Exor

Letters to Shareholders

First 10 years

INVESTOR DAY

21 November 2019

Exor

Dear Shareholders,

I'm grateful for the support you have shown Exor during our first decade as we've worked to change our scope, form and organization. We have, however, not changed our purpose, which is to build great companies, and we look forward to continuing to do that with your support.

I have enjoyed writing our annual letters to you as they are a special moment each year to pause and learn from our past and to think about our future. Going through those letters, what is reassuring is that there has been consistency between the intentions we expressed and the outcomes we achieved - something we are determined to maintain going forward.

As we have reflected on our next decade, we have spent time defining the culture we've created within Exor, which combines an entrepreneurial spirit, financial discipline, clarity of purpose and a set of shared values. We believe these will continue to provide us with a strong base on which to build and create value for all of our stakeholders.

I would like to conclude with a special thank you to all my colleagues both within Exor and also throughout our companies for their many achievements to date and, more importantly, in anticipation of the things we will achieve together in the future.

John Elkann

2009

Dear Shareholders,

2009 was a very significant year for our Company. First and foremost, in March we were able to complete the merger between IFIL and IFI, the two historical holding companies listed on the Italian Stock Exchange, to create Exor, a company now 47% held by the market and 53% by Giovanni Agnelli e C., the private company fully owned by my family.

One of my main priorities after taking over as Chairman of IFIL in May 2008 was to explore ways to simplify the ownership structure of my family's investments in order to provide greater clarity and alignment with the interests of all our shareholders.

The origins of Exor date back to 1927 when my great great-grandfather, Senator Giovanni Agnelli, founded IFI to manage his shareholdings in Fiat as well as his other investments. Over the years IFI and IFIL (a company originally established in 1919 by a group of Piedmontese industrialists and subsequently acquired by IFI), along with IFINT (established in 1964 and later renamed Exor Group) pioneered our investment activities at home and internationally, in good times and in bad, providing the foundations of the Company you own.

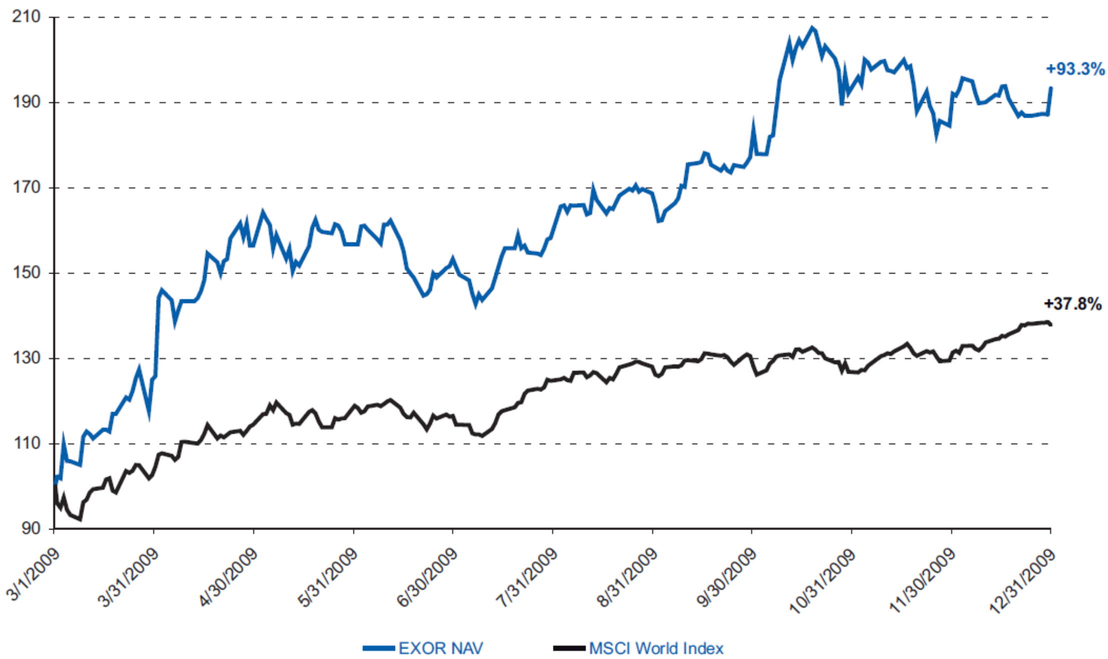
Today we look back proudly to the past but with our attention firmly focused on building the best long-term future for all of our shareholders.

How do we measure our performance?

I believe the best way to measure our performance is through the evolution of Exor's NAV or Net Asset Value. This metric corresponds to the value of all of Exor's investments and is determined as follows: we calculate the daily stock market values of our listed investments while for the private ones we rely on the annual appraisal values provided by Ernst & Young's independent experts specifically mandated for the purpose. The aggregate of these values is then adjusted for the Company's NFP, or Net Financial Position, which is defined as all financial assets less financial liabilities. To obtain the Net Asset Value, according to market practice we subtract our ordinary holding costs capitalized over a 10 year period.

€ million	01/03/09	31/12/09	Change
Listed Investments	2,464	5,110	2,646
Private Investments	750	785	35
Investment Value	**3,214**	**5,895**	**2,681**
Financial Liabilities	(1,157)	(1,131)	26
Financial Assets	1,121	1,183	62
Net financial Position	**(36)**	**52**	**88**
Ordinary holding costs capitalized over 10 years	(210)	(210)	0
Net Asset Value	**2,968**	**5,737**	**2,769**

The NAV evolution is measured not only in absolute terms but also relative to the MSCI World Index as can be seen in the chart below. This index denominated in Euros - which is diversified by sector, currency and geography – is the most meaningful external benchmark for our NAV.



As the chart above shows, Exor's 2009 NAV performance was very positive. This was primarily due to the strong stock market performance of Fiat, our single largest investment, and also to the market recovery that occurred during the year. We are well aware that starting this measurement in March 2009 as financial markets approached their low point has helped our performance.

When asked about what the market would do, John Pierpont Morgan used to say: *"It will fluctuate."*

We know we have to live with volatility. Having this in mind, our objective is to make long-term investments and, as Warren Buffett says, *"to be fearful when others are greedy, and be greedy when others are fearful".*

INVESTMENTS

Let me describe briefly how our investments performed in 2009. Last year the world economy faced the worst economic and especially manufacturing recession in sixty years. In this environment our investee companies reacted operationally by taking out costs and financially by preserving liquidity and refinancing themselves.

Fortunately, we did not have to undertake any capital increase to support them, and the large majority of them will distribute a dividend in 2010, having been able to achieve positive results.

We have decided to present our investments according to whether they are listed or private and to list them by value (in brackets is the percentage ownership).

LISTED INVESTMENTS

Fiat (30.45%)

An automotive company operating in cars, industrial vehicles, car components, agricultural and construction equipment.

Fiat, our single largest investment, today accounts for more than half of Exor's NAV. For Fiat, as for all companies operating in the automotive sector, 2009 was an extremely challenging year due to a significant fall in revenues. However, under the outstanding leadership of Sergio Marchionne and as a result of the extraordinary commitment shown by all those who work at Fiat, the company succeeded in generating cash and delivered an operating profit for the year. The most significant event during the 12 months was undoubtedly the agreement with Chrysler, which from the very beginning - and even more so today - represented a great opportunity for Fiat. The words of the President of the United States Barack Obama, who called Fiat the best partner for the re-launch of Chrysler, made us feel very proud and filled the organization with enormous determination to succeed.

SGS (15%)

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

In one of the most difficult periods in recent economic history SGS proved once more to be an exceptional business, capable of delivering a higher level of operating profitability with total revenues almost unchanged compared to the previous year. We are extremely encouraged by the results achieved by SGS and, above all, by the numerous opportunities that the market offers. Indeed, the demand for inspection, verification and certification services continues to grow steadily.

Juventus FC (60%)

One of the world's most prestigious professional soccer clubs.

Juventus has achieved financial stability, recording a net profit for 2009. It has made good progress both with the new stadium wholly owned by Juventus, where construction is proceeding on schedule, and with the development of the nursery for young talent that will produce tomorrow's champions. These key elements put Juventus in a position to compete at its best when the new UEFA rules on financial fair play come into effect. On the sporting front the season saw worse results than we originally hoped for, but I am confident that with time the required success which the club's many fans all around the world deserve will be delivered.

Sequana (26.65%)

A European player in paper production and distribution.

2009 represented an important turning point for Sequana. Operating in a highly competitive sector, in a very difficult year, the company returned to an operating profit in every division. Furthermore, Sequana's debt was reduced largely due to Arjowiggins's operating performance and to the improvement of Antalis' working capital.

PRIVATE INVESTMENTS

Cushman & Wakefield (71.3%)

The largest private company operating in commercial real estate services.

The global crisis in the commercial property market had a significant impact on all companies operating in the sector including Cushman & Wakefield, which faced a large drop in revenues. However, the company responded rapidly, reducing its costs significantly. I would like to thank Bruce Mosler for all he has accomplished and also to extend my best wishes to Glenn Rufrano who has now taken the helm as CEO. We have a great deal of confidence in Glenn's experience and in his ability to strengthen Cushman & Wakefield as the market recovers.

Alpitour (100%)

Italy's largest integrated tourism and leisure group.

Despite the significant decline in sales in the tourism sector Alpitour closed the year with a net profit. Furthermore, in a challenging year the company was able to gain market share, strengthening its leadership position in the Italian tourism sector. If Alpitour has been able to do so, the credit goes to Daniel John Winteler and his team.

Gruppo Banca Leonardo (9.74%)

A pan-European bank specializing in advisory and wealth management businesses.

In spite of a difficult year, Banca Leonardo maintained strong levels of profitability in its principal operating businesses. This was particularly the case in its Italian advisory and in its French wealth-management activities, where funds under management increased to the levels seen before the onset of the financial crisis.

Vision Investment Management (40%)

An asset management company specializing in funds of hedge funds in the Asian markets.

The year under review was particularly testing for Vision, not only because of market conditions, but also as a result of the conduct of some hedge funds that negatively affected sentiment towards the industry as a whole. We remain convinced that the Asian wealth-management sector in which Vision operates is set to grow strongly over the coming years. Before the competitive pressures increase again Vision has an excellent opportunity to increase its market share.

Banijay Holding (17.03%)

A new player in European television production.

Banijay spent 2009 operating in an environment characterized by an overall 15% decline in advertising revenues for the European broadcasters that are its largest clients. In this difficult context, Banijay continued to roll out its plans for growth both through the acquisition of companies in television production and content distribution as well as through the organic development of new formats. As a result of this rapid development Banijay has achieved primetime success in the French, German and Spanish markets.

Perella Weinberg Partners (1.96%)

A firm active in the advisory and wealth management businesses in the USA and Europe.

2009 was a positive year for Perella Weinberg Partners. This was due to a number of high profile mandates including advisory roles with France Télécom on its acquisition of the Swiss operator Sunrise, and with Education Media & Publishing Group on the restructuring of its $8 billion debt. The bank's wealth management activities continued their healthy growth, more than doubling assets under management.

Our investments are led by highly talented individuals who generally have a large part of their personal wealth invested in these companies. This alignment of interests gives us even greater faith in the prospects of these businesses.

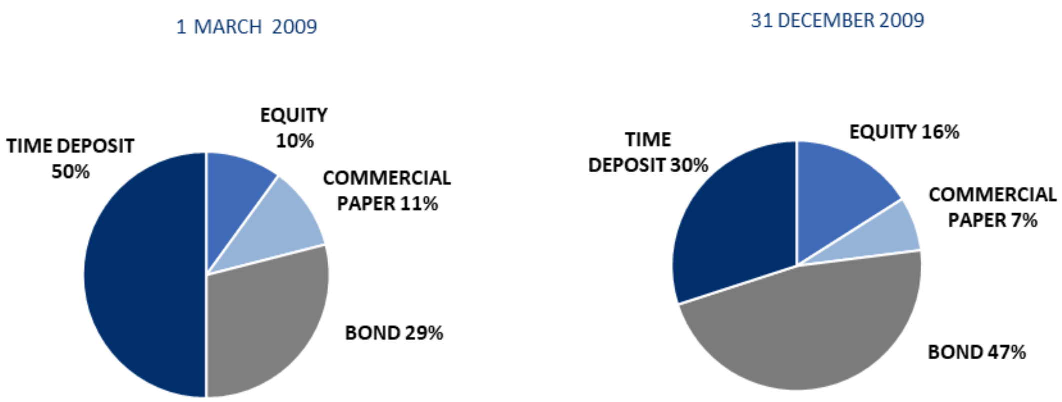
NET FINANCIAL POSITION

The Company's net financial position as of 31 December 2009 was €52 million. Gross debt totalled approximately €1.13 billion which consisted of two bonds (one of €200 million due in June 2011 and the other of €750 million due in June 2017) and bank debt of €150 million currently utilized and repayable within the next 12 months (Exor has also €760 million of committed credit lines currently undrawn). To set against these financial liabilities Exor had financial assets of approximately €1.18 billion.

During the year we focused a great deal of attention on the management of our financial assets. In an environment of near-zero interest rates we increased our allocation to equities and bonds paying careful attention to risk.

We have also been actively monitoring the liquidity profile keeping in mind that our financial assets might be better deployed were an interesting long-term investment opportunity to emerge.

FINANCIAL ASSETS



I wish to state clearly that we are committed to a conservative balance sheet structure and to deploying our financial assets with a high level of rigour.

2010

Whilst most economies are showing signs of a recovery, we expect it to be slow with activity picking up primarily in emerging markets, where I have spent a good deal of the past three months travelling, particularly in China, India and Brazil. Our investee companies are operating in these countries and are intent on doing more: this fills me with a good deal of confidence for our future.

But 2010 is likely to remain challenging and all our investee companies are working under this assumption. We believe a number of investment opportunities will present themselves during the current year. With Carlo Sant'Albano and the Exor team we want to be ready to capture them, particularly in Europe and the United States (where it's easier for us to move), as long as they meet the following four criteria:

1. People: we like outstanding individuals, both as people and as professionals, who have a record of success and who *"think and act like owners".*
2. Financial results: we look for companies that have strong cash and earnings generating capacity and a sound financial structure.
3. Competitive positioning: we like companies that have a sustainable competitive advantage over the long term and that are already or are capable of becoming best-in-class in what they do.

4. Governance: we seek to be directly represented on the Boards of Directors of these companies, so we can closely monitor their performance and contribute to their development.

To these four investment criteria I would add one more condition which I believe is indispensable: the price must be right.

We will discuss further our financial statements and other important issues relating to Exor at the Annual General Meeting which this year will take place on April 29 at the Unione Industriale di Torino. If you have any matters you wish to raise during the shareholder meeting please send us a short email with your question to meeting@exor.com. The e-mails we receive will be summarized and grouped together by subject matter. During the course of the meeting we will answer as many questions as possible.

I look forward to welcoming you there.

John Elkann

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2010

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.

€ million	31/12/09	31/12/10	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)	0	0.0%
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 result (1-2)
2009	93.3	37.8	55.5
2010	45.8	17.2	28.6
Compounded annual rate	**61.8**	**24.3**	**37.5**

Note: data in 2009 starts from March 1, the date before EXOR's listing on the Milan stock exchange

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 1 January 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 CHF4.8 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 CHF8 billion of which around CHF700 million would come via acquisitions, generate record margins of 20% and double operating income to CHF1.6 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.

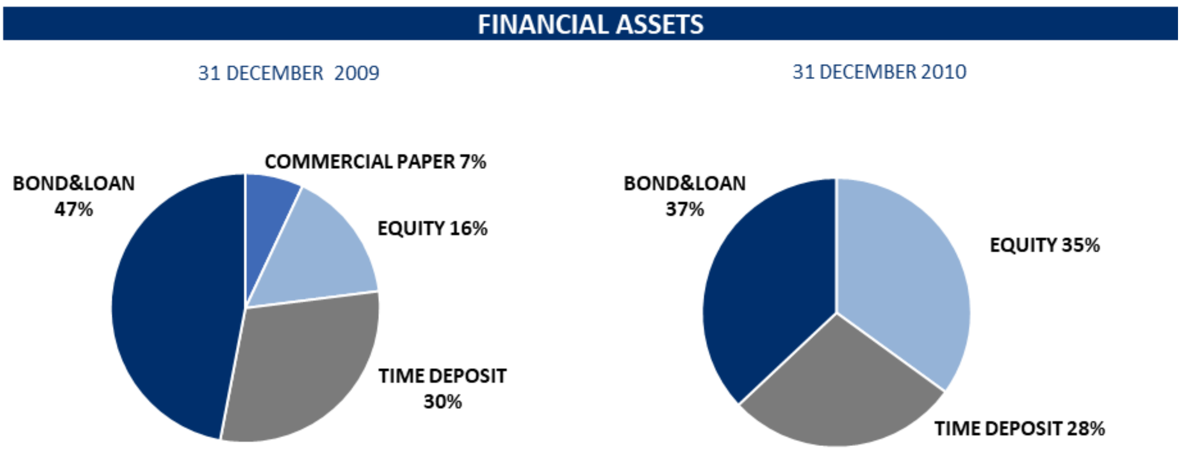
NET FINANCIAL POSITION

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%).



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 28 April 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

2011

Dear shareholders,

Exor's Net Asset Value, or NAV, decreased by 24.4% in 2011, underperforming the MSCI World Index denominated in Euros - the benchmark against which we measure our performance - by 19.9%.

€ million	31/12/10	31/12/11	Change absolute	%
Listed Investments	7,435	5,655	(1,780)	-23.9%
Private Investments	1,096	1,201	105	+9.6%
Investment Value	**8,531**	**6,856**	**(1,675)**	**-19.6%**
Financial Liabilities	(1,266)	(1,142)	124	-9.8%
Financial Assets	1,309	816	(493)	-37.7%
Net Financial Position	**43**	**(326)**	**(369)**	**n.a.**
Ordinary holding costs capitalized over 10 years	(210)	(210)	0	0.0%
Net Asset Value	**8,364**	**6,320**	**(2,044)**	**-24.4%**

Despite our negative 2011 NAV performance, we strongly believe that the quality of the companies we own and the ability of their leaders will allow Exor's NAV to continue to outperform the MSCI World Index over the long term.

Annual percentage change

Year	1 - EXOR NAV	2 - MSCI World Index Euro	Relative results (1-2)
2009	93.3	37.8	55.5
2010	45.8	17.2	28.6
2011	-24.4	-4.5	-19.9
Compounded annual rate	**30.6**	**16.5**	**14.1**

Note: data in 2009 starts from March 1, the date before EXOR's listing on the Milan stock exchange

I think it's appropriate to give a brief overview of the challenging 2011 macroeconomic environment, especially in Europe. The sovereign debt crisis spread from Greece to other southern European countries, significantly increasing the cost of borrowing for the likes of Spain and Italy. Had these two countries defaulted, with a stock of sovereign debt in excess of €2.5 trillion, it probably would have marked the end of the Euro as a common currency. A hard-won Europe-wide solution that balances fiscal austerity and solidarity mechanisms has helped restore confidence in the Euro zone. Italy has been crucial in this process, with the new government moving rapidly to implement structural reforms to ensure the sustainability of its sovereign debt, and it is now playing a proactive role in redesigning the governance of the European Union. These actions have been critical to restoring Europe's credibility with the global capital markets.

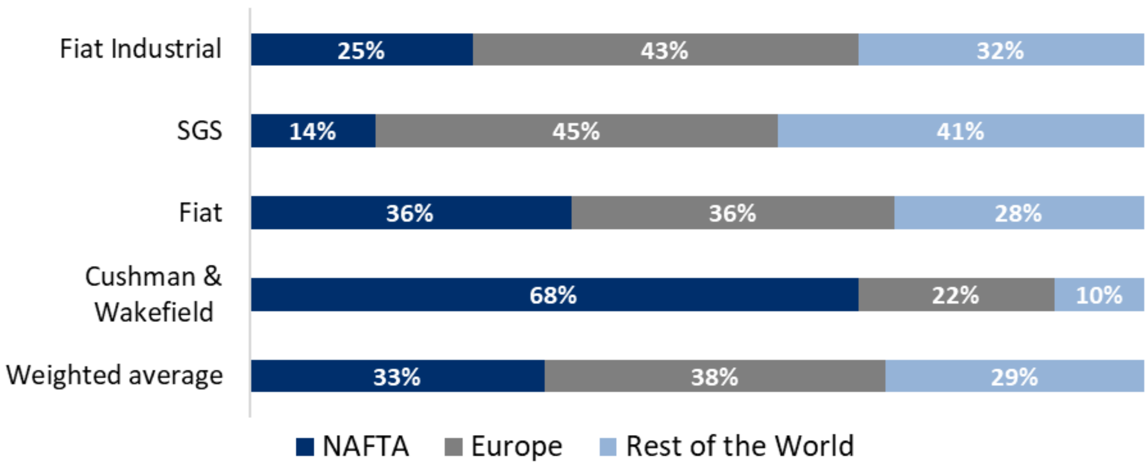
Jean Monnet said that *"Europe will be forged in crises, and will be the sum of the solutions adopted for those crises"*. It is my hope and wish that in a few years, the sovereign debt crisis will come to be seen as having encouraged the necessary steps towards a more unified, stable and, most importantly, competitive Europe. The recent crisis has made clear that monetary union alone is insufficient; a true European Union will only be complete once this is complemented by common fiscal policies, greater solidarity among member states, and a shared financial discipline. Euro zone economies are already linked irreversibly, and I am more convinced than ever that European citizens are heading toward a more integrated political Europe.

Outside Europe the economic outlook in 2011 was mixed. News from the United States was mostly positive with activity increasing throughout the year, marking the end of the recession that began back in 2008. Unemployment has declined and the housing cycle should have reached a bottom, but debt level and government spending remain high. In many emerging countries, on the other hand, economic growth slowed during 2011, but it still remains high, about 6% on average.

Before moving on to our investments, I would like to address two important misperceptions, and in so doing to provide a clearer context in which to judge our NAV performance. I will do this by referencing data from our four largest investments (Fiat Industrial, SGS, FIAT-Chrysler and Cushman & Wakefield), which combined represent 83.5% of Exor's Investment Value.

First, given our historical roots, it's easy to understand why some may perceive Exor to be a predominantly European company. And had we decided to benchmark Exor's NAV performance against the DJ Eurostoxx 50 Index or the FTSE MIB Index, our 2011 performance would have looked significantly better (we underperformed the DJ Eurostoxx 50 Index by just 7.3% and outperformed the FTSE MIB Index by 0.8%). Nevertheless, we have deliberately chosen to benchmark ourselves against the global MSCI World Index given our determination to build a truly global investment company. Our revenue diversification, aimed at achieving an established presence in the NAFTA region (USA, Canada and Mexico) along with a sizeable exposure to emerging markets, has now reached an advanced stage. In 2011 62% of the combined revenues of Exor's largest investments was generated outside of Europe. Our geographic revenue mix was particularly well balanced, with 33% of revenues generated in the NAFTA region, 38% in Europe and 29% in the Rest of the World (mainly from Latin America and Asia Pacific). By this measure the United States of America is by far our single largest market, accounting for 27% of revenues.

EXOR'S LARGEST INVESTMENTS 2011 (REVENUES BREAKDOWN)



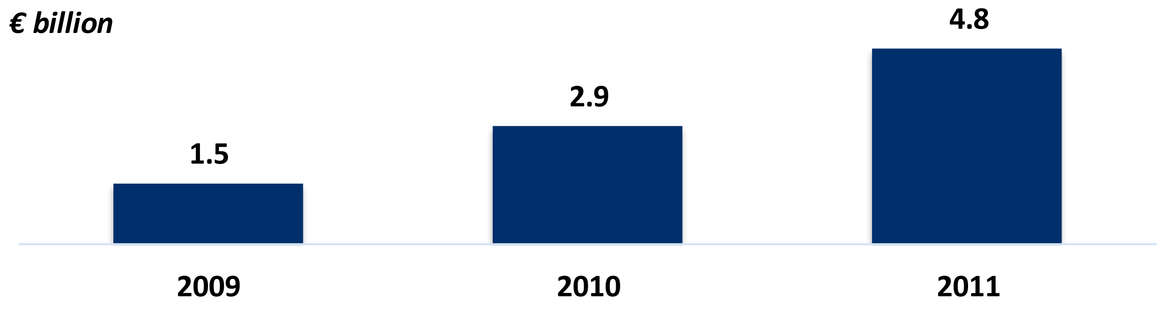
There is still a noticeable mismatch in perceptions of where our shares happen to be listed and where our businesses actually generate their revenues and profits. A mismatch that also affects other listed European equities and therefore offers potentially interesting investment opportunities.

Second, mainly as a result of our sizeable investment in FIAT-Chrysler (and FIAT Industrial, from this year), we are perceived to be a highly cyclical company. While it is undeniable that some of our investments are significantly exposed to economic cycles (and indeed benefit when cycles rise), their financials proved to be extremely resilient in 2011, which was not a cyclically strong year.

The leadership teams of our portfolio companies have been able to improve the economics of their businesses even in the most extreme of macroeconomic contexts: the aggregate adjusted Earnings Before Interest and Taxes (EBIT) of our four largest investments was €4.8 billion in 2011, an increase of 215% over 2009.

All four companies contributed to this result and, more importantly, all of them are working hard to increase further their EBIT in 2012.

EXOR'S LARGEST INVESTMENTS 2009-2011 (ADJUSTED EBIT EVOLUTION)



INVESTMENTS

In this year's letter I would like to describe in greater detail Exor's four largest investments and their performance. I will address them in order of value.

FIAT Industrial (30.45% ownership interest; 34.9% of Exor's Investment Value)

On 1 January 2011, FIAT Industrial began its life as the third largest business in the global capital goods industry by revenues. With 67,000 employees, the group includes CNH (agricultural and construction equipment), IVECO (trucks and commercial vehicles) and FPT Industrial (industrial and marine engines).

FIAT Industrial celebrated its first anniversary at year end with a strong set of results: on revenues of €24.3 billion Fiat Industrial generated an adjusted EBIT of €1.7 billion, well above guidance and ahead of the 2010 results (+14% in revenues terms, +54% for adjusted EBIT). Strong cash flow generation enabled a 35% reduction in net debt to €1.2 billion, and the Board's confidence was reflected in its decision to distribute €240 million in dividends in its first year as a stand-alone business.

