



**Annual Report on
Corporate Governance**



Società per Azioni
Share capital Euro 246,229,850 fully paid
Registered office in Turin – Via Nizza 250 – Turin Company Register No. 00470400011

**ANNUAL REPORT ON THE COMPANY'S CORPORATE GOVERNANCE
AND OWNERSHIP STRUCTURE**
Pursuant to article 123-bis of the Consolidated Law on Finance

(Traditional administration and control model)

This Report refers to the financial year 2011 and is available on the Company's website at www.exor.com.

Date of approval: Board of Directors' meeting held on April 6, 2012.

LEGAL NOTICE

This document is an informal courtesy translation of the original Italian document and has been prepared for reference purposes only. The only official document is the document in the Italian language. Please note that in case of any inconsistency between this version in English and the original document in Italian, the latter will prevail.

CONTENTS

DEFINITIONS.....	5
FOREWORD	7
1. Issuer profile	7
2. Information on the Company's ownership structure.....	8
a) <i>Composition of share capital</i>	8
b) <i>Restrictions on the transfer of securities</i>	11
c) <i>Significant holdings of shares</i>	11
d) <i>Securities with special rights</i>	11
e) <i>Employees' shareholdings: system for the exercise of voting rights</i>	11
f) <i>Restrictions on voting rights</i>	11
g) <i>Shareholder agreements</i>	11
h) <i>Change of control clauses and by-law provisions relevant to a public offer</i>	11
i) <i>Powers to increase share capital and authorizations for the purchase of treasury stock</i> ...	12
l) <i>Direction and coordination activities</i>	12
3. Compliance.....	12
4. Board of Directors	13
4.1 <i>Appointment and replacement</i>	13
4.2 <i>Composition</i>	14
4.3 <i>Role of the Board of Directors</i>	16
4.4 <i>Delegated powers and offices</i>	18
4.5 <i>Other executive Directors</i>	19
4.6 <i>Independent Directors</i>	19
4.7 <i>Lead Independent Director</i>	21
5. Handling of Company information	21
6. Internal Committees of the Board of Directors	22
7. Compensation and Nominating Committee	22
8. Directors' compensation	23
9. Strategy Committee.....	23
10. Internal Control Committee	24
11. Internal Control System.....	25
11.1 <i>System of risk management and internal control over financial reporting</i>	26
11.2 <i>Executive Director in charge of the internal control system</i>	29
11.3 <i>Internal Control Compliance Officer</i>	30
11.4 <i>Organizational Model pursuant to Legislative Decree No. 231/2001</i>	31
11.5 <i>Independent Auditor</i>	32
11.6 <i>Manager responsible for the preparation of the Company's financial reports</i>	32

12. Directors' interests and transactions with related parties.....	32
13. Appointment of the members of the Board of Statutory Auditors.....	33
14. Members of the Board of Statutory Auditors	35
15. Relations with Shareholders.....	37
16. Meetings of Shareholders	37
17. Changes after the close of the financial year	38

SUMMARY TABLES

TABLE 1: INFORMATION ON THE COMPANY'S OWNERSHIP STRUCTURE	39
TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES	40
TABLE 3: BOARD OF STATUTORY AUDITORS.....	41
BY-LAWS	43

DEFINITIONS

Corporate Governance Code	<p>The Code of Conduct for Italian Listed Companies (Corporate Governance Code) approved in March 2006 (and modified in March 2010) by the Committee for Corporate Governance and promoted by Borsa Italiana S.p.A.. Unless stated otherwise, references to Principles, Criteria and Comments relate to the 2006 Code. The Corporate Governance Code is available on the website of Borsa Italiana S.p.A. (www.borsaitaliana.it).</p> <p>The Code was amended in December 2011.</p>
Board	The Board of Directors of the Issuer.
Issuer	The Securities Issuer to which the Report refers.
Financial year	The financial period to which the Report refers.
Regulation on Issuers	Regulation issued by Consob with resolution No.11971 dated 1999 (as subsequently amended) regarding the discipline for issuers.
Market Regulations	Regulation issued by Consob with resolution No.16191 dated 2007 (as subsequently amended) regarding markets.
Consob Regulation on related parties	Regulation issued by Consob with resolution No.17221 dated March 12, 2010 (as subsequently amended) regarding related party transactions.
Report	The Report on Corporate Governance and ownership structure which companies are required to issue pursuant to the provisions of article 123-bis of the Consolidated Law on Finance (TUF).
Consolidated Law on Finance	Legislative Decree No. 58 dated February 24, 1998 – the Consolidated Law on Finance (Testo Unico della Finanza), as subsequently amended and integrated.

FOREWORD

EXOR S.p.A. (hereinafter “EXOR,” the “Company” or the “Issuer”) has adopted a corporate governance system in line with the provisions of the Corporate Governance Code.

The purpose of this Report – which is also available on the Company's website at www.exor.com – is to illustrate the corporate governance system adopted by EXOR and to provide information as regards the Issuer's compliance with the provisions of the Corporate Governance Code.

Accordingly, the Report provides a general description of the corporate governance structure, highlights the adherence to the principles set out in the Corporate Governance Code and also motivates the departures from some of the dispositions of the Code, as suggested in the “Format for reporting on corporate governance and ownership structure” prepared by Borsa Italiana S.p.A..

The current by-laws of EXOR are attached to this Report so as to give immediate access to the rules which regulate corporate governance.

Lastly, it is to be noted that the amendments to the Corporate Governance Code approved in December 2011 will be adopted by the Company in the course of 2012 with the relevant information being made public in accordance with the requirements of applicable law, as recommended in paragraph VIII of the Code's “Guidelines and transition arrangements” and in consideration of the fact that many of the amendments introduced contain principles and criteria which the Company, in fact, has already adopted.

1. Issuer profile

The Issuer has adopted a traditional system of administration (which provides for a division of responsibilities between the General Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors). The Issuer has also set up, within the Board of Directors, the Compensation and Nominating Committee, the Internal Control Committee and the Strategy Committee.

Shareholders' Meetings

Under the provisions of the corporate by-laws, the Shareholders' Meeting is convened by the Board of Directors in the city of the registered office of the Company or elsewhere, including a location abroad provided that it is in a country of the European Union, every year within one hundred and eighty days from the close of the financial year, the Company being required to prepare consolidated financial statements. In addition, an ordinary or extraordinary meeting is convened every time the Board of Directors deems it expedient as well as in the circumstances provided for by law.

Shareholders having the right to vote may attend the Meeting. Such Shareholders may be represented at a Meeting, in the ways provided for by law. The regulations governing the conduct of Shareholders' meetings are approved and amended by an ordinary Shareholders' meeting in which the ordinary and preference shares have the right to vote. The Rules for Shareholders' Meetings of the Company are available on the Company's website at www.exor.com.

Board of Directors

Under the provisions of the corporate by-laws, the Company is managed by a Board of Directors composed of a number of Directors varying from seven to nineteen, depending on the

number established by the Shareholders' Meeting. Directors remain in office for up to a maximum period of three financial years and their term of office expires concurrently with the Shareholders' Meeting convened for the approval of the financial statements relating to the last financial year of their term of office; Directors can be re-elected.

The Board of Directors is vested with the broadest powers for the ordinary and extraordinary management of the Company.

The Board of Directors is appointed using lists of candidates.

Unless the Shareholders' Meeting has already done so, the Board of Directors elects the Chairman from among its members and, should it deem it appropriate, appoints one or more Vice Chairmen, including a Deputy Chairman, and one or more Chief Executive Officers. The Board of Directors has set up the Compensation and Nominating Committee and the Internal Control Committee for the purposes of consulting and presenting proposals. A Strategy Committee with consultative functions to support the activity of the Board of Directors has also been set up.

As indicated in greater detail in paragraph 4.2, the Board of Directors of the Company in office as of the date of this Report was appointed by the Shareholders' Meeting held on April 28, 2009 and its term of office will expire on the date of the Shareholders' Meeting which will approve the 2011 financial statements.

Board of Statutory Auditors

The Board of Statutory Auditors, set up pursuant to the by-laws of the Company, is formed of three Regular Auditors and two Alternate Auditors. The Board of Statutory Auditors is responsible for the supervision of compliance with the law and with the Company's deed of incorporation, of the observance of proper administration principles and, for those aspects under its responsibility, of the adequacy of the organizational structure of the Company, of the internal control system and of the administrative and accounting system as well as of the reliability of the latter to represent the Company's operations correctly. The Board of Statutory Auditors also monitors the adequacy of the instructions imparted to the subsidiaries according to article 114, paragraph 2, of the Consolidated Law on Finance and the manner of implementing the rules of corporate governance in practice. The by-laws contain the clauses which ensure the election by the minority shareholders of one regular auditor as Chairman of the Board of Statutory Auditors.

As indicated in greater detail in section 14 of this Report, the Board of Statutory Auditors of the Company in office as of the date of this Report was appointed by the Shareholders' Meeting held on April 28, 2009 and its term of office will expire on the date of the Shareholders' Meeting which will approve the 2011 financial statements.

Legislative Decree No. 39/2010 also provided for the attribution to the Board of Statutory Auditors of new duties of supervision, for details of which reference should be made to paragraph 14 of this Report.

2. Information on the Company's ownership structure

a) Composition of share capital

The Issuer's share capital amounts to €246,229,850, fully subscribed and paid, consisting of 160,259,496 ordinary shares (65.09% of share capital), 76,801,460 preference shares (31.19% of share capital) and 9,168,894 savings shares (3.72% of share capital) all shares being of par value €1 each.

All shares of the Company are listed on the Electronic Share Market organized and managed by Borsa Italiana S.p.A..

The ordinary and preferred shares are registered shares, freely transferable and are issued in electronic form, in the centralized management system of Monte Titoli S.p.A..

The savings shares are subject to the circulation system required by existing regulations for all such shares issued by joint-stock companies formed under Italian law and listed on the MTA.

The savings shares are bearer or registered shares as elected by the shareholder or as provided for by law and are freely transferable. The savings shares are issued in electronic form, in the centralized management system of Monte Titoli S.p.A..

Rights and obligations

Each ordinary share entitles its holder to one vote at all shareholders' meetings – ordinary and extraordinary – as well as to all economic and administrative rights according to the applicable provisions of law and the by-laws.

Each preferred share entitles its holder to one vote only on the resolutions set forth in article 2365 of the Italian Civil Code, and those relating to the approval of or amendment to the regulations for shareholders' meetings (article 13, paragraph 2, of the by-laws) as well as to all economic and administrative rights according to the applicable provisions of law and the by-laws.

Savings shares do not entitle the holder to vote at meetings of the Issuer's Shareholders. Under article 146 of the Consolidated Law on Finance, savings shares entitle their holders to vote at the special meeting of savings Shareholders.

With reference to the apportionment of profit and the dissolution of the Company, article 27 and article 30, paragraph 2 of the Issuer's by-laws are set out below.

Under article 27: *"The profits of each year will be apportioned as follows:*

- *5% to the legal reserve, until it reaches one-fifth of share capital;*
- *the remaining profit to the shares, as dividend, unless otherwise resolved upon by the shareholders' meeting in observance of the applicable provisions, taking into account that in the order (i) the savings shares are in any case entitled to a preference dividend, cumulative pursuant to the following second paragraph, equal to 31.21% of their par value and to a dividend higher than that of the ordinary shares equal to 7.81% of the same par value, and (ii) the preferred shares, to a preference dividend and a dividend higher than that of the ordinary shares, equal to 5.17% of their par value, which is not cumulative from one financial year to the next.*

If, in any financial year, a dividend lower than the measure set out above has been distributed to the savings shares, the difference is calculated as an increase to be added to the preference dividend in the following two financial years.

In case of exclusion from trading of the ordinary shares and/or savings shares, the preference dividend and the dividend higher than that of ordinary shares due to the savings shares will be automatically increased in order to result equal to, respectively, 32.15% and 8.75%.

In the event of a distribution of reserves, the savings shares have the same rights as the other shares.

During the year, and if the Board of Directors deems it expedient and feasible in consideration of the results of the year, the Board of Directors can resolve to pay interim dividends for the year."

Under article 30, paragraph 2 of the by-laws: *“In the event of a winding up, the corporate net assets are apportioned in the following order:*

- *to the savings shares in priority up to €3.78 per savings share;*
- *to the holders of the preferred shares in priority up to the amount of the par value of their shares;*
- *to the ordinary shares, up to the amount of the par value of the shares;*
- *to the shares of the three categories of shares, the remainder, if any, in accordance with the law.”*

Under article 31, paragraph 2 of the by-laws: *“The reduction of share capital due to losses does not result in the reduction in the par value of the savings shares, except to the extent that the loss exceeds the total par value of the other shares.”*

Common representative of the holders of preferred shares and common representative of the holders of savings shares

Mr. Alberto Maria Musy is the common representative of the holders of preferred shares.

Mr. Giacomo Zunino is the common representative of the holders of savings shares.

Under article 31, paragraph 3 and 4 of the by-laws: *“The expenses required to safeguard the common interests of the holders of preferred shares and the holders of savings shares are borne by the Company up to an amount of €10,000 per year for each of the two classes of share.*

In order to ensure that the common representatives of the two classes of share are adequately informed about the transactions which can affect the course of the quotations of the listed shares, the Company’s legal representatives will ensure that communications regarding the aforesaid matters are promptly sent to the same.”

Stock Option Plan

The Ordinary Shareholders’ Meeting of the merged company IFIL held on May 13, 2008 approved a Stock Option Plan (IFIL Stock Option Plan 2008 – 2019) for the Chief Executive Officer for 3,000,000 stock options corresponding to the same number of IFIL ordinary shares and for the employees of the IFIL Group (IFIL S.p.A. and the companies in the “Holdings System”) regarded as key people in the organization, on the basis of the positions held or activities performed, for a maximum of 12,000,000 stock options.

