LETTER TO SHAREHOLDERS

Dear Shareholders,

I am pleased to report that 2010 saw EXOR's NAV or Net Asset Value (our preferred measure of the company's performance as described in last year's letter) increase by 45.8 % compared to the previous year.

€ millions	12/31/2009	**12/31/2010**	Change absolute	%
Listed Investments	5,110	7,435	2.325	+45.5%
Private Investments	785	1,096	311	+39.6%
Investment Value	**5,895**	**8,531**	**2,636**	**+44.7%**
Financial Liabilities	(1,131)	(1,266)	(135)	+11.9%
Financial Assets	1,183	1,309	126	+10.7%
Net Financial Position	**52**	**43**	**(9)**	**(17.3%)**
Ordinary holding costs capitalized over 10 years	**(210)**	**(210)**	**-**	**-**
Net Asset Value	**5,737**	**8,364**	**2,627**	**+45.8%**

In relative terms EXOR's NAV outperformed the MSCI World Index by 28.6%.

	Annual percentage change		
Year	**1 - EXOR NAV**	**2 - MSCI World Index**	**Relative results (1-2)**
2009	93.3	37.8	55.6
2010	45.8	17.2	28.6
Compounded annual rate	**61.8**	**24.3**	**37.5**

The clear highlight of 2010, and the event that made the single largest contribution to our performance, was the FIAT Group shareholders' decision, wholeheartedly supported by EXOR at the Fiat EGM, to divide their Group into two distinct listed entities: Fiat and Fiat Industrial.

This important development took effect on January 1st 2011 when the two companies started trading separately on the Milan Stock Exchange.

These businesses are now free to concentrate all their efforts on the development of their core businesses: automobiles for Fiat; and capital goods (i.e. light and commercial vehicles, trucks, agriculture and construction equipment) for Fiat Industrial.

Our belief is that this separation will help the market to understand better the nature and potential of these companies. This should translate into a higher valuation for the two standalone entities than they were able to command as one.

I am grateful to Sergio Marchionne for his role in making this important step happen with the support of the extraordinary team he leads. The rationale, the timing and the execution were just perfect.

We can't promise transactions like this every year, but when an opportunity of this scale arises we will do all we can to make it possible.

INVESTMENTS

Before describing briefly how our investments performed I would like to give you a quick overview of the backdrop we worked against last year.

2010 was the year in which the financial crisis morphed into a sovereign-debt crisis, shifting the centre of attention from the private to the public sector.

Concerns over the repayment of the public debt of Greece, Portugal, Ireland and Spain led to a substantial increase in the interest rates paid on sovereign borrowing by a number of countries, including Italy, and raised some doubts on the future of Europe's monetary union.

As a consequence of the crisis over sovereign debt, the Euro lost ground against many currencies. Meanwhile the US had to cope with a slowing pace of economic recovery and a high rate of unemployment. Quantitative Easing (QE), the Federal Reserve's monetary-policy response, weakened the dollar vis-à-vis the currencies of emerging markets and increased the price of gold. (We chose not to invest in gold because it's impossible for us to determine its intrinsic value).

In the latter part of the year, the world's largest economy began to show signs of a return to growth driven by improved consumer confidence, strong manufacturing output and rising exports. This is good news for us since we have the single largest exposure to the US economy.

Finally, in the developing world China's rise as an economic superpower continued. In 2010 it overtook Japan to become the world's second largest economy after the US. We don't do much business in China yet but this is something we are working hard to change over time.

2010 was a year of large currency swings. As well as thinking hard about the effect of this on our business ourselves we sought the advice of some of the wisest people we know on how to manage our foreign-exchange exposures. Taking their counsel into account we concluded that it is hard, if not impossible, for us to predict currency movements and that we would make terrible forex traders. Hence we decided for now not to manage our currency exposure.

As to our investments, we will present them according to whether they are listed or privately held and arrange them by value. The bracketed figure indicates our percentage ownership. For the purposes of this report we will exclude any investment worth less than € 50 million.

Listed Investments

- **Fiat (30.45%)**

  An automotive group operating in cars, car parts, commercial vehicles, trucks, agricultural and construction equipment.

  2010 closed with results ahead of its published targets. Revenues climbed more than 12% to € 56 billion and the Group reported a € 600 million profit. This was the year in which the alliance with Chrysler began to demonstrate its tangible value. The launch of the Fiat 500 in North America after a 27 year absence was a great example of the progress being made in the US.

