INTRODUCTION

This Announcement is made at the request of the Stock Exchange of Hong Kong Limited ("Stock Exchange") regarding the information contained in articles appeared in various Hong Kong newspaper on February, 20th 2013 and February, 21st 2013, which reported some features of a new tax on financial transactions introduced by the Italian Authorities and possible consequences for investors of Prada S.p.A.’s shares.

Following the request of the Stock Exchange, Prada S.p.A. ("Prada" or the "Company") would like to clarify that a new financial transactions tax (the "FTT") has been introduced by Article 1, paragraphs from 491 to 500, of the Budget Law n. 288, dated December, 24th 2012, published on the Italian Official Bulletin n. 302, dated December, 29th 2012 and entered into force on January, 1st 2013 (the "FTT Law").

It is noted that the FTT Law provides, among others, that operative instructions and compliance fulfilments implementing the FTT must be set forth by a Ministerial Decree to be issued by the Ministry of Economy and Finance ("Ministerial Decree") and by one or more official provisions to be issued by the Director of Italian Inland Revenue Office ("Official Provisions"). According to the FTT Law, the Ministerial Decree should have been issued within 30 days from the entry into force of the FTT Law itself (i.e. January, 1st 2013).

With reference to the Ministerial Decree, please be informed that last January, 31st 2013 the Ministry of Economy and Finance published on its website only a draft for public consultation of such Ministerial Decree which, as of today, has not been finally approved yet. Moreover, as of today, no Official Provisions have been issued yet by the Director of Italian Inland Revenue Office.
As a consequence, this announcement aims to provide some highlights on the FTT based on the FTT Law and the draft of the Ministerial Decree with the warning that the implementation and application of such law may be subject to - also relevant - changes and amendments when the final Ministerial Decree and the Official Provisions will be finally approved and officially published.

This document is provided for information purposes only and is not intended to be, nor should it be construed as, legal or tax advice.

The Company recommends that all investors should consult their professional advisors in order to understand the taxation consequences of purchasing, holding, disposing of or dealing in Prada’s shares and to take all measures necessary in order to comply with applicable Italian law and regulations (including FTT Law).

**PRELIMINARY HIGHLIGHTS ON FTT**

**A) Scope of the FTT**

FTT applies, among the others, to all transactions entailing the transfer of ownership of shares, participating financial instruments and securities representing equity investment issued by companies resident in Italy, thus including Prada’s shares, wherever executed and regardless of the nationality of the parties involved in the transaction.

The issuer’s residence, for the purpose of the application of FTT, shall be determined on the basis that its registered office is located in Italy.

FTT is not applicable for transfers of shares due by inheritance or gift.

**B) Effective date of the FTT**

The FTT shall apply to transactions regulated as from March, 1st 2013.

**C) Tax rates**

The applicable tax rate to transfers of shares, participating financial instruments and securities representing equity investment issued by companies resident in Italy, performed on the Hong Kong Stock Exchange is 0.20% (exceptionally increased to 0.22% for year 2013 only).

**D) Taxable value**

According to the draft of the Ministerial Decree currently available the value of the transaction subject to FTT is determined on the basis of the net balance of the transactions regulated daily. The FTT base is the number of securities resulting from the algebraic positive sum of the final net balances multiplied by the weighted average price of the purchases made on the relevant day.
E) Terms of payment

FTT is payable within the 16th day of the month following the transaction date. The draft of Ministerial Decree expressly states that payments referred to transactions carried out in the first three months should be made by July, 16th 2013.

F) Persons liable to FTT and its payment

FTT is due by the person to which the ownership of shares and participating financial instruments and securities representing equity investment issued by companies resident in Italy, is transferred.

Banks and other financial intermediaries, including those non-residents in Italy, involved in the transaction are responsible for the payment of the FTT to the Italian Tax Authority. In the case where there are more than one financial intermediary involved in the transaction, the obligation to pay the tax falls on the intermediary that directly receives the transaction(s) order from the ultimate purchaser.

If no financial intermediary is involved in the transfer of the Shares, the ultimate purchaser is not only liable to FTT, but also required to make its payment.

Clarifications are expected to be provided by the final Ministerial Decree and Official Provision(s) of the Director of Italian Inland Revenue Office concerning the implementation of the FTT law, with particular reference to the obligation and the fulfillments of the financial intermediaries involved in the transaction and resident in countries or territories which do not allow an adequate information exchange and are outside the European Union with a privileged system of taxation, as is the case of Hong Kong.

FURTHER ANNOUNCEMENTS

Considering that detailed operative instructions and compliance fulfillments are expected to be provided by the final version of the Ministerial Decree and by one or more Official Provisions of the Director of Italian Inland Revenue Office still to be issued, Prada reserves the right to release further announcements based on such documents once they will be finally approved for entering into force.
Milan, Italy, February, 21st 2013

As at the date of this announcement, the Company’s executive directors are Ms. Miuccia PRADA BIANCHI, Mr. Patrizio BERTELLI, Mr. Carlo MAZZI and Mr. Donatello GALLI; the Company’s non-executive directors are Mr. Marco SALOMONI and Mr. Gaetano MICCICHÈ and the Company’s independent non-executive directors are Mr. Gian Franco Oliviero MATTEI, Mr. Giancarlo FORESTIERI and Mr. Sing Cheong LIU.