



Annual Report on Corporate Governance



**ANNUAL REPORT ON CORPORATE GOVERNANCE
AND COMPANY'S OWNERSHIP STRUCTURE**
In pursuance of art. 123-bis of Consolidated Law on Finance
(TUF)

(Traditional administrative and control model)

The Report herein refers to the financial year 2010 and is available on the Company's website at www.exor.com.

Date of approval: Board of Directors' meeting held on March 28, 2011.

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 capital stock</i>	8
b) <i>Restrictions to the transfer of securities</i>	10
c) <i>Significant investments in capital stock</i>	11
d) <i>Securities which entitle to special rights</i>	11
e) <i>Employees' shareholding: exercise system of voting rights</i>	11
f) <i>Restrictions to voting rights</i>	11
g) <i>Stockholders' agreements</i>	11
h) <i>Change of control clauses</i>	11
i) <i>Powers of attorney for capital stock increases and authorizations for the purchase of own shares</i>	11
l) <i>Direction and coordination activities</i>	12
3. Compliance.....	12
4. Board of Directors	12
4.1 <i>Election and replacement</i>	12
4.2 <i>Composition</i>	14
4.3 <i>Role of the Board of Directors</i>	16
4.4 <i>Bodies with delegated powers (executive Directors) and other Functions</i>	18
4.5 <i>Other executive Directors</i>	19
4.6 <i>Independent Directors</i>	19
4.7 <i>Lead Independent Director</i>	20
5. Management of Company information	20
6. Internal Committees of the Board of Directors	21
7. Compensation and Nominating Committee	21
8. Remuneration of Directors	22
9. Strategy Committee.....	24
10. Internal Control Committee	24
11. Internal Control System.....	26
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>	30
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 Audits</i>	32
11.6 <i>Manager responsible for the preparation of the financial reports</i>	32
12. Directors' interests and transactions with related parties.....	32

13. Election of the members of the Board of Statutory Auditors.....	33
14. Members of the Board of Statutory Auditors.....	35
15. Relationships with Stockholders	37
16. Stockholders' meetings	37
17. Changes occurred after the closing of the financial year of reference.....	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
BYLAWS.....	42

DEFINITIONS

Corporate Governance Code	The Code of Conduct for Italian Listed Companies (Corporate Governance Code) approved in March 2006 by the Committee for the Corporate Governance and promoted by Borsaitaliana S.p.A.. The Corporate Governance Code is available on the website of Borsa Italiana S.p.A. (www.borsaitaliana.it).
Board Issuer	The Board of Directors of the Issuer. The Issuer of Stocks and Shares, which the Report refers to.
Financial year Regulation on Issuers	The financial year which the Report refers to. Regulation adopted by Consob resolution No. 11971 dated 1999 as regards the discipline for issuers, and subsequent amendments and integrations.
Market Rules	Regulation issued by Consob resolution No. 16191 dated 2007 as regards markets, and subsequent amendments and integrations.
Report	The Report on Corporate Governance and Company's ownership structure which companies shall draw up in pursuance of the provisions of art. 123-bis of Consolidated Law on Finance (TUF).
Consolidated Law on Finance (TUF)	Legislative Decree No. 58 dated February 24, 1998 - Consolidated Law on Finance (Testo unico delle disposizioni in materia di intermediazione finanziaria), and 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 Code of Conduct for Italian Listed Companies (Corporate Governance Code).

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

Accordingly, the Report herein provides with a general description of the corporate governance structure, highlights the adherence to the principles of the Corporate Governance Code and also motivates the departures from some of its principles, in pursuance of the suggestions provided in the “experimental format for report on corporate governance” prepared by Borsa Italiana S.p.A..

The existing Bylaws of EXOR are attached herein to in order to allow an immediate access to the rules which regulate the corporate governance.

Lastly, it is to be noted that some amendments to the Bylaws of EXOR, as to comply among other things with the new set of regulations following the endorsement of Directive 2007/36/EC as regards the exercise of some voting rights for Stockholders of listed companies, will be submitted to the Stockholders' Meeting convened, in first call, on April 28, 2011.

Accordingly, the information comprised in the Report herein, also with reference to the provisions of the corporate Bylaws referred to herein, refers to the situation updated to March 28, 2011, date of approval of the same by the Board of Directors' meeting.