2011 was a year of intense activity:

- CNH announced €400 million in investments in three major plants in Argentina, China and Brazil, where it will build some of the world's most powerful and technologically advanced tractors, combines and construction equipment to satisfy demand in these fast-growing areas of the world;
- IVECO launched the New Daily in Turin, the eighth generation of the Light Commercial Vehicles that just over 30 years from launch have sold more than 2.5 million units. At Auto Shanghai IVECO's joint venture, NAVECO, unveiled the new Yuejin Ouka to serve the

growing Chinese Light Commercial Vehicles segment. IVECO also found time to take first and second place in the 33rd Dakar race, the world's most famous rally;

- FPT Industrial consolidated its leadership with several major developments in the Engine and Transmissions space, supplying not only Fiat Industrial's needs but also external customers, which account for 33% of its revenues.

The company has strength and depth in management, with competent CEOs heading each of the three businesses. I'm confident that, with the Industrial Executive Council and the benefit of Sergio Marchionne's leadership, they will deliver even greater results in the future.

FIAT Industrial was included in the Dow Jones Sustainability Index (for both the World and Europe) in its first year of operation, and it ranked as Industry Leader in the industrial engineering sector. As shareholders, we are pleased with these achievements as we encourage our companies to manage their businesses according to the best sustainability criteria.

During 2011 FIAT Industrial's Board of Directors proposed to shareholders the conversion of the Company's preference and savings shares into ordinary shares with the aim of streamlining the company's capital structure, benefiting all shareholders through a simplified ownership and the enhanced liquidity of the Company's shares.

SGS (15% ownership interest; 21.9% of Exor's Investment Value)

SGS is the world leader in verification, testing, control and certification. Since its founding in 1878, the company has been dedicated to making sure that what we eat, wear, trade, etc. meets the necessary standards.

SGS is a wonderful business, with more than 70,000 employees around the globe lead by Chris Kirk and the Operations Council (whose 24 members are drawn from the different businesses, geographies and main business functions). Thanks to their great work, SGS maintained its profitability and margins even during periods of economic contraction. We are fortunate indeed to be major owners of such a business, and we are determined to seize every opportunity to develop SGS's activities.

Despite a very challenging global trading environment during 2011, SGS delivered an increase in revenue on a constant currency basis of 13.7%, generating a total of CHF4.8 billion. This was achieved through solid organic revenue growth of 10.5% and was attributable to increases in activity across most geographic areas and businesses, primarily in the Minerals, Consumer Testing, Industrial and Environmental businesses.

Acquisitions continued to be an essential part of SGS's growth plan, enabling the company to leverage its global capabilities and further consolidate its position as a world leader in its field. A record twenty-two acquisitions were completed in 2011, allowing SGS to grow six existing businesses in twelve countries, adding new expertise, faster access to new and emerging markets and, most importantly, highly qualified and talented individuals.

Adjusted EBIT increased by 10.7% in 2011 on a constant currency basis to CHF815 million. Thanks to its strong cash flow generation, SGS has been a significant source of income for us, with its attractive dividend policy that has provided more than €210 million to Exor since 2009.

FIAT (30.47% ownership interest; 18.9% of Exor's Investment Value)

2011 changed FIAT SpA forever. The spinoff of the capital goods businesses into FIAT Industrial, combined with the increase in FIAT's participation in Chrysler from 20% to 58.5%, allowed FIAT-Chrysler to act as a single company focused on being one of the leading car manufacturers in the world with 197,000 employees and annual shipments of four million vehicles.

As Benjamin Disraeli said: *"The secret of success is consistency of purpose."* And if you add great leadership, you have dramatically improved your chances of success. We are fortunate indeed to have Sergio Marchionne leading FIAT-Chrysler. He has worked wonders with the Group Executive Council, the top 22 leaders of the organization.

2011 was a year of many achievements. Revenues climbed to €60 billion, adjusted EBIT reached roughly €2.4 billion, and net industrial debt was in line with guidance at €5.5 billion whilst maintaining a high level of liquidity (ca. €21 billion).

These results are testament to the benefits of FIAT-Chrysler operating as "one firm", something that can also be seen with the FIAT "500" model now on the streets of North America and the Chrysler products "300-Thema", "Voyager" and "Freemont" riding the highways of Europe under the Lancia and FIAT brands.

Important labor agreements were reached in Italy during the year, with a new contract allowing for greater flexibility, while on October 26 the UAW ratified a new national four-year labor agreement with Chrysler Group.

Environment and safety continued to be priorities in 2011, with FIAT confirming its position as eco-leader for the fourth consecutive year in Europe and the Chrysler Group products seeing eleven vehicles named "Top Safety Pick for 2012" in December.

We are convinced that the FIAT-Chrysler journey has just begun and we will continue to harvest its fruits in the years to come.

As with FIAT Industrial, during 2011 the FIAT Board of Directors proposed a further simplification to shareholders with the conversion of the Company's preference and savings shares into FIAT ordinary shares.

Cushman & Wakefield (69.5% ownership interest; 7.8% of Exor's Investment Value)

A global leader in commercial real estate services in which Exor has a 78.3% economic interest, Cushman & Wakefield (C&W) opened for business in 1917 to serve the growing need for commercial real estate created by Manhattan's booming economic activity. This continues today, and the Company is a leader in what has grown to be one of the world's most important markets. Over the decades it has expanded all around the globe, but with a clear focus on big cities such as London, Sao Paolo, Hong Kong and many more.

2011 represented C&W's first full year under CEO Glenn Rufrano. Glenn got off to a good start, meeting his targets throughout the year, working hard on the operations, and also making strategic hires and targeted acquisitions to expand the Company's geographic footprint. These moves have contributed to a balanced business platform designed to provide consistent, high quality service to C&W's global clients.

The Company experienced significant revenue growth in all geographic regions and improved its year-on-year operating performance. It generated $2 billion in revenue, implying year-on-year growth of 13.4%, which drove a 25% improvement in adjusted EBIT to $65 million.

C&W's strong performance in 2011 was due, in part, to the successful execution of a number of high profile transactions on behalf of clients in all regions, including the sale of Capital Square in Singapore for $715 million, enhancing the firm's brand in that region. Prominent among C&W's other transactions was the €100 million acquisition of two buildings in Dublin, Ireland on behalf of Google, the largest investment in Dublin since 2007. In New York the firm arranged financing for the largest property acquisition of the year at 1633 Broadway.

C&W also executed some of the world's most important office leases, including the largest lease in the U.S. for Shell Oil involving 1.2 million square feet in Texas; the largest lease in Belgium, covering 495,000 square feet, to the European Commission; and the largest lease in New York: one million square feet for Condé Nast at One World Trade Center.

These accomplishments are illustrative of the great work being done by the leadership team and Cushman and Wakefield's 14,000 employees, all of whom are focused on improving on last year's results in 2012.

The balance of our investments (approximately 16% of Investment Value) had a mixed year, with a return in aggregate of minus 16%.

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The good news came from Banca Leonardo, which performed well in its investment banking and private banking activities, with the former generating revenues of €87 million (a year-on-year increase of 70%) and the latter continuing to generate positive Net New Money inflows during the year. In the wider context, which saw Banca Leonardo withdraw from the asset management business and increase its focus on independent private banking, the company made an advantageous sale of its controlling interest in the French asset management company DNCA, generating a capital gain of €73 million.

Gerardo Braggiotti has proven to be a good steward of our capital, as the bank continued distributing its excess capital to shareholders whilst maintaining a solid capital base (Tier 1 ratio of 39% as of the 2011 year end).

There was, however, less good news from Sequana where weak paper demand, pricing pressure in the market and increased raw material costs led to a net loss of €77 million in 2011. The significant decline in EBIDTA at Arjowiggins, Sequana's paper manufacturing division, from €112 million in 2010 to €50 million in 2011, led to debt covenants being breached at the end of the year. The company is currently negotiating the amendment and extension of its existing credit facilities.

As I signaled last year, we want to reduce the number of small investments in order to concentrate on a few larger ones. We could, however, contemplate investing smaller amounts under two circumstances:

- A minority stake in a good business at attractive valuations with which we would be proud to be associated. *The Economist*, where we own 5%, is a good example of this principle;
- A business venture that starts small but has the potential to grow to be a larger company. Almacantar, a London (UK) property business where we are the largest shareholder, is well placed to develop in this way.

NEW INVESTMENTS

In 2011 we invested some €368 million in what we know really well.

First of all, we invested in Exor shares through a buyback program. We strongly believe in the fundamentals of our current investments, so what could be better than to buy them at a discount through our own company shares?

We also decided to increase our interests in FIAT Industrial and FIAT-Chrysler. We are confident in their long term perspectives and the market gave us an opportunity to buy them at what we believe to be interesting prices.

Finally we allocated more capital to Almacantar, which is developing well under Mike Hussey's leadership. This facilitated the acquisition of interests in two real estate projects in London's West End: the Centre Point building and Marble Arch Tower.

NET FINANCIAL POSITION

The Company's net financial position as of 31 December 2011 was negative by €326 million. Gross debt decreased to €1,142 million, consisting of two bonds (one of €750 million due in 2017 and the other of €83 million due in 2031), utilized bank debt of €200 million, and €109 million of accrued interest and other financial liabilities. (Exor also has €490 million of undrawn committed credit lines).

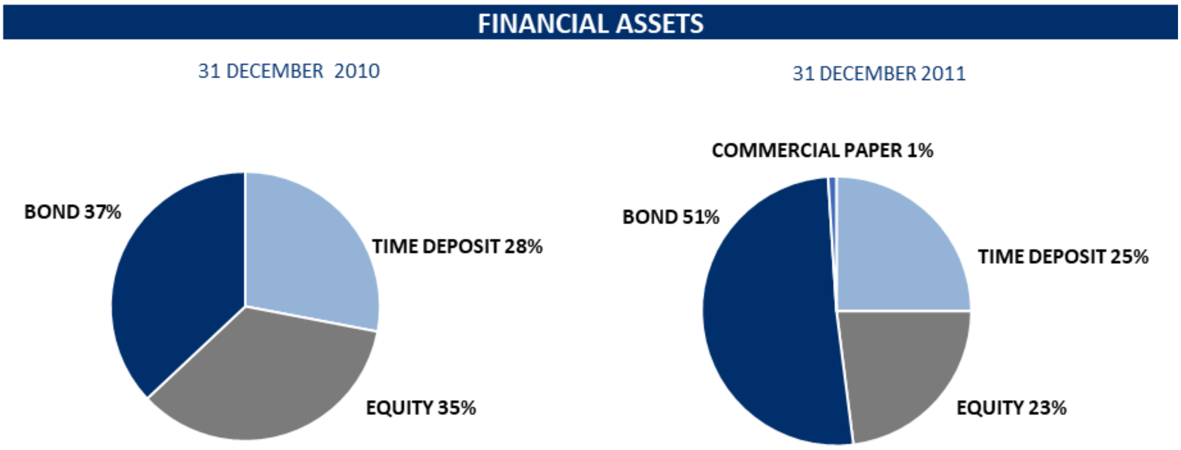
The change in our net financial position in 2011 was entirely attributable to the allocation of capital to new investments, as Exor achieved positive ordinary cash flow at the holding company level.

During 2011 the company repaid a €200 million bond and was able to issue through a private placement a ¥10 billion (€83 million) bond maturing in 2031. The issuance of this bond in the Japanese institutional market, the first in Exor's history, is an encouraging sign of our ability and desire to be more present in the global capital markets.

We decided in 2011 to diversify our financial assets by increasing exposure to US corporate bonds and to commercial paper, while decreasing our exposure to European corporate and financial institution issuance by 22% and 16% respectively. We continued to avoid sovereign debt, preferring to own corporate debt for now.

Our exposure to equities, consisting of a concentrated portfolio of selected "large-cap" companies which we started building in 2010, produced positive returns in 2011. Our largest position and star performer has been Mastercard, which during the year benefited from greater clarity in the US debit card regulatory environment and improved consumer spending patterns in the US. We also built a position in Microsoft, a company which we concluded was attractively priced considering its strong competitive advantages, resilience and cash flow generation.

Due to the fact that we decided to maintain a strong liquidity profile (consisting of time deposits, commercial paper and short duration investment grade bonds), our return on financial assets of 3.33% was below the 4.69% cost of our financial liabilities.



In November 2011, S&P confirmed Exor's long term and short term debt ratings (respectively "BBB+" and "A-2"), and raised the outlook from "negative" to "stable". We view our rating affirmation, and most of all the improvement of its outlook, as recognition of the quality and solidity of our investments as well as the financial discipline we apply in the management of your company.

2012

The new year began with a renewal of positive sentiment regarding the future, and many of the worries with which 2011 ended seemed to fade away. This led to greater optimism in the world's capital markets, with equities rallying and the ability to issue debt significantly improved.

This scenario exceeded my own expectations as 2011 closed. While such a positive development is welcome, I consider it appropriate to remain cautious, particularly while consumption data, especially in the EU, remains weak. As the Romanian dramatist Eugène Ionesco said, *"you can only predict things after they have happened"*, and with this limitation in mind we welcome the turn for the better without getting carried away by it.

Nevertheless, what we can say confidently about 2012 is that it will be a year of continuous simplification for our organization and our investments. I am convinced: for us, simpler is better.

I look forward to discussing the 2011 results and other matters regarding the Company's business at our Shareholders' Meeting to be held on May 29 at the Juventus Stadium, which was inaugurated this season. I very much look forward to meeting our shareholders at this venue, which is one of the newest and most advanced football arenas in Europe. It has made

Juventus, of which we own 64%, the only team in Italy to have such a “real asset” on its balance sheet.

We will continue with the arrangement we began last year that has proven popular with shareholders by making it possible to ask questions in advance of the meeting by following the procedure set out on our web site www.exor.com. Non-shareholders will also have the chance to raise questions by sending a short email to the following address: agm@exor.com. The latter will be grouped together, summarized by subject and answered during the meeting itself.

John Elkann

2012

Dear Shareholders,

Exor's Net Asset Value, or NAV, grew by 20.6% in 2012 outperforming the MSCI World Index denominated in euros – the benchmark against which we measure our performance – by 9.2%.

The swings in our performance by this measure over the past two years have been significant but one of the benefits of having permanent capital is that we are able to withstand this kind of volatility.

As Ben Graham teaches us: "*Real investment risk is measured not by the percent that a stock may decline in price in relation to the general market in a given period, but by the danger of a loss of quality and earning power through economic change or deterioration in management*".

Annual percentage change

Year	1 - EXOR NAV	2 - MSCI World Index Euro	Relative results (1-2)
2009	93.3	37.8	55.5
2010	45.8	17.2	28.6
2011	-24.4	-4.5	-19.9
2012	20.6	11.4	9.2
Compounded annual rate	**27.9**	**15.1**	**12.8**

Note: data in 2009 starts from March 1, the date before EXOR's listing on Borsa Italiana

To increase further the transparency of our reporting we changed the way we present our NAV last year. Here's the new format:

€ million	31/12/11	**31/12/12**	**Change**	
			absolute	**%**
Gross Asset Value	7,672	9,178	1,506	+19.6%
Gross Debt	(1,142)	(1,388)	(246)	+21.5%
Ordinary holding costs capitalized over 10 years	(210)	(170)	40	-19.0%
Net Asset Value	**6,320**	**7,620**	**1,300**	**+20.6%**

We now provide three components: our Gross Asset Value (GAV), which is the sum of all of our assets; our Gross Debt, which represents all our financial liabilities; and our Ordinary Holding Costs (which is the sum of our running costs over ten years, net of our tax rate).

Our costs have decreased thanks to the steps we have taken to simplify our business, the latter being the principal objective we set ourselves for 2012.

Let's now look at the progress we made on this during the year.

SIMPLIFICATION

To start with, we divested three companies (Alpitour, BTG Pactual and Vision) and we exited the JRE Partnership, focused on private equity investments in China and India. We also reduced our ownership in Sequana from 28.4% to 18.74%.

The aggregate result has been positive. The star performer was our investment in the Brazilian investment bank BTG Pactual, which delivered an Internal Rate of Return of 21%.

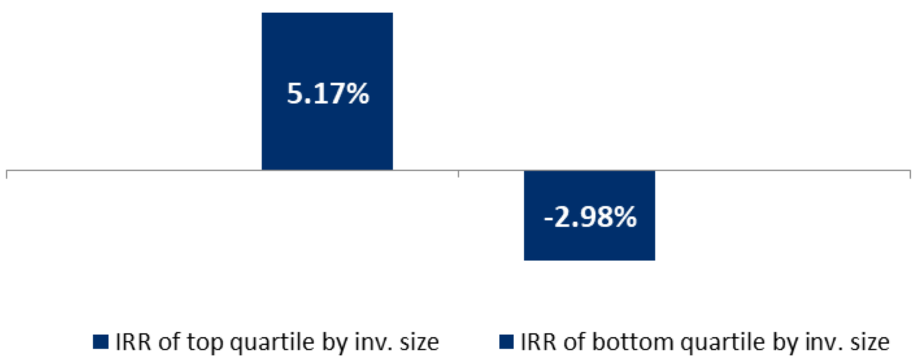
Yet the year was not without its disappointments: we agreed to sell the mandatory convertible bond we held in Vision, a Hong Kong-based asset management firm. In exchange we received €7.4 million in cash plus warrants to subscribe for 20% of the company's capital.

In 2008 we invested €58.1 million in what was at the time a successful Asia-focused asset management business with great economics. But when the external environment in which the firm operated suddenly changed, because of the global financial crisis, the business immediately suffered. Back in 2008, Vision was managing $1.2 billion and producing $18 million of net income; today it manages just $400 million and is running at breakeven, even after a very rigorous program that reduced annual costs from $14 million to $4 million.

This has been an expensive lesson, but the new owners' strong captive distribution network in Mainland China - combined with Jerry Wang's leadership - may yet alleviate some of the pain through our warrants.

All of the above steps were taken to reduce the number of our smaller investments and focus on a few large ones. Recent third party research[1] has highlighted how the smaller holdings in a major investment portfolio can markedly dilute overall performance since, as the amount of capital allocated per investment declines, the quality of communication and management attention tend to decrease, leading to underperformance.

SMALL INVESTMENTS ARE A DRAG TO LARGE FUNDS' PERFORMANCE [1]



1) Humphery-Jenner M., "PE Fund Size, Investment Size, and Value Creation", 2012. Sample of 1,222 funds from 1985.

But our simplification efforts were not restricted to our smaller investments: Fiat Industrial and Fiat-Chrysler also proposed to streamline their capital structures by converting preferred and saving shares into a single class of ordinary stock. As shareholders we fully supported this proposal at the respective EGMs resulting in a clearer ownership and governance structure for both companies.

In November, Fiat Industrial and CNH entered into a definitive agreement to merge the two companies into a newly incorporated Dutch-registered entity to be listed in New York with a secondary listing in Milan.

This important merger aims to:

- simplify the existing shareholder structure of Fiat Industrial, with its 88% stake in CNH, thereby moving to reduce an unwarranted holding discount;
- integrate all the businesses (CNH's agricultural and construction equipment, IVECO's truck and commercial vehicles and FTP Industrial's powertrain applications) to create the world's third largest capital goods company by revenues; and
- improve the combined company's overall credit profile.

Finally we did not spare ourselves from efforts to slim down and to simplify, devoting significant time and effort to rethinking Exor's organization. We closed our branch offices around the world so as to concentrate our presence in a single location in order to be fewer and closer. We redesigned our internal processes to make them simpler and more effective. Much of the credit for this goes to our CFO Enrico Vellano who led this initiative that has enabled us to reduce our operating costs over the last few years by some 20%.

We also strengthened our team with the arrival of Shahriar Tadjbakhsh as our new COO. Following an international upbringing Shahriar pursued a career first as a lawyer and then as a banker. After 25 years advising clients, he decided to jump the fence and try the real thing, working closely with me on our investments.

Our efforts to bring greater clarity and focus will continue, while always keeping in mind Albert Einstein's advice: "*Everything should be made as simple as possible, but not simpler*".

GROSS ASSET VALUE (GAV)

Let me now describe in more detail the four components of our GAV as summarized in the table below:

€ million	31/12/11	**31/12/12**
Investments	6,473	7,533
Financial Investments	108	462
Cash and Cash Equivalents	816	862
Treasury shares	275	321
Gross Asset Value	**7,672**	**9,178**

INVESTMENTS (82.1 % of GAV)

This line represents the principal allocation of our assets. Let's focus on our big four, which represent 76% of GAV: that is to say investments in companies where we are the controlling or the largest shareholder and are actively involved in the businesses' development through our presence on the board.

Fiat Industrial (30.01% ownership; 33% of GAV)

Despite a very intense year in corporate finance terms, the seventeen members of the Group Executive Council and the Group's 68,257 employees did not lose any of their focus and delivered strong results with revenues of €25.8 billion (+6% versus 2011) and adjusted EBIT of €2.1 billion (+23%).

These numbers were largely driven by the Agricultural Equipment Business thanks not just to volume but also to pricing and a better product mix. This compensated for weaker conditions in the other businesses, in particular in trucks and construction equipment.

2012 was a year of significant investment as management continued to lay a solid foundation for the company's future. Capital expenditure increased by 36%, mainly targeted on meeting emissions compliance standards and geographic expansion primarily in China, India and Argentina.

R&D spending grew by 21% and R&D headcount increased by 12% in order to bolster product leadership, for which the company received a raft of recognitions during the year.

New Holland Agriculture won six awards for innovation in North America, "Best of Specialized" in Europe and "Best Innovation" in Brazil. Meanwhile Case IH won the "Top of Mind" award in Latin America, the new Iveco Stralis received the prestigious "International Truck of the Year" title in Europe and the Naveco Chaoyue was named "Truck of the Year " in China.

The Powertrain business rose to the challenge introducing its "HIe SCR" technology one year ahead of the relevant regulations. It also enabled the powerboat record between New York and Bermuda to be broken by over four hours.

I'm confident in the prospects of this great company under the leadership of Rich Tobin, who has worked in a range of roles in our world including as CFO of SGS, as CFO of CNH and latterly as CEO of CNH. For the past 20 years Rich has learned, working alongside Sergio Marchionne, the culture of performance and accountability which he has fully embraced.

SGS (15% ownership; 21.4% of GAV)

Chris Kirk, the operations council and the 75,000 employees of SGS once again delivered a great set of results.

They increased revenues by 16.3% over the previous year to CHF5.6 billion, while adjusted EBIT reached CHF941 million, resulting in a margin of 16.9%.

Cash flow remained strong at CHF800 million, enabling the company to fund capital investments and acquisitions and to maintain a healthy dividend policy.

SGS is deep into its 2010-2014 business plan, a plan which aims to diversify the business further from pure trade-related activities into upstream services that are less dependent on volumes and often provide higher value-added for customers. The safety and quality issues that recently surfaced in the toy and food industries highlight the importance and the potential of this strategic move.

SGS has proven its abilities in acquiring and integrating companies. In 2012 it completed eighteen acquisitions in seven business lines in eleven different countries, contributing some

CHF212 million in additional revenues. These kinds of deals are small in scale; but they tend to integrate more easily than larger businesses and their valuations are more attractive.

I'm encouraged by how hard everyone at SGS is working to meet their 2014 targets.

Fiat-Chrysler (30.05% ownership; 15.7% of GAV)

2012 was the best year in Fiat-Chrysler's more than 100-year history.

Revenues reached €84 billion and adjusted EBIT was €3.8 billion, while worldwide shipments reached 4.2 million vehicles.

These results were achieved despite the extreme market conditions in Europe where we have to go back to 1995 to find such a low level of activity. Italy was particularly badly hit, registering last year only as many cars as in 1979 (1.4 million).

Achieving these results against a highly challenging backdrop demonstrates just how deep the transformation of Fiat-Chrysler has been, with less than 10% of revenues now generated in Italy compared with around 50% a decade ago.

This success is attributable to Sergio Marchionne's leadership. As CEO he has been disciplined in preserving capital, refraining from making investments in new products when conventional wisdom urged just the opposite. John Maynard Keynes reminds us that, "*Worldly wisdom teaches that it is better for reputation to fail conventionally than to succeed unconventionally*". Sergio's acute awareness of the risks of such wisdom has served Fiat-Chrysler well.

Which is why instead of conventionally closing factories and cutting jobs, Fiat-Chrysler has not given up on Europe and has decided to utilize most of its Italian manufacturing footprint and workforce to produce premium cars under its prestigious Italian brands Maserati and Alfa Romeo … a carefully conceived plan but not one for the fainthearted.

On the other side of the Atlantic - both in the NAFTA region and in Latin America - the company achieved new highs. In Asia 2012 was also a year of notable success with growth of 40% (yes, the base was low, but the news is encouraging all the same).

Every day the 215,000 employees of Fiat-Chrysler grow closer, making the company's future brighter.

Cushman & Wakefield (69.19% ownership; 5.9% of GAV)

In 2012, in a still-uneven recovery across the global real estate markets, C&W managed to continue to grow and improve its profitability. Commission and service fee revenue of $1,597 million were up 4% and reported EBITDA of $128 million was up 15%. While management continued to invest and build the business for the future, it also took decisive action on costs to improve margins.

This was also a year of high-profile transactions with the largest industrial lease in the UK for Sainsbury's, the largest office lease in San Francisco for Salesforce.com, the largest retail transaction in New York City for H&M's biggest store in the world, as well as flagship stores for Burberry in Hong Kong.

After a couple of difficult years following the Lehman bankruptcy, and with a new leadership team in place, the company has stabilized. It is now in a position to realize its potential as the broader economy recovers. Its teams have been reinforced (1,700 professionals were hired worldwide during the year), substantial investments have been made in systems and IT, and the overall business has today a much broader base of recurring revenues.

C&W has weathered the storm well. It enhanced its value primarily thanks to the strength of its brand, the limited use of leverage in the business and the effective yet measured approach taken to cost-control. The business has achieved a CAGR in revenue in 2009-12 of 9.7% and consistent margin expansion throughout the same period (600bps+ of EBITDA).

C&W is the number three global player in its sector with strong brand recognition and is one of the few in the business with a truly global and complete services platform, underpinned by a solid and widespread US leasing activity.

