



04 CNH INDUSTRIAL N.V.
STATUTORY
FINANCIAL
STATEMENTS

AT DECEMBER 31, 2014

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INCOME STATEMENT

(€ thousand)	Notes	2014	2013
Net revenues	(1)	1,007,130	-
Cost of sales		868,182	-
GROSS PROFIT		138,948	-
Selling, general and administrative costs	(2)	99,496	54,361
Research and development costs	(3)	21,173	-
Other income/(expenses)	(4)	23,922	10,962
Restructuring expenses	(5)	1,900	-
OPERATING PROFIT/(LOSS)		40,301	(43,399)
Financial income/(expenses)	(6)	(111,313)	(116,959)
Result from investments	(7)	691,230	979,967
PROFIT/(LOSS) BEFORE TAXES		620,218	819,609
Income taxes	(8)	69,919	(30,647)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		690,137	788,962
Profit/(loss) from discontinued operations		-	-
PROFIT/(LOSS)		690,137	788,962

STATEMENT OF FINANCIAL POSITION

(€ thousand)	Notes	At December 31, 2014	At December 31, 2013
ASSETS			
Intangible assets	(10)	69,569	430
Property, plant and equipment	(11)	62,288	45
Equity investments	(12)	10,270,608	9,180,971
Other financial assets	(13)	458,693	11,175
Deferred tax assets	(8)	88,158	3,339
Total Fixed assets		10,949,316	9,195,960
Inventories	(14)	197,239	-
Trade receivables	(15)	177,798	5,233
Current financial receivables	(16)	190,526	366
Other current assets	(17)	168,211	149,310
Cash and cash equivalents	(18)	5,579	765
Total Current assets		739,353	155,674
TOTAL ASSETS		11,688,669	9,351,634
EQUITY AND LIABILITIES			
Equity	(19)		
Share capital		18,297	18,245
Capital reserve		2,372,100	2,330,703
Legal reserve		2,614,736	2,044,936
Retained profit/(loss)		510,150	321,677
Profit/(loss) for the year		690,137	788,962
Total Equity		6,205,420	5,504,523
Provision for employee benefits	(20)	254,682	1,120
Non-current debt	(21)	137,728	11,175
Deferred tax liabilities	(8)	6,582	-
Total Non-current liabilities		398,992	12,295
Other provisions	(22)	55,446	6,658
Trade payables	(23)	269,728	16,567
Current debt	(24)	4,642,116	3,675,564
Other debt	(25)	116,967	136,027
Total Current liabilities		5,084,257	3,834,816
TOTAL EQUITY AND LIABILITIES		11,688,669	9,351,634



NOTES TO THE STATUTORY FINANCIAL STATEMENTS

PRINCIPAL ACTIVITIES

CNH Industrial N.V. is the company formed by the merger, completed on September 29, 2013, between Fiat Industrial S.p.A. and its majority owned subsidiary CNH Global N.V. The Company, incorporated in the Netherlands, has its principal office in Basildon, United Kingdom.

CNH Industrial N.V.'s statutory financial statements are presented in euros. The Company's functional currency is euros.

As parent company, CNH Industrial N.V. has also prepared consolidated financial statements for CNH Industrial Group for the year ended December 31, 2014.

Merger of Fiat Industrial and CNH

During 2013 the process of combining the activities of CNH and Fiat Industrial was completed with the following steps:

- the cross-border merger of Fiat Netherlands Holding N.V. ("FNH") with and into Fiat Industrial S.p.A. (the "FNH Merger") which occurred on August 1, 2013;
- the cross-border reverse merger of Fiat Industrial S.p.A. with and into FI CBM Holdings N.V. (the "FI Merger"); and
- the Dutch merger of CNH Global N.V. with and into FI CBM Holdings N.V. (the "CNH Merger" and, together with the FI Merger, the "Merger" or the "Transaction"), subsequently renamed CNH Industrial N.V. That Company has taken, as a consequence of the Transaction, the role of CNH Industrial Group's parent company.

All the companies (i.e., Fiat Industrial S.p.A., FI CBM Holdings N.V., FNH and CNH Global N.V.) involved in the reorganization process were part of the Fiat Industrial Group; in particular: (i) FNH was a wholly-owned direct subsidiary of Fiat Industrial S.p.A.; (ii) FI CBM Holdings N.V. was a wholly-owned direct subsidiary of Fiat Industrial S.p.A.; and (iii) CNH Global N.V. was an indirect subsidiary of Fiat Industrial S.p.A. (controlled through FNH which owned approximately 87% of CNH Global N.V.'s capital stock).

The deeds of merger for the merger of Fiat Industrial S.p.A. and CNH Global N.V. with and into CNH Industrial N.V. were executed, respectively, on September 27 and 28, 2013. The effective date of the merger transactions (the "Transaction") was September 29, 2013.

The merger between CNH Industrial N.V. (former FI CBM Holdings N.V.) and Fiat Industrial S.p.A. and Fiat Netherlands Holdings N.V. has been accounted for using the "pooling of interest method", therefore comparative figures for the year ended December 31, 2012 have been adjusted as the merger was already happened at that time. Instead, the merger between CNH Industrial N.V. and CNH Global N.V. has been accounted for from the date in which the transaction occurred on September 29, 2013, due to a minority presence until that date.

Acquisition of Basildon Plant

During 2014 the Company acquired the activities of the plant located in Basildon, United Kingdom. These activities, which were previously held by a subsidiary, were transferred to the Company. The principal activity of the plant is the manufacture and sale of tractors and the sale of agricultural and construction equipment and machinery in the local market acting as distributor of product manufactured in other Group Companies. With effect May 1, 2014 and as a consequence of the transfer, CNH Industrial N.V. shows in its notes to the statutory financial statements the figures related to the operations of the Basildon plant.

SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The 2014 statutory financial statements of the parent company, CNH Industrial N.V., have been prepared in accordance with the legal requirements of Title 9, Book 2 of the Dutch Civil Code. Section 362 (8), Book 2, Dutch Civil Code, allows companies that apply IFRS as adopted by the European Union in their consolidated financial statements to use the same measurement principles in their statutory financial statements. The accounting policies are described in a specific section, Significant accounting policies, of the Consolidated Financial Statements included in this Annual Report. However, as allowed by the law, subsidiaries are accounted for using the net equity value in the statutory financial statements.

Format of the financial statements

As a consequence of the acquisition of the manufacturing activity carried out in Basildon, CNH Industrial N.V. presents an income statement using a classification based on the function of the expenses (also referred to as the "cost of sales" method) rather than one based on their nature, as this is believed to provide information that is more relevant.

In 2014, the presentation within certain income statement headings has been modified with respect to previous year. Comparatives have been reclassified accordingly.



COMPOSITION AND PRINCIPAL CHANGES

As the Company has applied carry over accounting with regard to the acquisition of the Basildon operations, the values contained in the Income Statement and the Statement of the Financial Position include those of the business of Basildon plant starting from the date of its acquisition (May 1, 2014). Therefore, previous year figures may not always be comparable to those of the current year.

