OUR HISTORY AND CORPORATE STRUCTURE

HISTORY

We were established as a limited liability company (*societá a responsabilitá limitata*) in Italy on July 11, 1990, in the presence of Notary Public G. Pozzi, rep. no. 32175, collection no. 3693. On November 25, 2003, following a merger by incorporation with other companies within our Group, we were transformed into a joint-stock company (*societá per azioni*) and took our current name of PRADA S.p.A. As provided in our By-laws, the duration of our Company is until January 31, 2100. Our Company's limited duration is common for Italian joint-stock companies and it can be extended by shareholder approval in an extraordinary shareholders' meeting. Our Registered Office is at Via A. Fogazzaro, 28 20135, Milan, Italy.

Our origins date back to 1913 when Mr. Mario Prada, the grandfather of Ms. Miuccia Prada, our President, opened a store in Galleria Vittorio Emanuele II in the center of the historical, commercial, tourism, business and financial district of Milan. The store sold leather bags, trunks, beauty cases, luxury accessories and precious objects such as silverware and Bohemian crystal. The store in Galleria Vittorio Emanuele II, which is still leased and managed by the Prada Family under a franchise agreement with us, became an important shopping destination for the European aristocracy and upper classes. In 1919, Prada was awarded the patent of "Fornitore Ufficiale della Real Casa Italiana" (Official Supplier of the Italian Royal family) and the Savoy coat of arms and Savoy figure-of-eight knots became an integral part of the Prada brand.

The expansion of our Group's business began in the late 1970s when Ms. Miuccia Prada, who had just started to manage our Group, and Mr. Patrizio Bertelli, who at that time had a business that operated in the high-end leather goods industry, started their collaboration. Mr. Patrizio Bertelli's company, I Pellettieri d'Italia S.p.A. (later called Prada Industrial S.p.A., which merged into our Company in 2003), obtained a license from Ms. Miuccia Prada for the production and distribution of a leather goods collection under the Prada brand. This license became exclusive in January 1984. In 1983, the Prada Family opened its second store in Milan in Via della Spiga. Combining some traditional elements and an up-to-date architectural design, the store's interior was predominately pale green — the color that later became a distinctive trait of Prada stores worldwide. From 1986, new stores were opened in New York and Madrid, followed by London, Paris and Tokyo. Concurrent with Prada's international expansion, Prada's product range was extended beyond traditional leather goods (bags, luggage, accessories), first to include shoes, and then to include ready-to-wear for both women and men. The first Prada womenswear fashion show was held in Milan in 1988.

OUR HISTORY AND CORPORATE STRUCTURE

In 1993, Ms. Miuccia Prada's creative inspiration led to the establishment of a new brand — Miu Miu — designed for women who are particularly fashion-forward and interested in trendy and sophisticated fashion and lifestyle. The brand was first licensed to our Group by Ms. Prada but was acquired by our Group in 2003. Miu Miu now offers women's ready-to-wear, leather goods and shoes, and is an increasingly important component of our Group's sales.

In summary, the key events in the development of the Prada and Miu Miu brands from 1980 are as follows:

Year	Event
1980	**Design and launch of the "triangle" Prada logo**
1982	**Launch of the first Prada women's shoes collection**
1983	**Opening of the second Prada store in Milan, Via della Spiga**
1984	**Launch of the Prada black nylon backpack**
1986	**Opening of the first Prada stores abroad in Europe (Madrid) and the US (New York)**
1988	**Launch of the first Prada women's ready-to-wear collection and first women's fashion show in Milan**
1993	**Launch of the first Miu Miu women's collection (ready-to-wear, leather goods and shoes)**
1993	**Launch of the first Prada men's collection (ready-to-wear and shoes)**
1997	**Launch of the Prada leisure-time line, identifiable by its "red stripe"**
2000	**Launch of the first Prada eyewear collection**
2000	**First Sponsorship of the Luna Rossa Challenge**
2001	**Opening of the first Epicenter Store in Soho, New York**
2003	**Opening of the second Epicenter Store in Aoyama, Tokyo**
2003	**Agreement with Luxottica for the production and distribution of eyewear for Prada and Miu Miu**
2004	**Launch of the first Prada fragrance**
2004	**Opening of the third Epicenter Store in Beverly Hills, Los Angeles**
2006	**Launch of the first Prada men's fragrance**
2006	**First Miu Miu fashion show in Paris**
2007	**Launch of the LG Prada mobile phone**
2009	**Launch of the exclusive new "made to measure" and "made to order" services**
2010	**Prada-dressed hostesses and stewards in the Italian pavillion at the Shanghai World Expo; Launch of the "Prada Made in ..." Project**
2011	**First Prada fashion show in Beijing**