The company is continuing to build on its traditional strengths, further balancing its business with a higher proportion of more stable, high-value-added revenues, more cross-selling and a better balance with the transactional side of its activities. At the same time it pursued selective geographic expansion focused on attractive growth areas around the world.

We are glad to be shareholders of this leading global business, which has attractive long-term industry dynamics and great potential.

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Our remaining investments, which represent just 6.1% of GAV, turned in better performances despite flat revenues in 2012. Illustrated below are the most significant of these with a weighted average of revenues and EBIT look-through, listed by value.

€ million	Exor Ownership (as of 31 Dec. 2012)	REVENUES			EBIT		
Company		2011	2012	Growth	2011	2012	Growth
Juventus	63.77%	109.7	136.3	26.6	(58.8)	(26.3)	32.5
Almacantar	36.29%	3.0	6.4	3.4	0.5	19.6	19.1
Banca Leonardo	17.40%	26.9	25.5	(1.4)	4.2	5.0	0.8
Sequana	18.74%	739.1	721.9	(17.2)	16.7	10.5	(6.2)
Banijay	17.09%	44.6	50.0	5.4	5.4	6.6	1.2
Economist	4.72%	19.1	19.6	0.5	3.5	3.7	0.2
TOTAL		**942.4**	**959.7**	**17.3**	**(28.5)**	**19.1**	**47.6**

Notes: Juventus Fiscal Year closes on June 30, Economist Fiscal Year closes on March 31
Revenues and EBIT are weighted on 2012 Exor ownership.In EBIT calculation, Banca Leonardo is included with Operating income figures

As I mentioned in last year's letter, we will be selective in adding any further smaller investments to our portfolio, and if we do, it will be in the form of:

- A minority stake at an attractive valuation, in a good business with which we would be proud to be associated. The Economist, where we own 5%, is a good example of this principle.
- A business venture that starts small but has the potential to grow to be a larger company. Almacantar, a London property business where we are the largest shareholder, is well placed to develop in this way.

Last but not least, it was particularly pleasing when in May 2012 Juventus FC won the Italian "Serie A" soccer championship with thirty wins on the pitch, making it by far the team in the league with the most victories.

Our applause goes to Andrea Agnelli, the club's leadership team, the coach and the players, all of whom have worked wonderfully together to build a unique winning culture that is the core strength of this company. Not forgetting of course the precious support of the club's fans especially in the new Juventus Stadium (where the team ended the 2011-2012 season without a single defeat). The challenge is to translate the good news on the pitch into improved financial results.

FINANCIAL INVESTMENTS (5% of GAV)

We have defined Financial Investments as all our equity and credit investments, direct or indirect through funds, in which we have no active role apart from deciding when to buy or sell.

We have increased the resources available to this area primarily through disposals. The majority remained invested in credit instruments, but we have increased our equity exposure to 45%, mostly to US companies where we continue to see value.

CASH AND CASH EQUIVALENTS (9.4% of GAV)

Cash is cash, and Cash Equivalents are investments that can be turned into cash quickly with minimal impact on market prices.

We manage directly most of these resources, around 20% of them being allocated to specialized funds. The largest part (40% on average) was invested in Time Deposit, and we were very disciplined on counterparty risk diversification.

For the rest, we remained cautious on sovereign debt, holding only exposure to corporate credit and we kept very short maturities (end 2013, at the latest).

TREASURY SHARES (3.5% of GAV)

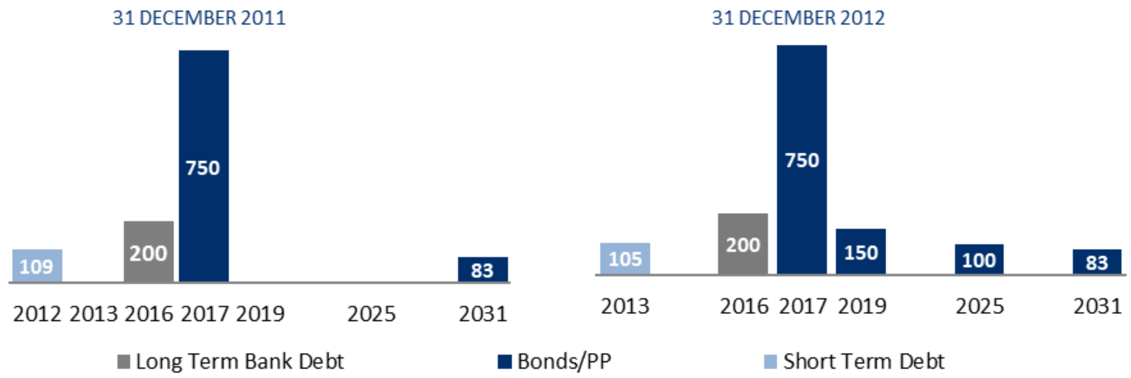
We have continued to buy our own shares that present an attractive investment opportunity because of the discount to our NAV. Our buyback program also allows us to optimize our capital structure and gives us the benefit of the potentially positive evolution in the underlying investments.

GROSS DEBT

Your company's Gross Debt increased by €246 million to €1,388 million as a result of the opportunity we identified to raise long-term debt through private placements.

We began in May 2011 to evaluate this form of financing as an alternative to bank debt or public issues of securities. We closed two deals between October and December 2012 for €150 million and €100 million with 2019 and 2025 maturities, respectively, at what we consider fair yields of 4.75% and 5.25%.

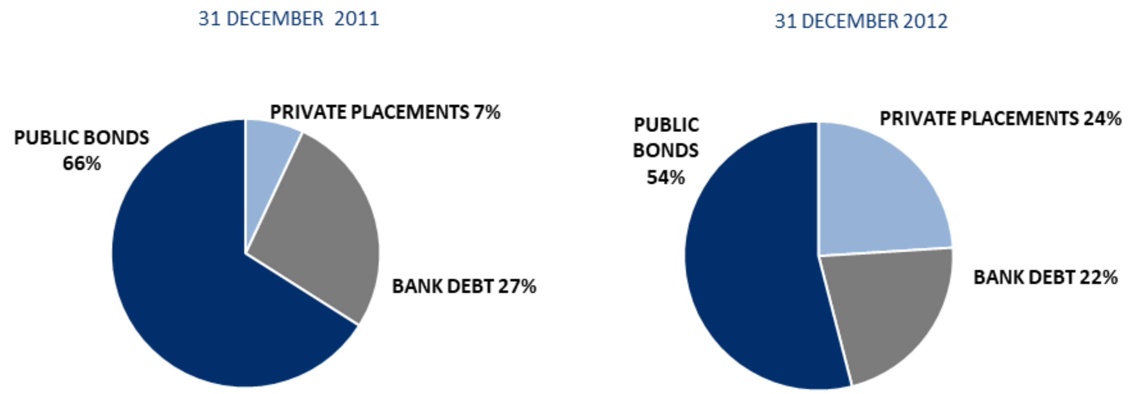
MATURITY SCHEDULE



We decided to increase our Gross Debt because we judged that the current low interest rate environment was interesting, even though we had no specific funding requirement and have €530 million of committed credit lines that were signed in previous years. Often money is there when you don't need it only to disappear just when you do. As a friend who is a banker once told me, quoting Mark Twain, "*A banker is a fellow who lends you his umbrella when the sun is shining but wants it back the minute it begins to rain*". So we decided actively to mitigate that risk.

But the extension of our average maturities came at a price, as our average cost of debt rose from 4.69% in 2011 to 5.06% in 2012.

FINANCIAL ASSETS



Our ordinary cash flow (calculated as cash dividends received netted against dividends paid out, net financial expenses and net general expenses) was positive in 2012. This is a particularly important measure for us and we have been able so far to maintain it in positive territory.

2013

We survived 2012 in spite of the Maya prediction and we will work hard to do the same in 2013.

The world continues to be in a state of flux and many of its crises have yet to be resolved. The Chinese word for “crisis” is composed of two characters: one (“wēi”) represents danger while the other (“jī”) stand for "crucial point" or "opportunity." Our Board and its new independent directors, Giuseppina Capaldo, Mina Gerowin, Jay Y. Lee and Mike Volpi, will contribute to make us concentrate on the latter.

As we entered 2013 we continued our determined pursuit of simplicity with the approval of the streamlining of Exor’s capital structure, converting the preferred and savings shares into ordinary stock. We pushed ahead with further investments, including an increased commitment in Almacantar which is growing successfully: it already owns the two ends of Oxford Street, Marble Arch and Center Point, and has plenty of exciting projects in development.

On 24 January 2003, my grandfather Giovanni Agnelli left us. As we approached the tenth anniversary of his passing I came across the following quote from him:*“Groups like ours typically go through three stages in their development: a time of strength, a time of privilege and a time of vanity. For me the first is the only one that counts.”*

We will keep his words in mind, as we evolve and adapt to our changing world.

I would be happy to discuss with you the 2012 results and any other relevant aspect of our business at our Shareholder Meeting to be held on May 30. The venue this year will be the Fiat Industrial Village, the 23,000 square meter showroom located in Turin that displays all the branded products of Fiat Industrial: tractors, excavators, trucks, engines and much more. At the end of the meeting, if you have the time don't rush away because you will have the opportunity to test for yourself some of our trucks on the Village's 1.2 km test track with the help of a professional driver.

As always, let me remind you that it is possible to ask questions in advance of the meeting by following the procedure set out on our web site www.exor.com. Non-shareholders will also have the chance to raise questions by sending a short email to the following address: agm@exor.com. The latter will be grouped together, summarized by subject and answered during the meeting.

I look forward to seeing you at the Fiat Industrial Village!

John Elkann

2013

Dear Shareholders,

Exor's Net Asset Value, or NAV, grew by 16.2% in 2013, underperforming by 2.5% the MSCI World Index denominated in Euros - the benchmark against which we measure our performance - which at year-end reached its 2007 heights.

With this as context, I think it is interesting to highlight that the market value of Fiat and CNH Industrial, which together represent 51% of our Gross Asset Value and will determine most of our performance, closed the year 40% below the historical high of the Fiat Group's total value on 9 July 2007, before the demerger of the capital goods businesses that now form part of CNH Industrial and before Fiat became involved in Chrysler. The combined entity (Fiat + CNH Industrial) in 2013 almost doubled its revenues and grew its trading profit by 66% compared to Fiat Group's figures in 2007. So, despite our NAV's 2013 underperformance versus our benchmark, we have reasons to be confident that valuations will catch up with underlying results in the years to come.

Annual percentage change

Year	1 - EXOR NAV	2 - MSCI World Index Euro	Relative results (1-2)
2009	93.3	37.8	55.5
2010	45.8	17.2	28.6
2011	-24.4	-4.5	-19.9
2012	20.6	11.4	9.2
2013	16.2	18.7	-2.5
Compounded annual rate	**25.4**	**15.9**	**9.5**

Note: data in 2009 starts from March 1, the date before EXOR's listing on Borsa Italiana

€ million	31/12/12	**31/12/13**	**Change**	
			absolute	**%**
Gross Asset Value	9,178	10,313	1,135	+12.4%
Gross Debt	(1,388)	(1,291)	97	-7.0%
Ordinary holding costs capitalized over 10 years	(170)	(170)	0	+0.0%
Net Asset Value	**7,620**	**8,852**	**1,232**	**+16.2%**

The most significant event for our company in 2013 was the €2 billion disposal to GBL (Groupe Bruxelles Lambert) of the entire stake in SGS, the world leader in verification, testing, control and certification. The transaction resulted in a €1.5 billion capital gain for Exor which, together with the €360 million of dividends received over time, implies a five-fold cash-on-cash return on the investment we made 14 years ago.

We were delighted with the results of our investment in SGS and feel lucky to have been involved with the Company for many years.

As Thomas Jefferson said "*I am a great believer in luck and I find the harder I work the more I have of it*". This explains well the success of SGS under the leadership of Sergio Marchionne (who ran SGS prior to becoming CEO of Fiat) and of his successor, Chris Kirk, who, together with the Operating Council and its associates, has worked extremely hard to obtain outstanding results.

At the time of our initial investment in SGS in 2000, the company's revenues and operating income stood at CHF2.4 billion and CHF154 million respectively. Thanks to the relentless focus of its leadership on operational improvement and strong revenue growth, SGS has today become the global leader in its business with revenue rising to CHF5.8 billion (largely through organic growth) and operating income of CHF977 million.

We are confident that, under the stewardship of the Desmarais, Frère and von Finck families, the company will continue on its journey.

GROSS ASSET VALUE

Let me now describe in more detail the four components of our Gross Asset Value (GAV) as summarized in the table below:

€ million	31/12/12	**31/12/13**
Investments	7,533	6,445 (a)
Financial Investments	462	663
Cash and cash equivalents	862	2,572 (a)
Treasury stock	321	633
Gross Asset Value	**9,178**	**10,313**

(a) Change reflects the sale of the investment in SGS

INVESTMENTS (62.5 % of GAV)

This line represents the principal component of our assets, so let’s focus on the big three investments that represent 56.6% of our GAV.

CNH Industrial (27.18% ownership; 29.4% of GAV)

In 2013, we said farewell to the old Fiat Industrial and welcomed the newly-created CNH Industrial. After having simplified its capital structure in 2012 by converting multiple classes of shares to just one, Fiat Industrial merged with CNH, in which it already had an 88% controlling stake, last September. The resulting entity, CNH Industrial, added a New York listing to its historical presence on the Milan stock exchange.

All of the group’s capital-goods businesses – agricultural equipment, construction equipment, trucks, commercial vehicles and industrial engines – now sit under a single corporate umbrella, a move we believe will bring operational synergies and swifter decision-making.

2013 was a solid year for CNH Industrial, substantially in line with 2012 on a constant currency basis: revenues came in at €25.8 billion; adjusted EBIT was €2 billion; and net industrial debt was reduced to €1.6 billion. The contribution of the Agricultural Equipment business accounted for the lion’s share of overall profits (around €1.5 billion), whereas the Construction Equipment and the Trucks and Commercial Vehicles businesses faced some challenges. The former was mostly affected by lower volumes (with no loss in market share though), the latter was affected by a negative market product-mix and tough price competition, primarily in southern Europe.

We’re pleased to see that product leadership remains at the core of CNH Industrial’s development: a significant R&D investment of €934 million was implemented by its 6,300 professionals across 48 research sites. In 2013, the company inaugurated a new product development center in Harbin (China). It is the largest facility of its kind in China and will help CNH Industrial develop advanced agricultural machinery products tailored to the needs of what will likely become the world’s largest agricultural market.

In the past twelve months a number of awards were won by CNH Industrial products across all the businesses. Just to mention a few: Case Construction received a prestigious recognition in North America, as one of “Most Innovative Product of 2013” for its SR210 skid steer loader. Case IH was named “Most Desired Brand” in the category “Agricultural Machinery” in Brazil by the country’s automotive and capital equipment Association FENABRAVE. At the same time, in Europe the New Holland Six Model T8 Auto Command Series Tractors were named “Machine of the Year 2014”. No less important were milestones like the 250,000th tractor manufactured in the Greater Noida Plant in India or the production of the six millionth engine in the Foggia Plant in Italy.

The range of activities and the geographic spread of this business are very broad, but despite its complexity there is every reason to believe it can join the leading competitors in its markets over time.

You will have the opportunity to learn more about how Rich Tobin, his leadership team and their 71,200 associates intend to get there when they present CNH Industrial’s business plan on May 8.

Fiat-Chrysler (30.05% ownership; 21.6% of GAV)

2013 was a good year at Fiat. The company shipped 4.4 million vehicles, of which 2.2 million were in the NAFTA region, where the company recorded 45 and 49 consecutive months of year-on-year sales gains in the U.S. and Canada, respectively. Revenues climbed to €86.7 billion, adjusted EBIT reached €3.4 billion and net industrial debt was better than stated guidance at €6.6 billion while maintaining a high level of liquidity at €19.7 billion.

Fiat deployed €7.4 billion in capital expenditures last year, part of which was dedicated to the first stages of the €1 billion initiative to prepare the manufacturing plant in Melfi, Italy, to host production of the Jeep Renegade and its sister vehicle, the 500X. This is tangible proof of Fiat’s commitment to utilize its Italian, state-of-the-art manufacturing capacity and expertise. Also, the first shoots of Fiat’s “premium” strategy have begun to appear with the successful launches of the Maserati Quattroporte at the Detroit Auto Show in January and its little sister, the new Ghibli, at the Shanghai Show in May. (The U.S. and China were Maserati’s largest markets in 2013.) Maserati shipped roughly 15,000 cars in 2013, 150% more than in 2012.

These are very encouraging signs for what has generally been met with a lot of skepticism. As the philosopher Schopenhauer said: “*All truth passes through three stages: first it is ridiculed, second it is violently opposed, third it is accepted as being self-evident*.”

But those were not the only landmark achievements for Fiat during the year: Jeep established its all-time global sales record of 732,000 vehicles thanks to the introduction of the new Cherokee and great commercial success of the new Grand Cherokee. With the recent addition of the small Renegade to its line-up, Jeep has set itself the ambitious target of exceeding one million shipments in 2014.

Finally, Ferrari improved its results with a bold decision of selling fewer cars to maintain a high level of exclusivity and increase their value over the time: while reducing its unit sales, it set new records for revenues and profits. Furthermore, on 18 February 2014, a leading London-based brand valuation consultancy confirmed Ferrari as the world's Most Powerful Brand.

Cushman & Wakefield (68.46% ownership; 5.6% of GAV)

Cushman & Wakefield delivered double-digit revenue and operating income growth in 2013. Gross revenue increased 21.9% to a record $2.5 billion, compared with $2.1 billion a year before. Adjusted EBITDA and adjusted income attributable to owners of the parent as measured under U.S. GAAP (which is the more analogous metric when comparing C&W to its listed competitors) increased 10.5% to $145 million and 60.4% to $46.2 million, respectively.

Growth was spread across all service lines. Commission and service fee revenue for Corporate Occupier & Investor Services increased 24.1% on a record figure for global property under management, which exceeded 1 billion square feet for the first time and included a number of notable wins from world-class organizations such as Citigroup, DLF and British Airways. Also in 2013, C&W acquired the Singapore-based Project Solution Group, which now makes them a project-management market leader in Asia Pacific. Commission and service fee revenue for Capital Markets increased 22.7% on record global investment sales transaction volumes, with a number of high-profile assignments including mandates for the London Stock Exchange, 113 Argyle Street in Hong Kong and 101 Murray Street in New York City. Commission and service fee revenue for the firm's Valuation & Advisory group increased 13.3% and the value of appraisals exceeded $1 trillion for the second consecutive year and set an all-time record.

Last year the firm also underwent a leadership change. In June, the firm's President & CEO stepped down and Carlo Sant'Albano stepped in and led the firm as interim CEO, doing a great job. Before the year-end, the firm announced the appointment of Edward C. Forst as President & CEO following his tenure at Goldman Sachs & Co. as Global Co-Head of the Investment Management Division and a member of its management committee.

I look forward to working closely with Ed and the great professionals of the firm. I am confident that under his leadership Cushman & Wakefield will accelerate its growth while improving its financial performance. An exciting phase is starting for C&W as it heads towards its centennial in 2017. As owners we are strongly committed to its success.

***

Our remaining investments, which represent just 5.9% of GAV, turned in better overall performance in 2013 in terms of operating profits.

Almacantar is the largest of these.

As you may recall from last year's letter, I highlighted Almacantar as a prime example of a *small* investment with strong potential. We are delighted that it is starting to deliver on this early promise and is making material progress against its objective of becoming a leading player at the high end of the London real-estate market. We confirmed our confidence in Mike Hussey and his team in 2013 by subscribing to a new round of investment in which we contributed €58 million to further expand the product portfolio with the acquisition – amongst others – of 125 Shaftesbury Avenue, Almacantar's fourth major purchase in London's West End, and the 25% share that the company did not already own in the Centre Point building.

Mike and his team have so far demonstrated their ability to identify large London properties with high potential: the value of the Marble Arch Tower investment has already grown by 50% and Centre Point by 26%. London real estate both for commercial and residential usage has benefited from strong demand as it is perceived today as the "Global Capital City" with limited supply of new space, especially in the West End. All the same, this is the property and development business, where values can be volatile and returns must be measured on realizations, not estimates. Nevertheless, so far we are encouraged by the early results.

Last but not least, it's certainly worth celebrating the fact that in May 2013, Juventus FC won Italy's "Serie A" soccer championship for a second year in a row, further strengthening its leadership position as the team with the highest number of victories in history of the Italian league.

The good news for shareholders is the correlation between results on the field and revenues, which have increased by 33% to €284 million. Even more encouraging is the fact that revenues increased by more than the club's operating costs, which were up by 10%.

FINANCIAL INVESTMENTS (6.4% of GAV)

Our Financial Investments returned 18.2% on average in 2013.

The largest holding is represented by the Black Ant Fund, which delivered a return of +23%. During the course of the year the fund increased its exposure to equities over credit.

In the second and third quarters we increased our financial investments by buying single equity names, mainly based in the U.S. and in the financial sector. Overall, our new direct investments - a concentrated list of stocks - returned nearly the same as the set of third-party managed funds in our portfolio and at year-end constituted almost one third of our Financial Investments by value.

CASH AND CASH EQUIVALENTS (25.0% of GAV)

The amount of cash and cash equivalents on our books increased meaningfully in June, after we received the €2.004 billion proceeds from the sale of SGS. At year-end these assets constituted our second largest "investment" after our holding in CNH Industrial.

We had constantly in mind the contribution that various uses of our cash could make to our NAV performance and we have carefully analyzed the possibility of passively exposing part of this cash to the trend of our benchmark through a variety of financial instruments.

Despite the low interest-rate environment, we ultimately decided to put a higher priority on capital preservation and to adhere to our investment discipline of deploying capital only when convinced of the single opportunity and not be constrained by benchmarks.

As Warren Buffett reminds us, *"the trick is, when there is nothing to do, do nothing"*.

Throughout the year we therefore stuck to a prudent asset allocation policy to reach reasonable return targets while maintaining high liquidity and a low risk profile: we allocated 74% to time deposits, 18% to third-party funds and the rest to direct investment in corporate credit issuances.

Our time deposit holdings yielded 1.21%, or a 108bp spread over the 2013 average one-month EURIBOR rate, while funds and corporate credit together returned 3.90% for a total overall return of 1.90%.

TREASURY SHARES (6.1% of GAV)

The conversion of preferred and savings shares has been a milestone move to simplify our capital structure and eliminate classes of securities that had very limited trading volumes, replacing them with ordinary shares, whose liquidity has been enhanced through the transaction.

In 2013 we bought back €105.1 million of shares. This resulted in a current overall ownership of 23,883,746 issued shares at an average cost of €14.41.

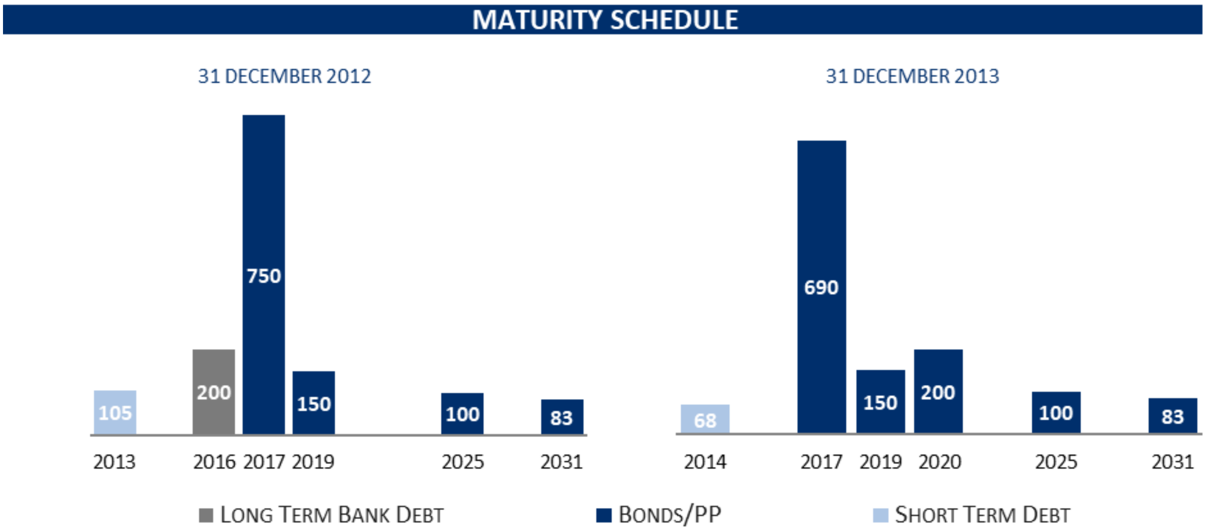
As I mentioned in the past, we view buybacks in the context of capital allocation and as a way to invest in something we know. We will continue to buy back stock at attractive prices.

We have been buying in recent years because we felt our investments were compelling and our discount to NAV was high: in 2013, however, our discount halved from the 40% range to around 20%.

Today Exor's average discount is in line with the major European multi-sector holding companies and our share price has recently reached its all-time high. Therefore we continue to test our assumptions for carrying out further buybacks by constantly monitoring expected returns versus our existing portfolio, our cost of debt and the available alternative investment opportunities.

GROSS DEBT

The overall amount of Exor's debt was slightly reduced in 2013 from €1.388 billion to €1.291 billion, with its average cost essentially unchanged at 5.05%, versus 5.06% in 2012.

