Accountant-Supervisor-Manager with Deloitte. Mr. Lanaway graduated from the Institute of Chartered Accountants of Ontario, C.A. and has a Bachelor of Arts degree from the University of Toronto.

Born in 1950, American, Canadian and British citizenship.

- **Guido Tabellini** Director (*Non-Executive Director - independent*)

Guido Tabellini was a Director of Fiat Industrial S.p.A. from March 10, 2011 until the merger of the company into CNH Industrial.

Guido Tabellini is a professor at Università Bocconi, where he also served as Rector from November 2008 to October 2012. Also at Bocconi, he served as Director and then President of the Innocenzo Gasparini Institute for Economic Research (IGIER). Prior to that, Mr. Tabellini taught at Stanford University, UCLA, Università di Cagliari and Università di Brescia. He has been a research fellow and advisor for numerous international organizations and research institutes and was a member of the Council of Economic Advisors to the Italian Prime Minister, of the Privatization Committee and of the Advisory Panel on Public Expenditures to the Italian Ministry of the Economy. Mr. Tabellini received a Ph.D. in Economics from UCLA in 1984. He is a Fellow of the Econometric Society and a Foreign Honorary Member of the American Academy of Arts and Sciences. He has won the Y. Jahnsson Award from the European Economic Association and is also a former President of the European Economic Association. Mr. Tabellini has published numerous articles and books on macro-economics and political, international and public economics. He is also columnist for Il Sole 24 Ore. Board memberships at other listed companies: CIR.

Born in 1956, Italian citizenship.

- **Jacques Theurillat** Director (*Non-Executive Director - independent*), Chairman of the Audit Committee

Mr. Theurillat was a Director of CNH Global N.V. from April 7, 2006 until the merger of the company into CNH Industrial.

Since May, 2008, Mr. Theurillat has served as Partner of Ares Life Sciences, a private equity fund whose objective is to build a portfolio in life sciences. Mr. Theurillat served as the Serono SA Deputy CEO until December 2006. In addition to his role as Deputy CEO, he was appointed Senior Executive Vice President, Strategic Corporate Development in May 2006 and was responsible for developing the company's global strategy and pursuing Serono's acquisition and in-licensing initiatives. From 2002 to 2006, Mr. Theurillat served as Serono's President of European and International Sales & Marketing. In this position he was responsible for Serono's commercial operations in Europe, IBO, Asia-Pacific, Oceania/Japan, Latin America and Canada. He became a Board member in May 2000. From 1996 to 2002, he was Chief Financial Officer. He previously served as Managing Director of the Istituto Farmacologico Serono in Rome, where he started in 1994. In 1993, he was appointed Vice President Taxes and Financial Planning for Serono. In 1990-1993, Mr. Theurillat worked outside Serono, running his own law and tax firm. Before that, he was Serono's Corporate Tax Director, a post to which he was appointed in 1988. He first joined Serono in 1987 as a Corporate Lawyer working on projects such as the company's initial public offering. Mr. Theurillat is a Swiss barrister and holds Bachelor of Law degrees from both Madrid University and Geneva University. He also holds a Swiss Federal Diploma (Tax Expert) and has a Master's degree in Finance.

Born in 1959, Swiss citizenship.

BOARD REGULATIONS

On September 9, 2013 the Board of Directors adopted regulations governing the operations of the Board of Directors and its Committees.

The regulations contain provisions concerning the manner in which meetings of the Board of Directors are called and held, including the decision-making process. The regulations provide that meetings may be held by telephone conference or video-conference, provided that all participating Directors can follow the proceedings and participate in real-time discussion of the items on the agenda.

The Board of Directors can only adopt valid resolutions when a majority of the Directors in office shall be present at the Board meeting or be represented at such meeting.

A member of the Board of Directors may only be represented by a co-member of the Board of Directors authorized in writing.

The expression in writing shall include any message transmitted by current means of communication.

A member of the Board of Directors may not act as proxy for more than one co-member.

All resolutions shall be adopted by the favorable vote of the majority of the Directors present or represented at the meeting, provided that the regulations may contain specific provisions in this respect. Each Director shall have one vote.

The Board of Directors shall be authorized to adopt resolutions without convening a meeting if all Directors shall have expressed their opinions in writing, unless one or more Directors shall object to a resolution being adopted in this way.

The regulations are available on the Group's website, www.cnhindustrial.com.

THE AUDIT COMMITTEE

The Audit Committee is responsible for assisting the Board of Directors' oversight of: (i) the integrity of the Company's financial statements, (ii) the Company's policy on tax planning, (iii) the Company's financing, (iv) the Company's applications of information and communication technology, (v) the systems of internal controls that management and the Board of Directors have established, (vi) the Company's compliance with legal and regulatory requirements, (vii) the Company's compliance with recommendations and observations of internal and external auditors, (viii) the Company's policies and procedures for addressing certain actual or perceived conflicts of interest, (ix) the independent auditors' qualifications, independence, remuneration and any non-audit services for the Company, (x) the performance of the Company's internal audit function and of the independent auditors, (xi) risk management guidelines and policies, and (xii) the implementation and effectiveness of the Company's ethics and compliance program.

The Audit Committee currently consists of Messrs. Theurillat (Chairman), Kalantzis and Lanaway. The Audit Committee is elected by the Board of Directors and is comprised of at least three members who may be appointed for terms of up to two years, each of whom must be a Non-executive Director. Audit Committee members are also required (i) not to have any material relationship with the Company or to serve as auditors or accountants for the Company, (ii) to be "independent", for purposes of NYSE rules, Rule 10A-3 of the Exchange Act and the Dutch Corporate Governance Code, and (iii) to be "financially literate" and have "accounting or selected financial management expertise" (as determined by the Board of Directors). At least one member of the Audit Committee shall be a "financial expert" as defined in the Sarbanes-Oxley Act and the rules of the SEC and best practice provision III.5.7 of the Dutch Corporate Governance Code. No Audit Committee member may serve on more than four audit committees for other public companies, absent a waiver from the Board of Directors, which must be disclosed in the annual report on Form 20-F. Unless decided otherwise by the Audit Committee, the Company's independent auditors as well as the Chief Financial Officer attend its meetings.

During 2014 the Audit Committee met ten times and attendance of Directors at those meetings was 99.9%.

THE COMPENSATION COMMITTEE

The Compensation Committee is responsible for, among other things, assisting the Board of Directors in: (i) determining executive compensation consistent with the Company's remuneration policy, (ii) reviewing and recommending for approval the compensation of executive Directors, (iii) administering equity incentive plans and deferred compensation benefit plans, and (iv) discussing with management the Company's policies and practices related to compensation and issuing recommendations thereon.

The Compensation Committee currently consists of Mr. Elkann (Chairman), Ms. Grieco and Messrs. Houle and Kalantzis. The Compensation Committee is elected by the Board of Directors and is comprised of at least three directors. No more than one member may be non-independent under the Dutch Corporate Governance Code. The members of the Compensation Committee are appointed for terms of up to two years. Unless decided otherwise by the Compensation Committee, the Chief Human Resources Officer for the Company attends its meetings.

During 2014 the Compensation Committee met three times and attendance of Directors at those meetings was 100%.

THE GOVERNANCE AND SUSTAINABILITY COMMITTEE

The Governance and Sustainability Committee is responsible for, among other things, assisting the Board of Directors with: (i) the identification of the criteria, professional and personal qualifications for candidates to serve as Directors of the Company, (ii) periodic assessment of the size and composition of the Board of Directors, (iii) periodic assessment of the functioning of individual Board members and reporting on this to the Board of Directors, (iv) proposals for appointment of executive and non-executive Directors, (v) supervision of the selection criteria and appointment procedure for senior management, (vi) monitoring and evaluating reports on the Group's sustainable development policies and practices, management standards, strategy, performance and governance globally, and (vii) reviewing, assessing and making recommendations as to strategic guidelines for sustainability-related issues, and reviewing the Company's annual Sustainability Report.