1. Issuer profile

The Issuer has adopted a traditional administrative system (which provides for a division of responsibilities between the General Stockholders' 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.

As highlighted above, the information comprised in the paragraph herein does not take into account the amendments to the corporate Bylaws which will be submitted for approval to the Stockholders' Meeting convened, in first call, on April 28, 2011. The Agenda and related reports and motions as regards the aforesaid motions to amend that will be put forward to the Stockholders' Meeting are available on the Company's website at www.exor.com.

General Stockholders' Meetings

According to the provisions of the existing corporate Bylaws, the General Stockholders' 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 the European Union, every year within one hundred and twenty days from the close of the fiscal year. In addition, an ordinary or extraordinary meeting is convened every time the Board of Directors deems it expedient as well as in the cases provided by law.

The stockholders having voting right may attend the Meeting. Each stockholder may be represented at a Meeting, in the ways provided by law. The regulations that govern the manner in which Stockholders' Meetings are conducted are approved and amended by an ordinary General Stockholders' Meeting, in which the ordinary and preferred shares have the right to vote. The Regulations for the General Stockholders' Meetings of the Company are available on the Company's website at www.exor.com.

Board of Directors

According to the provisions of the existing corporate Bylaws, the Company is managed by a Board of Directors formed of a number of Directors variable from seven to nineteen, depending on the number established by the Stockholders' Meeting. Directors remain in office for up to a maximum period of three fiscal years and their term of office expires concurrently with the Stockholders' Meeting convened for the approval of the financial statements relating to the last financial year of their office; these 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 by using slates of candidates.

The Board of Directors, unless already appointed by the Stockholders' Meeting and should it deem it convenient, elects the Chairman from among its members, appoints one or more Vice Chairmen, including a Vice Chairman ("Vicario"), 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 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 great detail in paragraph 4.2, the Board of Directors of the Company in office as of the date hereof has been appointed by the Stockholders' Meeting held on April 28, 2009 and its term of office will expire concurrently with the Stockholders' Meeting which will approve the financial statements 2011.

Board of Statutory Auditors

The Board of Statutory Auditors, set up pursuant to the Bylaws, is formed of three Standing Statutory Auditors and two Alternate Statutory Auditors. The Board of Statutory Auditors is vested with the power of supervision of the compliance with law and the deed of incorporation, the observance of proper administration principles and the adequacy of the organizational structure of the Company, for those aspects under its responsibility, the internal control system and the administrative and accounting system as well as the reliability of same to correctly represent the operating events of the Company. The Board of Statutory Auditors also monitors the adequacy of the instructions imparted to the subsidiaries according to art. 114, paragraph 2, of Consolidated Law on Finance (Testo Unico Finanza) and the manner of concretely implementing the rules of the corporate governance. The Bylaws contain the clauses required to ensure the election of one Standing Statutory Auditor as Chairman of the Board of Statutory Auditors by the minority stockholders.

As indicated in great detail in paragraph 14 herein, the Board of Statutory Auditors of the Company in office as of the date hereof has been appointed by the Stockholders' Meeting held on April 28, 2009 and its term of office will expire concurrently with the Stockholders' Meeting which will approve the financial statements 2011.

Legislative Decree No. 39/2010 has also provided for the assignment of new supervision duties to the Board of Statutory Auditors, which reference should be made to in section 14 of the Report herein.

2. Information on the Company's ownership structure

a) Composition of capital stock

The capital stock of the Issuer is Euro 246,229,850, fully subscribed to and paid-in, consisting of 160,259,496 ordinary shares (65.09% of capital stock), 76,801,460 preferred shares (31.19% of capital stock) and 9,168,894 savings shares (3.72% of capital stock) of par value Euro 1 each.

All shares of the Company are listed on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A..

All and any 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 set forth by existing regulations for all shares of the same class of shares issued by the joint-stock companies under Italian law and listed on the MTA. The savings shares are bearer or registered shares as elected by the stockholder or as provided 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 holders to one vote at the Stockholders' Meeting – ordinary and extraordinary sessions – as well as all economic and administrative rights according to the applicable provisions of law and the Bylaws.

