



Dear Shareholders,

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

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

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

EXOR NAV PERFORMANCE vs. THE MSCI WORLD INDEX (in Euros)

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

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

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

EXOR NET ASSET VALUE (NAV)

€ millions	12/31/2011	12/31/2012	Change	
			absolute	percentage
Gross Asset Value	7,672	9,178	1,506	+19.6%
Gross Debt	(1,142)	(1,388)	(246)	+21.5%
Ordinary holding costs over 10 years	(210)	(170)	40	-19.0%
Net Asset Value	6,320	7,620	1,300	+20.6%

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

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

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

SIMPLIFICATION

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

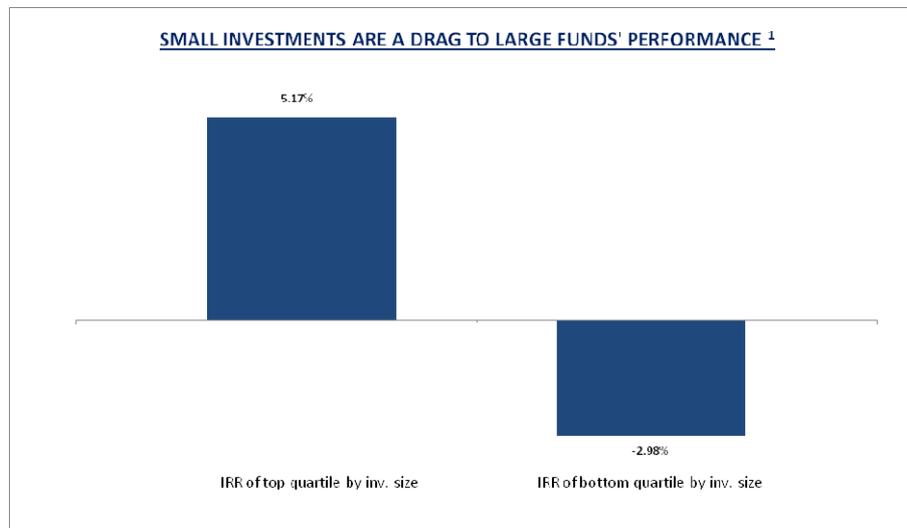
The aggregate result has been positive. The star performer was our investment in the Brazilian investment bank BTG Pactual, which delivered an Internal Rate of Return of 21%.

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

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

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

All of the above steps were taken to reduce the number of our smaller investments and focus on a few large ones. Recent third party research¹ has highlighted how the smaller holdings in a major investment portfolio can markedly dilute overall performance since, as the amount of capital allocated per investment declines, the quality of communication and management attention tend to decrease, leading to underperformance.



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

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

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

This important merger aims to:

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

Finally we did not spare ourselves from efforts to slim down and to simplify, devoting significant time and effort to rethinking EXOR's organization. We closed our branch offices around the world so as to concentrate our presence in a single location in order to be fewer and closer.

We redesigned our internal processes to make them simpler and more effective. Much of the credit for this goes to our CFO Enrico Vellano who led this initiative that has enabled us to reduce our operating costs over the last few years by some 20%.

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

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

GROSS ASSET VALUE (GAV)

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

EXOR GROSS ASSET VALUE (GAV)

€ millions	12/31/2011	12/31/2012
Investments	6,473	7,533
Financial Investments	108	462
Cash and Cash Equivalents	816	862
Treasury shares	275	321
Gross Asset Value	7,672	9,178

INVESTMENTS (82.1 % of GAV)

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



Fiat Industrial

(30.01% ownership; 33% of GAV)

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

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

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

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

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

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

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



SGS

(15% ownership; 21.4% of GAV)

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

They increased revenues by 16.3% over the previous year to CHF 5.6 billion, while adjusted EBIT reached CHF 941 million, resulting in a margin of 16.9%.

Cash flow remained strong at CHF 800 million, enabling the company to fund capital investments and acquisitions and to maintain a healthy dividend policy.

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

SGS has proven its abilities in acquiring and integrating companies. In 2012 it completed eighteen acquisitions in seven business lines in eleven different countries, contributing some CHF 212 million in additional revenues. These kinds of deals are small in scale; but they tend to integrate more easily than larger businesses and their valuations are more attractive.