The Basildon operations have a GBP functional currency. All assets and liabilities of the Basildon operations were therefore translated into euros, which is the functional currency of CNH Industrial N.V. Translation differences resulting from the application of this method are recorded in equity.

1. Net revenues

As a result and through the transfer of Basildon operations, the Company operates primarily in the agricultural manufacturing industry in the United Kingdom. Net revenues comprise the following:

(€ thousand)	2014	2013
Revenues from:		
Third parties	314,855	-
Group companies	692,275	-
Total Net revenues	1,007,130	-

Net revenues are made of agricultural sales (€951,051 thousand) and construction equipment sales (€56,079 thousand).

2. Selling, general and administrative costs

Selling costs amount to €10,100 thousand in 2014 and mainly comprise marketing, advertising and sales personnel costs.

General and administrative costs amount to €89,396 thousand in 2014 (€54,361 thousand in 2013) and mainly comprise expenses which are not attributable to sales, production and research and development functions net of any intercompany recharge due to services provided to Group subsidiaries.

3. Research and development costs

In 2014, Research and development costs of €21,173 thousand were incurred. Out of the €39,577 thousand, €31,579 thousand were capitalized. On top of this, €891 thousand related to interest were capitalized as development costs.

4. Other operating income/(expenses)

The Other operating income/(expenses) were a net income of €23,922 thousand in 2014 (€10,962 thousand in 2013) and consist of miscellaneous operating costs which cannot be allocated to specific functional areas, such as indirect taxes and duties, and accruals for various provisions not attributable to other items of Cost of sales or Selling, general and administrative costs, net of income arising from trading operations which is not attributable to the sale of goods and services.

5. Restructuring expenses

Restructuring expenses amount to €1,900 thousand in 2014 and represent the total costs associated to the restructuring due to the Company downsizing of the workforce in anticipation of a decrease in market demand for the Company's Agricultural Equipment products.

6. Financial income/(expenses)

The breakdown of financial income and expense was as follows:

(€ thousand)	2014	2013
Financial income	45,894	11,592
Financial expenses	(157,207)	(128,551)
Total financial income/(expenses)	(111,313)	(116,959)

Financial income consisted of the following:

(€ thousand)	2014	2013
Financial income from Group companies	45,683	11,319
Financial income from third parties	211	208
Currency exchange gains	-	65
Total financial income	45,894	11,592

Financial expenses consisted of the following:

(€ thousand)	2014	2013
Financial expense payable to Group companies	150,669	127,846
Financial expense payable to third parties	5,101	705
Currency exchange losses	1,437	-
Total financial expense	157,207	128,551

7. Result from investments

Following is a breakdown of result of investments:

(€ thousand)	2014	2013
Share of the profit/(loss) of investees	691,230	998,909
Gains/(losses) on sale of investments	-	(18,942)
Total financial expense	691,230	979,967

Share of the profit/(loss) of investees

The item includes the Company's share in the net profit or loss of the investees.

8. Income taxes

A breakdown of taxes recognized in the income statement is provided below:

(€ thousand)	2014	2013
Current taxes:		
- Italian corporate income taxes	(4,378)	30,711
- English corporate income taxes	(4,330)	3,275
Total current taxes	(8,708)	33,986
Deferred taxes for the period:		
- Deferred taxes	(61,211)	(3,339)
Total deferred taxes for the period	(61,211)	(3,339)
Taxes relating to prior periods	-	-
Total income taxes	(69,919)	30,647

The amount of Italian corporate income taxes is related to the remuneration of 2014 losses transferred by the Italian branch to the Italian fiscal unit (income €1,221 thousand) and to the true-up referred to the previous year (€3,157 thousand).

The UK current corporate income taxes of €4,330 thousand are related to a current tax charge €6,665 thousand and a current tax credit of €10,995 thousand for compensation of tax losses utilized in the CNH Industrial N.V. UK tax group.

The deferred tax asset of €61,211 thousand relates to pension deficit, UK tax losses carry forward and other timing differences.



Reconciliation between theoretical income taxes determined on the basis of tax rates applicable in the UK and income taxes reported in the financial statements is as follows:

(€ thousand)	2014	2013
Theoretical income taxes	133,347	190,559
Difference between foreign tax rates and the statutory UK tax rate	5,727	(4,676)
Tax effect of permanent differences	(150,231)	(140,520)
Deferred taxes not recognized in previous periods	(32,540)	1,263
Theoretical tax benefit arising from tax loss carryforwards	(26,222)	(15,979)
Current and deferred income tax recognized in the financial statements	(69,919)	30,647

Theoretical income taxes are calculated by applying the UK corporation tax rate of 21.5% (23.25% in 2013) to the result before taxes.

9. Other information by nature

The income statement includes personnel costs for €52,815 thousand in 2014 (€13,482 thousand in 2013) and they consist of the following:

(€ thousand)	2014	2013
Wages and salaries	36,580	7,488
Defined contribution plans	3,291	128
Social security costs	5,719	2,660
Other personnel costs	7,225	3,206
Total personnel costs	52,815	13,482

An analysis of the average number of employees by category is as follows:

	2014	2013
Managers	47	33
White-collar	356	52
Blue-collar	588	-
Average number of employees	991	85

None of these employees are based in The Netherlands. Some of the Company's managers carried out their activities at the principal subsidiaries of the Group and the associated costs were charged back to the legal entities concerned.

10. Intangible assets

At December 31, 2014, intangible assets totaled €69,569 thousand and were subject to the following changes during the year:

(€ thousand)	At December 31, 2013	Acquisition of Basildon plant	Additions	Amortization	Divestments and other changes	Translation differences	At December 31, 2014
Development costs							
- Gross carrying amount	-	117,412	32,470	-	-	6,283	156,165
- Accumulated amortization	-	(76,077)	-	(13,174)	-	(4,493)	(93,744)
- Net carrying amount	-	41,335	32,470	(13,174)	-	1,790	62,421
Concessions, licenses and similar rights							
- Gross carrying amount	29	3,995	2,984	-	895	258	8,161
- Accumulated amortization	(25)	(3,446)	-	(262)	-	(205)	(3,938)
- Net carrying amount	4	549	2,984	(262)	895	53	4,223
Intangible assets in progress and advances							
- Gross carrying amount	35	640	1,180	-	(948)	45	952
Goodwill							
- Gross carrying amount	375	1,508	-	-	-	85	1,968
Other intangible assets							
- Gross carrying amount	69	-	5	-	-	-	74
- Accumulated amortization	(53)	-	-	(16)	-	-	(69)
- Net carrying amount	16	-	5	(16)	-	-	5
Total Intangible assets	430	44,032	36,639	(13,452)	(53)	1,973	69,569

11. Property, plant and equipment

At December 31, 2014, property, plant and equipment totaled €62,288 thousand and were subject to the following changes during the year:

(€ thousand)	At December 31, 2013	Acquisition of Basildon plant	Additions	Depreciation	Divestments and other changes	Translation differences	At December 31, 2014
Land and buildings							
- Gross carrying amount	-	39,156	-	-	(12,239)	1,788	28,705
- Accumulated depreciation	-	(27,277)	-	(751)	12,507	(1,132)	(16,653)
- Net carrying amount	-	11,879	-	(751)	268	656	12,052
Plant and machinery							
- Gross carrying amount	-	15,190	-	-	(237)	852	15,805
- Accumulated depreciation	-	(7,353)	-	(468)	924	(400)	(7,297)
- Net carrying amount	-	7,837	-	(468)	687	452	8,508
Special tools							
- Gross carrying amount	-	127,932	-	-	3,849	7,378	139,159
- Accumulated depreciation	-	(99,472)	-	(3,813)	-	(5,766)	(109,051)
- Net carrying amount	-	28,460	-	(3,813)	3,849	1,612	30,108
Other tangible assets							
- Gross carrying amount	58	12,495	-	-	311	718	13,582
- Accumulated depreciation	(13)	(12,021)	-	(187)	-	(687)	(12,908)
- Net carrying amount	45	474	-	(187)	311	31	674
Tangible assets in progress							
- Gross carrying amount	-	6,818	8,681	-	(5,066)	513	10,946
Total Property, plant and equipment	45	55,468	8,681	(5,219)	49	3,264	62,288

12. Equity investments

At December 31, 2014, Equity investments totaled €10,270,608 thousand and were subject to the following changes during the year:

(€ thousand)	At December 31, 2014	At December 31, 2013
Balance at beginning of year	9,180,971	5,982,243
Contribution to investments	474,626	618,701
Acquisitions	749	117,993
Disposal and capital repayments	-	(142)
Result from investments	691,230	998,909
Dividend received	(354,373)	(105,109)
Merger effects	-	2,059,022
Cumulative translation adjustments and other OCI movements	286,196	(489,508)
Other	(8,791)	(1,138)
Balance at end of year	10,270,608	9,180,971

13. Other financial assets

At December 31, 2014, Other financial assets totaled €458,693 thousand (€11,175 thousand at December 31, 2013) and represent essentially the loan extended to CNH Industrial America LLC with due date January 2016 (€320,965 thousand). The remaining amount (€137,728 thousand) refers to the present value of the fees that the Company will collect in future years based on specific agreements for guarantees issued in favor of third parties for credit facilities granted to Group companies.

14. Inventories

(€ thousand)	At December 31, 2014	At December 31, 2013
Raw materials	113,217	-
Work in progress	76,017	-
Finished goods	8,005	-
Total Inventories	197,239	-

There were no inventories pledged as security at December 31, 2014.



15. Trade receivables

At December 31, 2014, trade receivables totaled €177,798 thousand, a net increase of €172,565 thousand over year-end 2013 and they are essentially attributable to the operations of Basildon plant.

The carrying amount of trade receivables is deemed to approximate their fair value.

All trade receivables are due within one year and there are no significant overdue balances.

16. Current financial receivables

At December 31, 2014, current financial receivables amounted to €190,526 thousand, a net increase of €190,160 thousand over year-end 2013. The item may be analyzed as follows:

(€ thousand)	At December 31, 2014				At December 31, 2013			
	due within one year	due between one and five years	due beyond five years	Total	due within one year	due between one and five years	due beyond five years	Total
Assets from derivative financial instruments	5	-	-	5	366	-	-	366
CNH Industrial Finance Europe S.A.	189,745	-	-	189,745	-	-	-	-
Accrued interest	636	-	-	636	-	-	-	-
Other current financial receivables	140	-	-	140	-	-	-	-
Total Current financial receivables	190,526	-	-	190,526	366	-	-	366

17. Other current receivables

At December 31, 2014, other current receivables amounted to €168,211 thousand, a net increase of €18,901 thousand compared to December 31, 2013, and consisted of the following:

(€ thousand)	At December 31, 2014	At December 31, 2013	Change
Receivables from Group companies for consolidated Italian corporate tax	46,748	44,677	2,071
Receivables from Group companies for consolidated UK corporate tax	8,931	2,526	6,405
VAT receivables	43,822	39,787	4,035
Other indirect and direct taxes	1,153	1,053	100
Other receivables from Group companies and other related parties	56,273	58,258	(1,985)
Other current receivables	11,284	3,009	8,275
Total other current receivables	168,211	149,310	18,901

Receivables from Group companies for consolidated Italian corporate tax relate to taxes calculated on the taxable income contributed by Italian subsidiaries participating in the domestic tax consolidation program.

Receivables from Group companies for consolidated UK corporate tax relate to taxes calculated on the taxable income contributed by UK subsidiaries participating in the domestic tax consolidation program.

VAT receivables essentially relate to VAT credits for Italian subsidiaries participating in the VAT tax consolidation.

Other receivables from Group companies and other related parties relate mainly to dividend declared in December 2014 for €53,043 thousand and in December 2013 for €46,770 paid in January 2015 and January 2014 respectively by CNH Industrial Europe Holding S.A.

Other current receivables are almost entirely due within one year.

18. Cash and cash equivalents

At December 31, 2014, Cash and cash equivalents totaled €5,579 thousand and represented amounts held in euro and other currency denominated current accounts (on demand). The carrying amount of cash and cash equivalents is deemed to be in line with their fair value.

Credit risk associated with cash and cash equivalents is considered limited as the counterparties are leading national and international banks.

19. Equity

Changes in shareholders' equity during 2014 were as follows:

(€ thousand)	Share capital	Capital reserves	Legal reserves: cumulative translation adjustment reserve/OCI	Legal reserves: other	Retained profit/(loss)	Profit/(loss) for the year	Total
Balances at December 31, 2012	1,919,433	435,372	(142,943)	1,921,599	(296,229)	791,210	4,628,442
Allocation of prior year result	-	-	-	-	791,210	(791,210)	-
Dividend distributed	-	-	-	-	(275,076)	-	(275,076)
Presentation of the effects of the Merger:							
Cancellation of Fiat Industrial S.p.A. share capital and issuance of CNH Industrial N.V. share capital	(1,902,695)	1,902,695	-	-	-	-	-
Ownership interests in CNH Global N.V.	1,495	1,000	(22,374)	-	868,896	-	849,017
Share based compensation: costs accrued in the period and effects of share issuance upon exercise of the grants	12	(8,364)	-	-	11,038	-	2,686
Result for the year	-	-	-	-	-	788,962	788,962
Current period change in OCI, net of taxes	-	-	(489,508)	-	-	-	(489,508)
Legal reserve	-	-	-	778,162	(778,162)	-	-
Balances at December 31, 2013	18,245	2,330,703	(654,825)	2,699,761	321,677	788,962	5,504,523
Allocation of prior year result	-	-	-	-	-	(788,962)	-
Dividend distributed	-	-	-	-	(270,619)	-	(270,619)
Share based compensation: costs accrued in the period and effects of share issuance upon exercise of the grants	52	41,397	-	-	-	-	41,449
Result for the year	-	-	-	-	-	690,137	690,137
Current period change in OCI, net of taxes	-	-	244,444	-	-	-	244,444
Other movements	-	-	-	-	(4,514)	-	(4,514)
Legal reserve	-	-	-	325,356	(325,356)	-	-
Balances at December 31, 2014	18,297	2,372,100	(410,381)	3,025,117	510,150	690,137	6,205,420

At December 31, 2014, equity totaled €6,205,420 thousand. The increase in equity of €700,897 thousand over year-end 2013 is mainly the result of the profit for the year of €690,137 thousand, partially offset by the dividend distributed by CNH Industrial N.V. for €270,619 thousand (€0.20 per common share outstanding at the dividend date).