Each preferred share has voting rights only for the resolutions set forth in art. 2365 of the Italian Civil Code, and those relating to the approval of or amendment to the regulations for Stockholders' Meetings (art. 13, paragraph 2, of the Bylaws) as well as all economic and administrative rights according to the applicable provisions of law and the Bylaws.

Savings shares do not entitle the holder to voting rights at the Stockholders' Meeting of the Issuer. According to art. 146 of Consolidated Law on Finance (Testo Unico Finanza), savings shares entitle their holders to voting rights at the special savings Stockholders' Meeting. With reference to the apportionment of profit and dissolution of the Company, art. 27 and art. 30, paragraph 2 of the Issuer Bylaws, are provided below.

According to art. 27: *"The profits of each year will be apportioned as follows:*

- *5% to the legal reserve, until it reaches one-fifth of the company's capital stock;*
- *the remaining to the shares, as dividend, unless otherwise resolved upon by the stockholders' 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 preferred 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 preferred 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 fiscal year to the next.*

If, in any fiscal 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 preferred dividend in the following two fiscal years.

In case of exclusion from trading of the ordinary shares and/or savings shares, the preferred 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 distribution of reserves, the savings shares have the same rights as the other shares.

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

According to art. 30, paragraph 2 of the Bylaws: *"In the event of a winding up, the corporate assets are apportioned in the following order:*

- *the savings shares have a right of pre-emption up to Euro 3.78 per each savings share;*

- *the holders of the preferred shares have a right of pre-emption up to the amount of the par value of their shares;*
- *to the ordinary shares, up to the amount of the par value of their shares;*
- *to the shares of the three categories of shares, the remaining, if any, pursuant to the law.”*

According to art. 31, paragraph 2 of the Bylaws: *“The reduction of capital stock 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.”*

Common representative of the preferred stockholders and common representative of the savings stockholders

Mr Alberto Maria Musy is the common representative of the preferred stockholders.

Mr Giacomo Zunino is the common representative of the savings stockholders.

According to art. 31, paragraph 3 and 4 of the Bylaws: *“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 Euro 10,000 per year for each of the two categories of shares.*

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

Stock option Plan

The Ordinary Stockholders' Meeting of the merged company IFIL held on May 13, 2008 had approved a stock option Plan (IFIL stock option Plan 2008 – 2019) for the Chief Executive Officer, Mr Carlo Barel di Sant'Albano, for 3,000,000 stock options corresponding to the same number of IFIL ordinary shares and to 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, the Company has assumed all rights and obligations of the stock option Plan. The Board of Directors of the Company, during its meeting held on March 2, 2009, has introduced amendments subsequent to the Merger to the stock option Plan. In particular, the Board of Directors has modified the ratio between the number of options and the number of underlying shares as well as the exercise price on the basis of the exchange ratio of the Merger. The aforesaid amended exercise price is € 19.97 per each 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 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 dilution effects on capital stock. The Board of Directors' meeting held on May 11, 2010 has approved a buy-back program of the three classes of stock aiming also at servicing the aforesaid stock option Plan. Detailed information of the EXOR 2008 – 2019 stock option plan is comprised in the 2010 Annual Report (available on the Company's website at www.exor.com).

b) Restrictions to the transfer of securities

There are no restrictions to the transfer of the securities of the Issuer.

c) Significant investments in capital stock

At March 2011, stockholders who hold more than 2% of capital stock represented by shares with voting rights are the following: Giovanni Agnelli e C. S.a.p.az. (52.66%, equal to 59.10% of ordinary capital stock), the Mackenzie Cundill Group (9.50%, equal to 13.18% of ordinary capital stock) and Bestinver Gestion SGIC S.A. (5.00%), also as the managing company, among other things, of the Bestinver Internacional FI fund which holds 2.16% of capital stock with voting rights.

d) Securities which entitle to special rights

No securities which entitle to special controlling rights have been issued.

e) Employees' shareholding: exercise system of voting rights

No employees' shareholding has been envisaged, with the exception of the aforementioned provisions as regards the stock option Plan.

f) Restrictions to voting rights

There are no restrictions to voting rights.

g) Stockholders' agreements

There are no significant Stockholders' agreements, as defined by art. 122 of Consolidated Law on Finance (TUF), as regards EXOR.