  During the year Fiat invested significant time and effort in trying to reform the rules of engagement that underpin labor contracts in Italy. Progress has been made and the organization remains committed to change in order to compete more effectively in the marketplace.

- **SGS (15%)**

  The world leader in the verification, testing, control and certification business.

  Revenues were up 4.1% to CHF 4.8 billion and the operating income margin was at a record high of 17.8%. 2010 was an important year for SGS. It made ten acquisitions and 5,300 new employees joined the Group that now employs 64,000 people in 140 countries. The Company also launched its first non-convertible bond and was admitted to the Dow Jones sustainability index. SGS is an extraordinary business led by Chris Kirk and his team who have set very ambitious targets for themselves to be delivered by 2014. They want to increase revenues to CHF 8 billion of which around CHF 700 million would come via acquisitions, generate record margins of 20% and double operating income to CHF 1.6 billion. SGS has a driven and committed leadership team that has developed an impressive culture based on performance.

- **Sequana (28.24%)**

  A European paper production and distribution business.

  2010 ended more positively than 2009 did with a continuous effort to improve operations in a difficult environment characterized by weak demand and increased import costs. Sequana divested a number of businesses in order to concentrate on its core activities and further reduce its debt.

- **Juventus FC (60%)**

  One of the world's most prestigious football franchises.

  During last season the club produced neither the on-field nor the financial results we expected. Juventus objective is to achieve the difficult balance between sporting results (which are fundamental) and financial equilibrium. I'm more confident about the future, since I've asked my cousin Andrea Agnelli to join as Chairman knowing he will lead the Club with vision and passion. The other good news is that the new stadium – which will be inaugurated next season – is a world class facility.

Private Investments

- **Cushman & Wakefield (69.83%)**
  A global leader in commercial real-estate services.

  Revenues of $ 1.8 billion showed a double-digit increase in 2010. The Company restored profitability at the net income level and reduced debt by more than two-thirds. This is very encouraging for an organization with 13,000 people lead by Glenn Rufrano. We expect great things from them in order to capture profitably the growth we see in the commercial real-estate market around the world.

- **Alpitour (100%)**
  Italy's largest integrated tourism and leisure group.

  In 2010 Alpitour confirmed its market leadership in the Italian tourism market and, most importantly, it closed the year with its best figures ever. I would like to congratulate Daniel J. Winteler, Fabrizio Prete and all the employees of Alpitour for their impressive achievements.

- **Gruppo Banca Leonardo (17.41%)**
  A pan-European bank operating in advisory and wealth-management businesses.

  Banca Leonardo decided last year to cease its direct investment activities so as to focus on its advisory and wealth management business. These areas continued to grow in 2010 while showing improved levels of profitability.

New Investments

During 2010 we also made some small but significant investments that followed through on the interest in emerging markets I expressed in last year's letter. By taking advantage of interesting opportunities in Brazil and India, we planted seeds for the future.

We acquired a stake in BTG Pactual, the "Goldman Sachs of Brazil", which is run by André Esteves, an incredibly talented and energetic leader. We also made an investment in Café Coffee Day, the "Starbucks of India", which operates 900 outlets in more than 100 cities. These are small investments but we believe they will grow and give us the opportunity to learn about these increasingly important countries.

In developed markets we provided capital for Almacantar, a venture focusing on London commercial real-estate, and became shareholders in The Economist, the weekly magazine brilliantly edited by John Micklethwait of which I've been a board member for some years. I can't recommend a better publication for anyone wanting to gain a better understanding of our ever-changing world week after week. The business side is superbly run by Andrew Rashbass, the CEO, and his team. This is a highly profitable company in one of the world's toughest industries.

We are well aware of the need to avoid over-diversification as well as over-concentration. As John Maynard Keynes put it "To carry one's eggs in a great number of baskets without having time or opportunity to discover how many have holes in the bottom is the surest way of increasing risk and losses". We will be vigilant in finding the right balance between the two extremes.