REORGANIZATION AND RECENT DEVELOPMENTS

In the past seven years, our strategy has been to focus on the brands that we believe have the greatest potential for growth, namely Prada and Miu Miu, and to consolidate our distribution network. More recently, this strategy has included a corporate reorganization program that was designed to concentrate all of our operations in the Company and in subsidiaries that it controls directly. Accordingly, between 2006 and 2007, all of the Italian industrial activities were merged into our Company, with the exception of Artisans Shoes srl in which the operating partners have kept a minority stake.

To further these objectives, we have completed certain acquisitions, disposals and reorganization steps since 2003, which are summarized below:

Date	Event
2003 to 2006	**Incorporation into our Company, in several steps between 2003 to 2006, of companies belonging to the former Genny group[(1)]. The purpose of this step was to enhance Prada's know-how and manufacturing capabilities in the women's ready-to-wear sector.**
July 2004 to June 2010	**Acquisition of Car Shoe S.A. from the Moretti family[(2)].**
2006 to 2007	**Incorporation of all the Italian industrial activities held by our Company, with the exception of those companies where the operating partners held a minority stake. This process involved the merger into our Company of 11 companies, which manufactured leather goods, ready-to-wear and footwear, for better organizational efficiency.**
May 2007	**Acquisition of 100% of Church's from Prada Holding B.V.[(3)]**
July 2007	**Disposal of Azzedine Alaïa S.a.S.[(4)]**
December 2008	**Acquisition of Post Development Corp (real estate company that owns the New York Headquarters of Prada) from the controlling company[(5)].**

Notes:

(1) Genny group was a well-known Italian womenswear company, which owned the Genny and Byblos brands. The Genny group of companies was acquired in two phases between 2001 and 2002 from the founding Girombelli family. The Byblos brand was sold to a third party soon after the acquisition. The Genny brand was not marketed after 2004 and was then sold on March 16, 2011 to Swinger International Group for € 1.8 million cash consideration.

(2) In 2001, our controlling entity at that time acquired an equity interest of 51% in the Car Shoe brand from Fang S.A. ("**Fang**") (a company controlled by the Moretti family). This equity interest was then transferred to our Company in 2004. In 2008, our controlling stake was increased to 55%, and in June 2010 we completed the acquisition of the remaining 45%, or 9,450 shares, from Fang for € 4 million. After negotiations, it was agreed in 2008 that the acquisition of the remaining 49% stake would take place in two phases for a total consideration of € 9 million, which the Directors considered to be at fair market value in light of the expected operating results of Car Shoe S.A. at the time. As part of the agreement, Fang is provided with a non-transferable call option (the "**Call Option**") to purchase 4,725 shares of Car Shoe, representing 22.5% of the share capital, at a purchase price of € 2.5 million (based on the revised performance of Car Shoe S.A. and taking into account that the Call Option would, if exercised, translate into a minority stake with no further rights in the Company). The Call Option can be exercised, entirely and exclusively, for its total amount on May 30, 2012 by Fang giving a written notice no later than 15 calendar days before the option exercise date. If the Call Option is exercised, the transfer of the 4,725 shares of Car

Shoe shall be carried out no later than June 14, 2012 through a share purchase agreement to be executed in Luxembourg and with payment of the purchase price at signing. The parties expressly agreed that any share capital increase in Car Shoe that would modify the corresponding ownership percentage of the 4,725 shares shall be made at fair market value and, consequently, neither the number of shares under the option nor the relevant price will be modified. If the Call Option is exercised in full, Fang will, based on the existing issued share capital, acquire 22.5% of the equity interest in Car Shoe S.A.

(3) In 1999 our controlling entity at the time acquired 100% of Church's from the founding Church family. A 55% stake in Church's was sold to Tower S.à r.l., which was part of the Equinox private equity group, in 2003. This 55% stake was bought back from Tower S.à r.l. in 2006 by our controlling entity at the time and then 100% of Church's was transferred to our Company in 2007.

(4) Azzedine Alaïa S.a.S. was first acquired in 1999 by our controlling entity at the time and was transferred to our Company in 2004.