Share capital

Share capital, fully paid-in, amounts to €18,297,939.16 at December 31, 2014 and consists of 1,355,319,640 common shares and 474,474,276 special voting shares, of which 59,074,773 acquired by the Company following the de-registration of the corresponding amount of qualifying common shares from the Loyalty Register, all with a par value of €0.01 each.

Upon the completion of the merger of Fiat Industrial S.p.A. and CNH Global N.V. with and into CNH Industrial N.V., CNH Industrial N.V. issued 1,348,867,772 common shares - which were allotted to Fiat Industrial S.p.A. and CNH Global N.V. shareholders on the basis of established exchange ratios - and 474,474,276 special voting shares (non-tradable) - which were allotted to eligible Fiat Industrial S.p.A. and CNH Global N.V. shareholders who had elected to receive special voting shares - both with a par value of €0.01 each. See the following section Special voting shares for more detailed information about Special voting shares and the special-voting structure.

During 2014, the Company issued a total of 5,246,110 new common shares in relation to certain share-based incentive plans (1,205,758 common shares issued during 2013 relating to certain share-based incentive plans granted by the predecessor companies CNH Global N.V. and Fiat Industrial S.p.A. before the completion of the Merger).



The following table shows a reconciliation between the composition of the share capital of CNH Industrial N.V. at September 30, 2013 on the basis of the shares issued according to the exchange ratios with Fiat Industrial S.p.A. and CNH Global N.V. shares upon the completion of the merger, and the composition of the share capital of CNH Industrial N.V. at December 31, 2014:

(number of shares)	At September 29, 2013	Effects of the Merger	At September 30, 2013	Capital increase	(Purchases)/ Sales of treasury shares	At December 31, 2013	Capital increase	(Purchases)/ Sales of treasury shares	At December 31, 2014
Fiat Industrial S.p.A. common shares pre- merger issued	1,222,568,882	(1,222,568,882)	-	-	-	-	-	-	-
Less: Treasury shares pre-merger	(8,635)	8,635	-	-	-	-	-	-	-
Total Fiat Industrial S.p.A. common shares pre- merger outstanding	1,222,560,247	(1,222,560,247)	-	-	-	-	-	-	-
CNH Global N.V. Common Shares pre-merger (non-controlling interests)	32,995,696	(32,995,696)	-	-	-	-	-	-	-
CNH Industrial N.V. common shares issued		1,348,867,772 (*)	1,348,867,772	1,205,758	-	1,350,073,530	5,246,110	-	1,355,319,640
Less: Treasury shares CNH Industrial N.V. common shares outstanding		-	-	-	-	-	-	-	-
		1,348,867,772	1,348,867,772	1,205,758	-	1,350,073,530	5,246,110	-	1,355,319,640
CNH Industrial N.V. special voting shares issued		474,474,276 (**)	474,474,276	-	-	474,474,276	-	-	474,474,276
Less: Treasury shares (a)		-	-	-	(5,479,890)	(5,479,890)	-	(53,594,883)	(59,074,773)
CNH Industrial N.V. special voting shares outstanding		474,474,276	474,474,276	-	(5,479,890)	468,994,386	-	(53,594,883)	415,399,503
Total Shares issued by CNH Industrial N.V.			1,823,342,048	1,205,758	-	1,824,547,806	5,246,110	-	1,829,793,916
Less: Treasury shares			-	-	(5,479,890)	(5,479,890)	-	(53,594,883)	(59,074,773)
Total CNH Industrial N.V. outstanding shares			1,823,342,048	1,205,758	(5,479,890)	1,819,067,916	5,246,110	(53,594,883)	1,770,719,143

(a) Special voting shares acquired by the Company following the de-registration of the corresponding amount of qualifying common shares from the Loyalty Register.

(*) Allotted on the basis of the established exchange ratios of one common share of CNH Industrial N.V. for each share of Fiat Industrial S.p.A. and 3.828 common shares of CNH Industrial N.V. for each share of CNH Global N.V.

(**) Allotted to eligible Fiat Industrial S.p.A. and CNH Global N.V. shareholders who had elected to receive special voting shares.

Capital reserves

At December 31, 2014, capital reserves amounting to €2,372 million (€2,331 million at December 31, 2013) consisted mainly of the effects of the Merger.

Legal reserves

As of December 31, 2014, legal reserves amounted to €2,615 million (€2,045 million at December 31, 2013) and mainly refer to unrealized currencies translation losses and other OCI components for a net negative amount of €410 million, and other reserves for €3,025 million, due to research and development costs capitalized by equity investments, earnings from affiliated companies subject to certain restrictions on the transfer of funds to the parent company in form of dividend or otherwise. The legal reserve also includes a reserve for the share capital and share premium of a subsidiary due to the limitations on capital repayments from this subsidiary.

Pursuant to Dutch law, limitations exist relating to the distribution of shareholders' equity for the entire amount of the legal reserves. By their nature, unrealized losses relating to currency translation differences reduce shareholders' equity and thereby distributable amounts.

Share-based compensation

In connection with the Merger, CNH Industrial N.V. assumed the sponsorship of the Fiat Industrial Long-Term Incentive Plan (the "Fiat Industrial Plan"), the CNH Global N.V. Equity Incentive Plan (the "CNH EIP") and the CNH Global N.V. Directors' Compensation Plan ("CNH DCP"), effective as of September 29, 2013.

For the year ended December 31, 2014 and 2013 CNH Industrial recognized total share-based compensation expense of €38 million and €30 million, respectively. For the years ended December 31, 2014 and 2013, CNH Industrial recognized a total tax benefit relating to share-based compensation expense of €8 million and €7 million, respectively. As of December 31, 2014, CNH Industrial had unrecognized share-based

compensation expense related to non-vested awards of approximately €86 million based on current assumptions related to achievement of specified performance objectives, when applicable. Unrecognized share-based compensation costs will be recognized over a weighted-average period of 2.8 year.

CNH Industrial's equity awards are governed by several plans: (i) CNH Industrial N.V. Directors' Compensation Plan ("CNH Industrial DCP"); (ii) CNH Industrial N.V. Equity Incentive Plan ("CNH Industrial EIP"); (iii) CNH Global N.V. Directors' Compensation Plan ("CNH DCP"); (iv) CNH Global N.V. Equity Incentive Plan ("CNH EIP"); and, (v) Fiat Industrial Long-Term Incentive Plan ("Fiat Industrial Plan").