As a result of the merger of the subsidiary IFIL S.p.A in IFI S.p.A (subsequently renamed EXOR S.p.A), the parent Company EXOR S.p.A. has assumed all rights and obligations of the Stock Option Plan. The Board of Directors of the Company, at its meeting held on March 2, 2009, approved the amendments to the Stock Option Plan consequent on the aforesaid merger; in particular, the Board of Directors adjusted the ratio between the number of options and the number of underlying shares as well as the exercise price by reference to the merger share exchange ratio. The aforesaid amended exercise price is €19.97 per single EXOR share.

Therefore, the EXOR Stock Option Plan 2008 – 2019 involves a maximum of 15,000,000 stock options corresponding to a maximum number of 3,975,000 EXOR ordinary shares. The Plan provides for the gratuitous granting to beneficiaries of options on treasury stock purchased by the Company or by companies of the “Holdings System” in accordance with existing law. The Plan does not provide for the issue of new shares and has therefore no dilutive effects on share capital.

Detailed information on the EXOR 2008 – 2019 Stock Option Plan is included in the 2011 Annual Report and in the Compensation Report pursuant to article 123-ter of the Consolidated Law on Finance (available on the Company’s website at www.exor.com).

b) Restrictions on the transfer of securities

There are no restrictions on the transfer of the Issuer's securities.

c) Significant holdings of shares

At April 2012, the shareholders who hold more than 2% of share capital with voting rights are the following: Giovanni Agnelli e C. S.a.p.az. (52.66%, equal to 59.10% of ordinary shares), Bestinver Gestion SGIIC S.A.^(a) with 5%, equal to 15.44% of the preferred shares and Mackenzie Financial Corporation^(b) with 4.98% equal to 7.24% of the ordinary shares.

d) Securities with special rights

No securities which carry special controlling rights have been issued.

e) Employees' shareholdings: system for the exercise of voting rights

No shareholding by employees has been envisaged, with the exception of the aforementioned provisions regarding the Stock Option Plan.

f) Restrictions on voting rights

There are no restrictions on voting rights.

g) Shareholder agreements

There are no significant shareholder agreements, as defined by article 122 of the Consolidated Law on Finance, affecting EXOR.

The by-laws of the controlling shareholder Giovanni Agnelli e C. S.a.p.az. provide for the prior authorization by all general partners holding office and by the ordinary shareholders' meeting with a majority of more than two thirds of the ordinary share capital of any sale or transfer of EXOR ordinary shares which does not leave Giovanni Agnelli e C. S.a.p.az. with the full ownership at least 51% of EXOR ordinary share capital.

h) Change of control clauses and by-law provisions relevant to a public offer

Any change in control of the Issuer would entitle subscribers to demand early reimbursement of the non-convertible Bonds 2007/2017 for an amount of €750 million and of the non-convertible Yen 10 billion Bond (approximately €83 million) as well as entitling three financing banks to demand early reimbursement of four committed credit lines for a total of €375 million, of which €200 million was utilized as of December 31, 2011.

Except for the aforesaid provisions, as of the date of this Report, there are no significant agreements to which the Issuer is a party that would become effective, be amended or be extinguished on a change of control of the contracting company.

The Company's by-laws do not provide for derogations from the passivity rule nor for the application of the neutralization rules contemplated in the applicable legislation.

^(a) 2.16% of capital with right to vote (equal to 6.68% of preferred shares) is held by Bestinver International F.I.

^(b) 3.44% of capital with right to vote (equal to 5.09% of ordinary shares) is held by Mackenzie Cundill Value Fund.

j) Powers to increase share capital and authorizations for the purchase of treasury stock

The Directors have the power, for a period of five years from the resolution passed on May 14, 2008 to increase share capital, in one or more instances, also in divisible form, up to an amount of €561,750,000. Share capital can also be increased by contribution of assets in kind or of receivables.

The ordinary session of the Shareholders' Meeting held on April 28, 2011 approved the purchase, also through the Company's subsidiaries, of the Company's own ordinary and/or preferred and/or savings shares of par value €1 each to a maximum number not exceeding that allowed by law over the 18 months period from the date of the shareholders' resolution, for a maximum disbursement of €450,000,000.

At December 31, 2011 EXOR held treasury stock as follows:

- n. 6,729,000 ordinary shares, equal to 4.20% of such shares;
- n. 11,690,684 preferred shares, equal to 15.22% of such shares;
- n. 665,705 savings shares, equal to 7.26% of such shares.

l) Direction and coordination activities

The Issuer is not subject to direction and coordination activities pursuant to article 2497 of the Italian Civil Code by the parent company Giovanni Agnelli e C. S.a.p.az., since Giovanni Agnelli e C. S.a.p.az. does not participate in the management of the Company's business and by its nature limits its role to that of shareholder, holding and managing its controlling interest in the Company, as required by its corporate purpose; in fact, there are no indications of any direction or coordination activities (since among other things the Company has full and autonomous powers for negotiating with third parties and no centralized treasury relationship exists); furthermore, the number and the experience of the independent Directors of EXOR are adequate in relation to the size of the Board of Directors and the Company's activity. The Board of Directors of the Issuer has formally evidenced such evaluation.

The Issuer does not exercise direction or coordination activities towards Fiat S.p.A., Fiat Industrial S.p.A., Juventus Football Club S.p.A. and Alpitour S.p.A.. Such companies define autonomously their general strategic and operating plans. The Boards of Directors of the Issuer and of the subsidiaries and associates have formally evidenced such evaluation.

Finally, the disclosures required by the provisions of article 123-bis, first paragraph, subparagraph i) are illustrated in the Compensation Report pursuant to article 123-ter of the Consolidated Law on Finance (available on the Company's website at www.exor.com); the disclosures required by article 123-bis first paragraph, subparagraph l) are provided at section 4 of this Report concerning the Board of Directors.

3. Compliance

In the meeting held on March 2, 2009 the Board of Directors of the Company formalized the adherence to the Corporate Governance Code (available on the website of Borsa Italiana at www.borsaitaliana.it) and the adoption of the principles and rules of corporate governance described in this Report which are compliant with the model of the aforesaid Code.

The Report describes the areas of adherence to the provisions of the aforesaid Code and the observance of the obligations deriving therefrom; the Report also highlights and motivates the reasons for departures from certain of the principles of the Code and, for greater transparency and easier access, identifies the occasions on which derogations have been made.

As stated in the Foreword to this Report, the Company intends to adopt in the course of 2012 the amendments to the Corporate Governance Code approved in December 2011 with the relevant information being made public in accordance with the requirements of applicable law.

4. Board of Directors

4.1 Appointment and replacement

According to article 16 of the by-laws and pursuant to the provisions of Principle 6.P.1 of the Corporate Governance Code, the Board of Directors is appointed by using lists of candidates to be filed at the Company's place of business at least twenty five days prior to the Shareholders' Meeting.

If more than one list is submitted, one member of the Board of Directors is chosen from the list that has obtained the second highest number of votes.

Lists may be presented only by those shareholders holding voting shares who, individually or together with others, in aggregate own voting shares representing the percentage established for the Company under the applicable regulations. This ownership percentage must be evidenced in appropriate communications which must reach the Company at least twenty one days prior to the date of the Shareholders' Meeting. These matters are set out in the notice of meeting. The ownership percentage required for the presentation of lists of candidates for the appointment of the Board of Directors and the Board of Statutory Auditors of EXOR in pursuance of the provisions of article 144-quater of the Regulation on Issuers has been established by Consob to be 1.5% of ordinary share capital.

A single shareholder cannot, directly or through a third party or through trustee companies, present more than one list of candidates, or vote for different lists. Shareholders belonging to the same group and shareholders who signed a shareholders' agreement regarding the shares of the Company may not, either through a third party or through trustee companies, present more than one list of candidates, or vote for different lists. Each candidate may be included in one list only, under penalty of ineligibility.

The candidates included in the lists must be indicated in numerical order and satisfy the honorableness requirements imposed by law. The candidate who is indicated at number one on the list in numerical order must also satisfy the legal requirements of independence set forth by law as well as the requirements of the Corporate Governance Code to which the Company has declared its adherence.

Together with each list must also be filed an exhaustive disclosure regarding the candidates' personal and professional characteristics as well as declarations in which the individual candidates accept the candidature and, on their own responsibility, state that they satisfy the envisaged requirements. The candidates for whom these rules have not been respected are ineligible. The lists together with the above information are also published on the Company's website.

Once the Shareholders' Meeting has determined the number of Directors to be elected, the following procedure shall be applied:

1. all the Directors except one shall be elected from the list that has obtained the highest number of votes, on the basis of the numerical order in which they appear on the list;
2. as provided by law, one Director shall be elected from the list that obtained the second highest number of votes, on the basis of the numerical order in which the candidates appear on the list.

Lists that received a percentage of votes at the Shareholders' Meeting that is less than half of the number required for the presentation of lists of candidates shall not be taken into account.

The foregoing rules for the election of the Board of Directors do not apply if at least two lists are not submitted or voted on, nor do they apply at the Shareholders' Meetings which must replace Directors during the Board's term of office. In these cases, the Shareholders' Meeting shall decide on the basis of a relative majority.

It is in the power of the Board to replace the Directors who have left the Board during the term of office, as provided for by article 2386 of the Italian Civil Code.

If, due to resignation or other causes, the majority of Directors should leave office, the whole Board will be deemed to have left office and the remaining Directors shall urgently call a Shareholders' Meeting for the new appointments.

Furthermore, the term of office of any Director appointed by the Shareholders' Meeting in the course of the term of office shall expire concurrently with that of Directors in office at the time of the appointment.

The Board of Directors periodically checks that all of its members meet the Directors' qualifications of integrity set forth by article 147-quinquies of the Consolidated Law on Finance.

In view of the ownership structure and of the fact that the offices of Chairman and Chief Executive Office are held by Mr. John Elkann who is one of EXOR's reference shareholders through Giovanni Agnelli e C. S.a.p.az. which holds 59.1% of the ordinary shares of the Company, the Board of Directors has decided not to adopt a succession plan for executive Directors.

4.2 Composition

The Board of Directors was appointed by the Shareholders' Meeting held on April 28, 2009. On that occasion, a sole list of candidates was presented by the majority shareholder, Giovanni Agnelli e C. S.a.p.az., holding 59.10% of the ordinary shares. The list of candidates, together with the supporting documents required under the by-laws for the related filing, was published on a timely basis on the Company's website at www.exor.com, and is still available for consultation on the same.

The Shareholders' Meeting fixed at 17 the total number of Directors, with 14 non-executive Directors, 5 of whom are independent.

The composition of the Board of Directors and the qualifications of each Director are as follows:

John Elkann	Chairman and Chief Executive Officer	Executive Director
Gianluigi Gabetti	Honorary Chairman	Non-executive Director
Pio Teodorani-Fabbri	Vice Chairman	Executive Director
Tiberto Brandolini d'Adda	Vice Chairman	Non-executive Director
Andrea Agnelli	Director	Non-executive Director
Carlo Barel di Sant'Albano	Director	Non-executive Director
Oddone Camerana	Director	Non-executive Director
Luca Ferrero Ventimiglia	Director	Non-executive Director
Franzo Grande Stevens	Director	Non-executive Director
Sergio Marchionne	Director	Executive Director ^(*)
Alessandro Nasi	Director	Non-executive Director
Lupo Rattazzi	Director	Non-executive Director

^(*) as Chief Executive Officer of FIAT S.p.A and Chairman of the Board of Directors of FIAT Industrial S.p.A.

Victor Bischoff	Director	Independent non-executive Director
Eugenio Colucci	Director	Independent non-executive Director
Christine Morin-Postel	Director	Independent non-executive Director
Giuseppe Recchi	Director	Independent non-executive Director
Antoine Schwartz	Director	Independent non-executive Director

The Director Mr. Sergio Marchionne, was appointed at the Board of Directors' meeting held on May 11, 2010, in accordance with the provisions of article 2386 of the Italian Civil Code, and was confirmed at the Shareholders' Meeting held on April 28, 2011. The Board of Directors' term of office expires on the date of the Shareholders' Meeting for the approval of the financial statements for the year ending December 31, 2011.

The professional profiles of the members of the Board of Directors are available for review on the Company's website www.exor.com.