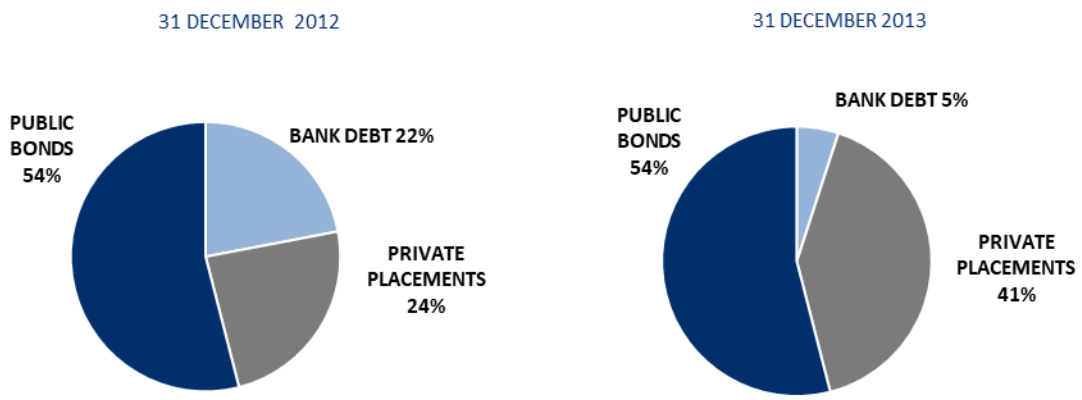


As you can see from the charts above, we replaced €200 million of drawn committed credit lines maturing in 2016 with €200 million of notes maturing in 2020, placed with institutional investors.

In the context of Exor's latest private placement (November 2013), we repurchased - and then cancelled before the year-end €60 million of 2017 public bonds in order to reduce the principal repayment due three years from now.

Our aim in 2013 was to continue to secure long-term financing, taking advantage of the current attractive interest rate environment, and also to spread our borrowings across smaller principal amounts and a broader range of maturities.

FINANCIAL ASSETS



We have progressively changed our funding mix, mostly through private placements, reducing our bank debt. However, financial flexibility has value and borrowing under lines of credit rather than funded debt gives us the flexibility to draw down funds when and if needed. For this purpose we have in place €425 million of committed credit lines.

Bob Hope said it well when he noted that “*a bank is a place that will lend you money if you can prove that you don’t need it”*.

2014

We had a great start of the year with the announcement on January 1 of the acquisition by Fiat of the remaining stake in Chrysler from the VEBA trust for $3.650 billion.

As von Clausewitz observed, *“if a leader is filled with high ambition and if he pursues his aims with audacity and strength of will, he will reach them in spite of obstacles”.*

This characterizes well Sergio Marchionne’s leadership of Chrysler since the first announcement of Fiat’s involvement in the company on 30 April 2009.

With the support of the Presidential Task Force on the Auto Industry, a new chapter in Fiat’s and Chrysler’s history started and we have been on an incredible five-year journey since then: from 1 million cars sold by Chrysler back then to 2.6 million last year and from initial losses of $8.2 billion to a profit of $2.8 billion in 2013.

In 2014 a new chapter is beginning with the creation of FCA - Fiat Chrysler Automobiles - which will become the seventh largest auto manufacturer in the world by revenues. It will have a complete line up of products and will be present in every major market.

I have put together in the table below the key numbers that illustrate where the two companies were ten years ago and where they are today.

	2003		2013
	Chrysler Group	Fiat (a)	Fiat Chrysler Automobiles
Worldwide shipments (units, mn)	2.6	1.8	4.4
Revenues (€bn)	~ 50 (b)	~ 27 (c)	87
Trading Profit (€bn)	(0.5) (b)	(0.9) (c)	3.4
Total number of employees	93,000	104,000	~300,000 (d)

(a) Excl. Fiat Industrial (b) In German GAAP (c) In Italian GAAP (d) Incl. Joint Ventures

What is interesting is how, despite the fact that in aggregate Chrysler and Fiat were selling the same number of cars ten years ago and employed fewer people, they were losing money. Together now they are profitable and that's the tangible proof of the benefit of their union.

And this is just the beginning. In the same way that CNH Industrial and Cushman & Wakefield will shortly map out their plans for the future, on May 6 you will be able to hear more about the exciting future of FCA and its 300,000 employees when the company presents its business plan in Detroit.

We are positive about the prospects for our investments. If they were to require additional capital for further, profitable development, we would be more than happy to provide it.

This year we will be holding our Shareholder Meeting on May 22 at the Giovanni Agnelli Plant in Grugliasco, near Turin, a plant that was inaugurated in 2013. Today 2,100 people are working there, building the great Maseratis that are now being sold all around the world.

This will also be an opportunity to celebrate the centenary of the brand, which was founded by the Maserati Brothers in Bologna in 1914.

We hope you will take the time to tour the plant and see how much care and precision goes into making these wonderful automobiles.

As always, let me remind you that it is possible to ask questions in advance of the Shareholders' Meeting by following the procedure set out on our web site www.exor.com. Non-shareholders will also have the chance to raise questions by sending a short email to the following address: agm@exor.com. The latter will be grouped together, summarized by subject and answered during the meeting. I look forward to seeing you at a busy Maserati plant!

John Elkann

2014

Dear Shareholders,

Exor's Net Asset Value, or NAV, grew by 14.8% in 2014. This was against a backdrop of growth in global equity markets slowing, with the MSCI World index increasing 2.93% in US dollar terms and 17.2% in euro terms (our benchmark), driven by the rallying dollar. As a consequence of the steep depreciation of the euro vis-à-vis the dollar, we underperformed the MSCI World Index denominated in Euros by 2.4% in the course of the year.

As we highlighted last year, the largest contributors to our performance are FCA and CNH Industrial (both of which have their origins in the Fiat Group) which represent 57.2% of our Gross Asset Value. Their combined market capitalization moved closer to the high point of the historical valuation of the FIAT Group of €29.5 billion in 2007, but it was FCA which performed well, while its sibling declined in value by 19%. Even though I remain a firm believer that CNH Industrial's value will reflect the underlying business performance and prospects in the future.

It is interesting to note that if we were to exclude CNH Industrial from the calculation, our NAV would have grown by 31.1% and outperformed our benchmark by 14 points.

Annual percentage change

Year	1 - EXOR NAV	2 - MSCI World Index Euro	Relative results (1-2)
2009	93.3	37.8	55.5
2010	45.8	17.2	28.6
2011	-24.4	-4.5	-19.9
2012	20.6	11.4	9.2
2013	16.2	18.7	-2.5
2014	14.8	17.2	-2.4
Compounded annual rate	**23.5**	**16.1**	**7.4**

Note: data in 2009 starts from March 1, the date before EXOR's listing on Borsa Italiana

€ million	31/12/13	31/12/14	Change absolute	Change %
Gross Asset Value	10,313	12,005	1,692	+16.4%
Gross Debt	(1,291)	(1,671)	(380)	+29.4%
Ordinary holding costs capitalized over 10 years	(170)	(170)	0	+0.0%
Net Asset Value	**8,852**	**10,164**	**1,312**	**+14.8%**

That said, 2014 was a very significant year for your company, starting with the announcement on January 1 of the acquisition by FIAT of all the remaining shares in Chrysler it did not already own, a move that enabled the creation of FCA – Fiat Chrysler Automobiles – the world's seventh-largest auto manufacturer.

The listing of FCA on the NYSE on October 13(Columbus Day) was a proud day, as you can see from these pictures:

But it was first and foremost a further incentive to continue building (and selling) great cars, which is what Sergio Marchionne, the leadership team, and more than 300,000 associates, are doing every day.

As Leonardo da Vinci is reported to have said: "*It had long since come to my attention that people of accomplishment rarely sat back and let things happen to them. They went out and made things happen*".

This captures well the culture Sergio created at FCA, which is why we have such great faith in its future and why we invested $886 million in the mandatory convertible securities issued on 15 December 2014. It was our largest investment of the year.

GROSS ASSET VALUE

Let me now describe in more detail the four components of our Gross Asset Value (GAV) as summarized in the table below:

€ million	31/12/13	**31/12/14**	**Change** absolute	%
Investments	6,445	8,347	1,902	+29.5%
Financial Investments	663	663	0	+0.0%
Cash and cash equivalents	2,572	2,233	(339)	-13.2%
Treasury stock	633	762	129	+20.4%
Gross Asset Value	**10,313**	**12,005**	**1,692**	**+16.4%**

INVESTMENTS (64.3% of GAV)

This line represents the principal component of our assets, so let's focus on the big three investments that make up 64.3% of our GAV.

FCA (29.19% economic interest; 36.7% of GAV)

FCA delivered a strong performance in 2014 with 4.6 million cars sold, and the Jeep brand achieving records sales of more than one million cars (when FIAT's involvement in Chrysler began Jeep was selling just 337,000 units).

Revenues were up 11% to €96.1 billion with an EBIT of €3.7 billion, Net Industrial Debt of €7.7 billion and available liquidity of €26.2 billion. These figures include the issuance of $2.9 billion in mandatory convertible securities, which drew strong support from investors, demonstrating their confidence in the future of the company, the detailed plan for which was presented on 6 May 2014 in Auburn Hills.

The essential points of the 2018 Plan are:

1. Nearly doubling Jeep's volumes by 2018 to ~1.9 million units by extending its product range and geographical reach;
2. Accelerating the development of premium brands, so that we sell 75,000 Maseratis (compared with 36,448 units sold in 2014, 140% more than in the previous year) and 400,000 Alfa Romeo "superb cars" by 2018;
3. Repositioning the FIAT brand with the 500 family of products in order to step out of the "bloody" mass-market segment, especially in Europe (FCA started making money at operating level in Europe the last quarter of 2014) and into more profitable niches;
4. Finally, giving clarity of purpose to our great US brands, Chrysler, Dodge and RAM, which have now set the ambitious objective of achieving sales of 2.1 million units, i.e. 30% of the projected 7 million units of FCA in 2018.

In achieving these goals, the company will see Group Net Revenues reach ~€132 billion by 2018, with EBITDA of ~€17 billion, EBIT increasing nearly three-fold to ~€9 billion and Net Income of €5 billion.

The capital required for this plan is substantial: the company will invest ~€55 billion to launch ~80 products. Approximately €8 billion of this amount will be expensed in our income statement as R&D, while the remainder (two thirds of which will be invested in Property, Plant and Equipment) will be capitalized.

We have learned how much capital can be saved by working with the greater volumes of FCA today as opposed to those of only FIAT in the past. For example the 500X and Jeep Renegade are very different cars, but they are manufactured in the same plant and share R&D, which reduces the total investment required by ~€1 billion.

That is why I'm convinced that the industry needs and will see more consolidation in the future. Hopefully this will be driven by reason and common sense rather than by crisis and will take into account the importance of identity and culture, as we have done, avoiding the all too typical divisive trappings of a takeover and creating instead a shared transnational culture. This is one of the most important lessons learned from combining Fiat and Chrysler to create FCA.

Last but not least Ferrari will soon begin a new life as a listed company in its own right and become one of Exor's directly held investments. The company had an excellent commercial year in 2014. Revenues were up 18% thanks, amongst other things, to the success of LaFerrari. This is the first ever production car to be equipped with the F1-derived hybrid solution, boasting total maximum power of 963 CV, a top speed of 350km/h and a 0 to 100km/h performance of less than 3 seconds. This unique combination of engineering and design commanded a value of €1,210,000 from each of the 499 happy few who became owners.

Unfortunately a similar performance was absent on the track where the team's Formula 1 season was quite simply a disaster. It was the first time in more than 20 years that Ferrari failed to win a single race all year and inevitably led to changes being made. The most relevant of these was the departure of Luca di Montezemolo, who had run the company with great energy and commitment for more than 20 years.

Luca was particularly successful in preserving the magic and mystique of the Ferrari brand (rated one of the most powerful globally) by building the best cars in the world, with their unique combination of style, power and high technology. When he began his tenure as Chairman in 1991, Ferrari sold 4,487 cars, produced revenues of €340 million and a net profit of €13 million. In 2014 it sold 7,255 cars with revenues of €2.8 billion and made €265 million in net profit.

In the years of Luca's presidency up to 2008 Ferrari was also able to add to its success in the racing arena, thanks to the powerful partnership between Jean Todt and the peerless Michael Schumacher. Jean brought the *tifosi* extraordinary years of achievement, winning 106 Grand Prix, 8 Constructor's Titles and 6 Driver's crowns and Ferrari remains the team with the most victories in Formula 1 history with 16 Constructor's Titles and 15 Driver's Titles.

The mission to restore this kind of success has now passed to Sergio Marchionne who is committed to making sure Enzo Ferrari's legacy continues ("*the demands of mass production* *are contrary to my temperament…*") by preserving Ferrari's uniqueness on the road while recognizing the imperative of success on the track: "*No one remembers who took second place*" as the Drake used to say.

Many other changes having already been made at Maranello, so I'm pleased to report that 2015 is off to a good start. Maurizio Arrivabene is now running the Scuderia Ferrari, with two great world champions, Kimi Raikkonen and Sebastian Vettel, behind the wheel and the team is once again back on the top step of the podium.

CNH Industrial (26.97% economic interest; 20.5% of GAV)

Despite a difficult year for the Agriculture Business where CNH Industrial generated 90% of its operating profits (NAFTA - the largest market for tractors and combines - was down 25%), the company delivered $32.6 billion in revenues and a higher Net Profit of ~$700 Million compared to 2013 (adjusted for restructuring charges Net Profits were equivalent to prior year).

It's interesting to note that Ag margins decreased less in 2014 with just a 0.4 point compression as opposed to its largest competitors, who lost ~2 points, whilst its multiple (EV/EBITDA) declined more than that of its industry peers from 4.6 x to 3.7 x. Compared to them, CNH Industrial is trading at a more than 50% discount.

We understand the negativity of the Ag cycle as perceived by capital markets but being long-term oriented, we see reason to be confident in the future of this business. Rich Tobin and his leadership team gave us a glimpse of this when they presented their 2018 goals. These are to:

1. Expand the Agricultural Equipment portfolio and geographic reach (in 2014 the Group commissioned its first 100% owned harvesting equipment manufacturing facility in Harbin, China);
2. Re-position the Construction Equipment segment's two brands and return them to profitable growth;
3. Realize the potential of the Commercial Vehicles new product pipeline and rationalize the segment's industrial footprint;
4. Leverage the industry-leading powertrain technologies commercially.

Which in terms of financial targets means:

1. Net sales at $38 billion in 2018 vs $31 billion in 2014 (x 1.2);
2. Operating profit of $3.4 billion in 2018 vs $2.0 billion in 2014 (x 1.7);

3. Net income of $2.2 billion in 2018 vs $940 million in 2014 (x 2.3);
4. Ø Net Debt in 2018 vs $2.7 billion of Net Debt in 2014.

I also want to highlight that despite the importance of Ag there are positive surprises coming from other businesses. The most notable of which is Construction Equipment that is back making money and the credit for this goes to Rich who in addition to his CEO responsibilities runs this business directly.

And let's not forget Commercial Vehicles, which account for almost a third of total revenues. This business is in recovery mode and Pierre Lahutte and his team are working hard to increase its profitability, with the launch of the new Daily and the Euro 6 product ranges.

The broad scope of our capital goods activities will allow CNH Industrial to mitigate some of the headwinds it will continue to face in 2015 in Ag.

I remain confident in the quality of the businesses of CNH Industrial and its innovating capabilities: more than 6,000 dedicated professionals in ~50 R&D centers and ~8,000 patents will ensure that the company continues to grow profitably serving some of the world's most basic needs (food, infrastructure and transportation) with its great products and services. If you have the chance, I suggest you visit the New Holland Agriculture Brand Pavilion at the Universal Exhibition in Milan from May 1 to October 31, which will help visitors to understand better the role of agricultural mechanization in the global food-supply chain.

CUSHMAN & WAKEFIELD (80.89% ownership; 7.1% of GAV)

2014 was a remarkable year for Cushman & Wakefield ("C&W") with record results in terms of revenues and margins. Commissions and services fee revenues increased to $2.1 billion, up 15.9% compared to 2013, adjusted EBITDA was $175.4 million and the adjusted EBITDA margin increased to 8.4% (a record high for the Company).

We acquired C&W in March 2007, a few months before the mortgage subprime crisis put the US real-estate industry under severe financial stress.

When we invested in the company, it had commissions and services revenues of $1.5 billion, adjusted EBITDA of $116 million and an EBITDA margin of 7.6%. C&W's business was predominantly transaction based, with a limited geographic presence outside North America.

While at that time we were cautious about the US real estate cycle, we were far from expecting the major contraction that occurred. But C&W proved capable of navigating these difficult years with no need for equity-capital injections unlike its principal competitors, thanks to its solid capital structure.

Since 2010 C&W has focused on operating performance, deploying wisely and effectively its capital (both in organic growth and acquisitions) and in diversifying its service offer in new business lines and geographies. C&W is today a much stronger, global and diversified franchise and the only company amongst the major US based real-estate service providers to have expanded its EBITDA margins since the 2007 crisis.

In 2014, C&W advised on over $1.2 trillion worth of appraisals worldwide and leased 538 million square feet of space, including the largest leasing in San Francisco's history for Salesforce.com, as well as leasing in renowned properties around the globe such as New York's One World Trade Centre, London's Regent Street and Hong Kong's Swires Properties. The Company acts for world-class clients such as Citibank, JP Morgan, MetLife, Amazon, Unilever, Microsoft and Zara.

2014 also represents the first full year since Ed Forst joined as CEO. His commitment together with the overall effort of his excellent team is reflected in the unprecedented results obtained during this year. His appointment has energized the company and enabled it to attract even more first class talent (including Raymond Kelly, former Commissioner of the New York Police Department, to lead the newly established Risk Management Services group and Laura Pomerantz, now Vice Chairman and Head of Strategic Accounts).

In December 2014 the Company completed the acquisition of Massey Knakal, the largest investment under Exor's ownership, making C&W the number one investment-sales firm in New York by number of deals and advancing the company's ambitions in capital markets.

It has been great to work with Ed and see how he has defined the Company's objectives for 2017 when C&W will celebrate its first centenary.

I'm confident that with the 37 Global Management team members and the outstanding professionals who work for C&W, Ed will reach the ambitious growth targets for revenue and EBITDA margin increase he has set for the Company's centenary.

***

Our remaining investments had a good year overall and I would like to draw your attention to a few highlights.

In last year's Letter I focused on Almacantar and Juventus. They both had a great 2014: the London-based real estate company continues to thrive on the back of a buoyant market; and Juventus won its 3rd *scudetto* in a row (the premier Italian Championship) and went on growing its revenues.

This time, I would like to draw your attention to Banijay, The Economist and Sequana.

First of all Banijay, which we founded in 2008 with Bernard Arnault, the De Agostini family and the entrepreneurial Stéphane Courbit under whose leadership it has become one of the world's largest independent TV production companies.

The Company has also expanded by creating content for other multimedia platforms, mainly digital, and extended its reach geographically by building a large presence in the US.

Under Stéphane and group CEO Marco Bassetti, who joined him in 2013, Banijay had a great 2014, with its highest ever revenue of €350 million and record EBITDA of ~€50 million (this being amongst the highest margins in the industry).

Banijay has established an impressive platform for development during the next stage of its growth.

Staying with our media investments The Economist, which has been one of journalism's finest institutions since it was founded in 1843, accelerated in 2014 its transition towards an integrated print, digital and services organization.

Chris Stibbs, the CEO, and John Micklethwait, the Editor-in-Chief, with their colleagues started innovations to use "The Economist's" unique voice in new and exciting ways in the digital and increasingly mobile world of information, introducing the "Espresso" app, a daily shot of The Economist's views on news, and developing plans for video.

Despite the uncertainties provoked by the profound changes in the media industry and the many predictions of its death, the quote of Michel de Montaigne ("*My life has been filled with terrible misfortune, most of which never happened*") and the positive results The Economist Group was able to achieve, inspire great faith in the future of this unique company.

Banijay and The Economist had a strong twelve months. But it's important to signal that not all went well in 2014. It was a difficult year for Sequana: Pascal Lebard, its Chairman & CEO, was required to negotiate a financial restructuring of the company with a partial write-off by the banks of its debt and a rights issues of €66 million (in which we participated for our pro-rata 17% share).

This, though, left Sequana in a much stronger financial position so that it could concentrate in producing, distributing and selling paper and paper products.

Its stock price has reflected the firm's new positive course and we have since sold some of our shares at levels above the capital increase price, reducing our stake to below 2%. We intend to exit Sequana completely by the end of 2015 the right economic conditions permitting, further simplifying our investments.

FINANCIAL INVESTMENTS (5.5% of GAV)

Our Financial Investments returned 14.3% on average in 2014.

During the year we slightly reduced our exposure to single equity names (direct investments returned +14.1%) and we exited a number of third-party funds we were invested in.

Our main investment is in the Black Ant Fund (59.16% of our financial investments) which returned +12.7% and its allocation at the end of the year was 36% in listed equities and equity options, 40% in credit and 24% in cash. Our fund investments, excluding Black Ant, were the best performers with a +20.3% return.

Our only new financial investment this year was the participation in the IPO of Lending Club. Founded in 2006 by Renaud Laplanche it became the number one peer-to-peer lending company in the US (with an over 75% market share in 2014). Lending Club runs an online service that connects borrowers and investors by offering better economics to both sides than are available in the traditional world. So far, it has originated more than $ 7.6 billion in loans for which the company does not assume any credit risk.

We bought ~0.25% of its capital and, taking into account the exchange rate and price at the end of the year, we were up ~47%.

It's a company with a very innovative business model with long-term growth opportunities but by its nature it is largely untested and competition will be fierce. We are fortunate to have Renaud leading the business in this challenging environment.

CASH AND CASH EQUIVALENTS (18.6% of GAV)

Throughout the year we maintained a cautious allocation: 68% in time deposits, 26% in third-party funds and 6% invested in single-name corporate credit issuances (slightly increasing our exposure to funds rather than time deposits compared to 2013).

Our time-deposit holdings yielded 0.90%, or three times the average sixth-month EURIBOR rate in 2014, while funds and corporate credit together returned 2.31% for a total overall return of 1.35%.

Our goal is not maximize returns but make sure we have cash on hand when we need it.

TREASURY STOCK (6.3% of GAV)

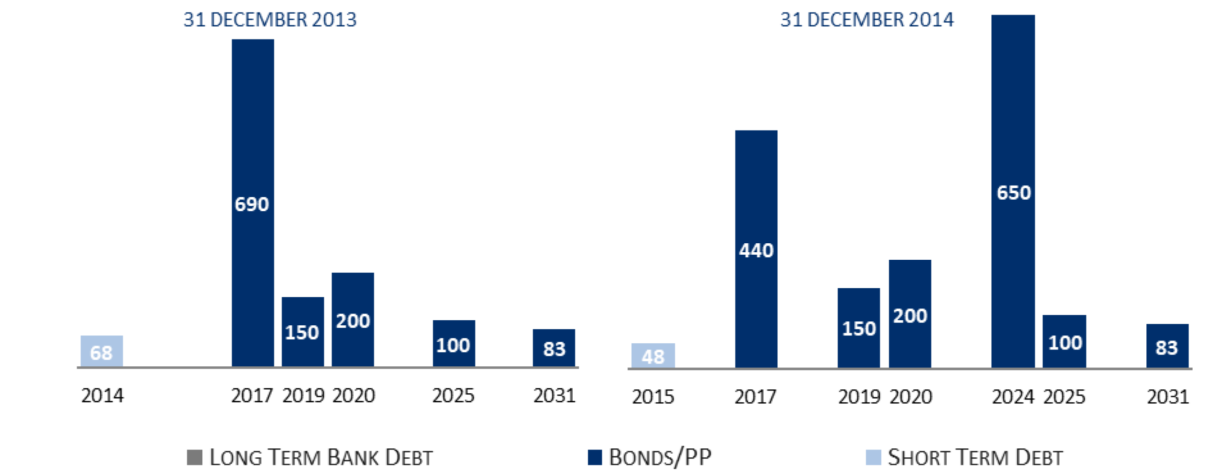
In 2014 our treasury stocks slightly outperformed our benchmark (+18.0% vs.+17.2%).

In the past five years we've been active in open-market repurchases of our shares and today we own ~10% of our capital; the value of this holding increased almost three-fold compared to the average price we paid to acquire it.

GROSS DEBT

In 2014 we took advantage of favourable market conditions by buying back part of our outstanding bond issue due in 2017 and replacing it with a 10-year long bond publicly issued on the primary market in October followed by a tap-issue in December.

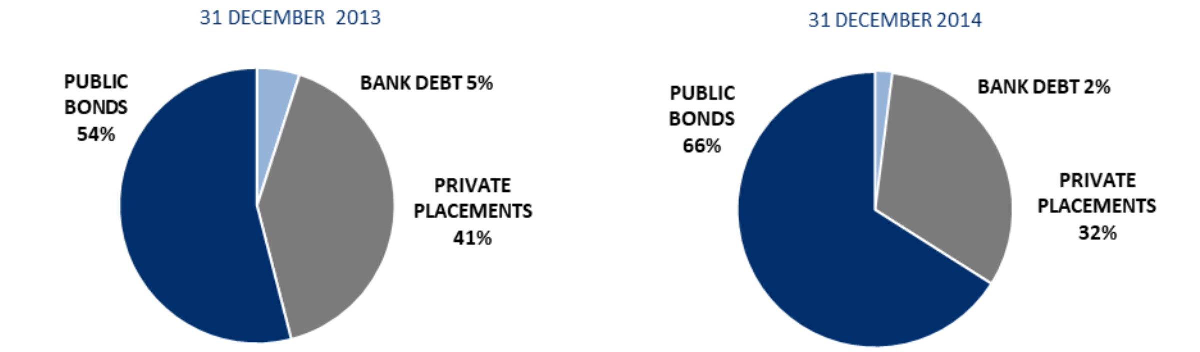
MATURITY SCHEDULE



In the past few years we have been actively managing our liabilities with the same care and discipline we apply to the other side of the balance sheet, our assets.

This allowed us to lock in much lower interest rates and tight credit spreads (the 2.5% coupon on Notes due in 2024, is less than half the 5.375% coupon on Notes due in 2017) and roll-over our '17 "peak".

FINANCIAL ASSETS



We like to keep a diverse mix of financing sources, so we value short-term bank loans for their flexibility and private placements as an important source of long-term funds, in addition to public bonds.

Excluding liability management-related expenses, in 2014 our average cost of debt was 4.76% compared to 5.05% in 2013.

2015

The first months of the new year have been busy, not least with Cushman & Wakefield. On the back of a very strong year in 2014 and the ambitious three- year plan put in place by the Company, we decided to gauge the interest of potential buyers of our shareholding, who would also be strongly placed to continue to develop this business into its next century.