The Bylaws of the parent company Giovanni Agnelli e C. S.a.p.az. provides that all General Partners holding office and the ordinary session of the Stockholders' Meeting with the majority of more than two thirds of the ordinary capital stock shall authorize beforehand any sale or transfer of EXOR ordinary shares, which does not leave the limited Partnership Giovanni Agnelli e C. S.a.p.az. with the full rights to at least 51% of EXOR ordinary capital stock.

h) Change of control clauses

Any changes in control of the Issuer would entitle the subscribers to ask for the early reimbursement of the non-convertible Bonds 2006/2011 and 2007/2017 for a total amount of Euro 950 million (issued by IFIL and which EXOR took over) and two financing banks to ask for the early reimbursement of four committed credit lines for a total of Euro 355 million, of which Euro 75 million used at December 31, 2010.

Except for the aforesaid provisions, as of the date hereof, there are no relevant agreements which the Issuer is taking part in that would become effective, are amended or extinguished in the event of a change of control of the contracting company.

i) Powers of attorney for capital stock increases and authorizations for the purchase of own shares

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

The ordinary session of the Stockholders' Meeting held on April 29, 2010 approved the purchase, also through Company's subsidiaries, of ordinary and/or preferred and/or savings own shares of par value Euro 1 each, up to a maximum number of 38 million of ordinary and/or preferred and/or savings shares and for 18 months from the date of the resolution passed by the Stockholders' Meeting, for a maximum disbursement of Euro 450,000,000.

At December 31, 2010 EXOR holds the following own shares:

4,109,500 ordinary shares, equal to 2.56% of class of stock;
10,239,784 preferred shares, equal to 13.33% of class of stock;
421,695 savings shares, equal to 4.60% of class of stock.

l) Direction and coordination activities

The Issuer is not subject to direction or coordination activities pursuant to art. 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 intervene in the management of the Company's business and by its nature, is a stockholder which holds and manages its controlling stake in the Company's capital stock, as provided by its corporate purpose; in fact, there are no indications of any direction or coordination activities (since among other things the Company has the broadest and autonomous powers for negotiating with third parties and no centralized treasury relationship exists); furthermore, the number and responsibilities of the independent Directors of EXOR are adequate in relation to the size of the Board of Directors and the activity performed by the Company. The Board of Directors of the Issuer gave formal evidence of such evaluation. The Issuer exercises direction and coordination activities according to art. 2497 of the Italian Civil Code towards the subsidiary EXOR Services S.c.p.a..

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. or Alpitour S.p.A.. Such companies define autonomously their general strategic and operating plans. The Boards of Directors of the Issuer and the subsidiaries and associates gave formal evidence of such evaluation.

It is to be noted that the disclosures required by the provisions of art. 123-bis, first paragraph, subparagraph i) are illustrated in Chapter 8 of the Report herein as regards the remuneration of Directors and those required by art. 123-bis, first paragraph, subparagraph l) are illustrated in Chapter 4 of the Report herein as regards the Board of Directors.

3. Compliance

The Board of Directors' meeting of the Company held on March 2, 2009 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 the corporate governance described herein and compliant with the model of the aforesaid Code.

The Report herein describes the adherence to the provisions of the aforesaid Code and the observance of the obligations thereof. Moreover, the Report herein highlights and motivates the departures from some principles of the Code and identifies those which each time it is deviated from, if necessary, for more transparency and easier access.

The Company will evaluate on a constant basis any amendments to the corporate governance system in order to keep it up-to-date as regards the developments in the national and international best practice.

4. Board of Directors

4.1 Election and replacement

According to art. 16 of the Bylaws and in pursuance of the provisions of Principle 6.P.1 of the Corporate Governance Code, the Board of Directors is appointed by using slates of candidates.

If several slates are submitted, one of the members of the Board of Directors is chosen from the slate that has obtained the second highest number of votes.

Slates may be submitted only by those stockholders holding voting shares who, individually or together with other own voting shares, represent the percentage established by the Company according to existing law, which shall be indicated in the notice calling the Stockholders' Meeting. The ownership percentage required for the presentation of slates of candidates as for the appointment of the Board of Directors and the Board of Statutory Auditors of EXOR in pursuance of the provisions of art. 144-septies, paragraph 1, of the Regulation on Issuers has been established by Consob to 1.5%.