Information on the positions held by the Directors at other listed companies or companies of significant interest is provided in the following table:

Name	Company	Position held at the company
John Elkann	FIAT S.p.A.	Chairman
	Editrice La Stampa S.p.A.	Chairman
	ITEDI S.p.A.	Chairman
	Giovanni Agnelli e C. S.a.p.az.	General Partner and Chairman
	Fiat Industrial S.p.A.	Director
	RCS MediaGroup S.p.A.	Director
	Gruppo Banca Leonardo S.p.A.	Director
	The Economist Group	Director
Gianluigi Gabetti	SGS S.A.	Director
	Giovanni Agnelli e C. S.a.p.az. Banca del Piemonte S.p.A.	General Partner Director
Pio Teodorani-Fabbri	Allianz S.p.A.	Director
	TREVI Finanziaria Industriale S.p.A.	Director
Tiberto Brandolini d'Adda	EXOR S.A.	Chairman
	SEQUANA S.A.	Chairman
	Giovanni Agnelli e C. S.a.p.az.	General Partner
	FIAT S.p.A.	Director
	SGS S.A.	Director
Carlo Barel di Sant'Albano	YAFA S.p.A.	Director
	Cushman & Wakefield	Chairman
	FIAT S.p.A. JUVENTUS F.C. S.p.A.	Director Director
Andrea Agnelli	JUVENTUS F.C. S.p.A.	Chairman
	Giovanni Agnelli e C. S.a.p.az.	General Partner
	FIAT S.p.A.	Director
	Vita Società Editoriale S.p.A.	Director
Victor Bischoff	-	-
Oddone Camerana	-	-
Eugenio Colucci	Assicurazioni Generali S.p.A.	Chairman of the Board of Statutory Auditors
	Autogrill S.p.A.	Regular Statutory Auditor
	Nuova Sidap S.r.l.	Regular Statutory Auditor
Luca Ferrero Ventimiglia	Giovanni Agnelli e C. S.a.p.az.	General Partner
	Gruppo Banca Leonardo S.p.A.	Director
Franzo Grande Stevens	Ferrero S.p.A.	Director
	RCS MediaGroup S.p.A.	Director
	S.E.I. S.p.A.	Director
	Reale Mutua di Assicurazioni	Member of the Advisory Committee

Name	Company	Position held at the company
Christine Morin-Postel	Royal Dutch Shell plc	Director
	British American Tobacco plc	Director
Sergio Marchionne	FIAT S.p.A.	Chief Executive Officer
	Chrysler Group LLC	Chief Executive Officer
	CNH Global N.V.	Chairman
	Fiat Industrial S.p.A.	Chairman
	Iveco S.p.A.	Chairman
	SGS S.A.	Chairman
	FIAT Group Automobiles S.p.A. Philips Morris International Inc.	Chairman and Chief Executive Officer Director
Alessandro Nasi	Giovanni Agnelli e C. S.a.p.az.	General Partner
	New Holland Kobelco	Chairman
	Kobelco Construction Machinery	Director
	Cushman & Wakefield	Director
Lupo Rattazzi	Neos S.p.A.	Chairman
	Italian Hospital Group S.p.A.	Chairman
	Alpitour S.p.A.	Vice Chairman
	Banca Finnat Euramerica S.p.A.	Director
	GL Investimenti S.r.l.	Director
Giuseppe Recchi	ENI S.p.A.	Chairman
	GE Capital Interbanca S.p.A.	Vice Chairman
	European Advisory Board of Blackstone	Member
Antoine Schwartz	The Black Ant Group Ltd	Chief Investment officer

The Board of Directors of the Company has reviewed and confirmed independence, applying the criteria adopted by the Company which are set out later in this Report. Such criteria satisfy the requisites set forth in article 147-ter, paragraph 4 of the Consolidated Law on Finance and conform to those provided in the Corporate Governance Code.

In conformity with Criterion 1.C.2 of the Corporate Governance Code, the Directors accept appointment when they deem that they can devote the necessary time to the diligent performance of their duties, also taking into account the number of appointments as director or statutory auditor held at other companies listed on regulated markets (including foreign markets), finance companies, banks, insurance companies or large corporations.

Lastly, it should be noted that the Shareholders' Meeting which appointed the current Directors authorized, in general terms and in advance, certain derogations from the non-competition requirements set forth in article 2390 of the Italian Civil Code. In this respect, no critical matters have been identified up to the present date.

Taking into consideration the aforementioned indications, as of the date of this Report, the Board of Directors has not defined general criteria as regards the maximum number of director and statutory auditor appointments at other companies which may be considered as compatible with an efficient performance of the role of Director of the Issuer.

The Board of Directors held on April 6, 2012 has examined case by case the Directors' current appointments at other companies and has concluded that the number and the quality of the positions held do not interfere with and are compatible with an efficient performance as a Director of the Issuer.

4.3 Role of the Board of Directors

The Board of Directors is vested with the broadest powers for the ordinary and extraordinary management of the Company, with no kinds of exception and has the power to carry out all acts

that it deems appropriate for the attainment of the business purpose of the Company, excluding only those that, by law, are expressly reserved to the Shareholders' Meeting.

The Board of Directors meets at either the registered office of the company or elsewhere, as long as it meets in one of the countries of the European Union, generally at least quarterly, on convocation by the Chairman or one of the Vice Chairmen, or by whoever is authorized to do so by law, whenever one of these individuals considers it necessary, or at the request of the majority of its members or of the bodies with delegated powers.

During 2011, six meetings of the Board of Directors were held. These meetings lasted on average approximately two and a half hours.

The meetings regarded the examination of and resolutions on the operating performance of the Company, the operating performance of the investments, the results for the period, the proposals relating to transactions having a material impact, the share purchase program, the appointment of the Manager responsible for the preparation of the Company's financial reports, the appointment of the independent auditor, proposals for changes to the Company's by-laws, the issue of bonds, the merger by incorporation of the subsidiary EXOR Services S.c.p.a., the amendment to the organizational, management and control Model pursuant to Legislative Decree No. 231/2001 and the self-assessment process on the performance of the Board of Directors and its internal Committees. The Board of Directors also resolved on the composition of the internal Committees and on the compensation of the Directors vested with special responsibilities.

During 2012, two meetings of the Board of Directors of the Company have already been held dealing with the operating performance of the Company and matters relating to the Company's governance as well as the approval of the draft separate financial statements, the consolidated financial statements and this Report.

At present another three meetings of the Board of Directors are planned to be held in the year 2012, in connection with the approval of the periodic financial reports.

The presence of a majority of the Directors in office is necessary for the validity of resolutions of the Board of Directors. Information pertaining to the agenda of the aforementioned meetings is sent to the Directors in a timely manner so as to enable them to be informed adequately and in advance about the matters for discussion.

The Company's administration ensures that members of the Board of Directors and of the Board of Statutory Auditors receive information on the principal legislative and regulatory developments affecting the Company and its corporate bodies.

In conformity with Criterion 1.C.1 of the Corporate Governance Code, transactions having a material impact on the operating performance, statement of financial position and statement of cash flows including also, among such transactions, the approval of any strategic and financial plans are examined and approved by the Board of Directors of the Company. On the occasion of such transactions, in reasonable advance of the meeting, a summary report on the transactions giving details in particular of the economic and strategic aims, economic sustainability, manner of execution and the consequent impact on the activities of the Company is prepared for the Board of Directors.

The Board of Directors, considering the powers of the Chairman and Chief Executive Officer, has set at €250 million the threshold in excess of which operations must be submitted for prior examination by the Board itself.

In keeping with the provisions of the existing regulation, the Board of Directors has also approved an organizational procedure for related party transactions which is available on the Company's website at www.exor.com. (see below).

The Board of Directors controls and evaluates, on the basis of the information received, the adequacy of the organizational and administrative structure of the Company and examines the Company's strategic and financial plans.

After obtaining the opinion of the Board of Statutory Auditors and after the examination of the Compensation and Nominating Committee, the Board establishes the compensation of the Directors who hold specific responsibilities, and, unless the Shareholders' Meeting has provided otherwise, the division of the overall compensation due to the Directors and the members of the Compensation and Nominating Committee, the Internal Control Committee and the Strategy Committee. More detailed information is provided in the Compensation Report pursuant to article 123-ter of the Consolidated Finance Law (available on the Company's website at www.exor.com).

Also for 2011, the Board of Directors has carried out the self-assessment of the size, composition and performance of the Board and its Committees evaluating their adequacy with reference also to the component represented by the independent Directors after taking into consideration their professional profile and commitment in the performance of the mandate.

The Board of Directors' meeting held on April 6, 2012 made the aforesaid self-assessment by means of the completion of a specially prepared questionnaire the contents of which were defined and approved by the Internal Control Committee.

The purpose of the questionnaire was the analysis of (i) the size and composition of the Board of Directors with reference also to the professional experiences and characteristics of the Directors, (ii) the functioning of the Board and in particular the conduct of Board meetings, the related information flows, the involvement of non-executive Directors and the handling of situations of actual or potential conflict of interest, (iii) the relations with the internal Committees and the control bodies. The aforesaid questionnaire was completed by the individual Directors and the results which emerged from the analysis of the information submitted were presented, in summarized and anonymous form, to the Board of Directors by the Internal Control Committee in order for the self-assessment to be performed.

The Board of Directors concluded that the composition and the operations of the administrative body are adequate with respect to the organizational and management requirements of the Issuer and confirmed the diversified professionalism of the Directors and, in particular, the non-executive Directors' expertise in the economic, accounting, legal and financial fields. Further, positive replies have been given as regards the frequency with which the meetings are held and the information provided by the delegated bodies and by the Company's executives in the presentations made to the Board.

Significant improvement was noted in the analysis of the matters examined during Board meetings and in the participation of the non-executive Directors in the discussions during these meetings. Improvements were also noted in the timely distribution of the documentation to be examined by the Board. The areas for improvement are substantially the need for more frequent review and analysis of the investment portfolio and deeper analysis of the regulatory environment in which the Company and, more generally, the Group operate.

In addition, concerning the composition of the Board of Directors, a more numerous female presence was recommended, also in view of the requirements of the recent legislation on this subject.

Concerning the internal Committees, the assessment was also positive on their number, type and composition and on the information provided to the Committees and the role which they perform within the activities of the Board.

4.4 Delegated powers and offices

Honorary Chairman

The Board of Directors of EXOR, at its meeting held on April 28, 2009, elected as Honorary Chairman, Mr. Gianluigi Gabetti, and conferred on him powers for the strategic coordination of the investing activities of the Company, to support the activities of the Chairman and Chief Executive Officer.

Chairman

The Board of Directors, at its meeting held on April 28, 2009, elected as Chairman, Mr. John Elkann. The EXOR Board of Directors' meeting held on February 11, 2011, following Mr. Carlo Barel di Sant'Albano's resignation from the post of Chief Executive Officer, appointed Mr. John Elkann as Chief Executive Officer in addition to the position of Chairman of the Board of Directors.

Under the company's by-laws (article 21) the Chairman of the Board of Directors is the legal representative of the Company, also in judicial matters, and holds the signatory powers. The Chairman exercises his powers and prerogatives in the conduct of the Issuers' business activities.

Under the Company's by-laws, the Chairman convenes the Board of Directors to meet, coordinating the work and conducting the business of its meetings.

Vice Chairmen

The Board of Directors, at its meeting held on April 28, 2009, appointed as Vice Chairman, Mr. Pio Teodorani-Fabbri. To Vice Chairman Teodorani-Fabbri has been assigned the legal representation of the Company and the signatory powers for the ordinary management of the Branch in Rome.

The Board of Directors, at its meeting held on April 28, 2009, also appointed as Vice Chairman Mr. Tiberto Brandolini d'Adda.

Executive Committee

No Executive Committee has been appointed.

Communications to the Board of Directors

The communications required by article 150 of the Consolidated Law on Finance and article 2381 of the Italian Civil Code are provided by the Directors to the Board of Statutory Auditors and by the bodies with delegated powers to the Board of Directors and the Board of Statutory Auditors at the meetings of the Board of Directors, to be held at least quarterly. The Directors and Statutory Auditors are also provided with adequate information on atypical and/or unusual transactions or related party transactions, according to the procedures established for that purpose.

4.5 Other executive Directors

In conformity with Criterion 2.C.1 of the Code of Corporate Governance Mr. Sergio Marchionne qualifies as an executive Director due to his tenure of the appointments as Chief Executive Officer of FIAT S.p.A. and as Chairman of the Board of Directors of FIAT Industrial S.p.A.

4.6 Independent Directors

An adequate number of independent Directors sit on the Board of Directors.

The requisites for the independence of a Director are:

- a) he/she is not the spouse, close relative and related by blood or marriage up to the fourth degree to another Director of the Company;
- b) he/she is not a Director, the spouse, close relative and related by blood or marriage up to the fourth degree to a Director of a subsidiary, a holding company or a company under common control with the Company;
- c) he/she has no relationship with the Company or companies controlled by it or to companies which control it or to companies under common control or with the other Directors and

individuals indicated in the previous subparagraphs a) and b) as outside independent consultant or employee or other relationship of a professional or equity nature;

- d) he/she does not control, directly or indirectly, the Company also through subsidiaries, trustees or through a third party, or is not able to exercise over the Company dominant influence, or participate in a Shareholder agreement through which one or more persons may exercise control or considerable influence over the Company;
- e) he/she is not, or has not been in the preceding three financial years, a prominent representative of the Company, of a subsidiary having strategic relevance or of a company under common control with the Company, or of a company or entity controlling the Company or able to exercise over the same a considerable influence, also jointly with others through a shareholder agreement;
- f) he/she has not, or did not have in the preceding financial year, directly or indirectly (e.g. through subsidiaries or companies of which he/she is a significant representative, or in the capacity as partner of a professional firm or of a consulting company) a significant commercial, financial or professional relationship:
 - 1. with the Company, one of its subsidiaries, or any of its significant representatives;
 - 2. with a subject who, jointly with others through a shareholder agreement, controls the Company, or – in the case of a company or an entity – with its prominent representatives;
- g) he/she is not, or has not been in the preceding three financial years, an employee of one of the above mentioned subjects;
- h) he/she does not receive, or has not received in the preceding three financial years, from the Company or a subsidiary or holding company of the Company, a significant remuneration in addition to the “fixed” remuneration as non-executive Director of the Company, including the participation in incentive plans linked to the Company’s performance, including stock option plans;
- i) he/she has not been a Director of the Company for more than nine years in the last twelve years;
- l) he/she does not hold the office of executive Director in another company in which an executive Director of the Company holds the office of Director;
- m) he/she is not a shareholder or Director of a legal entity belonging to the same network as the firm appointed as the Company’s independent auditor;
- n) he/she is not a close co-habiting relative of a person who is in any of the positions listed in the above paragraphs.