The Governance and Sustainability Committee currently consists of Mr. Elkann (Chairman), Ms. Tammenoms Bakker and Ms. Gerowin. The Governance and Sustainability Committee is elected by the Board of Directors and is comprised of at least three Directors. No more than two members may be non-independent, and none of the members may be executive Directors. The members of the Governance and Sustainability Committee are appointed for terms of up to two years.

In addition, as described above, the charters of the Audit Committee, Compensation Committee and Governance and Sustainability Committee set forth independence requirements for their members for purposes of the Dutch Corporate Governance Code. Audit Committee members are also required to qualify as independent for purposes of NYSE rules and Rule 10A-3 of the Exchange Act.

During 2014 the Governance and Sustainability Committee met one time and attendance of Directors at that meeting was 100%.

AMOUNT AND COMPOSITION OF THE REMUNERATION OF THE BOARD OF DIRECTORS

Details of the remuneration of the Board of Directors and its Committees are set forth under the Section Remuneration of Directors.

INDEMNIFICATION OF MEMBERS OF THE BOARD OF DIRECTORS

The Company has committed to indemnify any and all of its Directors, officers, former Directors, former officers and any person who may have served at its request as a Director or officer of another company in which it owns shares or of which it is a creditor, against any and all expenses actually and necessarily incurred by any of them in connection with the defense of any action, suit or proceeding in which they, or any of them, are made parties, or a party, by reason of being or having been Director or officer of the Company, or of such other company, except in relation to matters as to which any such person shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty. Such indemnification shall not be deemed exclusive of any other rights to which those indemnified may be entitled otherwise.

CONFLICT OF INTEREST

A member of the Board of Directors shall not participate in discussions and decision making with respect to a matter in relation to which he or she has a direct or indirect personal interest that is in conflict with the interests of the Company and the business associated with the Company ("Conflict of Interest").

In addition, the Board of Directors as a whole may, on an ad hoc basis, resolve that there is such a strong appearance of a Conflict of Interest of an individual member of the Board of Directors in relation to a specific matter, that it is deemed in the best interest of a proper decision making process that such individual member of the Board of Directors be excused from participation in the decision making process with respect to such matter even though such member of the Board of Directors may not have an actual Conflict of Interest.

At least annually, each Director shall assess in good faith whether (i) he or she is independent under (A) best practice provision III.2.2. of the Dutch Corporate Governance Code, (B) the requirements of Rule 10A-3 under the Exchange Act, and (C) Section 303A of the NYSE Listed Company Manual; and (ii) he or she would have a Conflict of Interest in connection with any transactions between the Company and a significant shareholder or related party of the Company, including affiliates of a significant shareholder (such conflict, a "Related-Party Conflict"), it being understood that currently EXOR S.p.A. would be considered a significant shareholder.

The Directors shall inform the Board through the Chairman or the Secretary of the Board as to all material information regarding any circumstances or relationships that may impact their characterization as "independent," or impact the assessment of their interests, including by responding promptly to the annual director and officer questionnaires circulated by or on behalf of the Chairman that are designed to elicit relevant information regarding business and other relationships.

Based on each Director's assessment described above, the Board shall make a determination at least annually regarding such Director's independence and such Director's Related-Party Conflict. These annual determinations shall be conclusive absent a change in circumstances from those disclosed to the Board that necessitates a change in such determination.

LOYALTY VOTING STRUCTURE

In connection with the Merger, CNH Industrial implemented a loyalty voting structure, pursuant to which the former shareholders of each of Fiat Industrial and CNH Global were able to elect to receive one CNH Industrial special voting share with a nominal value of €0.01 per share for each CNH Industrial common share they were entitled to receive in the Merger, provided that they fulfilled the requirements described in the terms and conditions of the special voting shares. Such shareholders had their CNH Industrial common shares registered in a separate register (the "Loyalty Register") of CNH Industrial's share register. Following this registration, a corresponding number of special voting shares were allocated to such shareholders, and the additional voting rights could be exercised at the first CNH Industrial shareholders' meeting which followed the registration. By signing an election form, whose execution was necessary to elect to receive special voting shares, shareholders also agreed to be bound by the terms and conditions thereof, including the transfer restrictions described below. The terms and conditions applicable to special voting shares are available on the Company's website (www.cnhindustrial.com).

Following the completion of the Merger, CNH Industrial shareholders may at any time elect to participate in the loyalty voting structure by requesting that CNH Industrial registers all or some of their CNH Industrial common shares in the Loyalty Register. If these CNH Industrial common shares have been registered in the Loyalty Register (and thus blocked from trading in the regular trading system) for an uninterrupted period of three years in the name of the same shareholder, such shares become eligible to receive special voting shares (the "Qualifying Common Shares") and the relevant shareholder will be entitled to receive one special voting share for each such Qualifying Common Share. If at any time such CNH Industrial common shares are de-registered from the Loyalty Register for whatever reason, the relevant shareholder shall lose his/her/its entitlement to hold a corresponding number of special voting shares.

A holder of Qualifying Common Shares may at any time request the de-registration of some or all such shares from the Loyalty Register, which will allow such shareholder to freely trade its CNH Industrial common shares. From the moment of such request, the holder of Qualifying Common Shares shall be considered to have waived his/her/its rights to cast any votes associated with such Qualifying Common Shares. Upon the de-registration from the Loyalty Register, the relevant shares will therefore cease to be Qualifying Common Shares. Any de-registration request would automatically trigger a mandatory transfer requirement pursuant to which the special voting shares will be acquired by CNH Industrial for no consideration (*om niet*) in accordance with the terms and conditions of the special voting shares.

CNH Industrial's common shares are freely transferable. However, any transfer or disposal of CNH Industrial's common shares with which special voting shares are associated would trigger the de-registration of such common shares from the Loyalty Register and the transfer of all relevant special voting shares to CNH Industrial. Special voting shares are not admitted to listing and are transferable only in very limited circumstances. In particular, no shareholder shall, directly or indirectly: (a) sell, dispose of or transfer any special voting share or otherwise grant any right or interest therein; or (b) create or permit to exist any pledge, lien, fixed or floating charge or other encumbrance over any special voting share or any interest in any special voting share.

The purpose of the loyalty voting structure is to grant long-term CNH Industrial shareholders an extra voting right by means of granting a special voting share (shareholders holding special voting shares are entitled to exercise one vote for each special voting share held and one vote for each CNH Industrial common share held), without entitling such shareholders to any economic rights, other than those pertaining to the CNH Industrial common shares. However, under Dutch law, the special voting shares cannot be excluded from economic entitlements. As a result, in accordance with CNH Industrial's Articles of Association, holders of special voting shares are entitled to a minimum dividend, which is allocated to a separate special dividend reserve (the "Special Dividend Reserve"). The distribution of dividends from the Special Dividend Reserve can only be approved by the general meeting of the holders of special voting shares upon proposal of the Board of Directors of CNH Industrial. The power to vote upon the distribution from the Special Dividend Reserve is the only power that is granted to that meeting, which can only be convened by the Board of Directors as it deems necessary. The special voting shares do not have any other economic entitlement.

Section 10 of the special voting shares terms and conditions includes liquidated damages provisions intended to discourage any attempt by holders of special voting shares to violate the terms thereof. These liquidated damages provisions may be enforced by CNH Industrial by means of a legal action brought by the Company in the courts of The Netherlands. In particular, a violation of the provisions of the above-mentioned terms and condition concerning the transfer of special voting shares may lead to the imposition of liquidated damages.

Pursuant to Section 12 of the special voting shares terms and conditions, any amendment to the terms and conditions (other than merely technical, non-material amendments) may only be made with the approval of the general meeting of shareholders of CNH Industrial.