(5) On December 17, 2008, our Company acquired from Prada Holding B.V. 100% of a group of companies which includes two Luxembourg holding companies and some subsidiaries incorporated in the United States (including Post Development Corp). A series of transactions was subsequently carried out to simplify the control chain over the acquired assets, resulting in the liquidation of the Luxembourg companies and the merger of the US companies into Post Development Corp. The consideration of € 14.5 million represented the fair value of a building, determined by an independent valuer, net of financial liabilities paid to Prada Holding B.V. The building, which is located in Manhattan, New York, is the headquarters of Prada USA Corp and hosts the offices, the showroom and the regional warehouse of our US subsidiary.

The acquisition and subsequent disposal between 1999 and 2006 of the Fendi, Jil Sander and Helmut Lang brands (and their respective businesses) did not involve our Group. These transactions directly or indirectly involved our controlling entities at the time.

Acquisition of minority stake by Intesa Sanpaolo

On November 30, 2006, Gipafin S.à r.l. ("**Gipafin**"), a company which at the time indirectly held a controlling interest in our Company, I.T.M.D Investments B.V., Prada Holding N.V., Prada Luxembourg S.à r.l.[1] and our Company, on one hand, and Banca Intesa S.p.A (now Intesa Sanpaolo)[2], on the other, entered into a

1 Subsequent to the execution of the Deed of Investment, Prada Luxembourg S.à r.l. was wound up and Prada Holding N.V. merged into I.T.M.D Investments B.V., which was subsequently renamed Prada Holding B.V. Under the Deed of Investment, Prada Holding B.V. assumed all of the rights and obligations of Prada Luxembourg S.à r.l., Prada Holding N.V. and I.T.M.D Investments B.V.

2 Intesa Sanpaolo S.p.A - an Italian company with its registered office in Piazza San Carlo, 156 Torino (Italy) and a share capital, as at May 31, 2011, equal to € 6,646,547,922.56 - is the controlling company of a leading banking group in Italy resulting from the merger between Banca Intesa and Sanpaolo IMI. It has a leading presence in the Italian market and a strong international presence, in particular in Central-Eastern Europe and Middle Eastern and North African countries.

deed of investment (the "**Deed of Investment**") under which Intesa Sanpaolo subscribed for 1,368,421 shares in our Company (equivalent to 5% of our Company's then existing share capital) at a consideration of € 100 million calculated on the basis of arm's length negotiations between the parties.

The Deed of Investment also provided for the possible listing of our Shares in the future. The parties to the Deed of Investment undertook to structure any future listing of our Shares as a global offering through an offer for sale and subscription of our Shares, such that Intesa Sanpaolo would have the opportunity, but not any obligation, to sell its Shares in a global offering in priority to the other shareholders of our Company.

Under the terms of the Deed of Investment, if the internal rate of return obtained by Intesa Sanpaolo through the sale of its entire shareholding in our Company in a global offering were to be less than 18%, Gipafin and Prada Holding B.V. would indemnify Intesa Sanpaolo for such difference through either (at their discretion) (a) the payment to Intesa Sanpaolo of an equivalent amount in cash; or (b) the transfer to Intesa Sanpaolo of up to an additional 5% of Shares by Gipafin and Prada Holding B.V., at a price equal to the offer price in such listing (as set out in the "earn-in clause" of the Deed of Investment). Intesa Sanpaolo will not receive any indemnification under this clause, following the sale of its shares in our Company in the Global Offering, as calculated on the basis of the minimum value of the indicative range for the Offer Price. Therefore, based on the current Offer Price range, Intesa Sanpaolo will not receive any Shares from either Gipafin or Prada Holding B.V. following the Global Offering and in connection with this indemnity.

On July 24, 2007, we resolved to increase our share capital through the issue of 1,614,737 new Shares, which were reserved for subscription by the existing shareholders. Prada Holding B.V. subscribed for its portion of capital, while Intesa Sanpaolo waived its pre-emption right. As a result, Intesa Sanpaolo's shareholding in our Company was diluted to 4.73% of our issued share capital.