The Board of Directors evaluates on the first useful occasion after appointment the effective independence of each of the independent Directors under the Corporate Governance Code and the provisions of article 147-ter, paragraph 4, of the Consolidated Law on Finance. The Board of Directors also evaluates annually the Directors’ independence on the basis of the information provided by them. The Board of Directors notifies the results of its evaluations on the occasion of an appointment, through a press release to the market and, subsequently, in the Report on corporate governance.

On the basis of the information provided by the Directors and that at the Company’s disposal, the Board of Directors’ meeting held on April 6, 2012 concluded that the Directors, Mr. Victor Bischoff, Mr. Eugenio Colucci, Ms. Christine Morin-Postel, Mr. Giuseppe Recchi and Mr. Antoine Schwartz qualified as independent. The Board of Directors also checked that all the

independent Directors comply with the independence requirements for members of the Board of Statutory Auditors set by the Consolidated Law on Finance.

The Board of Statutory Auditors has verified that the criteria and procedures adopted by the Board to assess its members' independence were correctly and successfully implemented.

4.7 Lead Independent Director

In conformity with Criterion 2.C.1 of the Code of Corporate Governance, the Board of Directors appointed the Director Mr. Eugenio Colucci as Lead Independent Director.

The Lead Independent Director represents a reference and coordination point for the initiatives and contributions of non-executive Directors and in particular for the independent Directors.

5. Handling of Company information

In conformity with Criterion 4.C.1, the Board of Directors has adopted an internal procedure for the treatment of inside information. Inside information is defined – pursuant to article 181 of the Consolidated Law on Finance - as any specific not public information relating directly or indirectly to the Company or to one or more financial instruments issued by the Company which is likely, if made public, to have a significant effect on the price of the financial instruments issued by the Company.

This procedure is aimed at the regulation of the flow of information, the responsibilities and the manner of disclosing inside information to third parties.

The Chairman and Chief Executive Officer ensures the correct handling and disclosure to the public and to the authorities of confidential information, having special regard to price sensitive information. Notification of information to the authorities and general public – including the shareholders, investors, analysts and the press – is made within the terms and in compliance with the manner established by existing laws, in accordance with the criteria of correctness, clarity and equality of access to information.

The Directors and the Statutory Auditors are required to maintain the confidentiality of the documents and information received in the course of their duties and to comply with the laws in force as regards the notification of such documents and information outside the company. All and any managers and employees of the Company shall observe the same duty of confidentiality.

In observance of the regulations in force, the Company has implemented a List of insiders who, due to their professional activity or on the basis of the offices held, have access to inside information as set forth in article 114, paragraph 1, of the Consolidated Law on Finance. For this purpose, the Company has implemented an organizational procedure.

The Company has also set up an organizational procedure to ensure compliance with the requirements set forth in article 114, paragraph 7, of the Consolidated Law on Finance (“Internal Dealing”). In this connection it should be noted that the transparency of transactions in the Company's shares or related financial instruments entered into directly or through third parties by relevant persons or by persons close to the relevant persons is regulated by law and by the Consob implementing regulation (article 152-sexies and subsequent of the Regulation on Issuers).

For additional information, reference should be made to the documents published on the Company's website at www.exor.com.

6. Internal Committees of the Board of Directors

Two Committees with proposing and consultative functions were set up within the Board of Directors: the Compensation and Nominating Committee and the Internal Control Committee.

The Company has deemed it expedient to form a single Committee both for the compensation of the Directors and for the appointment issues since these matters are closely related to each other.

The Internal Control Committee has also been identified as the Committee responsible for related-party transactions. For non-significant transactions only regarding compensation and emoluments of Directors, the related-party transactions Committee coincides with the Compensation and Nominating Committee.

The Company has also set up a Strategy Committee with consultative functions to support the activity of the Board of Directors.

7. Compensation and Nominating Committee

The Compensation and Nominating Committee is composed of non-executive Directors the majority of whom are independent.

The Committee's composition is as follows:

- Franzo Grande Stevens (Chairman)
- Victor Bischoff
- Giuseppe Recchi

Two meetings of the Compensation and Nominating Committee were held during 2011. These meetings have provided for the examination of the proposals on compensation of the corporate bodies, the examination of the variable compensation of the Chief Executive Officer, the examination of the amendments to the Rules of the EXOR 2008 – 2019 Stock Option Plan, the proposal for the replacement of the retiring Director, Mr. Antonio Maria Marocco and the review of the Compensation Report pursuant to article 123-ter of the Consolidated Finance Law (available on the Company's website at www.exor.com).

The Compensation and Nominating Committee has mainly consultative functions to give support to the Board of Directors. The Committee has the following duties:

- a) to formulate proposals to the Board of Directors relating to the plans for the compensation of the Chief Executive Officer and the Directors vested with special responsibilities;
- b) to propose to the Board of Directors the candidates for the position of Director, in the case contemplated by article 2386, first paragraph, of the Italian Civil Code, when it is necessary to replace an independent Director in conformity with Criterion 6.C.2., subparagraph a);
- c) to propose to the Board of Directors the candidates for the position of independent Director to be submitted to the Shareholders' Meeting of the Company, taking into account any communications received from Shareholders in conformity with Criterion 6.C.2., subparagraph b);
- d) to express opinions to the Board of Directors regarding the size and composition of the Board and, possibly, regarding the professional profiles whose presence on the Board is deemed appropriate in conformity with Criterion 6.C.2., subparagraph c).
- e) Evaluate from time to time the adequacy, overall coherence and effective application of remuneration policy and submit to the Board of Directors proposals for change.

The Board of Directors identified the Compensation and Nominating Committee as the competent related-party transactions Committee exclusively for those non-significant transactions which relate to the compensation and emoluments of Directors.

The Chairman of the Board of Statutory Auditors is invited to attend the meetings of the Compensation and Nominating Committee.

The Compensation and Nominating Committee may avail itself of the assistance of independent experts to obtain necessary information and opinions on the aspects relating to matters to be considered and may have the financial resources necessary for this purpose.

The Compensation and Nominating Committee's meetings are formally minuted.

8. Directors' compensation

EXOR's compensation policy reflects the particular ownership structure of the Company and also its organizational structure, characterized by:

- the fact that the Chairman and Chief Executive Officer is one of the reference shareholders of EXOR through Giovanni Agnelli e c. S.a.p.az. which owns 59.1% of EXOR's ordinary share capital;
- the absence in EXOR of managers with strategic responsibilities (as defined in the regulatory provisions) apart from the Directors (in particular Mr. John Elkann who is the Chairman and Chief Executive officer) and the Statutory Auditors, and the absence of general managers.
- the significant simplification of EXOR's organization following the merger in 2009 of IFI S.p.A. and IFIL S.p.A. and the recent modifications to the corporate structure.

On April 6, 2012 the Board of Directors at the proposal of the Compensation and Nominating Committee approved the Compensation Report pursuant to article 123-ter of the Consolidated Law on Finance (available on the Company's website at www.exor.com), which discloses all the information on the compensation policy adopted by the Company. This report will be submitted for examination at the Shareholders' Meeting which will be convened for the approval of the 2011 financial statements.

For detailed information on the compensation policy adopted by the Company reference should be made to the aforesaid Report.

9. Strategy Committee

The Strategy Committee is composed of two executive Directors and four non-executive Directors of whom three are independent.

The members of the Committee are:

- John Elkann (Chairman)
- Victor Bischoff
- Gianluigi Gabetti
- Sergio Marchionne
- Christine Morin-Postel
- Antoine Schwartz

The Strategy Committee has consultative functions to give support to the Board of Directors as regards strategic options for EXOR.

The Company's employees may be invited to attend the meetings.

During 2011, the Strategy Committee met twice to examine and assess the main strategic investments and plans.

10. Internal Control Committee

The Internal Control Committee is composed exclusively of independent non-executive Directors.

The members of the Committee are:

- Eugenio Colucci (Chairman)
- Victor Bischoff
- Giuseppe Recchi

Mr. Eugenio Colucci, Chairman of the Internal Control Committee, has an adequate experience in accounting and financial matters. He has been an auditor since 1969 at the audit firm Arthur Andersen, of which he became a partner for technical area. He currently exercises his expertise as an external consultant in the accounting and financial sector. He is also registered on the Register of Legal Auditors.

The Internal Control Committee is vested with the role of giving support to the Board of Directors in the definition of the guidelines for the Company's internal control system as well as of controlling, through the activities of the competent corporate functions or as circumstances require, the effective observance of the internal operating and administrative procedures adopted by the Company to ensure a proper and efficient management of the Company and to identify, prevent and manage any risks of a financial or operational nature.

The Internal Control Committee maintains relations with the Board of Statutory Auditors, the Independent Auditors, the Internal Control Compliance Officer and the Manager responsible for the preparation of the financial reports. The Statutory Auditors, the Independent Auditors, the Manager responsible for the preparation of financial reports and the Internal Control Compliance Officer attend the meetings of the Committee.

Furthermore, the Internal Control Committee and the Legislative Decree 231/2001 Supervisory Body meet at least once a year for the exchange of information relating to their respective control activities. In the event of particular anomalies detected during the control activity, the aforementioned bodies inform each other in a timely manner

Should it be required, the Committee also meets at the request of the Chairman of the Board of Statutory Auditors or of the Internal Control Compliance Officer.

With regard to the adoption of the Administrative and Accounting Control Model (see later in this report), the Internal Control Committee oversees the work carried out by the corporate structures relating to:

- analysis of the financial reporting risks in order to define the scope of intervention within EXOR S.p.A. and the companies of the "Holdings System";
- implementation of all the administrative and accounting procedures governing the operating and control activities which address the risks identified;
- analysis of IT systems supporting the Company's administrative processes;
- identification of the significant subsidiaries from which to require a similar adjustment process;
- definition of the process of periodic assessment of the accounting control system within the EXOR Group.

The Internal Control Committee also:

- a) together with the Manager responsible for the preparation of financial reports and with the independent auditor evaluates the correct application of the accounting principles and, in the event of groups, their consistent application in the preparation of consolidated financial statements (Criterion 8.C.3., subparagraph a);
- b) at the request of the responsible executive Director, expresses opinions on specific aspects relating to the identification of the Company's principal business risks as well as on the design, implementation and management of the internal control system (Criterion 8.C.3., subparagraph b);
- c) reviews the work plan prepared by the Internal Control Compliance Officer as well as the periodic reports prepared by the latter (Criterion 8.C.3., subparagraph c);
- d) reports to the Board, at least on a half-yearly basis, on the occasion of the approval of the annual financial statements and the half-yearly report, on the activity carried out, as well as on the adequacy of the internal control system (Criterion 8.C.3., subparagraph g).

By analogy with the provisions regarding the Compensation and Nominating Committee concerning transactions relating to compensation and emoluments, the Board of Directors identified the Internal Control Committee as competent for any other related-party transactions matters.

In the performance of its tasks, the Internal Control Committee has access to the information and corporate functions necessary for the performance of the duties entrusted to it. The Internal Control Committee may avail itself of the assistance of independent experts to obtain required information and opinions on the aspects relating to matters to be considered and may have the financial resources necessary for this purpose.

The Internal Control Committee's meetings are formally minuted.

Four meetings of the Internal Control Committee were held during 2011 and two have been held in 2012. The meetings regarded in addition to the examination of the accounting procedures and criteria used for the preparation of the periodical financial reports, the examination of the activities carried out by the Manager responsible for the preparation of financial reports, the examination of the methods and procedures for the implementation of the provisions of IAS 36 as regards impairment of assets ("Impairment Testing"), the examination of the annual report on the activities of the Supervisory Body in compliance with the provisions of Legislative Decree No. 231/2001 and the update on the Administrative and Accounting Control Model as well as the examination of and the update of the plans started by the Company as regards internal control and corporate risks.

Lastly, the Internal Control Committee was appointed by the Board of Directors to define a self-assessment questionnaire to be submitted to the Directors on the size, composition and performance of the Board and its internal Committees and has also handled the collection of the data required to carry out the self-assessment and has presented the data, in aggregated and anonymous form, to the Board of Directors.

Information on the results of self-assessment process is included in section 4 of this Report.

11. Internal Control System

The internal control system comprises all rules, procedures and organizational structures designed to ensure the reliability, accuracy, completeness and timeliness of financial reporting. The elements which characterize the internal control system adopted by the Company are described below.

11.1 System of risk management and internal control over financial reporting

Foreword

The system of risk management and internal control over financial reporting (hereafter the “System”) put into place by the Company is developed consistently with the COSO Report^(a), according to which the internal control system, in the broad sense, is defined as “a process, carried out by the Board of Directors, the managers and other individuals of the Company designed to provide (i) reasonable assurance of the achievement of the objectives of efficiency and effectiveness of corporate operations; (ii) the reliability of the financial statements, and (iii) the compliance with the provisions of existing laws and regulations”.

In particular, with reference to financial reporting, such process is focused on the procedures and organizational structures for ensuring the reliability, accuracy, completeness and timeliness of financial reporting. In fact, the system of risk management and internal control over financial reporting aims at ensuring the adequacy and effective application of the administrative and accounting procedures designed to guarantee a true and fair representation of the business activities in the financial reports (annual consolidated financial statements, separate financial statements, shortened half-yearly consolidated financial statements) prepared by the Company, allowing the issue of the attestations and statements required by article 154-bis of the Consolidated Law on Finance by the administrative delegated bodies and by the Manager responsible for the preparation of the Company’s financial reports.

The main characteristics of the System are described below with particular reference to EXOR S.p.A. and the significant companies belonging to the so-called “Holdings System”.