A shareholder must promptly notify CNH Industrial upon the occurrence of a change of control, which is defined in Article 4(1)(n) of the Articles of Association as including any direct or indirect transfer, carried out through one or a series of related transactions, by a CNH

Industrial shareholder that is not an individual (*natuurlijk persoon*) of (i) the ownership or control of 50% or more of the voting rights of such shareholder, (ii) the de facto ability to direct the casting of 50% or more of the votes which may be expressed at the general meetings of such shareholder, or (iii) the ability to appoint or remove half or more of the Directors, executive Directors or Board members or executive officers of such shareholder or to direct the casting of 50% or more of the voting rights at meetings of the Board, governing body or executive committee of such shareholder. In accordance with Article 4(1)(n) of the Articles of Association, no change of control shall be deemed to have occurred if (i) the transfer of ownership and/or control is the result of the succession or the liquidation of assets between spouses or the inheritance, *inter vivos* donation or other transfer to a spouse or a relative up to and including the fourth degree or (ii) the fair market value of the Qualifying Common Shares held by the relevant CNH Industrial's shareholder represents less than 20% of the total assets of the Transferred Group at the time of the transfer and the Qualifying Common Shares, in the sole judgment of CNH Industrial, are not otherwise material to the Transferred Group or the change of control transaction. Article 4(1)(n) of the Articles of Association defines "Transferred Group" as comprising the relevant shareholder together with its affiliates, if any, over which control was transferred as part of the same change of control transaction, as such term in defined in Article 4(1)(n) of CNH Industrial's Articles of Association. A change of control will trigger the de-registration of the relevant Qualifying Common Shares from the Loyalty Register and the suspension of the special voting rights attached to the Qualifying Common Shares.

If the Company were to be dissolved and liquidated, after all the debts of the Company have been paid, any remaining balances would be distributed in the following order of priority: (i) first, to satisfy the aggregate balance of share premium reserves and other reserves to the holders of CNH Industrial common shares in proportion to the number of common shares held by each of them; (ii) second, an amount equal to the aggregate amount of the nominal value of the CNH Industrial common shares to the holders thereof in proportion to the number of common shares held by each of them; (iii) third, an amount equal to the aggregate amount of the Special Dividend Reserve to the holders of special voting shares in proportion to the number of special voting shares held by each of them; and (iv) fourth, the aggregate amount of the nominal value of the special voting shares to the holders thereof in proportion to the number of special voting shares held by each of them. No liquidation payments will be made on shares that the Company holds in treasury.

GENERAL MEETING OF SHAREHOLDERS

At least one general meeting of Company shareholders shall be held every year, which meeting shall be held within six months after the close of the prior financial year.

Furthermore, general meetings of shareholders shall be held in the situations referred to in Article 2:108a of the Dutch Civil Code and as often as the Board of Directors, the Chairman, the Senior Non-Executive Director or the Chief Executive Officer deems it necessary to hold them, without prejudice to what has been provided in the next paragraph hereof.

Shareholders solely or jointly representing at least ten percent (10%) of the Company's issued share capital may request the Board of Directors, in writing, to call a general meeting of shareholders, stating the matters to be dealt with.

If the Board of Directors fails to call a meeting, then such shareholders may, on their application, be authorized by the interim provisions judge of the court (*voorzieningenrechter van de rechtbank*) to convene a general meeting of the Company's shareholders. The interim provisions judge (*voorzieningenrechter van de rechtbank*) shall reject the application if he/she is not satisfied that the applicants have previously requested the Board of Directors in writing, stating the exact subjects to be discussed, to convene a general meeting of shareholders.

General meetings of shareholders shall be held in Amsterdam or Haarlemmermeer (Schiphol Airport), and shall be called by the Board of Directors, the Chairman, the Senior Non-Executive Director or the Chief Executive Officer, in such manner as is required to comply with the law and the applicable stock exchange regulations, not later than on the forty-second day prior to the meeting.

All convocations of meetings of shareholders and all announcements, notifications and communications to Company shareholders shall be made by means of an announcement on the Company's corporate website and such announcement shall remain accessible until the relevant general meeting of shareholders. Any communication to be addressed to the general meeting of shareholders by virtue of law or the Company's Articles of Association, may be either included in the notice (referred to in the preceding sentence) or, to the extent provided for in such notice, on the Company's corporate website and/or in a document made available for inspection at the office of the Company and such other place(s) as the Board of Directors shall determine.

Convocations of meetings of shareholders may be sent to shareholders through the use of an electronic means of communication to the address provided by such shareholders to the Company for this purpose.

The notice shall state the place, date and hour of the meeting and the agenda of the meeting as well as the other information required by law.

An item proposed in writing by such number of shareholders who, by law, are entitled to make such proposal, shall be included in the notice or shall be announced in a manner similar to the announcement of the notice, provided that the Company has received the relevant shareholder's request, including the reasons for putting the relevant item on the agenda, no later than the sixtieth day before the day of the meeting.

The agenda of the annual general meeting shall contain, *inter alia*, the following items:

a) adoption of the Company's annual accounts
b) granting of discharge to the members of the Board of Directors in respect of the performance of their duties in the relevant financial year;
c) the policy of the Company on additions to reserves and on dividends, if any;
d) if applicable, the proposal to pay a dividend;
e) if applicable, discussion of any substantial change in the corporate governance structure of the Company; and
f) any matters decided upon by the person(s) convening the meeting and any matters placed on the agenda with due observance of applicable Dutch laws.

The Board of Directors shall provide the general meeting of shareholders with all requested information, unless this would be contrary to an overriding interest of the Company. If the Board of Directors invokes an overriding interest, it must provide shareholders with details of the overriding interest.

When convening a general meeting of shareholders, the Board of Directors shall determine that, for the purpose of Article 18 and Article 19 of the Company's Articles of Association, persons with the right to vote or attend meetings shall be considered those persons who have these rights at the twenty-eighth day prior to the day of the meeting (the "Record Date") and are registered as such in a register to be designated by the Board of Directors for such purpose, irrespective whether they will have these rights at the date of the meeting. In addition to the Record Date, the notice of the meeting shall further state the manner in which Company shareholders and other parties with meeting rights may have themselves registered and the manner in which those rights can be exercised.

The general meeting of shareholders shall be presided over by the Senior Non-Executive Director or, in his absence, by the person chosen by the Board of Directors to act as chairperson for such meeting.

One of the persons present designated for that purpose by the chairperson of the meeting shall act as secretary and take minutes of the business transacted. The minutes shall be confirmed by the chairperson of the meeting and the secretary and signed by them in witness thereof.

The minutes of the general meeting of shareholders shall be made available, on request, to the shareholders no later than three months after the end of the meeting, after which the shareholders shall have the opportunity to react to the minutes in the following three months. The minutes shall then be adopted in the manner as described in the preceding paragraph.

If an official notarial record is made of the business transacted at the shareholders' meeting then minutes need not be drawn up and it shall suffice that the official notarial record be signed by the notary. Each Director shall at all times have power to give instructions for having an official notarial record made at the Company's expense.

As a prerequisite to attending the meeting and, to the extent applicable, exercising voting rights, shareholders entitled to attend the meeting shall be obliged to inform the Board of Directors in writing within the time frame mentioned in the convening notice. At the latest this notice must be received by the Board of Directors on the day specified in the convening notice.

Shareholders and those permitted by law to attend the shareholders' meeting may cause themselves to be represented at any meeting by a proxy duly authorized in writing, provided they shall notify the Company in writing of their wish to be represented at such time and place as shall be stated in the notice of the meeting. For the avoidance of doubt, such attorney is also authorized in writing if the proxy is documented electronically. The Board of Directors may determine further rules concerning the deposit of the powers of attorney and any such additional rules shall be mentioned in the notice of the meeting.

The Company is exempt from the proxy rules under the U.S. Securities Exchange Act of 1934, as amended.