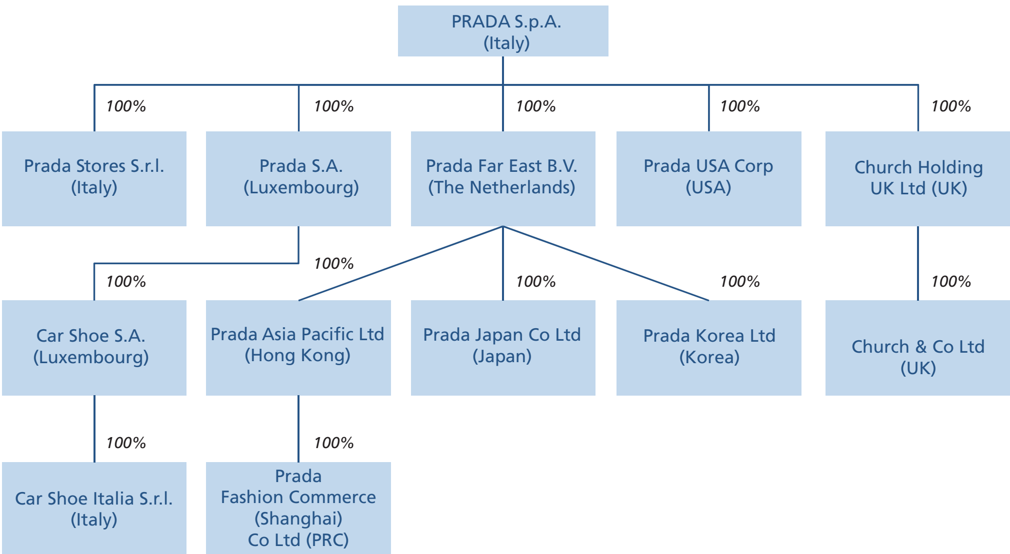
On December 28, 2007, Prada Holding B.V. transferred to Intesa Sanpaolo 946,925 shares (0.38% of our share capital) as consideration for the price adjustment agreed as part of the underwriting arrangement under the Deed of Investment. As a result of this transfer of shares, Intesa Sanpaolo's interest in our Company increased to 5.11% of our Company's share capital. Intesa Sanpaolo holds 127,834,850 Shares (after adjustment for the one-for-10 share split) of the Company, for which it has paid a total consideration of € 100 million to the Company as investment cost. Intesa Sanpaolo intends to sell 102,246,610 Shares in the Global Offering. Immediately after completion of the Global Offering, Intesa Sanpaolo will continue to hold 25,588,240 Shares which will represent 1.0% of our enlarged share capital (the "**Intesa Retained Shares**"). Intesa Sanpaolo will undertake to the International Underwriters not to dispose of the Intesa Retained Shares within the first six months after the

Listing Date. The Intesa Retained Shares will be considered part of the public float on the basis that Intesa Sanpaolo is not a connected person of our Company, does not fall within either of the categories specified under Rule 8.24(1) and (2) of the Listing Rules and because Intesa Sanpaolo is part of a large listed banking group in Italy.

In connection with the execution of the Deed of Investment, Prada Holding B.V. and Intesa Sanpaolo entered into a shareholders' agreement on December 1, 2006 (as amended on December 21, 2009) under which Intesa Sanpaolo was granted certain rights and obligations (including the right to appoint a director, certain veto rights and the obligation to give Prada Holding B.V. the right of first refusal for any proposed transfers of Shares by Intesa Sanpaolo), all of which will cease to have effect upon the Listing.

CORPORATE STRUCTURE

We are the holding company of the companies in our Group. The following diagram is a simplified corporate structure of our Group containing our material subsidiaries:



PRADA FOUNDATION

Our subsidiary, Prada S.A., has entered into a series of sponsorship agreements over the past few years with Prada Foundation, a non-profit organization established under Dutch law, which was founded by our President, Ms. Miuccia Prada, and our Chief Executive Officer, Mr. Patrizio Bertelli (the "**Foundation Sponsorship Arrangements**"). Ms. Miuccia Prada and Mr. Patrizio Bertelli are currently directors of the Prada Foundation along with three other persons, none of whom is a connected person of our Company.

The aim of the Prada Foundation is to promote contemporary art through supporting contemporary artists, organizing exhibitions and collecting art. We believe that we benefit indirectly from the Foundation Sponsorship Agreements through improved public awareness of contemporary art and by having our Group associated with contemporary art through that increased awareness. We set aside a budget for the activities undertaken by the Prada Foundation each year in its business plan. Prada S.A. then injects the agreed contribution to the Prada Foundation as funding for its activities. The term of each Foundation Sponsorship Arrangement is one year and there is no obligation on Prada S.A. or our Company to renew the Foundation Sponsorship Arrangement after it has expired. There is no maximum or minimum limit on the amount of contribution that we make pursuant to the Foundation Sponsorship Arrangements from year to year. The aggregate contribution we made through Prada S.A., to the Prada Foundation for each of the three years ended January 31, 2009, 2010 and 2011 was € 2,452,000, € 2,450,000 and € 1,850,000, respectively. The amount of contribution expected from Prada S.A. to Prada Foundation for the year ending January 31, 2012 is € 2,700,000.