It should also be noted that the Board of Directors of EXOR has issued instructions to all significant subsidiaries for the implementation and management of an adequate internal control system.

Main characteristics of the System

The System of EXOR S.p.A. has been developed taking into consideration existing law, the reference regulations as well as the guidelines provided by the competent bodies and is composed of the following documents and procedures:

- **Code of Ethics** – in which the ethical principles and values of the Company are illustrated and which highlights the rules of conduct whose observance by all Company employees is of fundamental importance to the proper functioning, operating reliability and image of the Company.
- **System of Delegated Powers and Proxies** – which identifies the powers of company representation conferred to individual managers.
- **Organizational and Management Model pursuant to Legislative Decree No. 231/2001** – in which procedures to reduce the risk of the commission of the offenses covered by the law and the related system of sanctions are set out.
- **Administrative and Accounting Control Model** – a document intended to define roles and responsibilities and how the administrative and accounting control system should work.
- **Administrative and Accounting procedures** – documents which establish the responsibilities and rules for the controls to be applied particularly in relation to the important processes.

(a) COSO Model, designed by the Committee of Sponsoring Organizations of the Treadway Commission - “Internal Control – Integrated Framework” issued in 1992 and amended in 1994 by the Committee of Sponsoring Organizations of the Treadway Commission.

- **Guidelines for testing of Administrative and Accounting procedures** – document outlining methods to be followed when performing periodical sampling of transactions and testing for the verification of the effectiveness of the administrative and accounting procedures and controls.

In particular, the aforesaid Administrative and Accounting Control Model aims to define:

- the guidelines of the control system;
- the responsibilities, powers and resources given to the Manager responsible for the preparation of the Company's financial reports;
- the Code of Conduct that must be observed by the Company's personnel involved, for any reasons, in the implementation of the System;
- the roles and responsibilities given to the corporate Functions involved in the preparation, diffusion and checking of financial reports issued to the market;
- the responsibilities given to the corporate bodies of the significant subsidiaries included in the consolidation area as regards the quality of the data reported to the parent company for consolidation purposes;
- the process of internal attestation by the heads of corporate Functions;
- the process of internal attestation by the corporate bodies of the significant subsidiaries as regards the data under their responsibility reported to the parent company;
- the process of attestation to the Market by the Chairman and Chief Executive Officer and the Manager responsible for the preparation of the Company's financial reports.

Risk Assessment Process – a document defining the roles, responsibilities and methods developed to support Risk Assessment activities; the document also illustrates the guidelines for subsequent activities of periodical risk assessment updating and of Risk Management

Consolidation Manual – document intended to provide the guidelines for a correct application of standard accounting policies for the companies included in the consolidation area with regard to the recording, classification and valuation of operating events.

Financial reporting instructions and year/period end timetables – a set of documents intended to provide the various corporate Functions and the companies included in the consolidation area with detailed operating guidelines for the preparation of the reporting package to the pre-determined timetable.

Phases in the System

The System involves the following phases:

- Identification and assessment of financial reporting risks.
 - Identification of the controls responding to the risks identified.
 - Verification of the effective application of the controls and evaluation of any problems detected.
- a) Identification and assessment of financial reporting risks

The identification process for financial reporting risks (administrative and accounting Risk Scoring) is carried out, on a yearly basis, under the responsibility of the Manager responsible for the preparation of the Company's financial reports, jointly with the Chairman and Chief Executive Officer. However, when significant operations in the EXOR investment portfolio take place during the year, the Manager responsible promptly assesses their impact so as to identify any new risks.

The aforesaid process is managed with the aim of:

- testing that the financial records and the related business processes which have been identified as significant and the testing of the related controls contained in the administrative and accounting procedures are up to date;
- testing that the perimeter of the subsidiaries and associates considered relevant for the proper functioning of the System is up to date;
- identifying, for each corporate Function, the significant accounting areas and data, the accounting flows and processes deemed to be critical and the control activities put into place over such flows and processes.

In the execution of the aforesaid activities, the Manager responsible for the preparation of the Company's financial reports draws further elements for the administrative and accounting Risk Scoring from the results of the more extended Risk Assessment process; in fact, such process involves the Chairman and Chief Executive Officer and all heads of departments of EXOR and aims at identifying and classifying the main existing risks affecting the corporate objectives (from a strategic, operational, financial and compliance standpoint) using a "Control Risk Self-Assessment" methodology.

b) Identification of the controls responding to the risks identified

The identification of the controls required to reduce the risks identified within the framework of the administrative and accounting processes is carried out taking into consideration the financial reporting control objectives, which are composed of the "assertions" of the financial statements (existence and occurrence of events, completeness, rights and obligations, valuation/recognition, presentation and reporting) and other control objectives such as, by way of example, the observance of authority limits, the separation of duties and responsibilities or the documentation and traceability of transactions.

The corporate Functions are responsible for implementing the Administrative and Accounting Control Model: they document the administrative and accounting procedures and carry out the control activities defined therein. On a yearly basis and for significant organizational events, the corporate Functions check that the procedures and controls relating to their areas of competence are up to date in terms of:

- the correspondence of the controls described and the supporting evidence with the operating activities carried out, the IT systems used and the company organization chart;
- the correct identification of the owners of the processes, activities and controls.

Should there emerge, following the Risk Scoring process, sensitive areas which are not regulated, in whole or in part, by EXOR's set of administrative and accounting procedures, the various Functions shall, together with the Manager responsible for the preparation of the Company's financial reports, integrate the existing procedures or draft new procedures for the areas of operations for which they have competence.

The amended or newly implemented procedures are submitted for approval to the Manager responsible for the preparation of the Company's financial reports, after agreement with the Chairman and Chief Executive Officer of EXOR S.p.A.

c) Verification of the effective application of the controls and evaluation of any problems detected

The System assessment activities are carried out upon preparation of the annual financial statements (separate and consolidated financial statements) and of the shortened half-yearly consolidated financial statements. To that end, specific monitoring activities are performed to ensure the adequacy and the effective application of the administrative and accounting procedures and controls contained therein for the correct functioning of the significant accounting processes. Such assessment is carried out on three different levels:

- attestations addressed to the Chairman and Chief Executive Officer and the Manager responsible for the preparation of the financial reports of EXOR S.p.A. issued by each single Function of EXOR as to the adequacy and the effective application of the operating and control activities under their responsibility;
- attestations addressed to the Chairman and Chief Executive Officer and the Manager responsible for the preparation of the financial reports of EXOR S.p.A. issued by the administrative delegated bodies of the significant subsidiaries and associates as regards the adequacy and the effective application of the administrative and accounting procedures adopted for the preparation of the consolidation package transmitted to the parent company;
- periodical testing by the Manager responsible for the preparation of the Company's financial reports with the help of adequate internal and/or external resources to attain the required degree of objectivity as to the effective application of the System and of the sub-attestation process involving the corporate Functions and the significant subsidiaries.

The Manager responsible for the preparation of the Company's financial reports, with the support of the Internal Control Compliance Officer, provides for the preparation of a report which synthesizes the results of the assessments of the controls responding to the risks previously identified on the basis of the results of the monitoring activities performed and of the declarations received from the delegated administrative bodies and the administration managers of the subsidiaries. The aforesaid assessment activities may lead to the identification of compensating controls, corrective actions or improvement plans with respect to any issues identified.

Roles and Functions involved

The Manager responsible for the preparation of the Company's financial reports, in concert with the Chairman and Chief Executive Officer, draws up according to the provisions described above the attestations pursuant to article 154-bis of the Consolidated Law on Finance.

Periodically the Manager responsible for the preparation of the Company's financial reports informs the Internal Control Committee, the Board of Statutory Auditors and the Supervisory Body of the methods used for the assessment of the internal control system as well as of the results of the assessments carried out as a support for the attestations issued.

The Board of Directors examines the contents of the attestations / statements required by law, as presented by the Chairman and Chief Executive Officer and by the Manager responsible for the preparation of the Company's financial reports, in accompaniment to the related financial reports (annual separate and consolidated financial statements, shortened half-yearly consolidated financial statements, quarterly reports), making the appropriate decisions and authorizing publication of the reports.

For additional information on the activities carried out by the aforesaid bodies, reference should be made to the detailed description in this Report.

11.2 Executive Director in charge of the internal control system

The Board of Directors has identified the Chairman and Chief Executive Officer, Mr. John Elkann, as the executive Director responsible for overseeing the working of the internal control system.

In this function the executive Director is required to:

- a) oversee the identification of the main business risks (strategic, operational, financial and compliance risks), taking into account the characteristics of the activities carried out by the

Issuer and its subsidiaries, and submit them periodically to review by the Board of Directors (Criterion 8.C.5., subparagraph a).

- b) implement the guidelines defined by the Board of Directors, through the design, implementation and management of the internal control system, constantly monitoring its overall adequacy, effectiveness and efficiency (Criterion 8.C.5., subparagraph b);
- c) oversee the adaptation of the system to the dynamics of the operating conditions and the legislative and regulatory framework (Criterion 8.C.5., subparagraph b);
- d) propose to the Board of Directors the appointment, revocation and remuneration of the Internal Control Compliance Officer: (Criterion 8.C.5., subparagraph c);

11.3 Internal Control Compliance Officer

The Board of Directors' meeting, at the proposal of the Chairman and Chief Executive Officer, Mr. John Elkann, and after receiving the favorable opinion of the Board of Statutory Auditors, appointed Mr. Fernando Massara as the Internal Control Compliance Officer of the Company.

The Internal Control Compliance Officer is the Head of the EXOR's Legal and Corporate Affairs Department.

The Internal Control Compliance Officer, in the framework of the aforesaid activity, does not report to any of the heads of operating departments but to the Chairman and Chief Executive Officer of EXOR, the executive Director responsible for overseeing the working of the internal control system. Mr. Fernando Massara was identified as the Internal Control Compliance Officer due to his expertise, long experience and deep knowledge of corporate operations. His qualifications provide an adequate guarantee of autonomy in the performance of his duties. He is charged with evaluating, constantly monitoring and stimulating the working of the internal control system.

The Internal Control Compliance Officer may avail himself of the assistance of independent experts to obtain required information and opinions on the aspects relating to matters to be considered and may have the financial resources necessary for this purpose..

In the performance of his tasks, the Internal Control Compliance Officer can access the information and corporate Functions as required to carry out the duties entrusted to him.

In particular, in the performance of his duties, the Internal Control Compliance Officer:

- a) checks that the internal control system is constantly appropriate, fully operational and functioning (Criterion 8.C.6., subparagraph a);
- b) has direct access to all useful information for the performance of his duties (Criterion 8.C.6., subparagraph c);
- c) reports on his activity to the Internal Control Committee and to the Board of Statutory Auditors (Criterion 8.C.6., subparagraph e);
- d) also reports on his activity to the executive Director responsible for overseeing the working of the internal control system (Criterion 8.C.6., subparagraph e).

It should be noted that the activities carried out by EXOR, as an investing company, entail a relatively limited number of accounting entries with transactional processes which are not particularly complex.

It was judged for this reason that the Internal Audit activity can be conducted by the Internal Control Compliance Officer who, for some testing activities, in particular for compliance testing, utilizes the support of external consultants.

11.4 Organizational Model pursuant to Legislative Decree No. 231/2001

The Company has adopted the Organizational, Management and Control Model required under the provisions of Legislative Decree No. 231/2001 and has updated it with respect to the new offenses contemplated by Legislative Decree No. 231/2001.

At the time of the adoption of the Model, and subsequently for its updating, the Company monitored all the activities carried out by corporate Functions in order to:

- identify the most significant risk factors which could lead to the forms of offense commission contemplated by the legislation;
- set up the controls required to reduce the aforesaid risks to the minimum level.

The Issuer's Organizational, Management and Control Model is currently formed of a general part which comprises regulatory references, the description of the Model structure and the reasons for its adoption as well as the description of the features, attributions and powers of the Supervisory Body. The general Part also deals with human resource education/training, the method of distributing the Model and the disciplinary system.

The Model then has eleven special parts each of which regulates the measures put in place by the corporate structures to prevent each of the types of offense contemplated by the legislation which are, precisely, offenses in the relations with the Public Authorities; corporate offenses; terrorism and subversion of established democratic law and order; offenses against the person; market abuse offenses; trans-national offenses; crimes for receiving stolen goods, money laundering and utilization of money, goods or benefits of unlawful origin; computer crimes; offenses relating to accident prevention and occupational hygiene and health protection; offenses involving breach of copyright; offenses of instigating another to refrain from making statements or to make false statements to the Judicial Authorities.

The Supervisory Body is formed of the following members:

- Sergio Duca (a former partner of an audit firm; he does not hold offices at the Company)
- Fernando Massara (Head of the Legal and Corporate Affairs Department)
- Giuseppe Zanalda (a criminal lawyer; he does not hold offices at the Company).

The Supervisory Body is vested with the duty of supervising the functioning and the observance of the Organizational, Management and Control Model as well as of providing for its updating. This Board has the specific professional expertise required to efficiently carry out its work and acts on a continuous basis.

The committee form adopted guarantees the necessary independence and autonomy for the Supervisory Body to carry out its assigned duties.

The Supervisory Body's term of office expires with the Shareholders' Meeting convened for the approval of the financial statements of EXOR for the year ended December 31, 2011.

The Supervisory Body met five times in 2011 and has met twice in 2012.