As a Board member of The Economist, I was part of the process to appoint the new Editor-in-Chief. After nine successful years John Micklethwait stood down to go to run Bloomberg News where I'm sure he will do a great job. The editorship is amongst the most important decisions the Board is involved in and our Chairman, Rupert Pennant-Rea, himself a former Editor-in-Chief of the newspaper, conducted masterfully this articulated process. Every candidate for the post submitted a personal proposal and three were selected by members of a Board sub-committee, that received information on the candidates from the journalists, who were able to write about their choice for Editor-in-Chief to the Chairman. The process concluded with a written document from each of the final three candidates describing how the Economist would look under their leadership. In the end, Zanny Minton Beddoes was chosen by the full board with the last step of the process being the Trustees' blessing since it is they who safeguard the integrity and independence of the newspaper. So Zanny became the 17th Editor-in-Chief of The Economist and the first woman to hold the post. I am sure she will do a terrific job in leading The Economist into the future, always keeping in mind the mission of this great institution, as it was outlined by its founder, the Right Honorable James Wilson: "*to take part in a severe contest between intelligence, which presses forward, and an unworthy, timid ignorance obstructing our progress*".

I was very impressed by the appointment process and found it particularly positive not to have a long, drawn-out horse race but rather a quick, fair competition with no casualties. All the others candidates stayed at The Economist and indeed the two finalists have been appointed Deputy Editors. Great credit goes to Rupert who ensured everything worked flawlessly. I am a big believer that great organizations provide for internal succession and The Economist, with its impressive depth of talent, is a fine example of this.

With regard to new ideas, we continue to explore opportunities, focusing most of our attention on the service sector, especially financial services, which we think could represent a good fit with the rest of our investments that today are mostly in industrial and capital-intensive businesses. We haven't made a significant new investment since the creation of Exor in 2009 but instead have mostly invested in ourselves and companies we already own (we like what we know).

But as Churchill, the 50th anniversary of whose passing is being celebrated this year, put it "*I am an optimist. It doesn't seem too much use being anything else*".

And with that in mind I have always been more than optimistic that something interesting and attractively valued will present itself.

This year we will be holding our Shareholder Meeting on May 29 at the Lingotto Congress Center in Turin.

Our AGM will not be the only reason to come to Lingotto on that day: on the roof of the Lingotto, a former car plant, the Pinacoteca Giovanni e Marella Agnelli awaits you with an exhibition of Raffaello's *Madonna del Divino Amore*, explaining the painting's inner structure and the artist's numerous variations throughout the execution of this masterpiece. In the Jewel Box, or *Scrigno,* of the Pinacoteca you will also find its extraordinary permanent collection, ranging from the Venice of Canaletto and the Dresden of Bellotto, to a group of seven masterpieces by Matisse.

As always, let me remind you that it is possible to ask questions in advance of the Shareholders' Meeting by following the procedure set out on our web site www.exor.com. Non-shareholders will also have the chance to raise questions by sending a short email to the following address: agm@exor.com. The latter will be grouped together, summarized by subject and answered during the meeting.

I very much look forward to welcoming you to the Lingotto!

John Elkann

2015

Dear Shareholders,

Exor's Net Asset Value, or NAV, grew by 21.2% in 2015, outperforming the MSCI World Index denominated in Euros (our benchmark), which grew by just 8.3% during the same period.

The largest contributor to our performance was FCA, thanks to an increase in its share price of 34.4% (reflecting its great operating performance during the year, the Ferrari IPO and the expectations around its spin-off) and its significant weighting in our Gross Asset Value (38 % of GAV).

Annual percentage change

Year	1 - EXOR NAV	2 -MSCI World Index Euro	Relative results (1-2)
2009	93.3	37.8	55.5
2010	45.8	17.2	28.6
2011	-24.4	-4.5	-19.9
2012	20.6	11.4	9.2
2013	16.2	18.7	-2.5
2014	14.8	17.2	-2.4
2015	21.2	8.3	12.9
Compounded annual rate	**23.1**	**14.9**	**8.2**

Note: data in 2009 starts from March 1, the date before EXOR's listing on Borsa Italiana

€ million	31/12/14	**31/12/15**	**Change**	
			absolute	**%**
Gross Asset Value	12,005	15,186	3,181	+26.5%
Gross Debt	(1,671)	(2,698)	(1,027)	+61.5%
Ordinary holding costs over 10 years	(170)	(170)	0	+0.0%
Net Asset Value	**10,164**	**12,318**	**2,154**	**+21.2%**

I would like to set out the significant events that all of us at Exor lived through in 2015, events that have led to a substantial change in our Company.

We got off to a busy start to the year by selling C&W (Cushman & Wakefield), a real-estate business we have owned for close to a decade. In 2006, C&W was making $116 million in

EBITDA from revenues of $1.5 billion. Little did we know what was just around the corner when we acquired 71.52% of the company in March 2007 for $625 million. The 2008/2009 financial crisis then unfortunately hit C&W very hard and in 2009 it posted its first-ever loss in almost one hundred years of business.

In contrast to other industry leaders, C&W did not require a capital increase, thanks to the strength of its balance sheet (as you know, we like conservative financial structures). We used the crisis to improve the business by transforming it into a truly global company with more recurrent revenues (mainly through organic growth).

A quick summary of what was achieved during our C&W ownership:

- Global revenues increased from $1.5 billion in 2006 to $2.1 billion in 2014 (+37%);
- Asia Pacific revenues went up from $44 million in 2006 to $173 million in 2014 (+293%);
- Corporate Investor Service revenues (which are primarily recurring revenues) grew from $186 million to $605 million (+225%);
- EBITDA grew 51%, from $116 million in 2006 to $175 million in 2014 (the company's best ever EBITDA performance);
- EBITDA margin increased from 7.6% in 2006 to 8.4% 2014 (in contrast C&W's two leading competitors saw their margin decline by more than three percentage points);
- Total employees grew 41% from 11,500 in 2006 to 16,200 in 2014.

As a result of C&W's operational improvements, its discipline in deploying capital and a very strong rebound in the commercial real-estate market, primarily in the US, we were able to achieve the sale of the business at an enterprise value of $2.04 billion, generating net cash proceeds of $1.3 billion and a capital gain of $722 million on our investment. During our ownership, we significantly outperformed the MSCI World Euro Index benchmark and the stock market performance of C&W's principal listed competitors.

As a long-term responsible owner, we are very proud of the company's achievements and of the fact that as a result of this transaction we contributed to the creation of the second-largest property services firm in the world. It will operate with the iconic "Cushman & Wakefield" brand and under the leadership of the highly talented and experienced CEO Brett White. A great way to celebrate the company's first 100 years in 2017.

Having secured the money from the C&W sale, we returned to concentrate on our role as business builders and focused our attention on a major project to acquire the reinsurer PartnerRe, for which we made an offer on April 14.

The process proved more complicated than we had anticipated and we learned a huge amount along the way. The journey was bumpy, but with 99.4% of shareholders supporting our final offer of $6.9 billion, we were able to secure the largest single acquisition in the 100+ years of our family business.

PartnerRe is a very deliberate addition to our portfolio. As a business it matches all our pre-established criteria: we wanted to make a large investment in (i) a global player and industry leader (ii) a business that required little capital expenditure to operate (iii) delivering sustainable cash earnings and flows of dividends, and (iv) with a well-defined governance structure. Incidentally, we were also a founding partner of the company back in 1993 when it started life with $1 billion of equity and eight employees under the very entrepreneurial leadership of Herbert Haag.

PartnerRe today has equity of $6 billion, having distributed close to $7 billion in capital to shareholders in the form of dividends ($2 billion) and through share buy-backs ($5 billion). The company issued $3 billion of capital during that period (mainly for acquisitions).

Reinsurers play a fundamental role in the insurance industry value chain:

Primary insurers cede to reinsurers a share of their premiums – and of the liabilities associated with them – that they cannot or are not willing to carry on their own books, because they don't have sufficient capital, are concerned about the earnings volatility or because of the concentration of risk on their balance sheet.

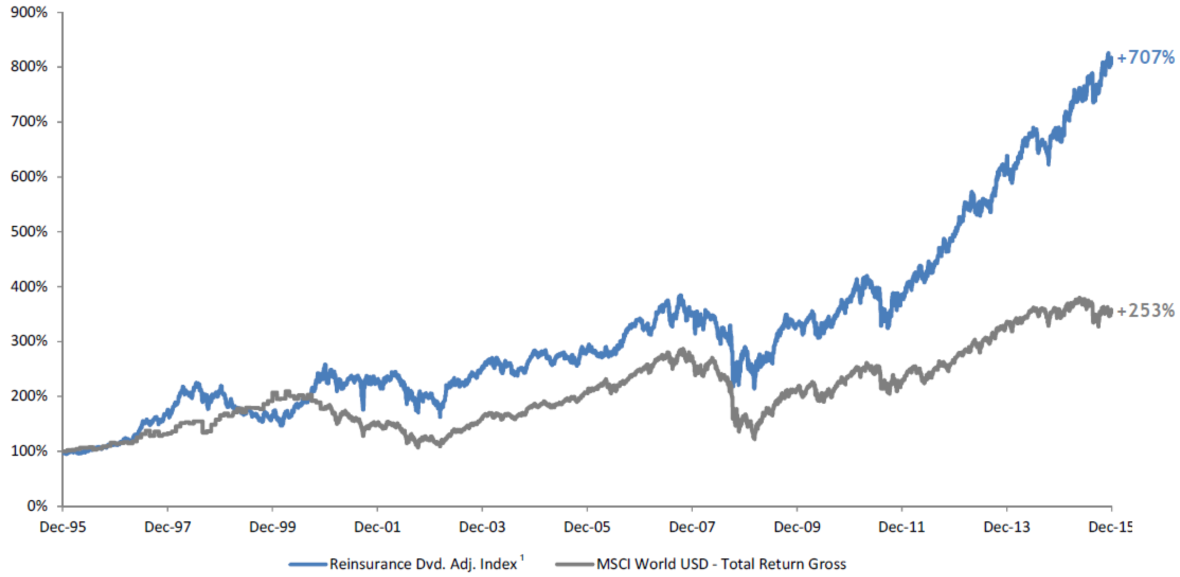
As a consequence, a reinsurer's role is to absorb and deal with the most volatile risks, the ones that usually have a low probability of materializing but a potential significant impact. For example, a typical product offered by a reinsurer is protection against catastrophic events, such as hurricanes and earthquakes.

By assuming fractions of exposures from a large base of insurance cedants, reinsurers are able to build sufficiently diversified portfolios of risks – both in terms of sectors and geographies – that are quite efficient in terms of capital utilization.

We are interested in this sector for a number of reasons:

a. Reinsurers have historically offered returns that exceed their cost of capital and the MSCI World index. Over the past 20 years the reinsurance industry has delivered an annualized Total Shareholder Return of ~11% vs. 6.5% returned for the MSCI World (Exhibit 1).

EXHIBIT 1 – TOTAL SHAREHOLDER RETURNS OF REINSURANCE COMPANIES VS. MSCI WORLD OVER 20 YEARS



1. Reinsurance Index companies: Munich Re, Swiss Re, SCOR, RGA, Everest Re, PartnerRe, ReinassanceRe

b. Reinsurers usually generate strong cash flows, which they tend to distribute to shareholders through dividends or buybacks, as they don't need lots of capital expenditure to operate (which is not the case for industrial businesses, as we know well).
c. It is reasonable to expect that this industry is one that will be needed for many decades to come. It will change and adapt, but ultimately it will be relatively difficult to disrupt (that's less clearly the case with primary insurance companies). Whatever business models its clients might develop, they will still need an expert and flexible capital partner to help them manage their risks.
d. An investment in the financial services industry diversifies our portfolio. Following the acquisition, PartnerRe will become Exor's largest single holding representing ~37% of the overall Gross Asset Value on a pro-forma basis (as of 31 December 2015, taking into account FCA and Ferrari as separate companies).

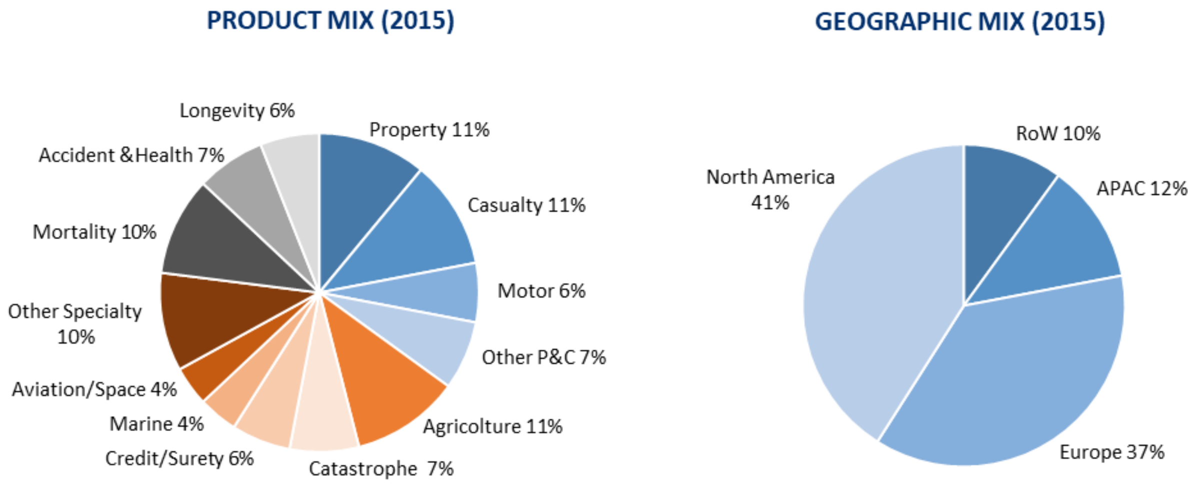
Ultimately as a long-term owner we value durability, which is one of the attributes of the reinsurance industry.

Having decided to invest in reinsurance, there are a number of reasons for choosing PartnerRe:

a. it has a large balance sheet ($7.7 billion in total capital, of which $6 billion is common equity), allowing it to offer large capacity to its clients in a market environment where clients prefer to do business with a smaller number of reinsurers. PartnerRe is one of the largest reinsurers worldwide, both in terms of capital and premium income.

b. It has a global presence and a diversified product offering (Exhibit 2). This means it can withstand weaknesses in parts of its portfolio while taking advantage of relative strengths in other parts. In addition, it's not over-dependent on the property catastrophe business, the segment that is currently most affected by competition from alternative capital.

EXHIBIT 2 - PARTNER RE



c. It has historically demonstrated its ability to generate superior performance compared with its industry peers. Over the past ten years, PartnerRe has delivered an average operating ROE of 13.2% and growth in adjusted book value per share of 13.1%, both above the peer group average; and

d. It is well-known in the industry for its conservative and disciplined underwriting approach, and prudent reserving strategy. This should help it avoid costly mistakes, particularly in the current challenging market environment.

We also believe that there are several reasons why we will be a good owner of PartnerRe:

a. PartnerRe will have the ability to allocate and deploy capital to maximize long-term returns as opposed to responding to short-sighted public market pressures. For example, PartnerRe will have more flexibility in managing the underwriting cycle, reducing exposure to risk when it is inadequately priced.

b. Differently from its publicly listed peers who face daily pressure to operate with a "lean" balance sheet, PartnerRe will be able to maintain excess capital in order to serve clients with a strong and safe balance sheet and at the same time it will be equipped to increase its market presence rapidly when reinsurance prices improve.

c. Unlike most of its competitors, who are aggressively growing in primary insurance, PartnerRe will remain committed to its pure reinsurance model, thus avoiding entering into competition with its own clients. This conflict-free business model should reinforce the company's competitive positioning over time by strengthening customer relations while maintaining pricing discipline.

We are delighted indeed to have acquired this highly talented organization. But we are also well aware that the reinsurance industry will continue to face many challenges in the coming years. Some of them are cyclical (a growing reinsurance industry capital base and a continued low interest rate environment). Others are structural (such as the growth of the alternative capital business and an increasing sophistication among primary insurers in their assessment of their reinsurance purchasing needs). These are likely to reduce the industry's profitability.

Ajit Jain, to whom we owe a lot for sharing his insights into the industry with us, has been very clear publicly that *"what was a very lucrative business is no longer a very lucrative business going forward"*. We made our investment in PartnerRe with a clear understanding of these realities.

That said, we are confident that even if it might not be as lucrative as in the past, the sector will continue to be attractive, thanks especially to the strong capabilities and clear willingness to embrace change that we see in the PartnerRe organization as it adapts to a more challenging environment.

So by the end of July we had sealed this transformative acquisition. But our eventful year did not stop there. It was at around the same time that I received a call to gauge our interest in acquiring Pearson's 50% shareholding in The Economist Group.

We have been a happy shareholder of the company since 2009 and I have had the privilege to serve on its board since then. This first-hand knowledge of the business made a quick decision easy. Even so, the unique ownership structure designed to ensure editorial independence from proprietorial interference and the historical significance of this change of ownership, meant it was important that we understood all stakeholders' objectives.

I'm very grateful to Rupert Pennant-Rea, Chairman of the Board and a former Editor of The Economist, as, without him we would not have been able to reach an agreement on an offer that satisfied the trustees, directors, shareholders, journalists and non-journalist employees of the company alike, whilst also meeting the seller's objectives on timing and valuation.

On August 12 we announced a proposal to acquire 100% of the issued "B" Shares (and with them the right to appoint 6 out of 13 members of the Board, the other 7 being appointed by the “A” Shareholders) and 27.8% of the Ordinary shares, with The Economist Group itself buying the remainder of the Ordinary shares that were for sale.

We paid no premium to acquire the Ordinary shares, but the transaction did include a 30% premium for the “B” shares which reflects their representation rights (based on the annual valuation made by Ernst & Young).

As a result of the transaction, our ownership has increased from 5% to just under 44% with a £287 million total investment, which is a rich valuation. But this valuation reflects the strength of the business, the accretive effect of the buy-back funded primarily by the sale of The Economist building, which no longer fits the needs of a vibrant 21st century news organization, and the strong support from the Editor Zanny Minton Beddoes and the living former Editors, who all believe the new ownership will increase the uniqueness and independence of The Economist’s voice in the world. We are therefore very comfortable with the price paid.

The Economist Group is a great business that is well led by Chris Stibbs and his team. In 2015 it generated revenues of £328 million, an operating profit margin of 18.3% and profit after tax of ~£50 million. Exceptional in the industry has been the Group’s ability to shift profitably away from advertisement-based revenue to paid circulation and from the print to the digital world.

You can see this in what has been achieved:

1. Margins from the circulation business have moved from a loss of £6 million in FY07 to a profit of £28 million in FY15.
2. At the same time, the Group has reduced its dependency on the volatile and cyclical advertising market. Over ten years the share of Group revenues from advertising has fallen from 46% in FY07 to 23% in FY15.
3. While the Group has been investing in marketing to grow full-price circulation, it has also made that marketing more efficient, so that the marketing spend, which now stands at £32 million, has gone from 48% of circulation revenues in FY07 to 30% in FY15.
4. The shift to content-driven revenues has been underpinned by the growth of the Economist Intelligence Unit business, where profits have grown from £5 million to £16 million.
5. The Group’s performance has been reflected in positive shareholder returns on investment. It has delivered a 17% IRR on every 1 Pound invested in FY05 – during this time

the share price has risen from £14 to £33 and average annual dividend yields of 6% have been delivered.

The future promises to be even more exciting thanks to technology that will enable The Economist to reach a growing number of “globally curious” readers around the world in existing and new ways.

2015 was extremely encouraging in this respect: digital sales are up 31%, their social media following reached 36 million, up 44%, and product innovation continued, including the launch of Economist Films, which I strongly recommend (www.films.economist.com). Profits from paid circulation of The Economist grew 28% over the prior year and remain on track to double in the next five years. Elsewhere in the Group, paid content from the B-2-B businesses remained robust. In particular, the third industry vertical for the EIU was launched (consumer predictive analytics) via the acquisition of Canback, a management consulting firm based in Boston. Advertising revenues continued to be under pressure, mainly due to structural changes in the industry that will continue to have their effect in the years ahead.

On a personal note, I was very fortunate to be given a subscription to The Economist as a teenager and the magazine has been a constant source of pleasure and knowledge. Since then it’s been a privilege to be more closely associated with this unique journalistic institution. It’s with this in mind that I would like to make a personal gift this year to all the teenage children of current individual Exor shareholders of a one year Print + Digital subscription to the newspaper. I hope they will benefit from it as I have done.

This important year would not have been complete without the incredible achievements of Juventus, which won the Italian Championship for the fourth year in a row, the Italian Cup for the first time since 1995 and also played the final of the UEFA Champions League in Berlin, but sadly lost to Barcelona despite playing very well.

In his first year as Juventus coach, Massimiliano Allegri worked wonders. He, the team and the rest of the organization followed with great passion and commitment Club Chairman Andrea Agnelli’s call to go “*Fino alla Fine” (“all the way*”).

I would also like to highlight the return of “Scuderia Ferrari” to the top of the podium with a great comeback, thanks to the work of Maurizio Arrivabene, his team and world champions Sebastian Vettel and Kimi Raikkonen, who are all in great spirits now that the gap with Mercedes is closing. They are looking forward to beating them on the track.

To bring to a close my review of the more significant achievements of our 2015 year, I would like to thank all my Exor colleagues for their outstanding work. They have been great and fully deserved the special bonus for their amazing efforts during the year.

GROSS ASSET VALUE

Let me now describe in more detail the four components of our Gross Asset Value (GAV) as summarized in the table below:

€ million	31/12/14	**31/12/15**	**Change** absolute	%
Investments	8,347	10,139	1,792	+21.5%
Financial Investments	663	579	(84)	-12.7%
Cash and cash equivalents	2,233	4,035	1,802	+80.7%
Treasury stock	762	433	(329)	-43.2%
Gross Asset Value	**12,005**	**15,186**	**3,181**	**+26.5%**

INVESTMENTS (66.8 % of GAV)

This line represents the principal component of our assets. I will only focus this year on FCA (our largest investment), where a lot happened in 2015. Next year I will also cover our other investments, which overall performed well.

A number of things contributed to FCA's strong results: Net Revenue of €113.2 billion, up 18%; an adjusted EBIT of €5.3 billion, up 40%; and Adjusted Net Profit of €2.0 billion, up 91%.

The star performer for the year was the Jeep Brand that achieved a worldwide record of 1.3 million vehicles shipped, up 21%. This was delivered on the back of a very successful product and geographic launch, with the Renegade shining and its production extended from Melfi (Italy) to Pernambuco (Brazil) and Changsha (China). The current negative outlook for the latter two countries did not stop FCA investing there, as their futures will certainly be brighter.

All of FCA's geographies were profitable in the last quarter of the year, which shows the strength of the global presence of the company, particularly in LATAM where Brazil was hit very hard (new car registrations in Brazil fell by 26.6% vs 2014).

The NAFTA Region more than doubled its profits and EMEA was back to sustainable profitability for the year.

The FCA components business also had a strong year, with revenues close to €10 billion and adjusted EBIT of around €400 million. It's less well-known than the car business, but it's a solid operation that's well diversified from a customer and product standpoint, with particular strengths in lighting and electronic systems.

Not everything went well. In particular, FCA suffered from an increasingly difficult regulatory environment, which is likely to become even more stringent in the future for all industry participants. This led to a change in the company's actuarial methodology for the estimate of future recall costs. An adjustment of €761 million was recognized for vehicles sold in the U.S. and Canada in prior periods.

On a more positive note, Net Industrial Debt fell from €7.7 billion to €6.0 billion thanks to positive free cash flow from operating activities, but also to an even stronger contribution from the cash proceeds of the Ferrari IPO (€0.9 billion). The current debt level takes into account the capital required to run the business, which is huge: the bill for 2015 was €9.2 billion.

Sergio Marchionne was very candid about this structural issue for the car business in his presentation "Confessions of a Capital Junkie". To give you an idea, the total weekly spend of the industry is higher than $2 billion, and in the last decades the returns have never met the cost of capital (using proper accounting). And at least 50% goes on features that have no relevance to customers. I would strongly recommend you read this very sobering analysis of an industry in denial (bit.ly/1RTrLIn).

There's no doubt that mergers and integrations are hard to do and not all of them are successful. But as Sergio has demonstrated with the creation of FCA, they can work if they are carried out with respect for cultures and in a rational way.

It is interesting to see how in other capital-intensive industries two major transactions were announced recently, creating by far the leaders in their respective markets: Holcim and Lafarge in building materials and ABI with SABMiller becoming the largest brewer in the world. The car world will no doubt argue that these are simpler businesses that don't feature the technological complexity it has to manage.

But if we look at the defense industry in the US, which is certainly complex: prime contractors have gone from 16 to 6 from 1980 to 2010 driving ROIC from 10% to 40%. Or at the pharma business, which went through massive consolidation: the top 20 before 1995 became 11, with ROIC increasing from 34% to 50%. The sad reality is that the ROIC in the car business - a 'modest' 7.8% in 2014 - is far distant even from the numbers these industries started with before consolidation.

Some of FCA's competitors are convinced that they should not engage in "doubling down with the past" (i.e. consolidation), but embrace disruption with new technologies and business models that address the "mobility" market, which is twice as big as the one just selling new vehicles. This wave of hope reminds me of my early years as a director of FIAT when in 1999 Jacques Nasser was talking of transforming Ford "from a boring old car maker whose shares achieve a price-earnings ratio of only ten, into a consumer-products and services company commanding a multiple of more like thirty". This led Ford to grow Hertz, create websites, invest in satellite radio and acquisitions (like Kwik Fit, which was bought for £1 billion later sold for £300 million).

We at FIAT were also convinced that value chain extension was the way to go and we ended up making very bad capital-allocation decisions, such as the acquisition of Midas in Europe or the creation of Viasat. We did not find the magic formula, so we went back to trying to make money as 'boring old car makers'.

Back then Sergio Marchionne was running Alusuisse, one of the world's largest aluminium businesses. Asked by financial analysts and investors about his internet strategy, he couldn't see how the World Wide Web would change the nature of this very capital-intensive industry, but he knew consolidation would, which led to a three-way merger and the creation of the then industry leader. Ultimately, the end result needs to be of significance rather than going through the pain without achieving sufficient scale. For FCA, if you look at doing something with the "Big Guys", our internal analysis indicates that you could end up with annual savings close to $10 billion. If you value that in perpetuity it starts to become very interesting. But you need two to tango and most of our competitors are busy with the great opportunities that technological disruption has to offer.