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



CHRYSLER

Fiat-Chrysler

(30.05% ownership; 15.7% of GAV)

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

Notes: Juventus Fiscal Year closes on June 30, Economist Fiscal Year closes on March 31st

Revenues and EBIT are weighted on 2012 Exor ownership. In EBIT calculation, Banca Leonardo is included with Operating Income figures

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

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

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

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

FINANCIAL INVESTMENTS (5% of GAV)

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

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

CASH AND CASH EQUIVALENTS (9.4% of GAV)

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

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

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

TREASURY SHARES (3.5% of GAV)

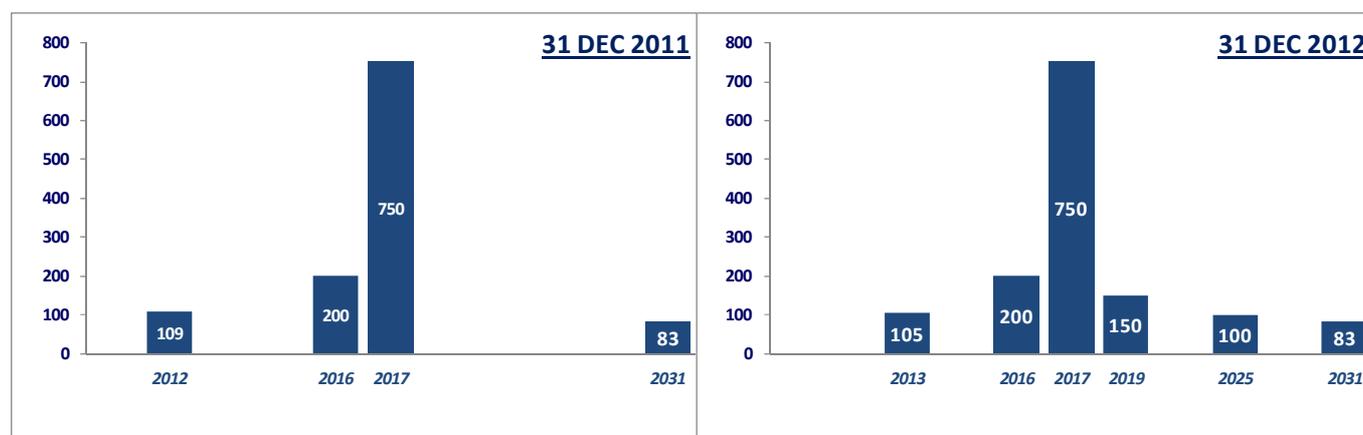
We have continued to buy our own shares that present an attractive investment opportunity because of the discount to our NAV. Our buyback program also allows us to optimize our capital structure and gives us the benefit of the potentially positive evolution in the underlying investments.

GROSS DEBT

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

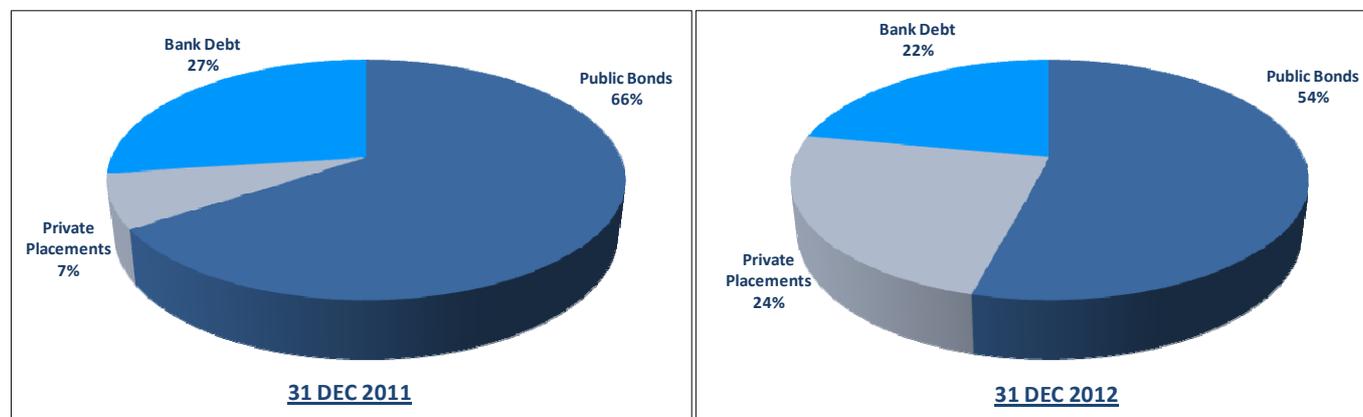
We began in May 2011 to evaluate this form of financing as an alternative to bank debt or public issues of securities. We closed two deals between October and December 2012 for €150 million and €100 million with 2019 and 2025 maturities, respectively, at what we consider fair yields of 4.75% and 5.25%.

MATURITY SCHEDULE



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

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



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

2013

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

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

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

On 24 January 2003, my grandfather Giovanni Agnelli left us. As we approached the tenth anniversary of his passing I came across the following quote from him:

"Groups like ours typically go through three stages in their development: a time of strength, a time of privilege and a time of vanity. For me the first is the only one that counts."

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

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

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

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

A handwritten signature in blue ink that reads "John Elkann". The signature is written in a cursive, flowing style.