11.5 Independent Auditor

The legal audit of the accounts is currently carried out according to the provisions of law by the audit firm, Deloitte & Touche S.p.A., appointed by the Shareholders' Meeting held on May 25, 2006 for the period 2006-2011. With the issue of the report on the financial statements for the year ending December 31, 2011, Deloitte & Touche S.p.A.'s mandate as independent auditor will expire and, pursuant to the law, is no longer renewable. The Shareholders' Meeting held on April 28, 2011 resolved, on the basis of the recommendation of the Board of Statutory Auditors, to appoint the firm Ernst & Young S.p.A as independent auditor for the legal audit of the accounts for the financial years 2012 to 2020.

11.6 Manager responsible for the preparation of the Company's financial reports

The Board of Directors' meeting, pursuant to the provisions of article 22 of the current corporate By-laws, after receiving the favorable opinion of the Board of Statutory Auditors, appointed Mr. Enrico Vellano, Chief Financial Officer as Manager responsible for the preparation of the financial reports of the Company. The Manager responsible for the preparation of the Company's financial reports has the specific powers to carry out the duties entrusted to him, including the power for expenditure. He exercises his powers with a single signature for the performance of the specific duties entrusted to him, in the interests of the Company and subject to compliance with the provisions of law. With reference to the exercise of the aforementioned powers, the Manager assigned this responsibility reports without delay to the Chairman and Chief Executive Officer and on a six-monthly basis to the Board of Directors on the activities carried out and the relative costs.

12. Directors' interests and transactions with related parties

The communications required under article 150 of the Consolidated Law on Finance and article 2381 of the Italian Civil Code are provided by the Directors to the Board of Statutory Auditors and by the bodies with delegated powers to the Board of Directors and the Board of Statutory Auditors during the meetings of the Board of Directors, to be held at least quarterly.

The Directors and Statutory Auditors will be given adequate information on any atypical and/or unusual transactions or transactions with related parties, made in the exercise of delegated powers.

Whenever a Director has an interest in the transaction (including a potential interest), pursuant to article 2391 of the Italian Civil Code, the nature, terms, origin and scope of such interest must be duly communicated to the Board of Directors and the Board of Statutory Auditors.

Pursuant to Consob Regulation No. 17221 dated March 12, 2010, the Board of Directors has adopted, with the favorable opinion of the Internal Control Committee, identified for the purpose as the competent Committee, the "Internal Procedures for transactions with related parties" (available on the Company's website at www.exor.com). The aforesaid procedures, effective from January 1, 2011 comprise a set of rules which ensure the transparency and procedural and substantial correctness of transactions with related parties.

To this end, the following types of transactions with related parties were identified:

- (i) "significant" transactions: transactions with related parties exceeding the threshold of 5% of at least one of the three parameters established by the regulation (the value of the transaction in relation to the consolidated equity of the Company; the total assets of the purchased entity in relation to the consolidated assets of the Company; the total liabilities of the purchased entity in relation to the consolidated assets of the Company).

For the aforesaid transactions, the prior approval of the Board of Directors is required, upon the binding favorable opinion of the related-party transactions Committee, as well as a more stringent transparency treatment since, in such circumstances, an Information

Document prepared according to the provisions of the existing regulation shall be made available to the public;

- (ii) "less significant" transactions: transactions whose amount is less than the aforementioned threshold and which do not fall within the residual category of transactions involving small amounts.

For the aforesaid transactions, a less stringent procedure is required, in which, prior to the approval of the transaction, a non-binding specifically supported opinion of the related-party transactions Committee shall be issued.

The Procedures also provide for some cases of exemption for transactions involving small amounts, ordinary transactions completed on standard terms or on terms equivalent to market conditions, transactions with or amongst subsidiary and/or associated companies and other cases explicitly contemplated in the applicable regulation.

Lastly, it should be noted that for transactions of lesser significance concerning compensation and emoluments of Directors, the related-party transactions Committee coincides with the Compensation and Nominating Committee.

13. Appointment of the members of the Board of Statutory Auditors

Under the Company's by-laws, the Board of Statutory Auditors of the Company consists of three regular Statutory Auditors and two alternate Statutory Auditors.

Minority shareholders may appoint one regular Statutory Auditor and one alternate Statutory Auditor.

All regular Statutory Auditors and all alternate Statutory Auditors shall be chosen from among those inscribed in the register of legal auditors who have practiced as legal auditors for a period of not less than three years.

Statutory Auditors are appointed by means of lists, filed at the Company's place of business by at least twenty five days prior to the date of the Shareholders' Meeting, on which the candidates are listed in a numerical order. The list is divided into two parts: one for candidates for the office of regular Statutory Auditor, the other for candidates to the office of alternate Statutory Auditor, the number not exceeding the number of Statutory Auditors to be appointed.

Lists of candidates can only be presented by shareholders who, alone or together with other shareholders, hold voting shares representing the percentage established for the Company under the applicable regulations; the ownership percentage required for the presentation of lists of candidates as for the appointment to the Boards of Directors and of Statutory Auditors of EXOR pursuant to article 144-quater of the Regulation on Issuers has been established by Consob to be 1.5% of the ordinary share capital. This ownership percentage must be evidenced in appropriate communications which must reach the Company at least twenty one days prior to the date of the Shareholders' Meeting. These matters must be set out in the notice convening the Meeting of Shareholders.

The lists of candidates must also be accompanied by:

- a) information on the identity of the shareholders who presented the lists of candidates, with indication of the total percentage of voting shares held;
- b) a declaration by shareholders other than those who hold, also jointly, a controlling interest or relative majority interest, in which they declare the absence of links with the latter as defined by the relevant regulations;

- c) exhaustive information on the candidates' personal and professional characteristics, as well as a declaration by the candidates in which they state that they satisfy the requisites established by the law and by the Company's by-laws and that they accept the candidature;
- d) a list of the appointments as directors and statutory auditors held by the candidates in other companies together with the undertaking to update the aforementioned list to the date of the Shareholders' Meeting.

The candidates for whom the above rules are not observed are ineligible.

The lists of candidates, accompanied by the aforesaid information, are also published on the Company's website.

If, at the latest date indicated above only one list has been deposited, or lists have been deposited only by shareholders who, on the basis of the aforementioned provisions, are linked with each other according to the relevant regulations, lists can be presented up to the third day after that date. In this case, the aforementioned threshold shall be reduced by half.

The lists can be filed using at least one remote communication medium in a manner, to be made known in the notice convening the Shareholders' Meeting, which allows the identity of the persons who make the filing to be known.

A single shareholder cannot, either directly or through a third party or through trustee companies, present more than one list, or vote in different lists. Shareholders belonging to the same group and shareholders who signed a Shareholder agreement regarding the shares of the Company may not present, either through a third party or trustee company, more than one list, or vote for different lists. Each candidate may be included in one list only, under penalty of ineligibility.

Candidates can be included in the lists only if the limit on the number of appointments set by the applicable regulation has been respected and they are in possession of the requisites established by the regulations and by the Company's by-laws. Out-going Statutory Auditors can be re-elected.

The procedure for the election of the Statutory Auditors is as follows:

1. two regular statutory members and one alternate are elected from the list which has obtained the highest number of votes at the Shareholders' Meeting, in the numerical order in which they appear in the parts of the list;
2. the remaining regular member and the other alternate member are elected from the list which has obtained the second highest number of votes at the Shareholders' Meeting and which is not linked with the shareholders of reference according to the applicable regulations, in the numerical order in which they appear in the parts of the list; in the case of a tied vote between lists, the candidates are elected from the list presented by the shareholders with the largest holding or, failing that, presented by the largest number of shareholders .

The chairman of the Board of Statutory Auditors shall be the member indicated as the first candidate on the list as set forth in paragraph 2 above.

If it is not possible to appoint the Statutory Auditors in the manner described above, the candidates shall be appointed by a relative majority of votes cast by the shareholders present at the Meeting.

In the event that the requisites of the law and of the Company's by-laws cease to be met, the Statutory Auditor's appointment ceases.

To replace a Statutory Auditor, the alternate belonging to the same list as the outgoing auditor shall take the place of same.

The rules for election set out in the preceding paragraphs shall not be applied by the Shareholders' Meetings which, according to the law, must appoint regular Statutory Auditors and/or alternates to complete the Board of Statutory Auditors following a replacement or resignation. In these cases, the appointment is made by a relative majority vote of the shareholders, in observance of the principle of the necessary representation of minorities.

14. Members of the Board of Statutory Auditors

The current Board of Statutory Auditors of the Issuer was elected at the Shareholders' Meeting held on April 28, 2009 and is formed of:

- Lionello Jona Celesia Chairman
- Giorgio Ferrino Regular Statutory Auditor
- Paolo Piccatti Regular Statutory Auditor
- Lucio Pasquini Alternate Statutory Auditor
- Ruggero Tabone Alternate Statutory Auditor

The professional profiles of the members of the Board of Statutory Auditors are available for review on the Company's website www.exor.com.

The Board of Statutory Auditors of EXOR will remain in office until the Shareholders' Meeting that will be held to approve the financial statements for the year ended December 31, 2011.

At the time of the election of the Board of Statutory Auditors only the list of candidates of the Shareholder Giovanni Agnelli e C. S.a.p.az., holding 59.10% of the ordinary shares was presented. The list, together with the supporting document required for presentation under the Company's by-laws was published on the Company's website at www.exor.com, and is still available thereon.

The following table sets out the more significant appointments held by the members of the Board of Statutory Auditors:

Name	Company	Position held at the company
Lionello Jona Celesia	IBM Italia S.p.A.	Chairman of the Board of Statutory Auditors
	Lazard & Co. S.r.l.	Chairman of the Board of Statutory Auditors
	Autostrada Torino-Milano	Regular Statutory Auditor
	COMITAL S.p.A.	Regular Statutory Auditor
	FIAT S.p.A.	Regular Statutory Auditor
Giorgio Ferrino	Giovanni Agnelli e C. S.a.p.az.	Regular Statutory Auditor
	Banca del Piemonte	Chairman of the Board of Directors
	Ersel Asset Management S.G.R. S.p.A.	Chairman of the Board of Statutory Auditors
	F.Ili Carli S.p.A.	Chairman of the Board of Statutory Auditors
	Final S.r.l.	Chairman of the Board of Statutory Auditors
Fincarta S.p.A.	Fincarta S.p.A.	Chairman of the Board of Statutory Auditors
	Santander Consumer Bank S.p.A.	Regular Statutory Auditor
	U.B.I. Factor S.p.A.	Regular Statutory Auditor

Name	Company	Position held at the company
Paolo Piccatti	Fiat Industrial S.p.A.	Chairman of the Board of Statutory Auditors
	FPT Industrial S.p.A.	Chairman of the Board of Statutory Auditors
	JUVENTUS F.C. S.p.A.	Chairman of the Board of Statutory Auditors
	Fiat Group Automobiles S.p.A.	Chairman of the Board of Statutory Auditors
	Banca Sella S.p.A.	Chairman of the Board of Statutory Auditors
	IVECO S.p.A.	Regular Statutory Auditor
	Giovanni Agnelli e C. S.a.p.az. Banca Sella Holding S.p.A.	Regular Statutory Auditor Regular Statutory Auditor
Lucio Pasquini	Burgo Distribuzione S.r.l.	Chairman of the Board of Statutory Auditors
	Alpitour S.p.A.	Regular Statutory Auditor
	Fiat Industrial S.p.A.	Regular Statutory Auditor
	Gruppo Banca Leonardo S.p.A.	Regular Statutory Auditor
Ruggero Tabone	Accor Hospitality Italia S.r.l.	Chairman of the Board of Statutory Auditors
	Accor Partecipazioni Italia S.r.l.	Chairman of the Board of Statutory Auditors
	Alpitour S.p.A.	Regular Statutory Auditor
	Edenred Italia S.r.l.	Regular Statutory Auditor
	Gruppo Fondiaria SAI Servizi S.c.r.l.	Regular Statutory Auditor
	Systema Compagnia di Assicurazioni S.p.A.	Regular Statutory Auditor
	S2C Compagnia di Assicurazioni di Crediti e Cauzioni S.p.A.	Regular Statutory Auditor

The Board of Statutory Auditors:

- (i) evaluates the independence of its members at the first useful occasion after their appointment;
- (ii) assesses during the financial year if the requirements for the independence of its members continue to be met;
- (iii) in performing the above control has applied all the criteria established by the Corporate Governance Code for the evaluation of the independence of Directors.

A Statutory Auditor who has an interest, either directly or on behalf of third parties, in a certain transaction of the Issuer, informs the other Statutory Auditors and the Chairman of the Board in a timely and exhaustive manner about the nature, the terms, origin and extent of his/her interest (Criterion 10.C.4.).

The Boards of Statutory Auditors monitored the independence of the auditing firm, verifying both the compliance with the applicable provisions of law and the nature and extent of non-auditing services provided to the Company and its subsidiaries by the auditing firm itself and by the entities belonging to its network (Criterion 10.C.5.). In the framework of its activities, the Board of Statutory Auditors coordinated its activities with the Internal Control Compliance Officer and with the Internal Control Committee through attendance at Internal Control Committee meetings (Criteria 10.C.6. and 10.C.7.).

Lastly, it should be noted that article 19 of Legislative Decree No. 39/2010 has given to the Board of Statutory Auditors the functions of an Internal Control and Legal Audit Committee. In this role, the Board of Statutory Auditors must supervise (i) the financial reporting process, (ii) the effectiveness of internal control, internal audit and risk management systems, (iii) the legal

audit of the annual statutory and consolidated financial statements, (iv) the independence of the legal audit firm, in particular, as far as non-audit services are concerned.

In this new capacity, the Board of Statutory Auditors is also called to issue a well-supported recommendation to the Shareholders' Meeting when the mandate for the legal audit of the accounts is conferred or revoked.