There's no doubt that in this decade we'll see massive change as a result of electrification and other powertrain technologies that are mainly driven by the need to comply with increasing environmental regulation. This has also led to a lot of innovation in traditional combustion engines and if you look at the total cost/environment equation, it's unclear who wins. But we're told that the really sexy stuff is now around connectivity, autonomous driving and diverse mobility (think Uber,…). So I would like to share some data from McKinsey's recent "Automotive 2030 report":

- In spite of shared vehicles, total car sales will grow from 87 million units in 2015 to 115-125 million units in 2030. Even in a high-disruption scenario, shared vehicles will account for only 9% of new vehicle sales. So 90% plus of vehicles will still be sold to private owners - just as they are today!

- By 2030, in a high disruption scenario, the share of Level 4 Autonomy (completely self-driven) new cars will be 15% maximum. So 85% of cars will not be fully independent and will need drivers. This is important because below L4 autonomy you still need a full-time driver and hence do not achieve any of the cost benefits of a driverless car.

Ultimately even in a high disruption scenario, new car sales will increase from $2.75 trillion in 2015 to $4 trillion in 2030, which is still a massive industry! Boring old car makers need to figure out how to make this profitable and guard against falling into the 1990 trap of ignoring that business while chasing profits in other parts of the value chain.

Sergio's common sense back in his aluminium days is still valuable and valid today and his practical approach is to work with the new industry participants rather than competing with them, reminds me of the poet Rumi's words: *"Yesterday I was clever, so I wanted to change the world. Today I am wise, so I am changing myself"*.

FINANCIAL INVESTMENTS (3.8% of GAV)

The aggregate performance of our financial investments was 10.3% in Euros, outperforming by 2 percentage points our benchmark the MSCI World index in Euros, which closed the year up 8.3%.

But this result reflects a mix of our third party funds (excluding Black Ant) that were the stars of 2015, achieving a 25.2% return for the year. They are focused on geographies and industries in which we don't invest directly but where we are comfortable with the principals who run them. We like to know with whom we are in business, which is even more important due to the illiquid nature of these funds.

We also did well in our directly managed equity investments, a concentrated portfolio of publicly traded stocks of companies in which we have no governance involvement. This performance is now a realized one, as we decided to sell all our liquid financial investments throughout the year to assemble the funds required for the acquisition of PartnerRe. We managed to achieve a 21.9% return, which was primarily driven by the performance of Allied World, where we invested in 2013, realizing since then a net gain of €60.4 million and a return of 64.7% in Euros (the currency played a big role; the return in USD would have been ~40%). It proved to be a great experience with the reinsurance world which we hope to continue.

Unfortunately our largest financial investment in the Black Ant fund (64.5% of the total financial investments) delivered a 0.3% return, which reduced the average return of the portfolio. But the good news is that it did not lose money and as we get closer to the redemption date in May 2017, a lot of attention is being paid to protecting our capital, which will help on the downside but will cap returns on the upside.

CASH AND CASH EQUIVALENTS (26.6% of GAV)

Throughout the year we maintained a cautious allocation: 71% in time deposits, 23% in liquid third-party funds and 6% invested in single-name corporate credit issuances.

In a very volatile forex market with 2015 year-end consensus estimates predicting euro-dollar parity, the main focus was to achieve a good average euro-dollar exchange rate (1.0950) for the conversion of essentially all our cash resources, in view of the large disbursement related to the PartnerRe acquisition.

The conversion allowed us to achieve a yield of 0.41% on our time-deposit holdings. This result would not have been reached in the Euro money market, which had negative interest rates in 2015.

TREASURY STOCK (2.8% of GAV)

In 2015 we successfully placed a part of our treasury stock via an accelerated book build offering, at a discount of 5% on the same day's closing price.

My family, through Giovanni Agnelli & Co., participated along with institutions and individual investors, who share our long-term view. We are very proud to have them as shareholders of Exor.

We sold around 50% of our treasury shares, raising €511 million. The average book price of the shares, sold at €42.60, was €14.41 per share.

Despite the important capital gain, the disposal of treasury shares was a difficult decision to take as we are positive about the future share performance of Exor due to the potential of its underlying assets. But we wanted to strengthen our balance sheet given the large investments we committed to in 2015.

This was also a good opportunity to revisit our policy on treasury shares. At the upcoming Annual General Meeting in May we will propose to our shareholders to cancel all of those outstanding (excluding the shares we need to service our equity-based incentive plans).

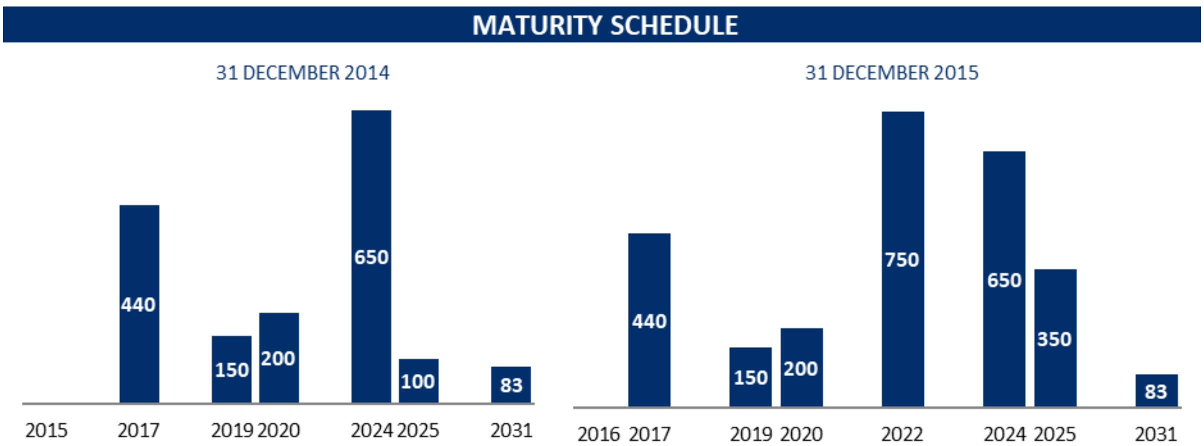
In 2016 we will also change our performance metric from NAV to NAV per share in order to increase the discipline in how we use our shares (metrics drive behaviors: I learned this when I started my career at GE as a corporate auditor).

GROSS DEBT

During 2015 our Gross Debt increased to €2.698 billion as we prepared for the inclusion of PartnerRe in our portfolio by starting to assemble the financial resources required to pay for it.

When financial markets recovered at the start of November after a prolonged period of volatility, we issued €1 billion in debt (through a €750 million public issue and a €250 million private placement) with an eight-year average maturity at a 2.3% annual average cost in interest, tapping investor demand for mid-to-long-term maturities. We took inspiration from a quote attributed to the Roman philosopher Seneca when he said "*luck is what happens when preparation meets opportunity"*.

The active management of our debt allowed us to extend the average maturity of our bond securities and reduced their average cost (from 3.9% in 2014 down to 3.3% in 2015).



2016

We began the year with the spin-off of Ferrari from FCA on January 4, from which Exor emerged with a 23.5% economic interest in the standalone company. We hold 33.4% of the voting rights thanks to loyalty shares, which is a mechanism to incentivize long-term oriented shareholders by giving them more voting rights based on the duration of ownership.

To provide stability of ownership, we signed a shareholder agreement with Piero Ferrari (the son of the company's founder Enzo Ferrari) to guarantee that more than 50% of the voting rights are committed to the long-term development of this extraordinary company.

A couple of points to highlight Ferrari's enduring uniqueness:

- 60% of new Ferrari cars are sold to existing customers and 34% of existing clients own more than one Ferrari.
- 9 of the 10 most valuable cars ever auctioned are Ferraris.
- Scuderia Ferrari is the most successful Formula 1 team in history, with 224 Grand Prix victories, 16 Constructors Championships and 15 Drivers World Titles.
- Consistent strong financial performance over the past decade: shipments grew 3% but net revenues rose by 7% and EBITDA 11%, with the margin increasing from 18.2% in 2005 to 26.2% in 2015.

But the long-term prospects look even more exciting on the back of Ferrari's best year ever, having shipped 7,664 cars and earned net profits of €290 million (vs €265 million in 2014).

What clearly was not expected was the financial markets' volatility, which resulted in one of the worst trading environments in the stock market's history (Exor's share price lost a third of its value since the beginning of this year). However here I would like to quote Howard Marks who said "*permanent loss is very different from volatility or fluctuation. A downward fluctuation – which by definition is temporary – doesn't present a big problem if the investor is able to hold on and come out the other side*".

We are determined to hold on, which is possible due to the permanent nature of our capital and because our staying power is real, after we worked to reduce our debt and extending its duration.

This will allow us to concentrate on developing our businesses' potential whilst meeting their different challenges. We will follow the Medici family motto "festine lente" (make haste slowly) by staying focused, especially at PartnerRe, the acquisition of which we finally closed on March 18. I very much look forward to working with Emmanuel Clarke, the company's home-grown, knowledgeable and talented leader who was named CEO in March.

This year we will be holding our Shareholder Meeting on May 25 at the Alfa Romeo Historical Museum in Arese, near Milan, Italy. It was inaugurated on 24 June 2015, following a restoration project that transformed the original building into a modern and unique brand center, hosting a bookshop, café, documentation service, test drive track, events venues and a showroom with a customer delivery area.

The Museum, which is named *"La macchina del tempo" (the time machine),* is the perfect combination of past, present and future. You will, I hope, enjoy discovering the permanent collection of 69 beautiful models which traces not just the development of the brand, but the very history of the automobile itself: from the very first A.L.F.A. car, the 24 HP, to the legendary Mille Miglia winners (such as the 6C 1750 Gran Sport driven by the legendary Tazio Nuvolari), the 8C coachbuilt by Touring and the "Alfetta 159" Formula 1 winner driven by Juan Manuel Fangio.

At the meeting room entrance, I suggest you to take time to admire our latest Alfa Romeo, the new Giulia: a number of my colleagues will be there to assist you in case you are seduced by the fascinating combination of beauty, technology and style, and decide to join the club of the Alfisti, the happy circle of Alfa Romeo customers.

As always, let me remind you that it is possible to ask questions in advance of the Shareholder Meeting by following the procedure set out on our web site www.exor.com.

Non-shareholders will also have the chance to raise questions by sending a short email to the following address: agm@exor.com. The latter will be grouped together, summarized by subject and answered during the meeting.

I very much look forward to welcoming you to Arese!

John Elkann

2016

Dear Shareholders,

The German artist Hans Hoffmann once said "*The ability to simplify means to eliminate the unnecessary so the necessary may speak.*" At Exor we have spent 2016 following his advice – although getting there has not been simple.

We ended the year with a single company – Exor NV – sitting between our investments and you, our shareholders, rather than the ten that existed when we first started this process a decade ago.

Exor NV, our new company, is a lean organization comprising twenty talented individuals ready for new challenges. Most of our previous Exor colleagues have found new roles within our businesses. We are delighted to see this happen because it demonstrates how high-potential individuals can build careers within Exor, and it helps to foster a common culture. It also ensures our overhead is in check and keeps us close to the businesses where value is created for customers and shareholders.

Our Netherlands domicile not only brings us closer to our companies, which are mainly incorporated there, but also allows us to create a "loyalty" shares which has worked well for CNHI, FCA and Ferrari, and incentives long-term shareholders with increased voting rights based on the duration of their ownership. Long-term is how we think about our business and we want to encourage our shareholders to do the same.

The other significant change we made in 2016 was to use NAV per share, rather than just NAV growth to measure our performance. We believe this is a more complete indicator and therefore more meaningful for our shareholders. We have also decided to align the new measurement more clearly with the majority of our assets and the revenue they generate by moving to a denomination in US Dollars instead of Euros.

And finally, we have decided not to include capitalized ordinary holding costs in the measure. This means we now comply with the standard way the market calculates NAV and it helps us avoid confusing our annual costs with those we capitalize. For the avoidance of doubt, I would underline that this will not in any way reduce our attention to controlling our expenses – indeed in 2017 we are expecting to reduce costs to a level of less than 10 basis points of our Gross Asset Value.

Exor's Net Asset Value per share in Dollars, or NAV per share, grew by 9.6% in 2016, outperforming by 4.3% the growth of the MSCI World Index denominated in Dollars (our benchmark). Our listed companies contributed positively, mainly driven by CNHI, whose share price increased by +25.5% and Ferrari, whose share price has increased by +23.5%.

The following table traces our performance in the eight years since the creation of Exor as we know it today, applying the new measures detailed above. It's worth noting that, had we stuck with Euro denomination, the compound annual rate would have been higher, reflecting a strengthening of the US Dollar. This said, we believe it's correct to apply a measure that more properly reflects the geographical nature of our assets.

Annual percentage change

Year	1 - EXOR NAV/share $	2 - MSCI World Index $	Relative results (1-2)
2009	113.2	55.6	57.6
2010	33.7	9.6	24.1
2011	-26.2	-7.6	-18.6
2012	21.6	13.2	8.4
2013	21.0	24.1	-3.1
2014	0.8	2.9	-2.1
2015	8.4	-2.7	11.1
2016	9.6	5.3	4.3
Compounded annual rate	**18.2**	**11.4**	**6.8**

Note: data in 2009 starts from March 1, the date before EXOR's listing on Borsa Italiana. Starting 1 Jan 2016 performance is calculated on a NAV per share basis. Historical performance of NAV remains unchanged apart from currency conversion and removal of holding costs impact

GROSS ASSET VALUE

Let me now describe in more detail the four components of our Gross Asset Value (GAV), as summarized in the table below:

$ million	31/12/15	31/12/16	Change	
			absolute	%
Investments	11,037	17,683	6,646	+60.2%
Financial Investments	631	382	(249)	-39.5%
Cash and cash equivalents	4,393	215	(4,178)	-95.1%
Treasury stock	231	187	(44)	-19.0%
Gross Asset Value	**16,292**	**18,467**	**2,175**	**+13.4%**

INVESTMENTS (95.7% of GAV)

The major change of the year has been the completion of our acquisition of PartnerRe on March 18. I would like to take this opportunity to tell you a little more about this company because it is now both the largest – and perhaps the least well known – of our investments.

We are very lucky to have been able to appoint Emmanuel Clarke as CEO of PartnerRe. Emmanuel has risen through the ranks over the past twenty years within PartnerRe. He is supported by a newly constituted Board of seven directors, four of whom - Brian Dowd, Bilge Ogut, Patrick Thiele and Nikhil Srinivasan - are independent. Together they bring deep knowledge of the industry and considerable investment expertise.

Emmanuel has wasted no time in initiating change within PartnerRe, which, while preserving its deep technical capabilities and its fundamentally conservative attitude toward risk, will strengthen its partnerships with brokers and insurance companies.

Within PartnerRe's business, Emmanuel has put in place a leadership team that brings together experienced executives (two of whom were already part of the Executive Team), capable individuals from within the business (two new leaders have been promoted onto the Executive Team), and talent new to the company (two members of the team have joined from outside PartnerRe).

One of these new comers is Mario Bonaccorso. Mario, who worked closely with me at Exor over the past decade with growing responsibilities, was instrumental in our decision to enter the reinsurance industry and it's great that he was able to join Emmanuel as CFO shortly after the transaction completed. He's been very busy ever since and has already reshaped the investment side of the business by clarifying objectives, simplifying the number of investment strategies and streamlining its organization.

Mario has reduced the number of strategies in the fixed-income portfolios from ten to four: government bonds, US dollar-denominated corporate bonds, Euro-denominated corporate bonds and agency mortgage-backed securities. These Fixed Income Investments, worth ~ $15 billion (89% of total investments at the end of 2016) back our reinsurance liabilities. To manage this book, we will continue to rely on the excellent work of the internal team of portfolio managers, who have consistently delivered benchmark-beating returns over the past several years including in 2016.

The second-largest part of PartnerRe's investment portfolio (representing 8% of the total and worth ~$1.3 billion at the end of 2016) is "Financial Investments". This is composed of public and private equity, structured credit, ventures, funds and an ILS (Insurance Linked Securities) portfolio.

Consistent with our will of avoiding investments we don’t know well or understand fully, we have de-risked this part of the portfolio and, by the end of the year, we had closed all public equity mandates and all allocations to high yield bonds and emerging market credits.

In addition, at the end of 2016, the company also halved its “Principal Finance” mandate (~$885 million, yielding 7%), a structured credit investment strategy that has been successful in the past years but whose size, illiquidity, risk/reward profile and capital charge features were not in line with our current investment objectives.

Finally, in 2016 PartnerRe started to allocate capital to Real Estate, a new, long-term component of its investment portfolio. Real estate as an asset class works particularly well within the portfolio of a re-insurance company with the size and business mix of PartnerRe, for several reasons:

1. Real estate returns have generally been compelling over time, comparable with equity (although our "broker" experience while owning Cushman & Wakefield has shown how important it is to be right on the cycle, the location and the partner, to secure positive returns);
2. Real estate entails lower capital charges than public or private equity (30% vs. 40-55% for public equity, for example, and even higher for private equity) in most regulatory and rating agency models;
3. Real estate with its hybrid features, partially bond-like (rental income) and partially equity-like (capital appreciation) make it a relatively uncorrelated asset class, providing compelling diversification benefits.

The company started its real estate investments by acquiring from Exor ~ $0.5 billion (currently, 3% of Exor’s total investments) of prime real estate assets in Central London in the form of a 36% equity stake in Almacantar. This company has enjoyed an excellent track record since its foundation in 2009, but in 2016 it suffered, like most central London prime market properties, from the Brexit vote, which reduced its market value by 7%. We are confident in its prospects given the fundamental supply/demand dynamics in the London real estate market.

In addition, during the second half of 2016, PartnerRe invested in a new development project in Long Island City, New York, alongside Tishman Speyer. As well as bringing another geography into PartnerRe’s property portfolio, this investment has renewed my family’s collaboration with the Speyer family. More than 20 years ago, in 1995, we successfully partnered with Tishman Speyer to acquire Rockefeller Center in New York City and Rob Speyer is on Exor's Board today.

We look forward to working even more closely with Rob and his company in the decades to come.

These changes in portfolio strategy have led to a simpler investment organization. In 2015, the company recorded net investment expenses of 31 basis points on its assets under management. PartnerRe enters 2017 with an annualized cost of approximately 12 basis points, among the lowest in the industry.

As a result of these changes, PartnerRe starts 2017 with a stable and lean investment organization and a high quality, liquid portfolio that is absorbing less capital than 12 months ago. In 2016, PartnerRe achieved a Net Total Return of 2.4%, compared to 0.8% in 2015. However, its more prudent approach to financial investments, and particularly the reduction in its exposure to US equities, has suppressed our overall returns.

I now want to turn to the underwriting side of the business. Here 2016 did not offer easy trading conditions, as natural catastrophe losses were back at relatively high levels across the industry. They caused economic losses of $210 billion during the year[1], 59% above the historical median. These disasters generated $59 billion of insured losses for the reinsurance industry, 37% higher than the median.

Five events generated 36% of these losses. This clustering means that a reinsurer's exposure to certain risks and not to others – which depends on both skill and luck – can significantly change its bottom line. PartnerRe was obviously hit by some of these events, but the impact was broadly in line with that suffered by other reinsurers. It is the nature of this business for losses to occur so, as long as these risks are adequately priced, we're happy to absorb them.

Despite this increase in natural catastrophe losses, the oversupply of capital in the industry has meant that we haven't seen the normal market response, which is for prices to rise. In January 2017 – which is when PartnerRe (like other reinsurers) renews approximately 65% of its total annual Non-Life insurance business – the market was characterized by a further erosion in pricing and terms that confirms our negative outlook for the coming years. Thus we believe we are likely to see the reserve release that the industry has benefited from starting to disappear.

PartnerRe shrank its business (the amount of reinsurance business it writes) in 2016: net premiums were $4.9 billion (they were $5.2 billion in 2015). In doing so PartnerRe reduced its risk, because, in the first year of our ownership and in today's environment, our preference has been to be cautious. In the Life & Health segment, premiums were down 3% from 2015

[1] *Source: AON Benfield's "2016 Annual Global Climate and Catastrophe Report"*

mainly due to deliberate cancellations of non-profitable mortality business.

PartnerRe was also involved in some important transactions in 2016 which have strengthened its ability to grow when market conditions improve. I would like to highlight two of these here.

First, PartnerRe took advantage of the exceptionally favorable environment for raising debt by issuing €750 million 10-year notes with an interest coupon of 1.25%. This issuance, for which there was demand exceeding €3 billion, represented the first debt raise ever by a Bermuda insurer and reinsurer in the Euro-denominated bond market. PartnerRe will achieve annual $16 million in pre-tax savings on its interest and dividend payments because it has used part of the proceeds to redeem $250 million of senior loans costing 6.875% and to redeem $150 million of preferred shares paying coupons costing between 6.50% and 7.25%.

Second, PartnerRe has moved from being considered an acquisition target itself to becoming a partner capable of attracting other reinsurance businesses. The best example of this is Aurigen, one of the last remaining sizeable North American Life reinsurance businesses, with virtually no client or business overlap with PartnerRe. Life is an important line of business for PartnerRe, and one which has resilient returns. It also brings into the company a strong team and a capable leader in the person of Alan Ryder. This ~$300 million cash acquisition (at 1x book value) sends a strong signal about PartnerRe's determination to pursue transactions at reasonable prices that expand its reach and coverage.

In terms of profitability, PartnerRe reported Net Income, net of non-recurring expenses, of $517 million for 2016 (vs $453 million in 2015), corresponding to a Net Income ROE of 8.6% (7.4% in 2015).

So, a lot happened at PartnerRe in 2016 and, importantly, the company also generated more than $550 million of operating cash, net of transaction and severance expenses.

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The largest contributions to our NAV per share growth in 2016 came from CNHI, FCA and Ferrari, the three strong, global companies that emerged as a result of FIAT SpA's transformation from a troubled Italian conglomerate, thanks to the unique talent of Sergio Marchionne. The result of this transformation is clear in the combined value of these companies which multiplied nearly seven times between March 1st 2009, when Exor was created, and 31 December 2016.

The final step in focusing FCA on its automobile-related businesses will be the distribution of its media interests to its shareholders.

My family has long had an interest in the newspaper industry. La Stampa, Italy's third daily newspaper with a strong presence in Torino and the North West of Italy, was acquired by my great-great-grandfather, "Il Senatore" Giovanni Agnelli, in 1920 and since then has always belonged to FIAT, which has preserved its unique identity close to its community and yet open to the world, with serious and impartial news coverage and some of Italian journalism's finest and most respected editors.

The creation of FCA's second media interest, RCS, involved several steps. In 1973, during a very troubled political time in Italy, my grandfather invested in Corriere della Sera to help its owners, the Crespi family, address the newspaper's financial difficulties and transition their ownership to the book publisher Rizzoli. In 1984, with a consortium of industrialists and financial institutions, FIAT SpA came to the rescue of the combined Rizzoli and Corriere della Sera business, which by then had become RCS and included the largest Italian sports daily Gazzetta dello Sport. By restoring the group to financial health, and providing stability of ownership, we were able to preserve an important voice of reason in the country for more than thirty years. In 2012, due to a combination of mismanagement and crises in the newspaper industry, RCS was on the verge of bankruptcy, with annual losses of €500 million and debt close to €1 billion. In response to this, FCA led a consortium to provide capital to safeguard the company, and by 2016 RCS was profitable once again, and had reduced its debt to €366 million, contrary to most predictions.

I have spent a lot of time with both La Stampa and RCS over the past decade because, like my great-great-grandfather and my grandfather, I believe in the importance of independent sources of information in a well-functioning democracy. However, the days are long gone when Lord Thomson of Fleet used to say *"I buy newspapers to make money to buy more newspapers to make more money"*.

The two major sources of revenues for newspapers – advertisements and paid circulation/subscriptions – have both declined significantly in Italy over the past decade. The overall ad market has shrunk from €9.2 billion to €5.9 billion per year and newspapers have gone from capturing ~21% of the advertising market to only ~12% – with a 64% reduction in annual ad revenues. Although the digital ad market has grown, it did not replace the revenues lost and most of that growth has been captured by Google and Facebook, which now have combined Italian revenues of close to €1 billion. At the same time, paid circulation and subscriptions for all Italian newspapers decreased from 4.8 million to 2.5 million copies.

Globally the picture is a little better but the trends are similar, with print advertising declining from $146 billion to $80 billion per year and circulation revenues (including digital circulation) declining from $116 billion to $98 billion.

The two charts below provide a good summary of how the US advertising market, which is the largest, has shifted and how circulation has been in structural decline for a long time.

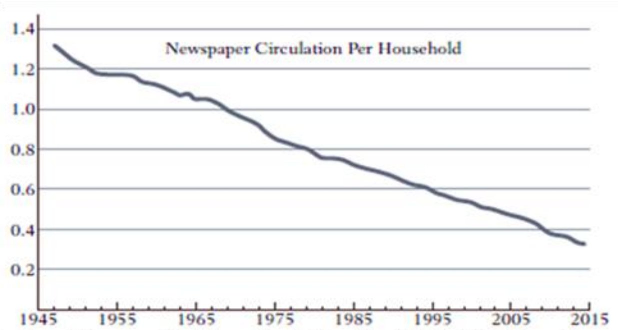

Figure 3: Newspaper Circulation per Household over Time. (Data for 1947-2007 are from Varian; data for 2008-2014 constructed by author.)
From Harvard Professor Bharat Anand's book. The content trap.

To survive in this much harsher environment, La Stampa has been cutting costs and has participated in the consolidation in the industry by merging with Il Secolo XIX, the paper from Genova owned by the Perrone family who used to be the big rivals of Senatore Giovanni Agnelli at the beginning of the 20th century. But necessity brings old rivals closer, and the relationship with Carlo Perrone has been very successful, with ITEDI (the merged entity) closing 2016 with a profit and the highest operating margin in the industry.