Detailed information on Board of Directors compensation, including their shares and share options, is included in the Consolidated Financial Statements of the Group.

20. Provisions for employee benefits

CNH Industrial N.V. provides post-employment benefits for their active employees and for retirees, either directly or by contributing to independently administered funds. These benefits are generally based on the employees' remuneration and years of service.

The Company provides post-employment benefits under defined contribution and defined benefit plans.

In the case of defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the Company has no further payment obligations. The Company recognizes the contribution cost when the employee has rendered his service and includes this cost by function in Cost of sales, Selling, general and administrative costs and Research and development costs. In 2014, these expenses totaled €3,291 thousand (€128 thousand in 2013).

Defined benefit plans may be unfunded, or they may be wholly or partly funded by contributions made by an entity, and sometimes by its employees, into an entity, or fund, that is legally separate from the employer from which the employee benefits are paid. Benefits are generally payable under these plans after the completion of employment. The plans are classified by the Company as Pension plans or Other post-employment benefits on the basis of the type of benefit provided.

Pension plans

The item Pension plans consists principally of the obligations towards certain employees and former employees of the CNH Industrial Group in the United Kingdom.

Under these plans, a contribution is generally made to a separate fund (trust) which independently administers the plan assets. The Company's funding policy is to contribute amounts to the plan equal to the amounts required to satisfy the minimum funding requirements prescribed by the laws and regulations of each individual country. Prudently the Company makes discretionary contributions in addition to the funding requirements. If these funds are overfunded, that is if they present a surplus compared to the requirements of law, the Company could not be required to contribute to the plan in respect of a minimum performance requirement as long as the fund is in surplus.

The investment strategy varies depending on the circumstances of the underlying plan. Typically, less mature plan benefit obligations are funded by using more equity securities as they are expected to achieve long-term growth while exceeding inflation. More mature plan benefit obligations are funded using more fixed income securities as they are expected to produce current income with limited volatility. Risk management practices include the use of multiple asset classes and investment managers within each asset class for diversification purposes. Specific guidelines for each asset class and investment manager are implemented and monitored.

Other post-employment benefits

The item Other post-employment benefits mainly includes loyalty bonuses, which are due to employees who reach a specified seniority and are generally settled when an employee leaves the Company as well as the Italian employee leaving entitlements (*TFR*) relating to the Italian employees of the Italian branch for those benefits accruing up to December 31, 2006 as, after the legislation changes occurred in 2007, this scheme is classified as a defined contribution plan. Schemes included in this item are unfunded.



Provisions for employee benefits at December 31, 2014 and 2013 are as follows:

(€ thousand)	At December 31, 2014	At December 31, 2013
Post-employment benefits:		
Pension plans	253,592	-
Other	845	895
Total Post-employment benefits	254,437	895
Other long-term employee benefits	245	225
Total Provision for employee benefits	254,682	1,120
Defined benefit plan assets	-	-
Total Defined benefit plan assets	-	-

The item Other provisions for employees consists of the best estimate at the balance sheet date of short-term employee benefits payable by the Company within twelve months from the end of the period in which the employees render the related service.

The item Other long-term employee benefits consists of the Company's obligation for those benefits generally payable during employment on reaching a certain level of seniority in the Company or when a specified event occurs, and reflects the probability of payment and the length of time over which this will be made.

In 2014 and in 2013 changes in Other long-term employee benefits are as follows:

(€ thousand)	At December 31, 2013	Provision	Utilization	Change in the scope of consolidation and other changes	At December 31, 2014
Other long-term employee benefits	225	44	(25)	1	245
Total	225	44	(25)	1	245

(€ thousand)	At December 31, 2012	Provision	Utilization	Change in the scope of consolidation and other changes	At December 31, 2013
Other long-term employee benefits	285	-	(15)	(45)	225
Total	285	-	(15)	(45)	225

Post-employment benefits and Other long-term employee benefits are calculated on the basis of the following main assumptions:

(in %)	Assumptions used to determine funded status at year-end			
	At December 31, 2014		At December 31, 2013	
	Pension plans	Other	Pension plans	Other
Weighted-average discount rates	3.50	1.60	NA	NA
Weighted-average rate of compensation increase	3.75	1.59	NA	NA

(in %)	Assumptions used to determine expense at year-end			
	At December 31, 2014		At December 31, 2013	
	Pension plans	Other	Pension plans	Other
Weighted-average discount rates	4.20	2.68	NA	2.68
Weighted-average rate of compensation increase	3.75	0.72	NA	2.72

The weighted-average discount rates are used in measurements of pension and postretirement benefit obligations and net interest on the net defined benefit liability/asset. The weighted-average discount rates are based on a benefit cash flow-matching approach and represent the rates at which the benefit obligations could effectively be settled as of the measurement date. The benefit cash flow-matching approach involves analyzing CNH Industrial's projected cash flows against a high quality bond yield curve, mainly calculated using a wide population of

AA-graded corporate bonds subject to minimum amounts outstanding and meeting other defined selection criteria. The discount rates for the CNH Industrial's remaining obligations are based on benchmark yield data of high-quality fixed income investments for which the timing and amounts of payments approximate the timing and amounts of projected benefit payments.

Assumed discount rates have a significant effect on the amount recognized in the 2014 financial statements. A one percentage point change in assumed discount rates would have the following effects:

(€ millions)	One percentage point increase	One percentage point decrease
Effect on pension plans defined benefit obligation at December 31, 2014	(137)	166

The amounts recognized in the statement of financial position for post-employment benefits at December 31, 2014 and 2013 are as follows:

(€ thousand)	Pension plans		Other	
	At December 31		At December 31	
	2014	2013	2014	2013
Present value of funded obligations	1,006,126	-	845	895
Less: Fair value of plan assets	(752,534)	-	-	-
Deficit/(surplus)	253,592	-	845	895
Effect of the asset ceiling	-	-	-	-
Net liability/(Net asset)	253,592	-	845	895
Reimbursement rights	-	-	-	-
Amounts at year-end:				
Liabilities	253,592	-	845	895
Assets	-	-	-	-
Net liability	253,592	-	845	895

Changes in the present value of post-employment obligations in 2014 and 2013 are as follows:

(€ thousand)	Pension plans		Other	
	2014	2013	2014	2013
Present value of obligation at the beginning of the year			895	938
Acquisition of Basildon plant on May 1, 2014	840,609	-	-	-
Current service cost	2,110	-	4	4
Interest expense	23,542	-	8	14
Other costs	276	-	-	-
Contribution by plan participants	-	-	-	-
Remeasurements:				
Actuarial losses/(gains) from changes in demographic assumptions	9,501	-	(1)	18
Actuarial losses/(gains) from changes in financial assumptions	98,925	-	53	-
Other remeasurements	7,536	-	12	-
Total remeasurements	115,962	-	64	18
Exchange rate differences	51,589	-	-	-
Benefits paid	(27,962)	-	(126)	(29)
Past service cost	-	-	-	-
Change in scope of consolidation	-	-	-	(50)
Curtailments	-	-	-	-
Settlements	-	-	-	-
Other changes	-	-	-	-
Present value of obligation at the end of the year	1,006,126	-	845	895

In 2014 and 2013 Other remeasurements mainly include the amount of experience adjustments.