15. Relations with Shareholders

The Company strives to establish a dialogue with shareholders and institutional investors. The Chairman and Chief Executive Officer, in observance of the procedure for the disclosure of documents and information about the Company, supervises relations with institutional investors and with the other shareholders, following a policy of constant attention and dialogue.

A specific corporate office in charge of relations with shareholders is dedicated to this activity and updates the Company's website.

This website contains, also in English, a descriptive profile of the EXOR Group, information about the Company's Corporate Governance, annual and interim financial statements, press releases issued by the Company, the lists of candidates for appointment as Directors and Statutory Auditors as well as analyses and institutional presentations for market operators.

As of the date of this Report, Ms. Fabiola Portoso is responsible for Investor Relations.

Shareholders, investors and the press can contact the following corporate offices for information about the Company:

PRESS OFFICE AND EXTERNAL RELATIONS

Tel. 011.5090.320

e-mail: media@exor.com

INVESTOR RELATIONS

Tel. 011.5090.345

e-mail: ir@exor.com

16. Meetings of Shareholders

Shareholders' Meetings are important occasions for the communication of information about the Company to shareholders, in observance of the regulations disciplining the handling of inside information.

In order to facilitate shareholders' attendance at Shareholders' Meetings, the Company pays the utmost attention to the selection of the location, the date and the time of the meetings.

The Board of Directors and the Board of Statutory Auditors are appropriately represented at the Meetings. In particular, the Shareholders' Meetings are attended by those Directors who hold specific positions and can make a useful contribution to the Meetings' discussions.

It should also be noted that with a view to further safeguarding the rights of the holders of preferred shares and savings shares, Mr. Alberto Maria Musy was appointed common representative of the holders of preferred shares and Mr. Giacomo Zunino, common representative of the holders of savings shares.

The Company has also adopted a Regulation for Shareholders' Meetings whose purpose is to make them orderly and functional and which is available on the Company's website at www.exor.com.

The by-law clauses which regulate attendance at Shareholders' Meetings are the following:

“Article 10 – Each ordinary and preferred share entitles its holder to one vote.

Preferred shares have voting rights only for the resolutions set forth in article 2365 of the Italian Civil Code and the second paragraph of article 13 of the by-laws.

Individuals having the right to vote may attend the meeting.

Such individuals may be represented at a meeting in the ways provided for by the law.

The entitlement to attend a meeting and to exercise the right to vote are confirmed by a statement provided to the Company by an appointed intermediary in the manner and within the term provided for in the applicable regulations.

The Board of Directors may implement procedures to allow the vote to be made by electronic means.

Proxies for representation and the exercise of the right to vote in the Shareholders' Meeting may be delivered by electronic means in conformity with the applicable regulations.

Proxies may be notified electronically following the procedures set out in the notice convening the meeting, through use of an appropriate section of the Company's website or through use of a message addressed to the certified electronic mail address indicated in that notice.

The Company may, through the centralized share administration service, request that intermediaries provide details of the identity of shareholders and the number of shares registered to them on a particular date.”

“Article 12 – The meeting shall be convened by a notice to be published, in accordance with the law, on the Company's website and using the other means prescribed by the applicable regulations containing all the matters required by those regulations.

The notice may provide for a single call or a first, second and, for extraordinary Shareholders' Meetings only, a third call.”

17. Changes after the close of the financial year

No further changes occurred after the closing of the financial year of reference in the Corporate Governance structure with respect to the information provided in this Report.

TABLE 1: INFORMATION ON THE COMPANY'S OWNERSHIP STRUCTURE

STRUCTURE OF SHARE CAPITAL			
	No. of shares	% total share capital	Listed
Ordinary shares	160,259,496	65.09%	Electronic Share Market
Preferred shares	76,801,460	31.19%	Electronic Share Market
Savings shares	9,168,894	3.72%	Electronic Share Market

SIGNIFICANT HOLDINGS			
Ultimate shareholder	Direct shareholder	% ordinary shares	% voting rights
Giovanni Agnelli e C. S.a.p.az. ^(a)	Giovanni Agnelli e C. S.a.p.az.	59.10%	52.66%
Bestinver Gestion SGIIC S.A.	Bestinver Gestion SGIIC S.A. Bestinver International FI ^(b)	-	5.00%
Mackenzie Financial Corporation	Mackenzie Financial Corporation ^(c) Mackenzie Cundill Value Fund	7.24%	4.98%%

^(a) Giovanni Agnelli e C. S.a.p.az. also holds 1,133,451 EXOR savings shares, equal to 12.36% of EXOR savings share capital.

^(b) holds 2.16% of share capital with voting rights equal to 6.68% of preferred shares.

^(c) holds 3.44% of share capital with voting rights equal to 5.09% of ordinary shares.

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES

Position held	Name	Executive	Non-executive	Independent	***	Number of other positions held	Internal Control		Compensation and Nominating		Strategy	
							*	**	***	**	***	**
Chairman and Chief Executive Officer	John Elkann	X			100.00%	9					X	100.00%
Honorary Chairman	Gianluigi Gabetti		X		100.00%	2					X	100.00%
Vice Chairman	Pio Teodorani-Fabbri	X			100.00%	2						
Vice Chairman	Tiberto Brandolini d'Adda		X		90.00%	6						
Director	Andrea Agnelli		X		100.00%	4						
Director	Carlo Barel di Sant'Albano		X		100.00%	3					X	100.00%
Director	Oddone Camerana		X		100.00%	-						
Director	Luca Ferrero Ventimiglia		X		100.00%	2						
Director	Franzo Grande Stevens		X		100.00%	4			X	100.00%		
Director	Sergio Marchionne	X			100.00%	8						100.00%
Director	Alessandro Nasi		X		100.00%	4						
Director	Lupo Rattazzi		X		90.00%	5						
Director	Victor Bischoff		X	X	70.00%	-		100.00%	X	100.00%	X	100.00%
Director	Eugenio Colucci		X	X	100.00%	3	X	100.00%				
Director	Christine Morin-Postel		X	X	80.00%	2					X	100.00%
Director	Giuseppe Recchi		X	X	80.00%	3	X	100.00%	X	100.00%		
Director	Antoine Schwartz		X	X	80.00%	1					X	100.00%

(*) This column shows the number of director or statutory auditor appointments held by each director at other companies whose shares are listed on regulated markets, in Italy or abroad, and at finance companies, banks, insurance companies or large corporations in general. In the Report on Corporate Governance, the appointments are reported in full.

(**) An "X" in this column indicates that the director is a member of that Committee.

(***) This column shows the percentage attendance of each director at Board of Directors and Committee meetings.

Number of meetings held during the financial year:

Board of Directors: 7

Internal Control Committee: 4

Compensation and Nominating Committee: 1

Strategy Committee: 2

TABLE 3: BOARD OF STATUTORY AUDITORS

<i>Position held</i>	<i>Name</i>	<i>% attendance at Board meetings</i>	<i>Number of other appointments held*</i>
Chairman	Lionello Jona Celesia	100.00%	2
Regular Statutory Auditor	Giorgio Ferrino	100.00%	-
regular Statutory Auditor	Paolo Piccatti	100.00%	2
Alternate Statutory Auditor	Lucio Pasquini		1
Alternate Statutory Auditor	Ruggero Tabone		-

(* This column shows the number of director or statutory auditor appointments held by each auditor at other companies whose shares are listed on Italian regulated markets. Complete information on all appointments held is provided in the Report of the Board of Statutory Auditors in the Financial Report of EXOR.

Number of meetings held during the financial year: 11

BY-LAWS

TITLE I – Company name – Registered office – Corporate purpose – Duration

Article 1

A joint-stock company is hereby incorporated under the name of “EXOR S.p.A.”.

Article 2

The company’s registered office is in Turin.

The board of directors can establish and close branches, agencies, representative offices and administrative offices both in Italy and abroad.

Article 3

The business purpose of the company is to acquire investments in other companies or institutions, to finance and direct the technical and financial coordination of the companies or institutions in which the company holds an investment, to purchase and sell, hold, manage and place public or private securities.

The company may also enter into any and all financial – including the issue of sureties on behalf of companies or institutions in which it holds investments –, commercial, personal and real property transactions, as are necessary to attain the corporate purpose.

Article 4

The duration of the company is fixed for the period which ends on December 31, 2050.

TITLE II – Share capital

Article 5

The share capital is €246,229,850 divided into 160,259,496 ordinary shares, 76,801,460 preferred shares and 9,168,894 savings shares of par value €1 each.

The shares are issued in electronic form.

The directors have the power, for a period of five years from the resolution passed on May 14, 2008 to increase share capital, in one or more instances, also in divisible form, up to an amount of €561,750,000.

Share capital can also be increased by contribution of assets in kind or of credits.

Article 6

The ordinary and preferred shares are registered shares, whereas the savings shares are bearer or registered shares as elected by the shareholder or as provided by law.

Each share is indivisible; the possession of a share implies acceptance of these corporate by-laws.

Article 7

The company’s share capital can be increased by issuing ordinary and/or preferred and/or savings shares. The holders of each class of share have the right to receive in option a prorated number of newly issued shares of their class and, lacking a sufficient number of shares or for the balance, shares in another class (or other classes).

Resolutions for the issue of new shares having the same features as the existing shares do not require the approval of special meetings of the shareholders of the individual classes of shares.

Article 8

The shareholders’ meeting can resolve a reduction of share capital in the ways provided for and specified by the law.

TITLE III – Shareholders’ meeting

Article 9

The shareholders’ meeting, duly convened and established, represents all shareholders and any resolutions passed are binding also on any dissenting or absent shareholder within the limits of these corporate by-laws.

Article 10

Each ordinary and preferred share entitles its holder to one vote. Preferred shares have voting rights only for the resolutions set forth in article 2365 of the Italian Civil Code and the second paragraph of article 13 of the by-laws. Individuals having the right to vote may attend the meeting. Such individuals may be represented at a meeting in the ways provided for by the law. The entitlement to attend a meeting and to exercise the right to vote are confirmed by a statement provided to the Company by an appointed intermediary in the manner and within the term provided for in the applicable regulations. The Board of Directors may implement procedures to allow the vote to be made by electronic means. Proxies for the representation and the exercise of the right to vote at shareholders’ meetings may be delivered by electronic means in conformity with the applicable regulations. Proxies may be notified electronically following the procedures set out in the notice convening the meeting, through use of an appropriate section of the Company’s website or through use of a message addressed to the certified electronic mail address indicated in that notice. The Company may, through the centralized share administration service, request that intermediaries provide details of the identity of shareholders and the number of shares registered to them on a particular date.

Article 11

The meeting shall be convened by the board of directors in the city of the registered office of the company or elsewhere, including a location abroad provided that it is in a country of the European Union, every year within one hundred and eighty days of the close of the financial year since the company is obliged by law to prepare consolidated financial statements. In addition, an ordinary or extraordinary meeting shall be convened every time the board of directors deems it expedient as well as in the cases provided for by law.

Article 12

The meeting shall be convened by a notice to be published, in accordance with the law, on the Company’s website and using the other means prescribed by the applicable regulations and shall contain all the matters required by those regulations. The notice may provide for a single call or for a first, second and, for extraordinary shareholders’ meetings only, a third call.

Article 13

For the meeting to be duly constituted and valid for passing resolutions, the applicable laws shall apply, the majority indicated in article 2369 paragraph 3 of the Italian Civil Code applying to the single call for ordinary meetings and the majorities indicated in article 2369 paragraph 7 of the Italian Civil Code applying for extraordinary meetings, subject to the provisions of articles 16 and 23 of these by-laws, for the election of the board of directors and the board of statutory auditors. The regulations that govern the manner in which shareholders’ meetings are conducted shall be approved and amended by an ordinary shareholders’ meeting in which the ordinary shares and the preferred shares have the right to vote. Such meeting, which passes resolutions by an absolute majority of the votes cast by those present, is regularly constituted, in first call, by shareholders representing at least one half of the ordinary and preferred shares and, in second call or in the single call, by shareholders representing any part of the shares that have the right to vote.

Article 14

The meeting shall be presided over by the chairman of the board of directors or, in his absence, by the vice chairman or, if there is more than one vice chairman, by the deputy vice chairman or in his absence, by one of the other vice chairmen by reference to age seniority; in their absence, the meeting shall be presided over by a person appointed by the shareholders' meeting itself.

At the proposal of the chairman, the meeting shall appoint the secretary, who may also not be a shareholder, and two tellers, should he deem it necessary.

The chairman of the meeting shall be responsible for verifying that the meeting has been duly constituted, verifying the identity and legitimacy of those attending, conducting the discussion and ascertaining the results of voting.

At each meeting the company may designate one or more persons to whom holders of voting rights may give a proxy, with instructions for voting, for all or some of the motions on the agenda. Details of the persons designated and the procedure and terms for giving the proxy shall be included in the notice convening the meeting.

Article 15

The resolutions passed by the meeting shall be recorded in the form of minutes signed by the chairman of the meeting and the secretary.

In the cases provided for by the law, or whenever the chairman of the meeting deems it expedient, the minutes shall be drawn up by a notary designated by the chairman, in which case a secretary need not be appointed.

TITLE IV – Board of directors

Article 16

The company is managed by a board of directors formed by a number of directors varying from seven to nineteen, according to the number established by the shareholders' meeting.

Directors remain in office for up to a maximum period of three financial years and their term of office expires concurrently with the shareholders' meeting convened for the approval of the financial statements relating to the last financial year of their term of office; these directors can be re-appointed.