We have therefore undertaken a further transaction to combine ITEDI with GELE (Gruppo Editoriale L'Espresso). This was a very personal event for me, because GELE was itself founded by my great-uncle Carlo Caracciolo, the most successful publisher in Italy, from whom I inherited both a passion for newspapers and an understanding of their importance to society.

With Carlo Caracciolo

Carlo's dream was to see this combination and I am very happy that, with the De Benedetti family (with whom we share the same roots, because we are both from Turin and linked to the car business) who are the majority owners of GELE, we will create GEDI, the leading newspaper group in Italy and one of the largest in Europe, that will be led by the very talented Monica Mondardini.

GEDI will have total revenues of ~€700 million, profitability among the highest in the sector, and will be debt-free. It brings together numerous historic and authoritative titles such as La Repubblica, La Stampa, Il Secolo XIX and the many vibrant local newspapers of FINEGIL, with an aggregate average circulation (paper and digital) of around 740,000 copies per day, more than 5.8 million readers and some 2.5 million unique digital users every day. The shares of the combined company will be distributed to FCA shareholders during 2017 and Exor will become its second largest shareholder.

Like La Stampa, RCS also moved on to a new phase of ownership in 2016: it is now owned and led by a very capable entrepreneur, Urbano Cairo, who has successfully built and bought multiple Italian media properties over the past 20 years. Urbano became seriously interested in RCS and offered to buy the company on 8 July 2016 at a "nice" premium. This was not only good for FCA's shareholders, but also for RCS itself, which will benefit hugely from his talent, focus and stability.

I would like to close this section on publishing with what I believe is some rational optimism. The market for information remains large and is growing so if you provide reliable and high quality news I believe you will do well. The Economist, one of our other investments, is a good illustration of this – over the past ten years it has substantially increased its paid subscriptions volumes (but not by discounting prices). In the past 12 months alone, overall circulation revenues have grown 21% including newstand.

I also believe that advertisers, especially large consumer goods businesses, will want to have more control over where their ads go, so you will see more socially conscious ad spending that should benefit serious news organizations.

So, if you provide valuable information in a professional way, you have a future and indeed a prosperous one in the newspaper business... Which is ultimately the only way to preserve the independence of newspapers.

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A bright future is precisely what Juventus is building, year after year. It ended last season with increased revenues (€388 million) and profits (€4 million) but, above all, with outstanding success on the pitch in the form of a fifth consecutive Serie A title. This matches the achievements of the greatest Juventus team of all time, that of the "five golden years" in the 1930s.

We have had five incredible seasons played out at the J-Stadium, "our home" - as the club's Chairman, my cousin Andrea Agnelli, calls it. The J Stadium was inaugurated back in September 2011 and helped to rejuvenate a zone on the outskirts of Turin, thanks to the newly inaugurated J Medical Center and the J Village that will open soon. From that moment, Juventus has significantly extended its supporter base (in addition to 14 million supporters in Italy, the Juventus fans worldwide are now more than 300 million).

We made one new investment in 2016, which was in Welltec, where we acquired 14% of their equity for ~€100 million.

Welltec is a Danish company that was founded by Jørgen Hallundbæk, to commercialize his revolutionary invention of a robot able to operate in horizontal or highly deviated oil and gas wells. Welltec's robotic device, later branded as the "Well Tractor", is capable of crawling inside oil wells, conveying tools at great distances and depths and performing sophisticated maintenance and exploration operations. This innovative approach is much easier to deploy, more cost effective and safer than existing technologies.

In addition to its robots, Welltec has also developed a range of sophisticated valves and annular barriers targeted at the well completion market. Oil and gas companies use these to lower their well construction costs, extend the reach of their wells and maximize oil or gas reservoir contact, production and drainage.

Welltec is currently present in more than 25 countries and holds over 120 patents.

In 2016 Welltec, along with the entire industry, was affected by the unprecedented and sharp downturn driven by the drop in the oil price. However, Welltec's financial performance during the down-cycle has been significantly more resilient than that of its peers. For example, while Welltec's revenue declined by about 23% in 2016 (in line with the industry), the company delivered an EBITDA margin of 36% (a record amongst its peers).

We were fortunate to be invited to invest in Welltec by Ruthi Wertheimer whose family sold ISCAR/IMC Group (Israel's leading Industrial company) to Berkshire Hathaway, and since then has been successfully investing in minority stakes in family-controlled, and often family-run, specialized industrial businesses. We have learned a lot from Ruthi's investment approach and are fortunate to have her on Exor's board.

We believe there is an interesting market opportunity for Exor to establish these types of "partnerships" with extraordinary entrepreneurs like Jørgen by providing long-term capital and helping them to build great companies.

The sense of this approach was captured well by one the world's leading entrepreneurs Jeff Bezos when he said: *"If everything you do needs to work on a three-year time horizon, then you're competing against a lot of people. Just by lengthening the time horizon, you can engage in endeavors that you could never otherwise pursue. At Amazon, we're willing to plant seeds and let them grow"*. So is Exor.

FINANCIAL INVESTMENTS (2.1% of GAV)

This activity will now be carried out by PartnerRe as part of its investment business, so we have divested substantially all of our financial investments. All that remains is for us to redeem the Black Ant Fund in June 2017, which has delivered a 7.7% yearly average return since 2012.

CASH AND CASH EQUIVALENTS (1.2% of GAV)

We used all our cash in 2016 (keeping just some cash equivalents) to acquire the remaining 90.1% of PartnerRe's common shares. We then used our cash flow to reduce our gross debt, as our dividend flow has improved substantially thanks to PartnerRe, with a net ordinary cash flow of ~6x over the previous year.

TREASURY STOCK (1% of GAV)

As approved at our shareholder meeting last year, treasury shares were cancelled. We will always do this except for those shares we will retain to service equity incentive plans.

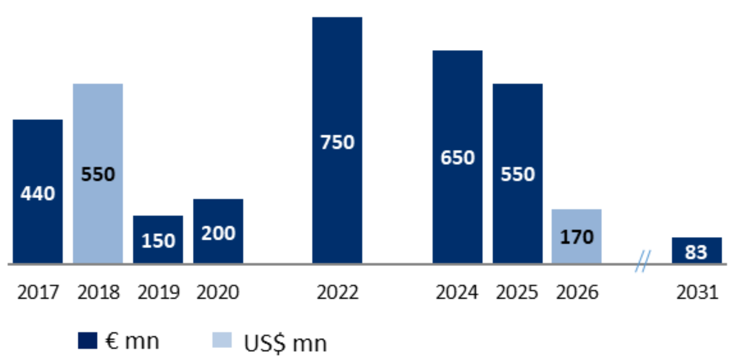
GROSS DEBT

In 2016 we focused on reducing our Gross Debt, both through asset disposals and dividends received. Our disciplined approach to managing liabilities, aided by the performance of our assets, brought our loan-to-value ratio down under 20% at the end of the year, as targeted, with a Gross Debt of $3.8 billion.

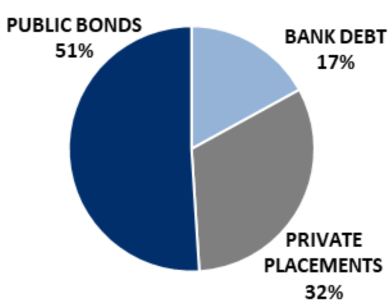
Last year saw the launch of our first eurodollar transaction in the form of a 10-year private placement, representing an increase in our USD exposure within our overall liability structure. We successfully priced a $170 million bond, resulting in savings of 20 basis points compared to a Euro public market transaction. We also took advantage of the attractive terms offered in the low interest rate environment to reopen our 10-year notes due in December 2025 for €200 million.

GROSS DEBT AS OF 31 DECEMBER 2016

MATURITY SCHEDULE[1]



BREAKDOWN



1 Excluding short term debt and accrued interest

The average cost of our debt in 2016 was 1.52% in USD and 3.16% in Euros (excluding the 5.375% bond due to mature in June 2017). The higher cost of the Euro denominated debt is due to its longer maturities.

2017

As we enter 2017, the level of uncertainty in the world has clearly increased. However, one lesson that I learned from studying my great- great -grandfather Giovanni Agnelli is the importance of being resilient and adaptable. He lived through two world wars, the rise of communism and fascism and unprecedented technological changes that underpinned the industrial revolution. Through all of this he built and sustained one of the largest industrial companies in the world.

To us, the heirs of this unique entrepreneurial and family history, falls the responsibility of continuing what Giovanni Agnelli began, inspired by the admonition he left for future generations:

Above all we must always look to the future, foresee the future of new inventions, be unafraid of "the new", delete from our vocabulary the word "impossible".

On the occasion of the 150th anniversary of the Founder's birthday in 2016, we decided to transform his house in the center of Turin into the new offices for the Agnelli Foundation. It has become one of Italy's largest philanthropic institutions since it was established in his memory 50 years ago, and it has made a notable contribution over the years to Italy's development. We are strongly committed to ensuring that this continues, and indeed grows, using its inspiring new home as a base.

The new offices of the Agnelli Foundation in Turin (Italy)

We would love to show you this transformation, so we have decided that the renewed building will host Exor's first annual investor day on 5 October 2017. I very much hope you will be able to join us there. It will be an opportunity to learn more about our businesses and, I hope, have a good time.

John Elkann

2017

Dear Shareholders,

2017 has been our best year apart from 2009, the year Exor was established. Exor's Net Asset Value per share in Dollars, or NAV per share, grew by 56.9% in 2017, which outperformed by 36.8pp our benchmark of the MSCI World Index denominated in Dollars.

Annual percentage change

Year	1 - EXOR NAV/share $	2 - MSCI World Index $	Relative results (1-2)
2009	113.2	55.6	57.6
2010	33.7	9.6	24.1
2011	-26.2	-7.6	-18.6
2012	21.6	13.2	8.4
2013	21.0	24.1	-3.1
2014	0.8	2.9	-2.1
2015	8.4	-2.7	11.1
2016	9.6	5.3	4.3
2017	56.9	20.1	36.8
Compounded annual rate	**22.1**	**12.4**	**9.7**

Note: data in 2009 starts from March 1, the date before EXOR's listing on Borsa Italiana

The single largest contributor to these results was FCA, which almost doubled its market capitalization in 2017 from ~$14 billion to ~$28 billion. But before going through our businesses in more detail, I would like to spend some time on the discount that exists between our market value and our Net Asset Value, which widened during 2017.

As you know, we focus on our NAV per share (which we control), rather than our share price, and we believe that if we outperform our benchmark over time, this will be reflected in our market value. Having said that, we have been trying to understand possible explanations other than technical reasons[1]) for the discount to NAV that exists for many diversified holding

[1] *One technical reason is that the market often applies a liquidity discount to shareholders who sell large blocks of shares (5 to 15% depending on liquidity) although this could often be counterbalanced by a control premium.*

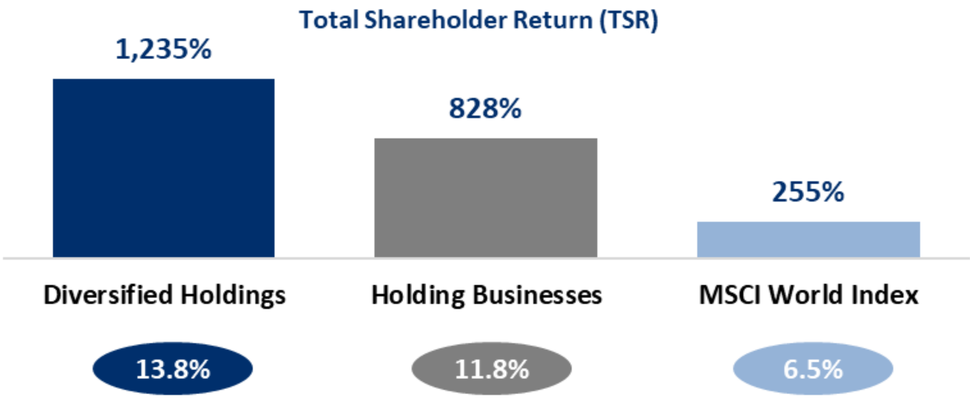
companies[2].

Two of these seem particularly plausible:

1. Holding companies are perceived to give disproportionate advantages to their controlling shareholders instead of delivering returns to all shareholders;
2. Buying shares in holding companies is seen as less attractive than buying shares in the listed businesses within their portfolios because of the reduced transparency and the additional holding cost.

However, in contrast to these arguments, what the data tells us is that our peers have been a good investment. In the last 20 years they produced ~5 times the return of the MSCI World Index denominated in Dollars. They outperformed the businesses they own[3] by 50%, and on average their holding cost was less than 20bps of assets.

DIVERSIFIED HOLDINGS - 20YR PERFORMANCE



Source: Capital IQ as of 31 December 2017(USD)

In a period characterized by the over-performance of passive indexes, it is interesting to note that these strong results come from companies which actively allocate capital and are proactive owners of their businesses.

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[2] *We selected for this analysis 14 Diversified Holdings with a market cap in excess of $10 billion and excluded conglomerates like the Korean Chaebols, Japanese Keiretsu, GE or Siemens and Berkshire Hathaway which is arguably in a different category. The companies we included are, split by geography: EMEA: Investor AB, GBL, Bolloré, HAL Holding, Koç Holding, Industrivarden; APAC: CK Hutchison, SM Investments, Jardines, Swire Pacific, Mahindra, JG Summit; and Americas: Loews Corporation, Power Corporation of Canada.*

[3] *We analysed the investment portfolios of these holdings to identify businesses they own which meet the following criteria: 1) a market cap in excess of $0.5 billion; 2) the holding company owns at least 5% of the business' economic capital and 3) they have been in the holding's portfolio for at least the last 10 years. 67 businesses met these criteria.*

Many of the holding companies that we have studied are family-controlled. This is of course of particular interest to my own family, which is now in its fifth generation of actively managing our portfolio of businesses. We have therefore spent time trying to understand why family-owned businesses have on average consistently outperformed the market.

Past performance is of course not a good indicator of future results and we are very conscious of survival bias. However, we do think there are a number of characteristics of family-owned businesses, which give them enduring strength:

1. They tend to be prudent in how they are run, particularly in relation to financial matters, which means they remain robust when they face downturns, crises and unexpected events;
2. They have the patience not to act when action is unnecessary and resist the pressure to do so. As Charlie Munger says, "*Success means being very patient, but aggressive when it's time*";
3. They are aware of changes in the world and are able to adapt when those changes require it;
4. They have strong cultures, clearly defined purposes and a sense of responsibility. Their cultures, rather than compensation, help them to retain talent and to grow leaders internally.

Like many of our peers, we continue to trade at a discount, which means you are effectively getting PartnerRe for free when you buy Exor.

$ million	31/12/16	**31/12/17**	**Change** absolute	%
Investments	17,683	26,550	8,867	+50.1%
Financial Investments	382	4	(378)	-99.0%
Cash and cash equivalents	215	127	(88)	-40.9%
Treasury stock	187	212	25	+13.4%
Gross Asset Value	**18,467**	**26,893**	**8,426**	**+45.6%**

INVESTMENTS (98.7% of GAV)

I would now like to turn to some of the businesses within our portfolio, starting with FCA which is both our most valuable company and this year's best performer for Exor.

In 2017 FCA sold 4.7 million cars, generating revenues of ~€111 billion. This was similar to its 2016 revenues, but in 2017 FCA's net profit increased by 50% to €3.8 billion and its industrial debt decreased from €4.6 billion to €2.4 billion.

This improvement in profitability and cash generation is the result of deciding to downplay the passenger car market in favor of pickups and SUVs in North America and to invest in Maserati, one of our premium brands. Maserati increased sales by ~20% and profitability by 65%, which illustrates the impact of volume in a capital intensive business and the pricing power possible in the premium car market.

This extremely strong performance is a credit to FCA as a whole and is particularly due to Sergio Marchionne's leadership. Sergio has the ability, which I hugely admire, to acknowledge reality and be decisive in taking action which reflects that reality. It is this strength which has enabled him to guide FCA through a series of decisions which to others may not have seemed obvious.

Ayn Rand reminds us that, "*We can ignore reality but we cannot ignore the consequences of ignoring reality*", a sentiment which is very appropriate for FCA given the many changes the car industry is facing and the necessity to distinguish between sci-fi future scenarios and more realistic ones in making capital allocation decisions.

One example is electrification which is being developed to meet CO^2 emission targets which, by 2022, will be significantly more stringent in all major car markets. This means it is regulators rather than customer demand that will limit the use of the traditional combustion engine.

As we face this transition, it is worth reflecting on the reasons why leading entrepreneurs of the last century adopted combustion engines in favor of the alternatives then available (such as electric, steam, etc., …). It was Thomas Edison who supported Henry Ford in choosing the combustion engine, telling him:

"Young man, that's the thing; you have it. Keep at it. Electric cars must keep near to power stations. The storage battery is too heavy. Steam cars won't do either, for they have to have a boiler and fire. Your car is self-contained - carries its own power plant - no fire, no boiler, no smoke and no steam. You have the thing. Keep at it." [4]

And it was John D. Rockefeller who then enabled the combustion engine to thrive by stabilizing the price and supply of oil. This allowed the mass-market introduction of combustion engine cars starting with the Ford Model T.

The journey from the combustion engine to the non-combustion engine will be gradual, with hybrid solutions playing a major role in the near future. To give you an idea of the distance we have to travel, 97% of the 17.6 million cars currently sold in the US are entirely powered by combustion engines and only ~100,000 vehicles are fully electric (less than 0.7%).

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[4] *Ford, H., Crowther, S. (1930 first edition). Edison As I Know Him*

During this transition we need to make sure, just as we did last century, that we have the right technical solution at the right price for consumers while ensuring profitability and not depending on subsidies. The consequences of ignoring reality can be lethal if you lose competitiveness by not adapting to changes, but they are equally risky if you move too fast or venture too far ahead.

The outlook for FCA is very positive, with the Jeep brand continuing to be particularly strong. Jeep now makes up ~90% of our sales in Asia and is the top selling SUV in Brazil. Since FIAT started its relationship with Chrysler in 2009, Jeep has experienced extraordinary growth thanks to product line extensions and its ability to enter new countries outside of NAFTA.

All-new 2018 Jeep Wrangler Rubicon and Sahara with various historical Wrangler vehicles

2017 was also the year of Alfa Romeo's revival with the launch of Giulia and Stelvio, proudly conceived and crafted in Italy. These were strongly welcomed by the media worldwide and, more importantly, by old and new "Alfisti" (Alfa customers). Their launch is another key step in growing our position in the premium car market.

The 2018 targets set by FCA in 2014 seemed unreachable then but, as we get closer, seem increasingly achievable. If they are reached, in 2019 Sergio will be able to hand his successor a company which is €4 billion cash-positive with €125 billion of revenue and €5 billion of adjusted net profit. This is an unthinkable transformation of the FIAT business he took charge of in 2004 and the Chrysler he combined it with in 2014 to form FCA, a transformation for which we will always be grateful.

I would like next to spend time on PartnerRe, our second most valuable business and our most recent acquisition. I discussed PartnerRe at length in my last two letters but want to return to it again, since 2017 was one of the costliest years for insured losses industry-wide. These exceeded $100 billion in value due to the high frequency and severity of events in the Americas (Harvey, Irma and Maria hurricanes, alongside two wildfires in California).

This difficult year represented a robust test for PartnerRe in its second year under our ownership, and we stuck with our promise of giving full support to Emmanuel Clarke and his team in their intention to be there for their clients and open for business at the right price.

Despite the challenging environment, PartnerRe reported top-quartile performance among its reinsurance peers in terms of profitability ($250 million Adj. Net Income), return on common shareholders' equity (Adj. ROE of 4.2%) and book value growth (3.9% adjusted for dividends).

These positive results have been driven by three factors:

1. The reduction of Catastrophe exposure, mainly through the use of retrocession. This decision was taken because of the unattractive pricing available for these very serious and real risks, as became clear in 2017;
2. The company's ability to build a well-diversified underwriting portfolio in terms of geographies and product lines, with an edge in Specialty lines (generating an 85.7% combined ratio);
3. The actions undertaken to reduce the company's expenses which, excluding severance and transaction costs, decreased from $426 million in 2015 to $338 million (~20% reduction).

Savings are expected to continue to grow in 2018 as the full-year impact of these changes comes through and additional efficiencies are achieved in consulting and facilities expenses (for instance, our new Stamford office, inaugurated in September 2017, has state-of-the art workplace facilities, while reducing lease and other running costs by 70%).

Importantly, these savings are not limiting the company's development and have already been partially reinvested in the Life&Health business and to provide better coverage and services to our clients.

In April 2017, PartnerRe completed the acquisition of Aurigen, a leading Canadian Life reinsurer, which will contribute to the profitable growth of our Life&Health business. The $286 million price paid is in line with the company's book value and highlights our discipline in deploying capital in a market where M&A reinsurance transactions have recently reached high valuations.

Notwithstanding the positive Life reinsurance performance, which has been solid with 37% growth in underwriting profits, 2017 results were disappointing in the Life&Health business overall due to a $119 million underwriting loss in Health, mainly driven by Affordable Care Act-related programs. The portfolio has been re-underwritten in 2018 with substantial increases in rates and is expected to be profitable. However, this loss is a reminder of the need to continue to look for opportunities to improve our underwriting performance.

The renewals in January 2018 have been positive for PartnerRe, with volumes and margins up for the business underwritten. However, price did not increase as anticipated due to the high level of excess capital within the traditional reinsurance industry and the ability of alternative capital vehicles to replace most of the capital they lost.

A big contributor to PartnerRe's profitability last year was its investment results. After the changes to the organization in 2016, PartnerRe is now top-quartile for its investment performance of ~4.2% and for its expenses (which at ~14bps are lower than those of most of its peers).

In 2017 PartnerRe increased its exposure to equities from close to nothing to 4%.

Most of this is being directly managed by Matteo Scolari, who joined Exor in 2015 after having spent most of his professional career at Goldman Sachs, McKinsey and Eton Park. Matteo brings business and investing experience to Exor and combines this with intellectual curiosity and an eagerness to learn which makes him very well suited to leading Exor's and PartnerRe's financial investments. He has already started investing in a concentrated portfolio of high-conviction stocks based on deep fundamental research.

His two largest positions are RWE, the largest conventional (nuclear, coal, and gas-based) electricity producer in Germany, and Ocado, a UK-based technology company focused on food e-commerce.

1. The investment in RWE is predicated on the view that the company's electricity generation business is significantly undervalued by the market and that there is potential for management to unlock further value by simplifying the corporate structure.

   Over the last decade, Germany's power market has undergone a transformation through the roll-out of significant renewable (wind and solar) generation capacity. This has reduced the load factor of existing conventional power plants, depressing their profitability. However, the planned closure of coal and nuclear plants in Germany over the next few years should tighten the demand /supply balance and drive a recovery in power prices and profits for the sector.

   In March 2018 RWE entered into a transformational transaction with E.ON as a result of which RWE will receive a large renewables portfolio in exchange for its stake in listed subsidiary Innogy. This transaction simplifies and refocuses RWE's perimeter of activity, positioning the company for growth through a more diverse generation mix, and it should drive a re-rating of its shares;

2. Ocado has developed a highly advanced logistics and IT platform to deliver groceries online on a national scale. Currently the company monetizes its technology primarily by selling groceries directly to retail customers under the Ocado brand in the UK. To expand its addressable market, Ocado has also been offering to license its platform to other food retailers looking to enter the online channel.

   Since Amazon's acquisition of Whole Foods in the summer of 2017, the pace of discussions with potential partners has significantly increased, and in the last few months Ocado has announced deals to provide its solution to two large food retailers: Casino in France and Sobeys in Canada.

However, there is still significant opportunity for growth, as food retailing equates to approximately 50% of all retail spend, or $2 trillion globally, and channel shift to online is still in its early stages.

This year PartnerRe has also started investing in India through local investment managers who are building high-conviction, concentrated equity portfolios.

We have prioritized India because of its future economic growth potential. India is a $2.4 trillion economy growing at 6.5% and, although it is already a very large economy, it has just $1,800 of income per capita. It is also in the early stages of a transformation to an open economy and has the youngest population in the planet (factors which altogether will drive growth for almost every industry). For example, to take a market very relevant to Exor, only 2% of India's population owns a car today, compared to 91% in the US.

The Indian public equity market offers a very broad and diverse opportunity set, representative of the various segments of the economy, and the Bombay Stock Exchange (BSE) is the largest stock exchange in the world by number of companies, with more than 5,500 listed entities of which 80% have a market cap below $1 billion. The managers we have selected to steward our capital in this region have delivered more than 8pp of performance above the market indexes in every period of time over the past 10 years.

In 2017, PartnerRe also strengthened its relation with Tishman Speyer to make additional investments in real estate, including partnering with them in the development of a mixed-use building in Sao Paulo's Rua Oscar Freire, the city's most prestigious street. We are excited about further opportunities to invest in Brazil, a country of great relevance for many of our companies.

To complete our overview of PartnerRe's investments, it is worth highlighting the good returns it has achieved on its fixed income portfolio, the largest component of its investment portfolio ($14 billion at year-end), which is directly managed in-house.

Exor's ownership has allowed PartnerRe to improve its capital position by adopting a prudent dividends policy regulation to shareholders. The $145 million of dividends distributed by PartnerRe in 2017 represent a payout ratio of 67% of net profits, among the most conservative within the reinsurance industry.

Last but not least, I would like to turn to Juventus, which had its most significant year in its history after it won its sixth consecutive in a row championship, overtaking the greatest Juventus team of all time, which won five Italian championships in a row in the "quinquennio" in the 1930s.

Juventus has also won the last three Italian Cups and it made it all the way through to the final of the Champions League for the second time in three years, where it was defeated by Real Madrid, arguably the strongest football team in history and the winner of the last two Champions League Finals.

Juventus team celebrating its 6th consecutive championship 2016/17 season

Juventus' legendary achievement in 2017 is the result of great teamwork by management, the coach, staff and every player. It is also due to its very strong culture, strengthened over the last decade by its Chairman Andrea Agnelli, who continuously exhorts each and every individual member to push "*Fino alla Fine…*".

This mindset is very important for successful organizations that need to keep focused on the next challenges, which is the only way not to be distracted by current glories. Success only repeats with continuing effort, which is true for Juventus but also for all our businesses.