In 2014 and 2013 changes in the fair value of plan assets are as follows:

(€ thousand)	Pension plans	
	2014	2013
Fair value of plan assets at the beginning of the year		-
Acquisition of Basildon plant on May 1, 2014	672,064	-
Interest income	18,734	-
Remeasurements:		
Return on plan assets	42,572	-
Actuarial gains/(losses) from changes in financial assumptions	-	-
Total remeasurements	42,572	-
Exchange rate differences	39,488	-
Contribution by employer	7,637	-
Contribution by plan participants	-	-
Benefits paid	(27,961)	-
Change in scope of consolidation	-	-
Settlements	-	-
Other changes	-	-
Fair value of plan assets at the end of the year	752,534	-

Net benefit cost/(income) recognized during 2014 and 2013 is as follows:

(€ thousand)	Pension plans		Other	
	2014	2013	2014	2013
Service cost:				
Current service cost	2,110	-	4	4
Past service cost and (gain)/loss from curtailments and settlements	-	-	-	-
Total Service cost	2,110	-	4	4
Net interest expense	4,809	-	8	13
Other costs	276	-	-	-
Net benefit cost/(income) recognized to profit or loss	7,195	-	12	17
Remeasurements:				
Return on plan assets	(42,572)	-	-	-
Actuarial losses/(gains) from changes in demographic assumptions	9,501	-	(1)	-
Actuarial losses/(gains) from changes in financial assumptions	98,925	-	53	-
Other remeasurements	7,536	-	13	18
Total remeasurements	73,390	-	65	18
Exchange rate differences	(12,101)	-	-	-
Net benefit cost/(income) recognized to other comprehensive income	61,289	-	65	18
Total net benefit cost/(income) recognized during the year	68,484	-	77	35

Plan assets do not include treasury shares of CNH Industrial N.V. or properties occupied by the company. The fair value of the plan assets at December 31, 2014 may be disaggregated by asset class and level as follows. Fair value levels presented below are described in the Significant accounting policies – Fair value measurement section of the Notes to the Consolidated Financial Statements.

(€ millions)	At December 31, 2014			
				Pension plans
	Level 1	Level 2	Level 3	Total
Bonds:				
U.S. government bonds	-	-	-	-
Non-U.S. government bonds	-	414	-	414
U.S. corporate bonds	-	-	-	-
Non-U.S. corporate bonds	-	-	-	-
Mortgage backed securities	-	-	-	-
Other	-	-	-	-
Total Bonds	-	414	-	414
Other types of investments:				
Mutual funds (1)	-	337	-	337
Investment funds	-	-	-	-
Insurance contracts	-	-	-	-
Derivatives - Credit contracts	-	-	-	-
Real estate	-	-	-	-
Other	-	-	-	-
Total other types of investments	-	337	-	337
Cash and cash equivalents	-	1	-	1
Total	-	752	-	752

(1) This category includes mutual funds which primarily invest in non-U.S. equities and non-U.S. corporate bonds

Provided that the above plan assets are measured at fair value at December 31, 2014 there was no exposure to sovereign debt securities which might have suffered impairment losses.

The best estimate of expected contribution to pension and health care plans for 2015 is as follows:

(€ thousand)	2015
Pension plans	11,739
Total expected contribution	11,739

The best estimate of expected benefit payments in 2015 and in the following ten years is as follows:

(€ thousand)	Expected benefit payments						
	2015	2016	2017	2018	2019	2020 to 2025	Total
Post-employment benefits:							
Pension plans	38,915	39,785	40,779	41,474	43,128	234,812	438,893
Other	125	90	58	42	75	241	631
Total Post-employment benefits	39,040	39,875	40,837	41,516	43,203	235,053	439,524
Other long-term employee benefits	13	54	11	12	16	109	215
Total	39,053	39,929	40,848	41,528	43,219	235,162	439,739

Potential outflows in the years after 2015 are subject to a number of uncertainties, including future asset performance and changes in assumptions.

The weighted average durations of post-employment benefits are as follows:

	N° of years
Pension plans	15.07
Other	6.03



21. Non-current debt

At December 31, 2014, non-current debt totaled €137,728 thousand, representing a €126,553 thousand increase over December 31, 2013 and included the item financial guarantees that represent the fair value of liabilities assumed in relation to guarantees issued by the Company. Following an assessment of potential risks requiring recognition of contingent liabilities and given that those liabilities essentially related to guarantees issued in favor of third parties in relation to loans to Group companies, the present value of fees receivable (see Note 13 - Other financial assets) is considered the best estimate of the fair value of those guarantees.

22. Other provisions

Changes in Other provisions are as follows:

(€ thousand)	At December 31, 2013	Acquisition of Basildon plant	Charged to profit and loss	Utilization	Translation differences	At December 31, 2014
Warranty and incentives	-	51,807	67,444	(79,549)	2,508	42,210
Restructuring provision	-	-	1,900	(62)	65	1,903
Modification and campaign	-	2,500	1,404	(1,320)	144	2,728
Other risks	6,658	2,197	5,192	(5,580)	138	8,605
Total Other provisions	6,658	56,504	75,940	(86,511)	2,855	55,446

23. Trade payables

At December 31, 2014, trade payables totaled €269,728 thousand, representing a net increase of € 253,161 thousand over December 31, 2013, and consisted of the following:

(€ thousand)	At December 31, 2014	At December 31, 2013	Change
Trade payables to third parties	7,461	14,513	(7,052)
Trade payables to other related parties	4,080	1,124	2,956
Intercompany trade payables	258,187	930	257,257
Total trade payables	269,728	16,567	253,161

Trade payables include payables for goods and services.

Trade payables are due within one year and their carrying amount at the reporting date is deemed to approximate their fair value.

24. Current debt

At December 31, 2014, current debt totaled €4,642,116 thousand, a €966,552 thousand increase over December 31, 2013 and related to:

(€ thousand)	At December 31, 2014	At December 31, 2013	Change
Current account with CNH Industrial Finance S.p.A.	267,734	233,120	34,614
Loan from CNH Industrial Finance Europe S.A.	4,358,235	3,280,803	1,077,432
Loan from Citibank N.A., NY	-	154,468	(154,468)
Current account with CNH Industrial Finance Europe S.A.	238	458	(220)
Accrued interest expense	4,065	3,830	235
Liability from derivative financial instruments	11,844	2,885	8,959
Total current debt	4,642,116	3,675,564	966,552

The short term financial payables to CNH Industrial Finance S.p.A. and CNH Industrial Finance Europe S.A. bears floating interest equal to Euribor 3 month with a spread of 350 bps. There are no pledges on such credit facilities.

The carrying amount of those liabilities is deemed to be in line with their fair value.