The chairperson of the meeting shall decide on the admittance to the meeting of persons other than those who are entitled to attend.

For each general meeting of shareholders, the Board of Directors may decide that shareholders shall be entitled to attend, address and exercise voting rights at such meeting through the use of electronic means of communication, provided that shareholders who participate in the meeting are capable of being identified through the electronic means of communication and have direct cognizance of the discussions at the meeting and the exercising of voting rights (if applicable). The Board of Directors may set requirements for the use of electronic means of communication and state these in the convening notice. Furthermore, the Board of Directors may for each meeting of shareholders decide that votes cast by the use of electronic means of communication prior to the meeting and received by the Board of Directors shall be considered to be votes cast at the meeting. Such votes may not be cast prior to the Record Date. Whether the provision of the foregoing sentence applies and the procedure for exercising the rights referred to in that sentence shall be stated in the notice.

Prior to being allowed admittance to a meeting, a shareholder or its attorney shall sign an attendance list, stating his/her/its name and, to the extent applicable, the number of votes to which he/she/it is entitled. Each shareholder attending a meeting by the use of electronic means of communication and identified in accordance with the above shall be registered on the attendance list by the Board of Directors. In the event that it concerns an attorney of a shareholder, the name(s) of the person(s) on whose behalf the attorney is acting, shall also be stated. The chairperson of the meeting may decide that the attendance list must also be signed by other persons present at the meeting.

The chairperson of the meeting may determine the time for which shareholders and others who are permitted to attend the general meeting of shareholders may speak if he/she considers this desirable with a view to the orderly conduct of the meeting.

Every share (whether common or special voting) shall confer the right to cast one vote.

Shares in respect of which the law determines that no votes may be cast shall be disregarded for the purposes of determining the proportion of shareholders voting, present or represented or the proportion of the share capital provided or represented.

All resolutions shall be passed with an absolute majority of the votes validly cast unless otherwise specified.

Blank votes shall not be counted as votes cast.

All votes shall be cast in writing or electronically. The chairperson of the meeting may, however, determine that voting by raising hands or in another manner shall be permitted.

Voting by acclamation shall be permitted if none of the shareholders present objects.

No voting rights shall be exercised in the general meeting of shareholders for shares owned by the Company or by a subsidiary of the Company. Usufructuaries of shares owned by the Company and its subsidiaries shall however not be excluded from exercising their voting rights, if the usufruct was created before the shares were owned by the Company or a subsidiary.

Without prejudice to the other provisions of the Company's Articles of Association, the Company shall determine for each resolution passed:

a. the number of shares on which valid votes have been cast;
b. the percentage that the number of shares as referred to under a. represents in the issued share capital;
c. the aggregate number of votes validly cast; and
d. the aggregate number of votes cast in favor of and against a resolution, as well as the number of abstentions.

ISSUANCE OF SHARES

The general meeting of shareholders or alternatively the Board of Directors, if it has been designated to do so by the general meeting of shareholders, shall have authority to resolve on any issuance of shares. The general meeting of shareholders shall, for as long as any such designation of the Board of Directors for this purpose is in force, no longer have authority to decide on the issuance of shares.

The general meeting of shareholders or the Board of Directors if so designated as provided in Article 5, paragraph 1 of the Articles of Association, shall decide on the price and the further terms and conditions of issuance, with due observance of what has been provided in relation thereto in the law and in the Articles of Association.

If the Board of Directors is designated to have authority to decide on the issuance of shares, such designation shall specify the class of shares and the maximum number of shares that can be issued under such designation. When making such designation the duration thereof, which shall not be for more than five years, shall be resolved upon at the same time. The designation may be extended from time to time for periods not exceeding five years. The designation may not be withdrawn unless otherwise provided in the resolution in which the designation is made.

Payment for shares shall be made in cash unless another form of consideration has been agreed. Payment in a currency other than euro may only be made with the consent of the Company.

For a period of five years from September 28, 2013 the Board of Directors has been irrevocably authorized by the shareholders to issue special voting shares up to the maximum aggregate amount of special voting shares as provided for in the Company's authorized share capital as set forth in Article 3, paragraph 1 of the Company's Articles of Association.

For a period of five years from September 29, 2013 the Board of Directors has been authorized by the shareholders to execute any issuance of common shares of the Company, which authorization is limited to the issuance of up to a maximum of 15% of the total number of common shares issued in the capital of the Company following the CNH Global N.V. merger effective date plus not more than an additional 15% of the issued share capital of the Company as per the same date in relation to mergers or acquisitions. Furthermore and without application of the 15% limitation, the Board of Directors shall be authorized to issue common shares and grant rights to subscribe for common shares in the capital of the Company pursuant to the equity incentive plans sponsored by the predecessors CNH Global and Fiat Industrial (together with certain amendments due to their mutual alignment) and any future approved equity incentive or compensation plans.

On April 16, 2014 the shareholders at the AGM approved a resolution whereby for a period of eighteen (18) months from April 16, 2014 the Board of Directors has been authorized to acquire common shares in its own capital. The maximum number of common shares the Company may purchase shall not exceed, and the delegation to the Board is therefore limited to, a maximum of up to 10% of the issued commons shares on April 16, 2014. The delegation of authority binds the Board to purchase the Company's common shares at a price not exceeding 10% of the market price of such common shares on the NYSE and/or the MTA: the market price being the average of the highest price on each of five (5) days of trading prior to the date of acquisition, as shown in the official price list of the applicable stock exchange. Such authorization does not constitute a commitment of the Company to actually purchase the Company's common shares. At the AGM convened on April 15, 2015 the Board will present the proposal of replacement of the existing delegation to the Board of the authority to purchase common shares for eighteen (18) months from April 15, 2015. The other terms and conditions of such authorization will be the same of the authorization granted in 2014.

The Board of Directors of the Company has been also designated as the authorized body to limit or exclude the rights of pre-emption of shareholders in connection with the proposed authority of the Board to issue common shares and grant rights to subscribe for common shares as referred to above.

In the event of an issuance of common shares, every holder of common shares shall have a right of pre-emption with regard to the shares to be issued of that class in proportion to the aggregate amount of his shares of that class; provided, however, that no such right of pre-emption shall exist in respect of shares to be issued to Directors or employees of the Company or of a group company pursuant to any option plan of the Company.

A shareholder shall have no right of pre-emption for shares that are issued against a non-cash contribution.

In the event of an issuance of Special Voting Shares to Qualifying Shareholders, shareholders shall not have any right of pre-emption.

The general meeting of shareholders or the Board of Directors, as the case may be, shall decide when passing the resolution to issue shares in which manner and, subject to paragraph 3 of Article 6 of the Articles of Association, within what period the right of pre-emption may be exercised.

CORPORATE OFFICES

The Company is incorporated under the laws of The Netherlands. It has its corporate seat in Amsterdam and the place of effective management of the Company is in the United Kingdom.

The business address of the Board of Directors and the senior managers is c/o CNH Industrial N.V., Cranes Farm Road, Basildon, Essex, SS143AD, United Kingdom.

The Company is registered at the Commercial Register kept at the Chamber of Commerce in Amsterdam under file number 56532474 and at the Companies House in the United Kingdom under file number FC031116 BR016181.

INTERNAL CONTROL SYSTEM

The Group has in place an internal control system (the "System"), based on the model provided by the COSO Report (Committee of Sponsoring Organizations of the Treadway Commission Report – Enterprise Risk Management model) and the principles of the Dutch Corporate Governance Code, which consists of a set of policies, procedures and organizational structures aimed at identifying, measuring, managing and monitoring the principal risks to which CNH Industrial is exposed. The System is integrated within the organizational and corporate governance framework adopted by CNH Industrial and contributes to the protection of corporate assets, as well as to ensuring the efficiency and effectiveness of business processes, reliability of financial information and compliance with laws, regulations, the Articles of Association and internal procedures.