The board of directors is appointed using lists of candidates to be filed at the Company's place of business at least twenty five days prior to the meeting of shareholders. If more than one list is presented, one of the members of the board of directors shall be chosen from the list that has obtained the second highest number of votes. Lists may be presented only by those shareholders who, individually or together with others, in aggregate own voting shares representing the percentage established for the company under the applicable regulations. This ownership percentage must be evidenced in appropriate communications which must reach the Company at least twenty one days prior to the date of the meeting of shareholders. These matters must be indicated in the notice convening the shareholders' meeting.

A shareholder cannot, either directly or through a third party or through trustee companies, present more than one list of candidates, or cast votes for different lists. Shareholders belonging to the same group and shareholders who signed a shareholders' agreement regarding the shares of the company may not, either directly or through a third party or through trustee companies, present more than one list of candidates, or vote for different lists. Each candidate may be included in one list only, under penalty of ineligibility.

The candidates included in the lists must be indicated in numerical order and satisfy the integrity requirements imposed by law. The candidate who is indicated at number one on the list in numerical order must also satisfy the legal requirements of independence set forth by law as well as the requirements of the code of conduct relating to corporate governance to which the company has declared its adherence.

Together with each list shall also be filed an exhaustive disclosure regarding the candidate's personal and professional characteristics as well as the declarations in which the individual candidates accept the candidature and on their own responsibility, state that they satisfy the envisaged requirements. The candidates for whom these rules have not been respected are ineligible.

Once the shareholders' meeting has determined the number of directors to be elected, the following procedure shall be applied:

1. all directors except one shall be elected from the list that has obtained the highest number of votes, on the basis of the numerical order in which they appear on the list;
2. as provided by law, one director shall be elected from the list that has obtained the second highest number of votes, on the basis of the numerical order in which the candidates appear on the list.

Lists that received a percentage of votes at the shareholders' meeting that is less than half of the number required pursuant to the third paragraph of this article shall not be counted.

The foregoing rules for the election of the board of directors do not apply if at least two lists are not submitted or voted on, nor do they apply at the shareholders' meeting that must replace directors during the board's term of office. In these cases, the shareholders' meeting shall decide on the basis of a relative majority.

It is in the power of the board to replace the directors who have left the board during their term of office, as provided for by article 2386 of the Italian Civil Code.

If, due to resignation or other causes, the majority of directors should leave office, the whole board shall be deemed to have left office and the remaining directors shall urgently call an extraordinary meeting for the new appointments.

The term of office of any director appointed by the shareholders' meeting in the course of a three-year term shall expire concurrently with that of directors in office at the time of the appointment.

Article 17

The board of directors, unless an appointment has already been made by the shareholders' meeting, shall appoint a chairman from among its members and may also appoint, should it deem it expedient, one or more vice chairmen, including a deputy vice chairman, and one or more managing directors.

The board can also appoint a secretary who may also not be a member of the board.

In the absence of the chairman, the chair shall be taken by the vice chairman or, in the presence of more than one vice chairman, by the deputy vice chairman or the vice chairman designated by the board of directors.

The chairman, the vice chairmen and the managing directors, where appointed, shall hold office for the term of office of the board and can be re-elected.

Article 18

The board of directors shall meet either at the registered office or elsewhere, provided that it is in a country of the European Union, at least every three months upon being convened by the chairman or a vice chairman, or upon request of the persons duly qualified to do so according to the law should the former or the latter deem it expedient or upon request of the majority of its members or bodies with delegated powers.

The convening of the board shall be by letter or cable, or similar, stating the agenda, to be sent to the domicile of each director and each regular statutory auditor at least three days before the date fixed for the meeting, except in cases of extreme urgency when the period of notice can be reduced and the notice can be communicated by telephone.

The meetings shall be presided over by the chairman, or in his absence, by the deputy vice chairman or by the vice chairman designated by the board of directors. In their absence, any other director designated by the board shall preside over the meeting.

The information disclosures required by article 150 of Legislative Decree 58/1998 and by article 2381 of the Italian Civil Code shall be made by the directors to the board of statutory auditors and by the bodies with delegated powers to the board of directors and the board of statutory auditors during the meetings of the board of directors, to be held at least quarterly, as set forth by the first paragraph of this article.

Meetings of the board of directors may be held via means of telecommunications.

In such case, all the individuals present must be identifiable and must be able to follow the discussion, take the floor in real time to discuss the matters of business and receive, send and consult documents.

Article 19

The resolutions of the board of directors shall be valid if the majority of the members holding office is present. Resolutions shall be passed by absolute majority of votes of the directors present. In case of a tied vote, the vote of the chairman of the meeting shall prevail.

All resolutions passed at the meeting shall be recorded in minutes to be entered into the minute book of meetings and signed by the chairman and the secretary.

Article 20

The board of directors is vested with all and every power for the ordinary and extraordinary management of the company, no one excluded or excepted, and therefore is empowered to take such action as it shall deem expedient to attain the corporate purpose – including that of permitting registrations, sub-rogations, postponements and cancellations of mortgages and liens, both total and partial, as well as to making and cancelling recordings and annotations of any kind whatsoever, also independently of the payment of the credits to which said registrations, recordings and annotations relate – save only such action as is reserved to the shareholders' meeting by law.

The shareholders' meeting can attribute to the directors the power to increase share capital pursuant to article 2443 of the Italian Civil Code.

The board of directors can, besides issuing non-convertible bonds, also pass resolutions regarding transactions as provided by article 2365, second paragraph, of the Italian Civil Code as well as decide for the spin-off by scission of companies according to the provisions of the law.

TITLE V – Signatory powers and legal representation

Article 21

The chairman of the board of directors or, in his absence or if he is impeded, the deputy vice chairman, if appointed, is vested with the legal representation of the company vis-à-vis third parties and also in court proceedings as well as with signatory powers for the company.

Accordingly, the legal representation of and the signatory powers for the company can also be conferred by the board of directors to the vice chairmen and to the delegated directors, fixing the powers granted.

TITLE VI – Management

Article 22

The board of directors can, within the limits set forth by the law, delegate its powers to an executive committee – fixing, at the time of its institution, the number of members, their powers and mode of operation – as well as to one or more of the board members.

The board of directors may appoint a general manager and one or several assistant general managers as well as managers and procurators, fixing their powers and, within these powers, their use of the company's signatory powers.

Furthermore, the board of directors, after receiving the opinion of the board of statutory auditors, shall appoint a manager responsible for the preparation of the company's financial reports, who shall possess many years of experience in administrative and financial activities at large companies.

TITLE VII – Statutory auditors and audits

Article 23

The board of statutory auditors consists of three regular statutory auditors and two alternate statutory auditors. Minority shareholders may appoint one regular statutory auditor and one alternate statutory auditor.

All the regular statutory auditors and all the alternate statutory auditors shall be chosen from among those who are on the register of legal auditors and who have practiced as legal auditors of accounts for a period of not less than three years.

Statutory auditors shall be appointed using lists of candidates, to be filed at the company's place of business at least twenty five days prior to the date of the shareholders' meeting, in which the candidates are listed in a numerical order. The list is divided into two sections: one for candidates for the office of regular statutory auditor, the other for candidates for the office of alternate statutory auditor, the number not exceeding the number of statutory auditors to be appointed.

Lists of candidates can only be presented by shareholders who, alone or together with other shareholders, hold voting shares representing the percentage established in paragraph 3 of article 16. Certification of that percentage must be provided through specific statements which must reach the company at least twenty one days prior to the date of the shareholders' meeting. All of the above information shall be included in the notice calling the shareholders' meeting.

The lists presented must also include:

- a) disclosure of the identity of the shareholders who have presented the lists and an indication of the total percentage of voting shares held;
- b) a declaration by the members who do not hold, also jointly, a controlling or relative majority interest, attesting the absence of links with the latter as defined by the applicable regulation;
- c) an exhaustive disclosure regarding the candidates' personal and professional characteristics as well as a declaration in which candidates state that they satisfy the requirements set forth by law and by the company's by-laws and accept the candidature;
- d) a list of the appointments as director or statutory auditor held by the candidates in other companies, with the undertaking to update such list to the date of the meeting.

The candidates for whom these rules have not been respected are ineligible.

If, by the date indicated above, only one list is filed, or lists are filed only by shareholders who, on the basis of the aforementioned provisions, are linked with each other according to the applicable regulations, lists can be presented up to the third day following that date. In this case, the aforementioned threshold shall be reduced by half.

The lists can be filed by at least one remote communications medium, to be specified in the notice convening the meeting, which allows identification of the individual who made the filing.

A single shareholder cannot, either directly or through a third party or through trustee companies, present more than one list, or vote for different lists. Shareholders belonging to the same group and shareholders who signed a shareholders' agreement regarding the shares of the company cannot, either directly or through a third party or through trustee companies, present more than one list, or vote for different lists. Each candidate may be included in one list only, under penalty of ineligibility.

Candidates cannot be included in the lists if they hold appointments in other companies in a number that exceeds the limits stated by the applicable regulation, or if they do not satisfy the requisites established by the applicable regulations and by these by-laws. Out-going statutory auditors can be re-elected.

The procedure for the election of the members of the board of statutory auditors is as follows:

1. two regular members and one alternate are elected from the list which has obtained the highest number of votes at the shareholders' meeting, in the numerical order in which they appear in the sections of the list;
2. the remaining regular member and the other alternate member are elected from the list which has obtained the second highest number of votes at the shareholders' meeting and which is not linked with the shareholders of reference according to the applicable regulations, in the numerical order in which they appear in the sections of the list; in the case of a tied vote between lists, the candidates are elected from the list which has been presented by the shareholders with the largest holding of shares or failing that, presented by the greatest number of shareholders.

The chairman of the board of statutory auditors shall be the member indicated as the first candidate on the list as set forth in the previous paragraph 2.

If it is not possible to elect the statutory auditors in the manner described above, the candidates shall be appointed by a relative majority of votes cast by the shareholders present at the meeting.

In the event that the requisites established by law and by these by-laws are no longer satisfied, the statutory auditor shall cease to be a member of the board.

For the replacement a statutory auditor, including the chairman, the alternate auditor belonging to the same list as the outgoing auditor shall take the place of the same.

The rules for election set out in the preceding paragraphs shall not be applied at meetings which, according to the law, must appoint regular statutory auditors and/or alternates to complete the board of statutory auditors following a replacement or resignation. In these cases, the appointment is made by a relative majority vote of the shareholders, observing the principle requiring representation of minority shareholders.

Article 24

The fees of the statutory auditors shall be determined at the shareholders' meeting according to the law.

Article 25

The legal audit of the financial statements shall be performed by a legal audit firm listed in the respective register, to be appointed and to operate in accordance with the provisions of law.

TITLE VIII – Financial statements and profits

Article 26

The financial year shall end on December 31 of each calendar year.

Article 27

The profit of each year will be apportioned as follows:

- 5% to the legal reserve until it reaches one-fifth of share capital;
- the remaining profit to the shares, as dividend, unless otherwise resolved upon by the shareholders' meeting in observance of the applicable provisions, taking into account that in the order (i) the savings shares are in any case entitled to a preference dividend, cumulative pursuant to the following second paragraph, equal to 31.21% of their par value and to a dividend higher than that of the ordinary shares equal to 7.81% of the same par value, and (ii) the preferred shares, to a preference dividend and a dividend higher than that of the ordinary shares, equal to 5.17% of their par value, which is not cumulative from one financial year to the next.

If, in any financial year, a dividend lower than the measure set out above has been distributed to the savings shares, the difference is calculated as an increase to be added to the preference dividend in the following two financial years.

In case of exclusion from trading of the ordinary shares and/or savings shares, the preference dividend and the dividend higher than that of ordinary shares due to the savings shares will be automatically increased in order to result equal to, respectively, 32.15% and 8.75%.

In the event of a distribution of reserves, the savings shares have the same rights as the other shares.

During the year, and if the board of directors deems it expedient and feasible in consideration of the results of the year, the board of directors can resolve to pay interim dividends for the year.

Article 28

Any dividends not claimed within five years from the date when they become payable shall be forfeited and the amount allocated to the extraordinary reserve of the company.

TITLE IX – Territorial jurisdiction

Article 29

The company shall be under the jurisdiction of the Court of Turin.

The domicile of the shareholders, for all relationships with the company, is that shown in the register of shareholders.

TITLE X – Winding up of the company

Article 30

In the event of the dissolution of the company for any reason whatsoever, the general shareholders' meeting will appoint one or more liquidators, fixing their powers and fees, in compliance with the law.

In the event of a winding up, the corporate net assets are apportioned in the following order:

- to the savings shares in priority up to €3.78 per savings share;
- to the holders of the preferred shares in priority up to the amount of the par value of their shares;
- to the ordinary shares, up to the amount of the par value of the shares;
- to the shares of the three categories of shares, the remainder, if any, in accordance with the law.

TITLE XI – Savings and preferred shares and Communications to the respective common representative

Article 31

Savings shares and preferred shares have the rights described in this article and in articles 27 and 30.

The reduction of share capital due to losses does not result in the reduction in the par value of the savings shares, with the exception of the part of the loss which exceeds the overall par value of the other shares.

The expenses required to safeguard the common interests of the holders of preferred shares and the holders of savings shares are borne by the company up to an amount of €10,000 per year for each of the two classes of share.

In order to ensure that the common representatives of the two classes of share are adequately informed about the transactions which can affect the course of the quotations of the listed shares, the legal representatives the legal representatives will ensure that communications regarding the aforesaid matters will be promptly sent to the same.

TITLE XII – Right of withdrawal

Article 32

The right of withdrawal can be exercised only within the limits and according to the provisions dictated by the binding rules of the law and, in any case, the right is excluded in the eventuality of the extension of the duration of the company and the introduction or removal of restrictions on the circulation of shares.