No single stockholder can present, either through a third party or trustee company, more than one slate of candidates, or cast votes in different slates. No stockholders belonging to the same group and stockholders who signed a stockholders' agreement regarding the stock of the Company can present, either through a third party or trustee company, more than one slate of candidates, or cast votes in different slates. Each candidate may be included in one slate only, under penalty of ineligibility.

The candidates included in the slates must be indicated in numerical order and satisfy the honorableness requirements imposed by law. The candidate who is indicated at number one on the slate in numerical order must also satisfy the legal requirements of independence set forth by law.

According to the Criterion 6.C.1 of the Corporate Governance Code, the slates of candidates shall be deposited at the Company's registered office at least fifteen (15) days before the date fixed for the Stockholders' Meeting convened to resolve upon the appointment of the Board of Directors. The slates shall be timely published through the Issuer website.

Together with each slate and within the time limit indicated above, certifications attesting the stockholders' entitlement, an exhaustive disclosure regarding the candidates' personal and professional characteristics as well as declarations in which each single candidate accepts the candidature and, on their own responsibility, states that they satisfy the envisaged requirements shall be filed. The candidates who do not comply with these rules are ineligible.

Once the Stockholders' Meeting determines the number of Directors to be elected, the following procedure shall be applied:

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

Slates that received a percentage of votes at the Stockholders' Meeting that is less than half of the number required for the presentation of slates 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 slates are not submitted or voted on, or at the Stockholders' Meeting that shall replace Directors during their terms. In these cases, the Stockholders' 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 their office during their term of office, as provided by art. 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 be resigning and the Directors still in office shall urgently call an extraordinary meeting for the new appointments.

Furthermore, the term of office of any Director appointed by the Stockholders' Meeting in the course of a three-year term shall expire concurrently with the term of office of Directors in office at the time of the appointment.

The Board of Directors periodically controls that all and any of its members meet the Directors' qualifications of honorableness set forth by art. 147-quinquies of Consolidated Law on Finance (TUF).

As highlighted above, the information comprised in the paragraph herein does not take into account the amendments to the corporate Bylaws which will be put forward for approval to the Stockholders' Meeting convened, in first call, on April 28, 2011. The Agenda and related reports and motions as regards the aforesaid motions to amend which will be put forward to the Stockholders' Meeting are available on the Company's website at www.exor.com.

4.2 Composition

The Board of Directors was appointed by the Stockholders' Meeting of EXOR held on April 28, 2009. On that occasion, a sole slate of candidates has been presented by the majority stockholder, Giovanni Agnelli e C. S.a.p.az., holding 59.096% of ordinary capital stock. The slate of candidates, together with the supporting documents required as set forth the Bylaws for the relating filing, has been published on a timely basis on the Company's website at www.exor.com, and is still available on the same.

The Stockholders' Meeting has fixed at 17 the total number of Directors, with 15 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	Non-executive Director
Alessandro Nasi	Director	Non-executive Director
Lupo Rattazzi	Director	Non-executive Director
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, has been appointed by the Board of Directors' meeting held on May 11, 2010, according to the provisions of art. 2386 of the Italian Civil Code, in replacement of the resigning Director, Mr Antonio Maria Marocco. The Board of Directors' meeting held on February 11, 2011 took note of the resignation of Mr Carlo Barel di Sant'Albano from the post of Chief Executive Officer and appointed Mr John Elkann as Chief Executive Officer in addition to the position of Chairman of the Board of Directors.

In line with Criterion 1.C.2 of the Corporate Governance Code, information on all 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
	SGS S.A.	Director