The System, which has been developed on the basis of international best practices, consists of the following three levels of control:

- Level 1: operating areas, which identify and assess risk and establish specific actions for management of such risk;
- Level 2: central functions responsible for risk control, which define methodologies and instruments for managing risk and monitoring such risk;
- Level 3: internal audit, which conducts independent evaluations of the System in its entirety.

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

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

CNH Industrial – which is listed on the NYSE and, consequently, will be subject to Section 404 of the United States Sarbanes-Oxley Act starting from 2014 – has a system of administrative and accounting procedures in place that seeks to ensure a highly reliable system of internal control over financial reporting.

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

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

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

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

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

- controls that operate at Group or subsidiary level, such as the delegation of authorities and responsibilities, separation of duties, and assignment of access rights for IT systems; and
- controls that operate at process level, such as authorizations, reconciliations, verification of consistencies, etc. This category includes controls for operating processes, controls for closing processes and cross-sector controls carried out by service providers that are part of Fiat Chrysler Automobiles N.V. These controls can be preventive (*i.e.*, designed to prevent errors or fraud that could result in misstatements in financial reporting) or detective (*i.e.*, designed to reveal errors or fraud that have already occurred). They may also be defined as manual or automatic, such as application-based controls relating to the technical characteristics and configuration of IT systems supporting business activities.

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

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

CODE OF CONDUCT

On July 31, 2014, the Board of Directors adopted a new code of conduct (the "Code of Conduct"), which forms an integral part of the internal control system and sets out the principles of business ethics to which CNH Industrial adheres and which Directors, employees, consultants and business "partners" are required to observe. In particular, the Code of Conduct includes specific guidelines on issues relating to the environment, health and safety, business ethics and anti-corruption, suppliers, management of human resources and the respect of human rights.

The CNH Industrial Group uses its best endeavors to ensure that suppliers, consultants and any third party with whom the CNH Industrial Group has a business relationship be informed of the adoption of the principles set forth in the Code of Conduct.

The Code of Conduct is available on the Corporate Governance section of the Group's website, www.cnhindustrial.com.

The Board of Directors has established a procedure to ensure that the Company's employees and third parties have the possibility to report alleged irregularities of a general, operational and financial nature with the Company. The Company's compliance helpline is managed by an independent third party. Reports may be submitted through a dedicated web portal (www.cnhindustrialcompliancehelpline.com), by phone (to a call center managed by a third party), or to a Company representative. Where legally permissible, reports may be submitted on an anonymous basis. In addition, where legally required, the nature of the reports may be limited to certain subject matters. The Company investigates reports submitted and, in appropriate cases, implements corrective actions.

INSIDER TRADING POLICY

On September 9, 2013, the Board of Directors adopted an insider trading policy setting forth guidelines and recommendations to all Directors, officers and employees of the CNH Industrial Group with respect to transactions in CNH Industrial's securities. This policy, which also applies to immediate family members and members of the households of persons covered by the policy, is designed to prevent insider trading or allegations of insider trading, and to protect CNH Industrial's reputation for integrity and ethical conduct.

The Insider Trading Policy is available on the Corporate Governance section of the Group's website, www.cnhindustrial.com.

SUSTAINABILITY PRACTICES

CNH Industrial is committed to operating in an environmentally and socially-responsible manner.

As discussed above, the Governance and Sustainability Committee was assigned responsibility for strategic oversight of sustainability-related issues and reviews the Company's annual Sustainability Report. The GEC defines the strategic approach, evaluates the congruity of the Sustainability Plan with business objectives and is regularly updated on the Group's sustainability performance.

The Sustainability Unit, which is part of the Group's Finance organization, has operational responsibility for promoting a culture of sustainability throughout the Group. The Sustainability Unit facilitates the process of continuous improvement, and contributes to managing risks and strengthening the relationship with and perceptions of stakeholders, in addition to managing sustainability reporting and communications.

The Group's Code of Conduct is supplemented by additional corporate policies and guidelines aimed at ensuring the Group's activities are conducted in a consistent and responsible manner.

The Group also produces a Sustainability Plan, which reports on the progress of existing projects and new targets to drive continuous improvement in the Group's sustainability performance. It is updated annually to report the status of existing projects and establish new targets to ensure continuous improvement to support long-term growth. The Sustainability Plan is incorporated in the Sustainability Report, which is prepared on a voluntary basis applying the Global Reporting Initiative's G4 guidelines (GRI – G4). See also previous section on "Our Commitment to Sustainable Development"

COMPLIANCE WITH DUTCH CORPORATE GOVERNANCE CODE

While CNH Industrial endorses the principles and best practice provisions of the Dutch Corporate Governance Code, its current corporate governance structure deviates from the following best practice provisions, only with respect to minor aspects as follow:

- CNH Industrial deviates from the terms of paragraph III.1.7, which requires that the board will evaluate its own performance and the performance of committees of the board. In 2014 the Company did not conduct such an evaluation but plans to do so in 2015;
- CNH Industrial deviates from the terms of paragraph III.2.1, which requires that all non-executive members of the Board of Directors, with the exception of not more than one, shall be independent, as two out of nine non-executive members of the Board of Directors do not qualify as non-independent Directors within the meaning of the Dutch Corporate Governance Code;
- CNH Industrial deviates from the terms of paragraphs III.3.3 and III.6.2, which require that a Board member may not take part in any discussion or decision-making that involves a subject or transaction in relation to which he or she may appear to have a conflict of interest with CNH Industrial, as the definition of conflict of interest set forth in the Board Regulations of CNH Industrial is geared towards an actual conflict of interest, as referred to in the Dutch Civil Code, and does not include the reference to the appearance of a conflict of interest. Nevertheless, the CNH Industrial Board Regulations stipulate that the Board of Directors as a whole may, on an ad hoc basis, resolve that there is such a strong appearance of a conflict of interest of an individual Director in relation to a specific matter, that it is deemed in the best interests of a proper decision making process that such individual Director be recused from participation in the decision making process with respect to such matter even though such Director may not have an actual conflict of interest;
- CNH Industrial deviates from the terms of paragraph III.5.1, which requires that the terms of reference of the various committees may provide that a maximum of one member of each committee may not be independent, as the terms of reference of the Governance and Sustainability Committee state that a maximum of two members of that committee may not be independent and the composition of the Governance and Sustainability Committee is such that two out of the three members do not qualify as independent; and
- CNH Industrial deviates from the terms of paragraph III.5.11, which requires that the Compensation Committee may not be chaired by a member of the management Board of another listed company. The composition of the Compensation Committee is such that its chairman is also an executive Director of the Board of Directors of other listed companies (although such other listed companies do not operate in the industries in which the Company operates).

IN CONTROL STATEMENT

Internal Control System

The Board of Directors is responsible for designing, implementing and maintaining internal controls, including proper accounting records and other management information suitable for running the business.

The principal characteristics of the Internal Control System and Internal Control over Financial Reporting adopted by CNH Industrial are described in the specific paragraph mentioned above.

Based on the assessment performed, the Board of Directors concluded that, as of December 31, 2014, the Group's and the Company's Internal Control over Financial Reporting is considered effective.

March 2, 2015

Sergio Marchionne

Chairman

Richard J. Tobin

Chief Executive Officer

Responsibilities in respect of the Annual Report

The Board of Directors is responsible for preparing the Annual Report, inclusive of the Consolidated and Statutory Financial Statements and Report on Operations, in accordance with Dutch law and International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union (IFRS).

In accordance with Section 5:25c, paragraph 2 of the Dutch Financial Supervision Act, the Board of Directors states that, to the best of its knowledge, the Financial Statements prepared in accordance with applicable accounting standards provide a true and fair view of the assets, liabilities, financial position and profit or loss for the year of CNH Industrial N.V. and its subsidiaries and that the Report on Operations provides a true and a fair view of the performance of the business during the financial year and the position at balance sheet date of CNH Industrial N.V. and its subsidiaries, together with a description of the principal risks and uncertainties that CNH Industrial N.V. and the Group face.