25. Other debt

At December 31, 2014, other debt totaled €116,967 thousand, a net decrease of €19,060 thousand over December 31, 2013, and included the following:

(€ thousand)	At December 31, 2014	At December 31, 2013	Change
Other debt:			
Intercompany debt:			
Consolidated Italian corporate tax	45,499	78,746	(33,247)
Consolidated VAT	34,154	46,260	(12,106)
Other	3,455	2,712	743
Total intercompany debt	83,108	127,718	(44,610)
Current amounts payable to employees, social security, directors and statutory auditors	8,509	2,150	6,359
Taxes payable-direct tax	4,236	24	4,212
Taxes payable-indirect tax	11,900	966	10,934
Accrued expenses	6,142	3,058	3,084
Other	3,072	2,111	961
Total other debt	116,967	136,027	(19,060)

At December 31, 2014, intercompany debt for consolidated VAT of €34,154 thousand consisted of VAT receivables of Italian subsidiaries transferred to CNH Industrial N.V. as part of the consolidated VAT regime.

Intercompany debt for consolidated Italian corporate tax of €45,499 thousand (€78,746 thousand at December 31, 2013) consisted of compensation payable for tax losses and Italian corporate tax credits contributed by Italian subsidiaries participating in the domestic tax consolidation program for 2014 in relation to which CNH Industrial N.V. is the consolidating entity.

At December 31, 2014 taxes payable consisted of VAT payable debit due in the UK.

Other debt and taxes payable are all due within one year and their carrying amount is deemed to approximate their fair value.

26. Guarantees, commitments and contingent liabilities

Guarantees issued

The breakdown of outstanding guarantees is as follows:

(€ thousand)	At December 31, 2014	At December 31, 2013	Change
Guarantees issued			
Other guarantees			
in the interest of Group companies	7,458,805	7,001,699	457,106
in the interest of third parties	-	-	-
Total other guarantees	7,458,805	7,001,699	457,106
Total guarantees issued	7,458,805	7,001,699	457,106

Other guarantees

At December 31, 2014, other guarantees totaled €7,458,805 thousand, increasing €457,106 thousand over December 31, 2013.



All guarantees were issued in the interest of Group companies and were made up as follows:

- €5,344,944 thousand for six bonds (due between 2015 and 2021), four issued by CNH Industrial Finance Europe S.A. for a total of €3,900,000 thousand, one issued by Case New Holland Industrial Inc. for €1,235,483 thousand, and one issued by CNH Industrial America LLC for €209,461 thousand;
- €703,609 thousand for three loans, of which €329,577 thousand related to loans granted to Banco CNH Industrial Capital S.A. by Banco Nacional de Desenvolvimento Economico e Social (BNDES) and Agencia Especial de Financiamento Industrial (FINAME), €291,667 thousand granted to CNH Industrial Finance S.p.A. by European Investment Bank and €82,365 thousand granted to CNH Industrial Finance North America Inc. by Well Fargo Bank;
- €1,044,288 thousand for several credit facilities granted from different banks to CNH Industrial Finance S.p.A. (€217,000 thousand), CNH Industrial Finance North America Inc. (€19,869 thousand); CNH Industrial Finance Europe S.A. (€599,320 thousand); CNH Industrial Capital Australia Pty.Ltd. (€80,923 thousand); Case New Holland Machinery (Harbin) Ltd. (€60,992 thousand); Case Construction Machinery (Shanghai) Co. Ltd. (€56,265 thousand);and FPT Industrial S.p.A. (€9,919 thousand);
- €21,438 thousand for three property lease guarantees issued to CNH Industrial America LLC in favour of Duke Realty Ltd. Partnership and Centerpoint Properties Trust MD;
- €1,812 thousand for three subsidized loans granted to CNH Industrial America LLC by Swift Country Rural Development Authority (MN, USA) and Wisconsin Economic Development Corporation;
- €7,137 thousand loan as sponsor support agreement granted by European Bank for Reconstruction and Development to LLC "CNH Industrial (Russia) Industrial Operations";
- €159 thousand for trade finance facilities granted to CNH Industrial America LLC by Soci t  Generale, New York; and
- €260,584 thousand for payment obligations related to excess VAT credits of the direct and indirect subsidiaries of CNH Industrial N.V., in addition to other guarantees of €74,834 thousand.

At December 31, 2014, there were no guarantees outstanding issued in the interest of entities that did not belong to Group Companies.

27. Audit fees

The following table reports fees paid to the independent auditor Ernst & Young or entities in their network for audit and other services.

(€ thousand)	2014	2013
Audit	8,461	8,215
Audit related	410	1,801
Other services	301	981
Total Audit fees	9,172	10,997

In 2013, audit related fees included €1,585 thousand for activities related to the Merger.

Audit fees of Ernst & Young Accountants LLP amount to €60,500. No other services were performed by Ernst & Young Accountants LLP.

28. Board remuneration

Detailed information on Board of Directors compensation, including their shares and share options, is included in the Remuneration of Directors section of this Annual Report.

29. Subsequent Events

No subsequent events to be reported.

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



OTHER INFORMATION

Independent Auditor's Report

The report of the Company's independent auditor, Ernst & Young Accountants LLP, The Netherlands is set forth following this Annual Report.

Dividends

Dividends will be determined in accordance with the articles 22 of the Articles of Association of CNH Industrial N.V. The relevant provisions of the Articles of Association read as follows:

1. The Company shall maintain a special capital reserve to be credited against the share premium exclusively for the purpose of facilitating any issuance or cancellation of special voting shares. The special voting shares shall not carry any entitlement to the balance of the special capital reserve. The Board of Directors shall be authorized to resolve upon (i) any distribution out of the special capital reserve to pay up special voting shares or (ii) re-allocation of amounts to credit or debit the special capital reserve against or in favour of the share premium reserve.
2. The Company shall maintain a separate dividend reserve for the special voting shares. The special voting shares shall not carry any entitlement to any other reserve of the Company. Any distribution out of the special voting shares dividend reserve or the partial or full release of such reserve will require a prior proposal from the Board of Directors and a subsequent resolution of the general meeting of holders of special voting shares.
3. From the profits, shown in the annual accounts, as adopted, such amounts shall be reserved as the Board of Directors may determine.
4. The profits remaining thereafter shall first be applied to allocate and add to the special voting shares dividend reserve an amount equal to one percent (1%) of the aggregate nominal amount of all outstanding special voting shares. The calculation of the amount to be allocated and added to the special voting shares dividend reserve shall occur on a time-proportionate basis. If special voting shares are issued during the financial year to which the allocation and addition pertains, then the amount to be allocated and added to the special voting shares dividend reserve in respect of these newly issued special voting shares shall be calculated as from the date on which such special voting shares were issued until the last day of the financial year concerned. The special voting shares shall not carry any other entitlement to the profits.
5. Any profits remaining thereafter shall be at the disposal of the general meeting of shareholders for distribution of dividend on the common shares only, subject to the provision of paragraph 8 of this article.
6. Subject to a prior proposal of the Board of Directors, the general meeting of shareholders may declare and pay dividends in United States Dollars. Furthermore, subject to the approval of the general meeting of shareholders and the Board of Directors having been designated as the body competent to pass a resolution for the issuance of shares in accordance with Article 5, the Board of Directors may decide that a distribution shall be made in the form of shares or that shareholders shall be given the option to receive a distribution either in cash or in the form of shares.
7. The Company shall only have power to make distributions to shareholders and other persons entitled to distributable profits to the extent the Company's equity exceeds the sum of the paid-up portion of the share capital and the reserves that must be maintained in accordance with provision of law. No distribution of profits may be made to the Company itself for shares that the Company holds in its own share capital.
8. The distribution of profits shall be made after the adoption of the annual accounts, from which it appears that the same is permitted.
9. The Board of Directors shall have power to declare one or more interim dividends, provided that the requirements of paragraph 5 hereof are duly observed as evidenced by an interim statement of assets and liabilities as referred to in Article 2:105 paragraph 4 of the Dutch Civil Code and provided further that the policy of the Company on additions to reserves and dividends is duly observed. The provisions of paragraphs 2 and 3 hereof shall apply mutatis mutandis.