Net Financial Position

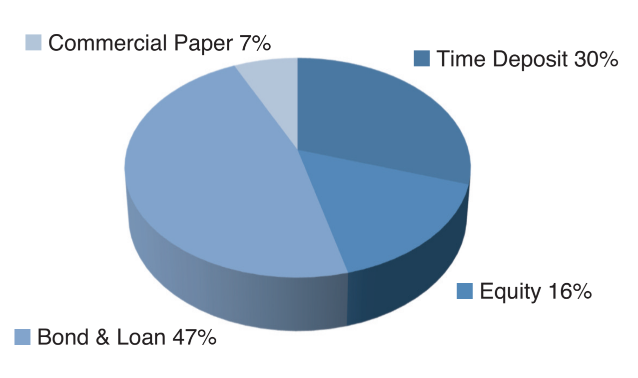
The company's net financial position as of 31 December 2010 was € 43 million. Gross debt was € 1,266 million, which consisted of two bonds (one of € 200 million due in June 2011 and the other of € 750 million due in June 2017) and utilized bank debt of € 316 million (EXOR also had € 725 million of undrawn committed credit lines). To set against these financial liabilities EXOR had financial assets of € 1,309 million.

We decided in 2010 to reduce our holdings of commercial papers and time deposits by more than doubling our equity exposure. We selected "large caps" primarily located in the US based on very simple value metrics: free cash flow, proven resilience during the crisis, growth prospects and, most importantly, price. Our largest position is in Mastercard and we have great faith in Ajay Banga and his team to lead this great business and manage its regulatory and market challenges.

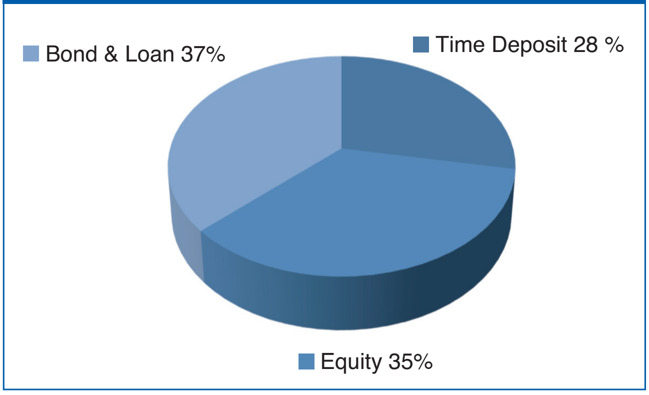
We made significant changes to our bond portfolio in order to avoid sovereign exposures and instead to just focus on corporate bonds, more than 65% of which are investment grade. At the same time we reduced our average duration to two years.

In 2010 we succeeded in generating returns on our financial assets (6.42%) that were higher than the costs of our financial liabilities (5.11%).

FINANCIAL ASSETS AS OF DECEMBER 31st, 2009



FINANCIAL ASSETS AS OF DECEMBER 31st, 2010



We continued to be very focused on our liquidity profile keeping in mind our view that our financial assets are waiting to be better deployed as and when the right long-term investment opportunity emerges. If the right investment were to present itself we would be ready to increase our net debt, but in doing so we would always limit it to less than 20% of our total assets. Since the value of these assets fluctuates (and unfortunately not always upwards), we will make sure we have an appropriate margin of safety.

2011

While I was preparing this letter I looked over many of the different views, predictions and ideas expressed when we entered 2011.

What we've actually experienced since the beginning of the year, and particularly the unfolding of events in North Africa and the tragedy in Japan, proves just how difficult it is to predict the future accurately. This goes to show how we must be prepared to manage the unexpected when it occurs and learn how to operate with unusual levels of uncertainty. We have great faith in our investee companies and their leaders to adapt and evolve in every environment.

I am a big believer of what Darwin discovered in the Galapagos, proving that the species most responsive to change will survive over apparently stronger or more intelligent competitors.

In seeking to embrace change we will continue to look for investments that meet the four criteria we described last year. We cannot promise results, especially like the ones achieved so far, but what I can promise is that:

1) We will invest only when we understand
2) We will choose based on talent
3) We will decide based on value
4) We will focus on the long-term

Thinking about the decade ahead I recalled a particularly inspiring quote, often attributed to Mark Twain.

"Twenty years from now you will be more disappointed by the things that you didn't do than by the ones you did do. So throw off the bowlines. Sail away from the safe harbor. Catch the trade winds in your sails. Explore. Dream. Discover."

I look forward to discussing the year's results and other matters regarding the company's business at our Shareholder Meeting, which will be held on April 28th, 2011 at the Unione Industriale di Torino, Via Vela, 17, starting at 10 00. As you may be aware, from this year and in line with the latest rules and regulations, shareholders also have the right in advance of the meeting to ask questions and receive answers by following the procedure set out on our web site www.exor.com. We have also decided to give non-shareholders the chance to raise questions by sending a short email to the following address: agm@exor.com; they will be grouped together, summarized by subject and answered during the meeting itself.

I hope to see as many of you as possible!

John Elkann