March 2, 2015

The Board of Directors

Sergio Marchionne

Richard J. Tobin

Jacqueline A. Tammenoms Bakker

John Elkann

Mina Gerowin

Maria Patrizia Grieco

Léo W. Houle

Peter Kalantzis

John Lanaway

Guido Tabellini

Jacques Theurillat

REMUNERATION OF DIRECTORS

INTRODUCTION

This Remuneration Report (the "Report") describes the Company's remuneration policy applicable to the Executive Directors (the "Policy") and the remuneration paid to the members of the Company's Board of Directors in 2014 (both Executive and Non-Executive Directors).

REMUNERATION POLICY FOR EXECUTIVE DIRECTORS

The Board of Directors determines the compensation for Executive Directors with reference to the Policy (at the recommendation of the Compensation Committee). The Policy has been approved by the Company's shareholders and it is published on the Group's website www.cnhindustrial.com as part of the Report.

The objective of the Policy is to provide a compensation structure that allows the Company to attract, develop and retain highly qualified senior executives.

The Policy is based on the remuneration policies adopted in the past by the Company (and its predecessors) as aligned with Dutch law and the Dutch Corporate Governance Code.

Features of the Policy for Executive Directors

CNH Industrial's compensation philosophy, as set forth in the Policy, aims to provide compensation to its Executive Directors that:

- attracts, retains and motivates qualified executives;
- is competitive against the comparable market;
- reinforces our performance driven culture and meritocracy; and
- is aligned to shareholders' interests.

The remuneration structure for Executive Directors provides a fixed component as well as short and long-term variable components. The Company believes that such a remuneration structure promotes the interests of the Company in the short and the long-term and is not intended in any way to encourage Executive Directors to act in their own interests. In determining the level and structure of the compensation of Executive Directors, the Board of Directors will take into account, among other things, the financial and operational results as well as non-financial objectives of the Company.

In general, the fixed remuneration component of Executive Directors adequately compensates individuals for services performed even if the variable components are not received as a result of the performance targets set by the Board of Directors not being met. This is considered fundamental in discouraging behaviour that is aimed solely at achieving short-term results and inconsistent with the target level of risk established by the Group.

Executive Directors are also eligible to receive variable compensation, either immediate or deferred, subject to the achievement of pre-established, challenging economic and financial performance targets.

REMUNERATION OF EXECUTIVE DIRECTORS

Introduction

The level and structure of the remuneration of the Executive Directors will be determined by the Company's Board of Directors at the recommendation of the Compensation Committee within the scope of the Policy and taking into account the scenario analyses made and with due regard for the pay differentials within the Group. It will furthermore be based on compensation levels offered in the market in general and for the sector.

The Company periodically benchmarks its executive compensation program and the compensation offered to executive directors against peer companies and monitors compensation levels and trends in the market. The compensation peer group for the Chief Executive Officer ("CEO") includes a blend of U.S. and non U.S. global industrial companies, including Caterpillar Inc., United Technologies Corp., Johnson Controls, Honeywell International, Deere & Co., Cummins, Paccar, Navistar, AB Volvo, Continental Ag, Magna International, Mitsubishi Heavy Ind., Man Se, Komatsu Ltd., and Scania AB. In addition to these firms, for the Chairman's benchmark, companies with Executive Chairman roles separate from the CEO role were also reviewed and considered.

Remuneration elements

On such basis, the compensation of Executive Directors consists, *inter alia*, of the following elements:

Fixed Component

The primary objective of base salary (the fixed part of the annual cash compensation) for Executive Directors is to attract and retain well qualified senior executives.

Variable Components

Executive Directors are also eligible to receive variable compensation subject to the achievement of pre-established, challenging financial and other designated performance objectives.

The variable components of Executive Directors' remuneration, both the short and the long-term components, are linked to predetermined, assessable and influenceable objectives approved by the Company's Non-Executive Directors, with more weight on the long-term component.

Annually, scenario analyses are carried out with respect to the possible outcomes of the variable remuneration components and how they may affect the remuneration of the Executive Directors. Such analysis was also carried out for the financial year 2014.

Short-Term Incentives

The primary objective of short-term variable incentives is to focus on the business priorities for the current or next year. Executive Directors' variable incentive is based on achieving short-term (annual) financial and other designated objectives proposed by the Compensation Committee and approved by the Non-Executive Directors each year.

In regards to the Executive Directors' annual performance bonus determination, the Compensation Committee and the Non-Executive Directors:

- approve the Executive Directors' objectives and maximum allowable bonus;
- select the choice and weighting of objectives;
- set the stretch objectives;
- review any unusual items that occurred in the performance year to determine the appropriate overall measurement of achievement of the objectives; and
- approve the final bonus determination.

The annual objectives for the Executive Directors are comprised of two equally weighted metrics, Net Income, and Net Industrial Cash Flow. The target achievement for target incentive (which is 100% of base salary for both the CEO and the Chairman) corresponds to the Board approved targets each year and are consistent with the five year business plan and external guidance to investors. The threshold for any incentive earned is 90% of target and maximum pay-out of 2 × base salary is set at achieving 150% of the objectives or greater. Results and achievement are reviewed by the Compensation Committee in the January Board meeting each year.

For the financial year 2014, the threshold results were not met and no bonus was approved for the Executive Directors.

In addition, upon proposal of the Compensation Committee, the Board of Directors retain authority to grant annual bonuses to Executive Directors for specific transactions that are deemed exceptional in terms of strategic importance and effect on the Company's results. This authority has not been exercised with respect to the Company's performance in 2014.

Long-Term Incentives

The primary objective of the long-term variable incentives is to reward and retain qualified Executive Directors over the longer term while aligning their interests with those of shareholders.

In 2014, CNH Industrial introduced a new long term incentive program, covering a five year performance period, from 2014 to 2018, consistent with the Company's strategic horizon and under which equity awards can be granted to eligible individuals. The CEO was awarded 2,955,000 performance share units under this program, and vesting is conditional on meeting two independent metrics, Net Income and Relative Total Shareholder Return. The awards have three (3) vesting opportunities, one-third after three years' cumulative results, one-third after four years' cumulative results and the final third after the full five years' results. The Net Income target must be achieved in full for 50% of the total award to vest. With respect to the other half of the award, the Relative Shareholder Return metric has a partial vesting if ranked 5th or better among an industry specific peer group of 8 and a maximum pay-out of 150% if ranked 1st among the 8 peers. The peer group includes CNH Industrial, Deere & Co., AGCO Inc., Caterpillar Inc., Cummins Inc., Navistar International Corp., PACCAR Inc. and AB Volvo.

The Chairman was awarded a retention grant of 3,000,000 restricted share units that vest over five years with vesting opportunities at the end of each year. The vesting schedule is 25%, 25%, 20%, 15%, and 15% for the respective years from 2014 to 2018.

As typical with the objective of using equity based awards, these awards help align the Executive Directors' interests with shareholders' interests by delivering greater value to Executive Directors as shareholder value increases.

Pension provisions

The CEO participates in the Company sponsored retirement savings programs, available to salaried employees in CNH Industrial America LLC. For the Chairman, CNH Industrial N.V. pays social contribution fees mandatorily due under Swiss law and indemnifies Fiat Chrysler Automobiles N.V. (as the Chairman is the Chief Executive Officer of Fiat Chrysler Automobiles N.V.) for a fully vested Top Hat benefit equivalent to five times the fixed annual compensation at the time of retirement.

Other Benefits

The CEO is entitled to usual and customary fringe benefits such as a company car, medical insurance, accident insurance, and retiree healthcare benefits. A portion of the costs of personal security personnel dedicated to the Chairman are borne by the Company. The Compensation Committee may grant other benefits to the Executive Directors in particular circumstances.