Due to restrictions that apply to a non-profit organization established under Dutch law, Prada Foundation is prevented from carrying out certain activities in relation to the promotion of contemporary art (the "**Activities**"). These Activities are instead carried out by Progetto PRADA Arte S.r.l., a company related to the Prada Family, on behalf of the Prada Foundation. In addition to the Foundation Sponsorship Arrangements and in support of the Prada Foundation, we contribute to the funding that is necessary for the Activities carried out by Progetto PRADA Arte S.r.l. For further details, please refer to the section headed "Relationship with Our Controlling Shareholders and Connected Transactions — Exempt Continuing Connected Transactions — Other transactions — Sponsorship Arrangements with Progetto PRADA Arte S.r.l." of this prospectus.

On the basis that the Prada Foundation is a non-profit organization, our President and Chief Executive Officer do not benefit in their personal capacities from the Prada Foundation and Ms. Miuccia Prada and Mr. Patrizio Bertelli do not control a majority of rights on the board of the Prada Foundation, the

Foundation Sponsorship Arrangements are not continuing connected transactions under Rule 14A.14 of the Listing Rules. Accordingly, we do not have to comply with Chapter 14A of the Listing Rules in respect of the Foundation Sponsorship Arrangements.

Pursuant to the above arrangements, we also provide certain administrative services to the Prada Foundation and Progetto PRADA Arte S.r.l. and have entered into three sub-leases with the Prada Foundation.

Sub-leases with Prada Foundation

We have entered into three sub-leases with the Prada Foundation to provide the space necessary for the Prada Foundation's non-profit making activities in our Group's premises in order to optimize the sharing of common services.

On December 23, 2003, we, as a sub-lessor, entered into a sub-lease agreement with the Prada Foundation, as a sub-lessee, in relation to a portion of a property located at Via Fogazzaro no. 36, Milan, Italy for use in exhibitions (the "**Exhibition Sub-lease**").

The Exhibition Sub-lease was for a term of six years effective from January 1, 2004. After the first six-year term, it was automatically renewed for a further six years in accordance with the terms of the agreement. The amounts paid by the Prada Foundation to us for the three years ended January 31, 2009, 2010 and 2011 were € 12,000, € 11,000 and € 11,000, respectively.

On July 15, 2010, we, as a sub-lessor, entered into a sub-lease agreement with the Prada Foundation, as a sub-lessee, in relation to a portion of a property located at Via Spartaco no. 8, Milan, Italy for office use (the "**Prada Foundation Office Sub-lease**").

The Prada Foundation Office Sub-lease is for a term of six years effective from July 15, 2010. After the first six-year term, it will be automatically renewed for a further six years, unless terminated by either party by 12 months' advance written notice. The amounts paid by the Prada Foundation to us for the three years ended January 31, 2009, 2010 and 2011 were nil, nil and € 8,000 respectively.

On June 1, 2009, our Company, as a sub-lessor, entered into a sub-lease agreement with the Prada Foundation, as a sub-lessee, in relation to a portion of a property located at Largo Isarco no. 2, Milan, Italy for office, warehouse and exhibition use (the "**Prada Foundation Office Warehouse and Exhibition Sub-lease**").

The Prada Foundation Office Warehouse and Exhibition Sub-lease is for a term of two years and three months effective from June 1, 2009 and ending on

August 26, 2011. After such term, it will not be automatically renewed. The amounts paid by Prada Foundation to our Company for the three years ended January 31, 2009, 2010 and 2011 were nil, € 176,000 and € 252,000, respectively.

Administrative services to Prada Foundation and Progetto PRADA Arte S.r.l.

We provide legal assistance, tax advice and human resources assistance to the Prada Foundation, as well as services to Prada Foundation and Progetto PRADA Arte S.r.l. which are related to the setting up, coordination, supervision and inspection of activities carried out by contractors engaged in the construction, refurbishment and maintenance of real estate assets of the Prada Foundation and Progetto PRADA Arte S.r.l. in Italy.

The aggregate amount payable to us by Prada Foundation and Progetto PRADA Arte S.r.l. in respect of the above administrative services for each of the three years ended January 31, 2009, 2010 and 2011 was nil, € 177,000 and € 57,000, respectively.