10. The Board of Directors may determine that dividends or interim dividends, as the case may be, shall be paid, in whole or in part, from the Company's share premium reserve or from any other reserve, provided that payments from reserves may only be made to the shareholders that are entitled to the relevant reserve upon the dissolution of the Company.
11. Dividends and other distributions of profit shall be made payable in the manner and at such date(s) - within four weeks after declaration thereof - and notice thereof shall be given, as the general meeting of shareholders, or in the case of interim dividends, the Board of Directors shall determine, provided, however, that the Board of Directors shall have the right to determine that each payment of annual dividends in respect of shares be deferred for a period not exceeding five consecutive annual periods.
12. Dividends and other distributions of profit, which have not been collected within five years and one day after the same have become payable, shall become the property of the Company.

In accordance with the above provisions and after the allocation of the duly amount, calculated pursuant to article 22 paragraph 4 of the Articles of Association, to the special voting shares dividend reserve, the Board of Directors recommended to the Company's shareholders a dividend of €0.20 per common share, totaling approximately \$305 million at the exchange rate of 1.124 U.S. dollars per euro (€271million).

The remaining amount of Profit will be allocated to Retained Profit.

If the proposed cash dividend is approved by shareholders at the AGM on April 15, 2015, the dividend will be payable on April 29, 2015.

Subsequent Events

No subsequent events to be reported.

Disclosures pursuant to Decree Article 10 EU-Directive on Takeovers

In accordance with the Dutch *Besluit artikel 10 overnamerichtlijn* (the Decree), the Company makes the following disclosures:

- a. For information on the capital structure of the Company, the composition of the issued share capital and the existence of the two classes of shares, please refer to Note 13 to the statutory financial statements in this Annual Report. For information on the rights attached to the common shares, please refer to the Articles of Association which can be found on the Company's website. To summarise, the rights attached to common shares comprise pre-emptive rights upon issue of common shares, the entitlement to attend the general meeting of shareholders and to speak and vote at that meeting and the entitlement to distributions of such amount of the Company's profit as remains after allocation to reserves. For information on the rights attached to the special voting shares, please refer to the Articles of Association and the Terms and Conditions for the Special Voting Shares which can both be found on the Company's website and more in particular to the paragraph "Loyalty Voting Structure" of this Annual Report in the chapter "Corporate Governance". As at 31 December 2014, the issued share capital of the Company consisted of 1,355,319,640 common shares, representing 74 per cent. of the aggregate issued share capital and 474,474,276 special voting shares, representing 26 per cent. of the aggregate issued share capital.
- b. The Company has imposed no limitations on the transfer of common shares. The Articles of Association provide in Article 12 for transfer restrictions for special voting shares. The Company is not aware of any depository receipts having been issued for shares in its capital.
- c. For information on participations in the Company's capital in respect of which pursuant to Sections 5:34, 5:35 and 5:43 of the Dutch Financial Supervision Acts (*Wet op het financieel toezicht*) notification requirements apply, please refer to the chapter "Shareholders" of this Annual Report. There you will find a list of shareholders who are known to the Company to have holdings of 3% or more.
- d. No special control rights or other rights accrue to shares in the capital of the Company.
- e. Current equity incentive plans adopted by the Company are administered by the Compensation Committee.



- f. No restrictions apply to voting rights attached to shares in the capital of the Company, nor are there any deadlines for exercising voting rights. The Articles of Association do not allow the Company to cooperate with the issue of depository receipts for shares.
- g. The Company is not aware of the existence of any agreements with shareholders which may result in restrictions on the transfer of shares or limitation of voting rights.
- h. The rules governing the appointment and dismissal of members of the board of directors of the Company are stated in the Articles of Association of the Company. All members of the Board of Directors are appointed by the general meeting of shareholders. The term of office of all members of the Board of Directors is for a period of approximately one year after appointment, such period expiring on the day the first Annual General Meeting of shareholders is held in the following calendar year. The general meeting of shareholders has the power to dismiss any member of the Board of Directors at any time.
- The rules governing an amendment of the Articles of Association are stated in the Articles of Association and require a resolution of the general meeting of shareholders which can only be passed pursuant to a prior proposal of the Board of Directors of the Company.
- i. The general powers of the Board of Directors are stated in the Articles of Association of the Company. For a period of five years as of 28 September 2013, the Board of Directors is irrevocably authorised to issue special voting shares up to the maximum aggregate amount of special voting shares as provided for in the authorised capital of the Company stated in its Articles of Association. For a period of five years as of 29 September 2013, the Board of Directors has been authorised by resolution of the general meeting of shareholders on 9 September 2013 to issue common shares in the capital of the Company up to a maximum of 15 per cent. of the total number of common shares issued in the capital of the Company plus an additional 15% of the issued share capital of the Company in relation to mergers and acquisition as at 29 September 2013. Furthermore and without application of the 15% limitation, the Board of Directors shall be authorised to issue common shares and to grant rights to subscribe for common shares in the capital of the Company pursuant to any approved equity or incentive or compensation plan. The Board of Directors has been authorised by resolution of the general meeting of shareholders on 9 September 2013 to resolve upon limitation or exclusion of pre-emptive rights in respect of any issuance of common shares. The Board of Directors is authorised to acquire shares in the capital of the Company for no consideration. Further rules on the governing the acquisition of shares by the Company in its own share capital are set out in article 5 of the articles of association of the Company.
- j. The Company is not a party to any significant agreements which will take effect, will be altered or will be terminated upon a change of control of the Company as a result of a public offer within the meaning of Section 5:70 of the Dutch Financial Supervision Act (Wet op het financieel toezicht), provided that some of the loan agreements guaranteed by the Company and certain bonds guaranteed by the Company contain clauses that, as it is customary for such financial transactions, may require early repayment or termination in the event of a change of control of the guarantor or the borrower. In certain cases, that requirement may only be triggered if the change of control event coincides with other conditions, such as a rating downgrade.