Severance payments

For the CEO, in lieu of severance benefits under the CNH Industrial America LLC Separation Allowance Policy for U.S. salaried employees, an amount is provided equal to 18 months base pay plus an annual bonus at target in the event of a Company initiated termination except in the event of termination for cause.

The severance provision was a competitive offering made at the time of hiring in March 2010 with the Group.

REMUNERATION FOR NON-EXECUTIVE DIRECTORS

Remuneration of Non-Executive Directors is approved by the Company's shareholders and periodically reviewed by the Compensation Committee.

The current annual remuneration for the Non-Executive Directors is:

- US$125,000 annual retainer fee for each Non-Executive Director;
- an additional US$25,000 for each member of the Audit Committee and US$35,000 for the Audit Committee Chairman; and
- an additional US$20,000 for each member of every other Board committee and US$25,000 for the committee chairman.

Non-Executive Directors elect which portion of their annual retainer fee, committee membership and committee chair fee payments will be made in cash, common shares of CNH Industrial, or options to purchase common shares of CNH Industrial. Offering the choice to elect equity in lieu of cash is a preferred Group practice. Remuneration of Non-Executive Directors is fixed and not dependent on CNH Industrial's financial results. Non-Executive Directors are not eligible for variable compensation and do not participate in any Company incentive plans.

Directors' Compensation

The following table summarizes remuneration paid or accrued to Directors for the year ended December 31, 2014.

In US$	Office Held	In office from/to	Annual Fee/ Salary	Fees paid in equity instruments	Bonus and Other Incentives (non-equity)	Non-Monetary Compensation (Fringe Benefits)[1]	Pension & Similar Benefits	Total Remuneration
MARCHIONNE Sergio	CHAIRMAN	01/01/2014 - 12/31/2014	1,695,587	-	-	-	826,965	2,522,552
TOBIN Richard	CEO	01/01/2014 - 12/31/2014	1,313,343	-	-	15,147	147,885	1,476,375
TAMMENOMS BAKKER Jacqueline	DIRECTOR	01/01/2014 - 12/31/2014	145,000	-	-	-	-	145,000
ELKANN John	DIRECTOR	01/01/2014 - 12/31/2014	175,000	-	-	-	-	175,000
GEROWIN Mina	DIRECTOR	01/01/2014 - 12/31/2014	72,500	85,885	-	-	13,417	171,802
GRIECO Maria Patrizia	DIRECTOR	01/01/2014 - 12/31/2014	145,000	-	-	-	-	145,000
HOULE Léo W.	DIRECTOR	01/01/2014 - 12/31/2014	145,000	-	-	-	-	145,000
KALANTZIS Peter	DIRECTOR	01/01/2014 - 12/31/2014	170,000	-	-	-	-	170,000
LANAWAY John	DIRECTOR	01/01/2014 - 12/31/2014	105,000	45,000	-	-	-	150,000
TABELLINI Guido	DIRECTOR	01/01/2014 - 12/31/2014	145,833	-	-	-	-	145,833
THEURILLAT Jacques	DIRECTOR	01/01/2014 - 12/31/2014	160,000	-	-	-	12,203	172,203
TOTAL			**4,272,263**	**130,885**	**-**	**15,147**	**1,000,470**	**5,418,765**

(1) It includes the use of company cars.

CNH Industrial N.V. Directors' Compensation Plan

As mentioned above, remuneration of Non-Executive Directors is approved by the Company's shareholders and periodically reviewed by the Compensation Committee.

The current remuneration for the Non-Executive Directors is:

- US$125,000 annual retainer fee for each Non-Executive Director;
- an additional US$25,000 for each member of the Audit Committee and US$35,000 for the Audit Committee Chairman; and
- an additional US$20,000 for each member of every other Board committee and US$25,000 for the committee chairman.

Non-Executive Directors elect which portion of their annual retainer fee, committee membership and committee chair fee payments will be made in cash, common shares of CNH Industrial N.V., or options to purchase common shares. Remuneration of Non-Executive Directors is fixed and not dependent on CNH Industrial financial results. Non-Executive Directors are not eligible for variable compensation and do not participate in any Company incentive plans (collectively, the "Fees").

Directors eligible to receive compensation under the CNH Industrial Directors' Compensation Plan do not receive benefits upon termination of their service as directors.

With effect from September 20, 2013, 200,000 common shares were reserved for issuance under the CNH Industrial Directors' Compensation Plan, as approved by shareholders.

The tables that follow reflect the stock option and share activity for the year ended December 31, 2014 under the CNH Industrial Directors' Compensation Plan and the predecessor companies' plans adopted by CNH Industrial pursuant to the merger agreement terms and condition in September 2013.

Share-Based Compensation

The following table summarizes outstanding stock options held by CNH Industrial Directors as of December 31, 2014 under the CNH Industrial Directors' Compensation Plan for Non-Executive Directors, the CNH Global Directors' Compensation Plan ("CNH DCP") for Non-Executive Directors and the CNH Global Equity Incentive Plan ("CNH EIP") for Executive Directors. In connection with the Merger, CNH Industrial assumed the sponsorship of the CNH DCP and the CNH EIP on September 29, 2013.

For the Non-Executive Directors, the stock options expire upon the earlier of (i) ten years after the grant date; or (ii) six months after the date an individual ceases to be a director. For further details about outstanding stock options conditions, please refer to Note 24 to the Consolidated Financial Statements and the footnote below.

	Grant Date	Exercise Price (in $)	Boyanovsky	Gerowin	Hiler	Lipper	Houle	Lanaway	Theurillat	Tobin[1]	Total
Beginning Balance as of 1/1/2014											
	05/03/2005	3.72	-	-	9,302	-	-	-	-	-	9,302
	04/07/2006	5.96	-	-	9,302	-	18,604	18,604	-	-	46,510
	10/03/2006	4.80	-	-	-	-	20,835	-	-	-	20,835
	12/29/2006	5.91	-	-	-	-	16,942	-	4,233	-	21,175
	03/30/2007	8.18	-	-	-	-	12,226	-	3,054	-	15,280
	06/30/2007	10.96	-	-	-	-	9,129	-	2,281	-	11,410
	09/28/2007	13.02	-	-	-	6,913	7,682	-	1,917	-	16,512
	12/27/2007	14.28	-	-	-	6,304	7,001	-	-	-	13,305
	03/19/2008	10.77	-	-	-	-	9,286	-	-	-	9,286
	06/17/2008	9.15	-	-	-	-	10,940	-	-	-	10,940
	04/30/2010	6.82	-	-	-	-	-	-	-	234,824	234,824
	04/29/2011	10.15	-	-	-	-	-	-	-	189,183	189,183
	07/02/2012	8.47	5,898	-	-	-	-	-	-	-	5,898
	09/28/2012	8.78	-	-	-	-	-	-	-	483,468	483,468
	10/01/2012	8.45	5,918	-	-	-	-	-	-	-	5,918
	12/28/2013	11.33	-	6,402	-	-	-	-	-	-	6,402
Beginning Total			**11,816**	**6,402**	**18,604**	**13,217**	**112,645**	**18,604**	**11,485**	**907,475**	**1,100,248**
- Vested/Not Exercised			11,816	6,402	18,604	13,217	112,645	18,604	11,485	522,099	714,872
- Not Vested			-	-	-	-	-	-	-	385,376	385,376
Options Granted in 2014											
	03/28/2014	11.26	-	6,442	-	-	-	-	-	-	6,442
	06/26/2014	10.25	-	7,073	-	-	-	-	-	-	7,073
	09/24/2014	7.82	-	9,271	-	-	-	-	-	-	9,271
	12/28/2014	8.26	-	8,777	-	-	-	-	-	-	8,777
Total Options Granted in 2014			**-**	**31,563**	**-**	**-**	**-**	**-**	**-**	**-**	**31,563**
Options Exercised in 2014											
	05/03/2005	3.72	-	-	9,302	-	-	-	-	-	9,302
	04/07/2006	5.96	-	-	9,302	-	-	-	-	-	9,302
	07/02/2012	8.47	5,898	-	-	-	-	-	-	-	5,898
	10/01/2012	8.45	5,918	-	-	-	-	-	-	-	5,918
Total Options Exercised in 2014			**11,816**	**-**	**18,604**	**-**	**-**	**-**	**-**	**-**	**30,420**
Options Expired in 2014											
	09/28/2007	13.02	-	-	-	6,913	-	-	-	-	6,913
	12/27/2007	14.28	-	-	-	6,304	-	-	-	-	6,304
Total Options Expired in 2014			**-**	**-**	**-**	**13,217**	**-**	**-**	**-**	**-**	**13,217**