Seneca warned us of this when he described what happened to the great warrior Hannibal who, after many victories, went to Capua to "celebrate" with his soldiers: *"A single winter relaxed Hannibal's fibre; his pampering in Campania took the vigour out of that hero who had triumphed over Alpine snows."*

Football is, of course, a business as well as a sport, with European club revenues having more than tripled this century to close to €20 billion, and with the top 30 clubs representing close to 50% of this total. The biggest beneficiaries of this growth are the players, with the value of transfers in 2017 reaching €5.6 billion (with agents capturing 12.6% of this total).

Juventus has been growing its own revenues at an average CAGR of ~15% over the last five years, compared to ~10% for the market, and it now generates revenues in the region of €400 million, excluding players transfers. Like any other club, Juventus is investing much of this in players who are critical for the club's future but also represent its main cost. This is particularly true in the case of top players, who are often represented by aggressive agents. In the current format of domestic and international competitions, the increasing cost of players makes it difficult for clubs to maintain recurring profitability, particularly given the unpredictability of sports results.

It is hard to balance sporting and financial success, but Juventus achieved this in 2017. The good news for the industry is that football's reach and relevance continue to grow, as is already happening in China and the USA. Close to a quarter of the world's population now supports football, and this number is growing. This growth is what drives the value of football clubs, which is even more pronounced for the most prominent club like Juventus.

We remain confident that Juventus will continue to deliver both sporting and financial rewards, and we look forward to continuing our relationship with them, which at close to a century, is the longest one between a family and a sport franchise in the world.

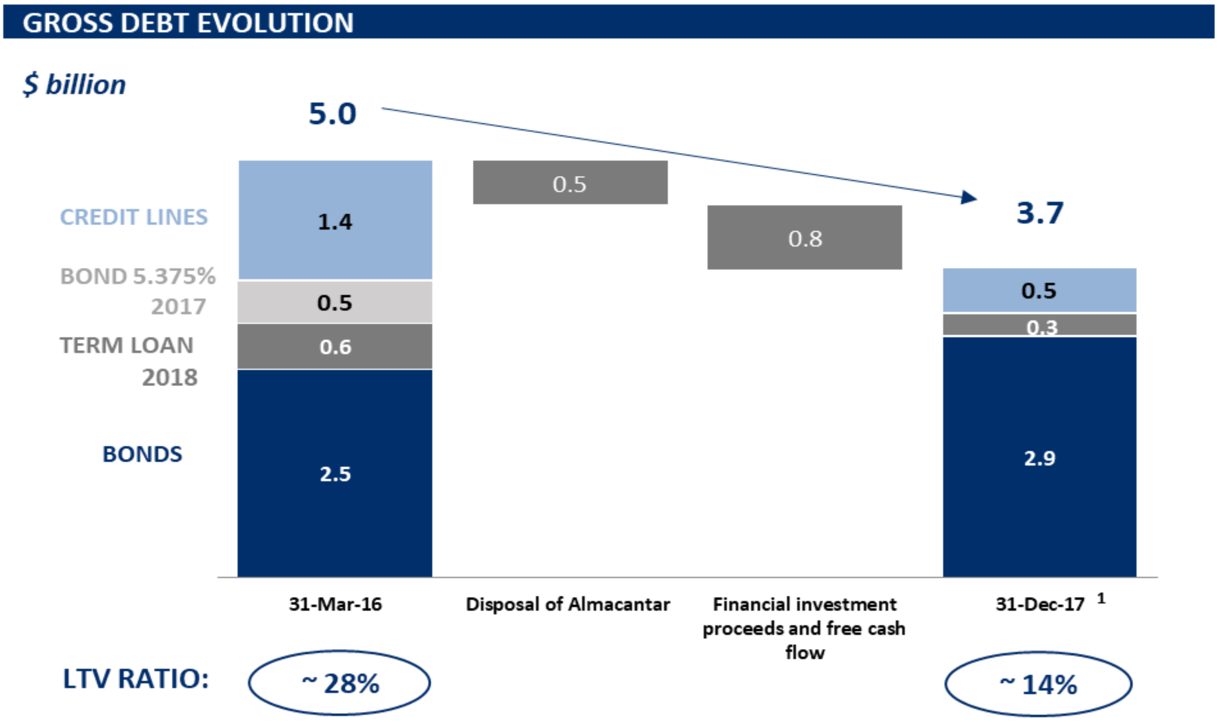
FINANCIAL INVESTMENTS, CASH AND EQUIVALENTS AND TREASURY STOCK (1.3% of GAV)

In 2017 we decreased Exor's financial investments and cash and cash equivalents to reduce our gross debt, which we see as an imperative given our commitment to a conservative balance sheet. For convenience, we will in the future classify these three categories as "others" because they account for a small part of our GAV.

GROSS DEBT

When we completed the PartnerRe acquisition back in March 2016, our overall gross debt increased to $5.0 billion. Since then we have decreased our gross debt by $1.3 billion to $3.7 billion at constant currencies[5], a reduction of around 25%.

This debt reduction has been achieved through disposal of assets and positive ordinary cash flow generation, as well as through the redemption of the Black Ant fund in June 2017, which we used to partially repay the 10-year outstanding bond that was maturing in the same period.



Note: Gross debt evolution at constant currencies based on official FX rate as of 31 March 2016.
1- Exor Gross debt as of 31 December 2017 (based on official FX rate as of year-end) was equal to $3.9 billion. Difference between $3.9 billion and $3.7 billion is related to the weakeness of the Dollar vs. Euro, with an effect only on Gross debt translation to Dollars since the majority of Exor's Gross debt is Euro-denominated (~90% of the total as of year-end)

Our progress in reducing our debt, combined with the performance of our assets, brought our Loan-to-Value ratio from 28% in March 2016 to 14% at the end of 2017, well below our 20% threshold. This contributed to S&P's decision in April to upgrade our ratings outlook to stable and affirm our long-term and short-term credit ratings ("BBB+" and "A-2" respectively).

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[5] *Based on official FX rate (EURUSD) as of 31 March 2016*

2018

This year, most of our companies will be working on their future with business plans and leadership changes.

FCA is preparing its 2022 plan. This will be presented on June 1 by Sergio and the rest of the management team. Most of this team has been part of FCA's incredible adventure since 2004, and we are confident that one of them will become Sergio's successor. We are working very closely with the board to make sure this transition is successful and that the hard work of the last 15 years continues with the same level of excellence.

CNHi's board will be appointing a new CEO who will take over from Rich Tobin, who led the business effectively through the downturn in the agriculture market. Sergio is managing this process as the company's Chairman (a role he is committed to retain) and views this transition as an opportunity to strengthen the company's leadership to enable it to perform at the level he is used to at FCA and Ferrari.

The Economist has also announced the appointment of a new Chairman, Paul Deighton. Paul has had a long and distinguished career in banking before being CEO of the Organizing Committee for the London Olympics and Paralympics Games and working as a UK government minister. He brings business experience and the right set of values to help increase the global readership of The Economist, which provides a truly independent opinion of what is happening in our world.

We are grateful to Rupert Pennant-Rea, who is stepping down as Chair of the Economist, particularly for his strong leadership during the ownership transition in 2016 and for presiding over one of the very few successful transitions in the "newspaper" industry, transforming The Economist from a business which was heavily dependent on print advertising revenues to one which can see a profitable future largely driven by paid circulation.

We were very pleased by the positive reaction to our Investor Day last October and plan to repeat it biennially, which means that we will have the opportunity to meet again in person in 2019, which is the year in which we will celebrate Exor's first decade. We hope you will be able to join us in the meantime for our investor call after our AGM in Amsterdam on 29 May 2018.

John Elkann

2018

Dear Shareholders,

I would like to start this year's letter by remembering Sergio Marchionne who sadly left us far too early last summer.

Sergio was an incredible man and an extraordinary leader. He first crossed our path in 2001 when he was appointed as a board member and then CEO of SGS, which was then one of our companies. But it was when he agreed to become CEO of FIAT in 2004 – after a long dinner and a couple of "*grappas*" – that he became an integral part of all our lives and of mine in particular.

The journey we started together when Sergio took over FIAT, which was losing €5 million a day, led us to places we could not have imagined in our wildest dreams - from the turnaround of FIAT to the rescue of Chrysler, the creation of CNH Industrial, the foundation of FCA and the IPO of Ferrari. What used to be a troubled Italian Industrial conglomerate with an illustrious past became, under Sergio's leadership, three separate companies, all global leaders in their respective industries, with great futures ahead of them.

The financial side of this story is simply told. Total shareholder return from 1 June 2004 to 20 July 2018 was ~590%. In other words, if you had invested €6.0 when Sergio first became CEO, it would have become €41.4.

But as well as delivering these outstanding financial returns, Sergio also saved the livelihoods of many of the women and men working in these companies and restored to them, and their communities, pride and a future. For me that is an important part of Sergio's legacy - he showed us that with a great business leader financial results come hand in hand with benefits for all the stakeholders in a company.

I shared with my colleagues in FCA the attached letter (https://www.fcagroup.com/en-US/SupportFiles/Documents/FCA_Letter_to_Employees/letter.html), which describes both how much Sergio did and how much he gave us. As Sergio once said: *"The value we bring to anything is best measured by what remains after we have gone. It is measured by what we have changed for the better. It lives on in those we have helped grow".*

Sergio bequeathed to us a culture of "high" performance. *"Mediocrity is never worth the trip",* he said. It is about setting high standards and being accountable for reaching them, something that he did with tenacity.

But Sergio did more than this. He combined his rationality with emotionality and was able to be both strategic and operational, tough but caring and serious with a smile. Francis Scott Fitzgerald once wrote that, *"the test of a first-rate intelligence is the ability to hold two opposed ideas in mind at the same time and still retain the ability to function."* If this is the test, then Sergio met and exceeded it.

Thank you, Sergio.

* * *

NET ASSET VALUE

In 2018, Exor's Net Asset Value per share in dollars, or NAV per share, declined by 13.6%, which underperformed by 3.2p.p. our benchmark, the MSCI World Index, denominated in dollars.

Annual percentage change

Year	1 - EXOR NAV/share $	2 - MSCI World Index $	Relative results (1-2)
2009	113.2	55.6	57.6
2010	33.7	9.6	24.1
2011	-26.2	-7.6	-18.6
2012	21.6	13.2	8.4
2013	21.0	24.1	-3.1
2014	0.8	2.9	-2.1
2015	8.4	-2.7	11.1
2016	9.6	5.3	4.3
2017	56.9	20.1	36.8
2018	-13.6	-10.4	-3.2
Compounded annual rate	**17.8**	**9.8**	**8.0**

Note: data in 2009 starts from March 1, the date before EXOR's listing on Borsa Italiana

Exor

This was an unusual year when more asset classes had negative returns than has happened since 1901, with CNH Industrial and FCA particularly affected by the decrease that took place in the valuation of their sectors.

US$ million	31/12/17	31/12/18	Change absolute	%
Investments	26,550	**23,272**	(3,278)	-12.3%
Others	343	**501**	158	+46.1%
Gross Asset Value	26,893	23,773	(3,120)	-11.6%
Gross Debt	(3,921)	(4,033)	(112)	+2.9%
Net Asset Value (NAV)	**22,972**	**19,740**	**(3,232)**	**-14.1%**
NAV per Share ($)	**95.32**	**82.33**	**(13)**	**-13.6%**

INVESTMENTS (97.9% of GAV)

I would like to start by sharing some thoughts on the three companies in which Sergio was involved, which together represent ~60% of our Gross Asset Value (GAV). In 2018, all three achieved record earnings, which is a tribute both to Sergio's legacy and to their new leaders, Mike Manley at FCA, Louis Camilleri at Ferrari and Hubertus Mühlhäuser at CNH Industrial, who are all determined to continue to build these great companies.

FCA, which is the largest of the three in terms of Gross Asset Value, achieved ~€5 billion of adjusted Net Profit in 2018 and a net cash position of €1.9 billion, thanks to very strong Industrial Free Cash Flow of €4.3 billion. For the first time in nearly ten years, FCA will distribute an annual ordinary dividend, worth €1 billion.

The US made the biggest contribution to these results, with FCA increasing its market share to 12.6%, with Jeep and RAM performing particularly strongly in the pick-up and SUV segments. LATAM was also able to more than double its profit despite the political and economic uncertainties in Argentina and Brazil.

FCA's other two regions, APAC and EMEA, were more challenging due to trade and regulatory uncertainties. This impacted 2018 results and will continue to be a factor in 2019. Mike, who ran with huge success FCA's Jeep and RAM brands, which together represent the largest part of the company, is attacking these issues with his usual determination while strengthening the organization, appointing great leaders from within the company and from outside.

In addition to achieving its best ever results, FCA announced the sale of Magneti Marelli to Calsonic Kansei for €6.2 billion, a transaction which is expected to close in Q2 of 2019. Magneti Marelli has been on a very successful journey since Ercole Marelli and FIAT founded it together in 1919. A company that started as a "magnetos and electrical component" business has transformed itself into a major supplier of "cartronics" with very strong capabilities in lighting, electronics and hybrid & electric systems.

On a personal level, having started my career interning, while studying engineering, in the lighting division of Magneti Marelli, learning about "lean production" and "Kaizen" (continuous improvement), and as a business owner, I have been determined to ensure a strong future for the company and its employees. I am therefore delighted that this opportunity has been secured for Magneti Marelli to become, by combining with Calsonic Kansei, one of the world's largest independent automotive suppliers with ~$15 billion in sales.

* * *

Ferrari also achieved a record year in 2018 delivering 9,251 cars generating €3.4 billion in revenue, an adjusted EBITDA of €1.1 billion and an EBIT of €825 million.

I am very grateful to Louis Camilleri, Ferrari's Senior Independent Director, who returned from semi-retirement following a very successful career leading Kraft, Altria and PMI, to become the CEO of Ferrari. Louis brings a wealth of experience and wisdom to Ferrari and worked very hard throughout the summer with the leadership team to prepare an ambitious plan presented last September to expand the product line with 15 new models and he is now working even harder to make it happen.

Five of these new models will be launched in 2019 across the four product pillars: traditional sports/performance cars, the more classical GT (Gran Turismo), special/limited series and the Iconas which started their life with the launch of the Ferrari Monza SP1 and SP2.

We manage the growth of Ferrari very carefully by launching very selectively new and unique cars that complement our existing range of the most beautiful and high performing vehicles in the world. This approach has made Ferrari a leading luxury brand with a financial performance that is amongst the very strongest in its industry.

On the motorsport front, Scuderia Ferrari had its most successful season of the last decade, although this was not enough to win the championships. Enzo Ferrari was very clear in saying "*no one remembers who took second place and that will never be me*," and that mindset will continue to define our sporting ambition.

* * *

CNH Industrial has also had a record year, delivering revenues of ~$30 billion, adjusted EBIT of $2.1 billion and adjusted net income of $1.1 billion, while generating free cash flow, which allowed it to reduce its debt and improve its rating. Hubertus Mühlhäuser is off to a very strong start in his role as CEO and his professional background in the capital goods industry will serve the company well.

Importantly, Hubertus has set about simplifying the organizational structure of a company of 65,000 employees, 66 plants and 54 R & D centers which launched 50 new products in 2018. This new structure is leaner and will reinforce CNH Industrial's customer centricity and its entrepreneurial culture.

Hubertus and his leadership team are excited about CNH Industrial's future and are preparing to present their strategic plan at a Capital Markets Day later this year.

* * *

Our largest ever investment by value, PartnerRe, turned 25 years old in 2018 in good shape despite this being the fourth costliest cat year on record for the insurance industry following 2017, which was the costliest year ever. The company responded to this by improving its efficiency, taking $120 million out of its operating expenses (a 27% reduction on its 2015 cost base), and investing in its Life & Health business, which will increase the diversity and stability of its profit streams. Part of this was the successful integration of the acquisition of Aurigen, a Canadian Life reinsurance company.

Emmanuel Clarke continued to strengthen his leadership team with Nikhil Srinivasan joining as Chief Investment Officer, bringing valuable experience to a very important part of the business, alongside James Beedle, Philippe Meyenhofer and Greg Haft who were internally promoted to lead our Specialty and Property & Casualty businesses. I am also very grateful to Brian Dowd who has taken over from me as the Chair of PartnerRe, bringing his considerable knowledge of the industry to bear in this new role, expertise he had already been applying to great effect as an independent director.

This year has been one of considerable change within the industry with some notable transactions including AIG's acquisition of Validus and AXA's purchase of XL. The excellent news from our perspective is that the valuations revealed by these transactions are significantly higher than those applying when we acquired PartnerRe.

* * *

Across all our companies, this has been a year of leadership transition. This includes the Economist where we have recently welcomed a new Chair, Paul Deighton, and are in the process of recruiting a new CEO, and Juventus, which has gone through a large reorganization, promoting a new generation of leaders from within, while at the same time acquiring the best player in the world, Cristiano Ronaldo.

The importance of careful succession planning, most painfully demonstrated by our sudden loss of Sergio, has made me focus even more on ensuring that we have the strongest possible governance in place across all of our companies.

My great great grand-father apparently said that a board should be made up of uneven numbers – and three was too many – but he, of course, was a founder and founders have their own ways with corporate governance.

I do, however, believe that my great great grand-father was right that small boards, made up of uneven numbers, provide strong governance. We will aim to keep the boards of our public companies at between 9 to 11 directors, and to make the boards of our privately held companies even smaller, with 5 to 7 members. Across all our boards we will have a majority of independent directors because they act as truth tellers both to us and to our businesses. We will aim for less frequent boards, gathering for four or five substantive meetings each year, but providing an opportunity for directors to spend extensive time with the company's leadership team and their high potential colleagues.

We prefer to keep the roles of Chair and CEO separate within our operating companies as we believe that this creates the space for healthy challenge and support. Within our leadership team at Exor, we have one person who has the lead responsibility for each of our companies. In some cases, this person will also take on the role of Chair, though never the role of CEO. One of the critical responsibilities for our Exor leads, whatever formal role they play, is to make sure that each Board spends time on succession planning to keep us ready for both the expected and unexpected.

In Exor we have reduced the size of the Board over the last decade from 17 to 9, while increasing the number of its independent directors from a quarter to more than a half, moving from having no women directors to a third, and increasing the Board's diversity. Our Board is now leaner, but it brings together very different and complimentary skills, and we are extremely grateful to both our current directors and to their predecessors for all of their constructive dialogue and challenges to our thinking.

I strongly believe that, in addition to choosing the right CEOs for our companies, selecting the right directors for our boards and putting in place a clear and simple governance process that allows them to operate effectively, is one of the most important ways in which we can make a difference to how our companies work and ultimately to how they perform. We will continue to evaluate and improve our governance framework, while ensuring that we don't become bureaucratic, complacent and rigid in the process.

OTHERS (2.1% of GAV)

In 2018 we started deploying part of our cash and cash equivalents, which have now grown to $306 million, into the equity portfolio that we manage for PartnerRe. At the end of March 2019, this investment portfolio has delivered a gross return of 56.2% in USD since its inception in 2017, and, in the period since Exor also started investing, a gross return of 37.3%. The performance of MSCI World Total Return Index in those periods was 19.4% and 1.7% respectively. The portfolio is concentrated, with the two largest positions representing about 60% of the invested amount.

As I mentioned in last year's letter, our largest holding within this equity portfolio is Ocado. We have been invested in Ocado, a UK-based technology company focused on food e-commerce, since the beginning of 2017. From its origins as an online grocery provider, Ocado has transformed its business to focus on licensing its technology to other food retailers looking to enter or grow their ecommerce business.

Since Amazon's acquisition of Whole Foods in the summer of 2017, the pace and size of Ocado's licencing deals has materially increased. In particular, in May 2018, Ocado announced an agreement to provide its technology solution to Kroger, the largest supermarket chain in the US. This deal significantly accelerates Ocado's growth trajectory, with plans to open close to ten automated warehouses per year versus a run-rate of less than one a year previously.

On the back of this and previous partnership announcements, the shares have performed strongly and are up over 4x since our initial investment. However, we believe there is still significant opportunity for further growth as food retailing is a very large market, equating to approximately 50% of total retail spend, or $2 trillion globally, and the channel shift to online is still in its early stages and accelerating.

Our second largest position is in South African Platinum Mines. South Africa supplies 60% of the world's platinum, an essential metal used in catalysts for the automotive and chemical industries, as well as in jewellery manufacturing. Platinum miners are trading at historic lows following a period of oversupply and depressed metal prices. The enterprise value for the listed sector has therefore declined from over $20 billion in 2011 to less than $2 billion in 2018.

However, with platinum prices having languished for several years well below the levels required to justify building new mines, supply has declined while demand has grown. Combined platinum / palladium markets are now in deficit and inventories are shrinking rapidly. With no new significant mines planned, undersupply is expected to become more acute over the next few years. We therefore expect prices to recover, driving a sharp recovery in profits and valuations for the sector.

The industry is also undergoing consolidation. Sibanye-Stillwater, our largest investment in the sector, has led the process, announcing the acquisition of Lonmin. This transaction will deliver significant cost savings, through the optimization of mine plans and by increasing the capacity utilization of downstream refining assets and should therefore be highly accretive.

* * *

Given the discount at which our shares were trading back in November 2018 (around 36%, well above its 5 year average), we decided to allocate €300 million of our cash resources - corresponding to 50% of the extraordinary dividend to be distributed by FCA on the back of the Magneti Marelli transaction – to share buybacks.

We will continue to do buybacks for extraordinary distributions if we think that this is an appropriate allocation of capital compared to the other investment opportunities that are available to us, while maintaining a regular ordinary dividend.

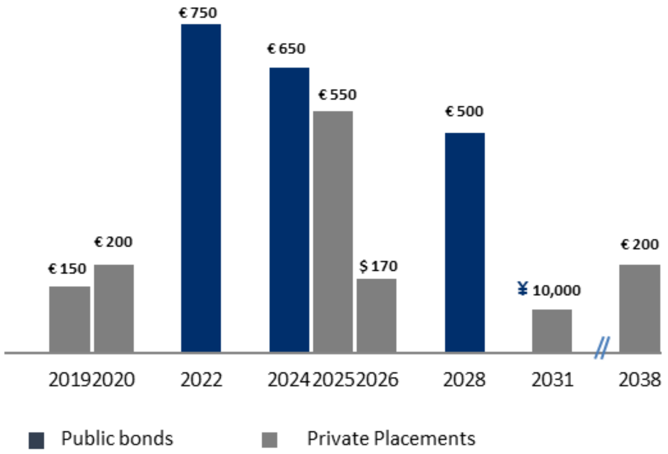
GROSS DEBT

In 2018 we successfully took advantage of a market window to issue €700 million of debt at a 2.1% average cost through a 10-year public and an inaugural 20-year euro-bond privately placed with institutional investors. These issuances have enabled us to extend Exor's credit curve at attractive prices and to reduce our average cost of bond debt to 2.8% with an average maturity of above 6 years. The proceeds from these transactions fully repaid the remaining syndicated loan facilities put in place for the PartnerRe acquisition and were partly used to refinance our short-term debt.

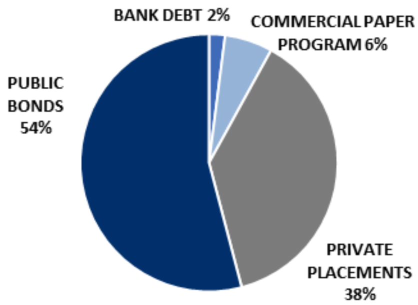
In addition, we continued to retain flexibility and to diversify our funding sources by establishing our first Commercial Paper Program for up to €500 million, with access to borrowing at negative rates and laying the foundations for relations with a new investor base.

GROSS DEBT AS OF 31 DECEMBER 2018

MATURITY SCHEDULE[1]



BREAKDOWN



1 Excluding Bank Debt, Commercial Paper and accrued interest
Note: All figures are expressed in millions and in the original currency of issuance.

We are determined to continue to reduce our Gross Debt and will allocate a significant part of our ordinary cash flow for this purpose in 2019. Maintaining a strong balance sheet at Exor and our companies remains a priority as we have entered an environment of increased economic and financial uncertainty.

2019

This year we turn 10 years old. It has been an extraordinary decade and one that has been very rewarding for our shareholders. On the day our shares started trading, 2 March 2009, they were worth €5.8. By 1 March 2019 they were valued at €54.3 and we had distributed €1.2 billion of capital in the form of dividends and buybacks, giving our shareholders a total return of close to 10x.

We are very conscious that, as our size increases, generating similar returns becomes harder but we are committed to growing our NAV per share at higher rates than the MSCI world index in dollars and to preserving our capital. This does not guarantee that we will be immune to volatility, but it does mean that we will focus on avoiding permanent losses.

We will take the opportunity this year to reflect on what has been done in the last 10: what we learned, what we did well and not so well…and how we can further define and strengthen our culture, which I believe is the basis for a successful organization and allows us to attract and self-select the right people. It is they who ultimately lie behind our success and the success of our companies.

2019 is also the 120th anniversary of the foundation of FIAT on 11 July 1899, when my family's entrepreneurial adventure began.

We are entering a period for the car industry which is similar to its early days when multiple technologies and new business models were emerging. Between 1898 to 1908, more than 100 car companies were founded in Italy alone. Today, like then, the challenges are large, but the potential is even larger. We are very excited about the opportunities offered by connectivity, electrification and autonomous technologies to make our business stronger financially and ever more environmentally sustainable.

For over a century we have been a source of stability for FIAT and latterly for FCA and the business has prospered. Our permanence in the capital of FCA has given its successive leadership teams the latitude to plan for the long term rather than having to react to daily pressures. This has made courageous and original decisions possible that have also respected the enduring interests of all our stakeholders. This approach and mindset remain as relevant to us today as ever and our commitment to FCA and to participating in its bold and profitable future is also unchanged.

The next 20 years for the automotive industry, like its first 20 years, are set to witness a greater level of change than during the intervening 100. We are determined that we and FCA will play our part actively and ambitiously in this new and exciting era.

We very much look forward to celebrating our 10th anniversary with you during our Investor Day on November 21 in Torino. This will be held in the same location as in 2017: in the house of the Founder of FIAT. That is of course where it all started 120 years ago, but when we meet, we will talk not about the past, but about the future.

John Elkann

Exor

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