	Grant Date	Exercise Price (in $)	Boyanovsky	Gerowin	Hiler	Lipper	Houle	Lanaway	Theurillat	Tobin[(1)]	Total
Ending Balance as of 12/31/2014											
	04/07/2006	5.96	-	-	-	-	18,604	18,604	-	-	37,208
	10/03/2006	4.80	-	-	-	-	20,835	-	-	-	20,835
	12/29/2006	5.91	-	-	-	-	16,942	-	4,233	-	21,175
	03/30/2007	8.18	-	-	-	-	12,226	-	3,054	-	15,280
	06/30/2007	10.96	-	-	-	-	9,129	-	2,281	-	11,410
	09/28/2007	13.02	-	-	-	-	7,682	-	1,917	-	9,599
	12/27/2007	14.28	-	-	-	-	7,001	-	-	-	7,001
	03/19/2008	10.77	-	-	-	-	9,286	-	-	-	9,286
	06/17/2008	9.15	-	-	-	-	10,940	-	-	-	10,940
	04/30/2010	6.82	-	-	-	-	-	-	-	234,824	234,824
	04/29/2011	10.15	-	-	-	-	-	-	-	189,183	189,183
	09/28/2012	8.78	-	-	-	-	-	-	-	483,468	483,468
	12/28/2013	11.33	-	6,402	-	-	-	-	-	-	6,402
	03/28/2014	11.26	-	6,442	-	-	-	-	-	-	6,442
	06/26/2014	10.25	-	7,073	-	-	-	-	-	-	7,073
	09/24/2014	7.82	-	9,271	-	-	-	-	-	-	9,271
	12/28/2014	8.26	-	8,777	-	-	-	-	-	-	8,777
Closing Total			**-**	**37,965**	**-**	**-**	**112,645**	**18,604**	**11,485**	**907,475**	**1,088,174**
- Vested/Not Exercised			-	37,965	-	-	112,645	18,604	11,485	746,318	927,017
- Not Vested			-	-	-	-	-	-	-	161,157	161,157

(1) Regarding the outstanding options of Richard Tobin, the remaining unvested options completely vested on February 25, 2015. The expiration of his options will be on 2/16/2016, 2/26/2017, and 2/24/2018 for the grants of 4/30/2010, 4/29/2011, and 9/28/2012, respectively.

The following table summarizes unvested performance share units held by Executive Directors as of December 31, 2014. In connection with the Merger, the performance targets for those performance share units granted prior to the Merger had been deemed to be met and the units vested in February 2015. For further details about outstanding performance share unit conditions, please refer to Note 24 to the Consolidated Financial Statements.

	Grant Date	Vesting Date	Price	Tobin	Marchionne	Total
Beginning Balance as of 1/1/2014						
	09/30/2010	02/01/2014, 02/01/2015	$7.47	232,551	-	232,551
	01/01/2012	02/01/2015	$8.09	365,103	-	365,103
	04/05/2012	02/01//2015	€7.795	-	1,000,000	1,000,000
Beginning Total				**597,654**	**1,000,000**	**1,597,654**
Granted in 2014	06/09/2014	02/01/2017, 02/01/2018, 02/01/2019	$9.52	2,955,000	-	2,955,000
Vested in 2014	09/30/2010	02/01/2014	$7.47	116,276	-	116,276
Ending Balance as of 12/31/2014						
	09/30/2010	02/01/2015	$7.47	116,275	-	116,275
	01/01/2012	02/01/2015	$8.09	365,103	-	365,103
	04/05/2012	02/01/2015	€7.795	-	1,000,000 (1)	1,000,000
	06/09/2014	02/01/2017, 02/01/2018, 02/01/2019	$9.52	2,955,000	-	2,955,000
Closing Total				**3,436,378**	**1,000,000**	**4,436,378**

(1) These share units vested on February 1, 2015 and were exercised on February 23, 2015.

The following table summarizes outstanding (as of December 31, 2014) restricted share units held by Executive Directors (due to their current or former employment by the Company) with respect to which vesting has not yet occurred. For further details about outstanding restricted share unit condition, please refer to Note 24 to the Consolidated Financial Statements.

	Grant Date	Vesting Date	Price	Tobin	Marchionne	Total
Beginning Balance as of 1/1/2014						
	09/30/2011	09/30/2014	$5.73	6,976	-	6,976
	04/05/2012	02/22/2014, 02/22/2015	€7.795	-	733,333	733,333
Beginning Total				**6,976**	**733,333**	**740,309**
Granted in 2014	06/09/2014	12/31/2014, 12/31/2015, 12/31/2016, 12/31/2017, 12/31/2018	$10.41	-	3,000,000	3,000,000
Vested in 2014						
	09/30/2011	09/30/2014	$5.73	6,976	-	6,976
	04/05/2012	02/22/2014	€7.795	-	366,667	366,667
	06/09/2014	12/31/2014	$10.41	-	750,000 (1)	750,000
Total Vested in 2014				6,976	1,116,667	1,123,643
Ending Balance as of 12/31/2014						
	04/05/2012	02/22/2015	€7.795	-	366,666 (2)	366,666
	06/09/2014	12/31/2015, 12/31/2016, 12/31/2017, 12/31/2018	$10.41	-	2,250,000	2,250,000
Closing Total				**-**	**2,616,666**	**2,616,666**

(1) These share units vested on December 31, 2014 and were exercised on February 23, 2015.
(2) These share units vested on February 22, 2015 and were exercised on February 23, 2015.

EXECUTIVE OFFICERS' COMPENSATION

The aggregate amount of compensation paid to or accrued for executive officers that held office during 2014 was approximately $17.5 million, including $7.0 million of pension and similar benefits paid or set aside by us. The aggregate amounts include 17 executives at December 31, 2014. During 2014, organizational changes occurred that were taken into consideration, pro-rata temporis, in the total compensation figures. Variable compensation was paid out following scenario analyses.

SUBSEQUENT EVENTS AND OUTLOOK

SUBSEQUENT EVENTS

No subsequent events to be reported.

OUTLOOK

In 2015, the Group expects improved profitability in the Commercial Vehicles and Construction Equipment segments, structural cost improvements from the full-year benefit of the Group's Efficiency Program, and a decline in research and development expense as a result of the completion of the transition to the Euro VI/Tier 4B engine products. These actions are expected to mitigate, but not fully offset, the continuing negative impact of challenging trading conditions in the agricultural row crop sector, as well as the negative translation impact on the Group's consolidated accounts from the recent significant appreciation of the U.S. dollar.

The Group expects to reduce capital expenditures compared to the prior year, based on the completion of the engine emissions transition and the completion of the new greenfield operations in China during 2014. Net industrial debt is expected to benefit from actions to realign the finished goods inventory to new market demand levels, particularly in the Agricultural Equipment segment.

March 2, 2015

The Board of Directors

Sergio Marchionne

Richard J. Tobin

Jacqueline A. Tammenoms Bakker

John Elkann

Mina Gerowin

Maria Patrizia Grieco

Léo W. Houle

Peter Kalantzis

John Lanaway

Guido Tabellini

Jacques Theurillat