Name	Company	Position held at the company
Gianluigi Gabetti	Giovanni Agnelli e C. S.a.p.az. Banca del Piemonte S.p.A.	General Partner Director
Pio Teodorani-Fabbri	Allianz S.p.A. TREVI Finanziaria Industriale S.p.A.	Director Director
Tiberto Brandolini d'Adda	EXOR S.A. SEQUANA S.A. Giovanni Agnelli e C. S.a.p.az. FIAT S.p.A. SGS S.A. Vision Investment Management	Chairman Chairman General Partner Director Director Director
Carlo Barel di Sant'Albano	Cushman & Wakefield EXOR S.A. FIAT S.p.A. JUVENTUS F.C. S.p.A. Vision Investment Management	Chairman Director Director Director Director
Andrea Agnelli	JUVENTUS F.C. S.p.A. Giovanni Agnelli e C. S.a.p.az. FIAT S.p.A. Vita Società Editoriale S.p.A.	Chairman General Partner Director Director
Victor Bischoff	-	-
Odone Camerana	-	-
Eugenio Colucci	Assicurazioni Generali S.p.A. Autogrill S.p.A. Nuova Sidap S.r.l.	Chairman of the Board of Statutory Auditors Standing Statutory Auditor Standing Statutory Auditor
Luca Ferrero Ventimiglia	Giovanni Agnelli e C. S.a.p.az. Gruppo Banca Leonardo S.p.A.	General Partner Director
Franzo Grande Stevens	Ferrero S.p.A. RCS MediaGroup S.p.A. S.E.I. S.p.A. Reale Mutua di Assicurazioni	Director Director Director Member of the Advisory Committee
Christine Morin-Postel	Royal Dutch Shell plc British American Tobacco plc 3I Group plc	Director Director Director
Sergio Marchionne	FIAT S.p.A. Chrysler Group LLC CNH Global N.V. Fiat Industrial S.p.A. Iveco S.p.A. SGS S.A. Philips Morris International Inc.	Chief Executive Officer Chief Executive Officer Chairman Chairman Chairman Chairman Director
Alessandro Nasi	Giovanni Agnelli e C. S.a.p.az. New Holland Kobelco Kobelco Construction Machinery Cushman & Wakefield	General Partner Chairman Director Director
Lupo Rattazzi	Neos S.p.A. Italian Hospital Group S.p.A. Esperia Aviation Services S.p.A. Alpitour S.p.A. Banca Finnat Euramerica S.p.A. GL Investimenti S.r.l.	Chairman Chairman Chairman Vice Chairman Director Director
Giuseppe Recchi	General Electric Sud Europa Interbanca S.p.A. GE Capital Servizi Finanziari S.p.A. European Advisory Board of Blackstone	Chairman and Chief Executive Officer Vice Chairman Director Member
Antoine Schwartz	The Black Ant Group Ltd	Chief Investment Officer

The Board of Directors of the Company has assessed the existence of the aforesaid qualifications of independence in pursuance of the legal requirements of independence adopted by the Company and provided herein. Such criteria satisfy the requisites set forth by art. 147-ter, paragraph 4 of Consolidated Law on Finance (TUF) and conform to those provided in the Corporate Governance Code.

According to the provisions of Criterion 1.C.2 of the Corporate Governance Code, the Directors accept the Directorship when they deem that they can devote the necessary time to the diligent performance of their duties, also taking into account the number of offices of Director or Statutory Auditor held at other companies listed on regulated markets (including foreign markets), finance companies, banks, insurance companies or large corporations.

Lastly, the Stockholders' Meeting which appointed the current Directors in office authorized, on a general and preventive basis, departures from the prohibition of competition as set forth by art. 2390 of the Italian Civil Code. Accordingly, no critical matters have been determined up to present.

Taking into consideration the aforementioned indications, as of the date hereof, the Board of Directors did not define general criteria as regards the maximum number of administration and control offices held at other companies which may be considered as compatible with an efficient performance of the role of Director at the Issuer.

The Board of Directors held on March 28, 2011 has examined case by case the offices currently held by its Directors at other companies and deemed that the number and the quality of the positions held do not interfere and are compatible with an efficient performance of the position of Director at 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 it expedient to or appropriate for the attainment of the business purpose of the Company, without any exceptions, excluding only those that, by law, are expressly reserved to the Stockholders' 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, at the convocation of the Chairman or one of the Vice Chairmen, or whomsoever is authorized by law any time one of these individuals so considers it necessary, or at the request of the majority of its members or the bodies with delegated powers (executive Directors).

During 2010, five (5) meetings of the Board of Directors were held. These meetings lasted on average approximately two (2) hours.

The meetings regarded the examination of and resolutions upon the operating performance of the Company, the operating performance of the subsidiaries, the period results, the proposals relating to the transactions having a material impact presented by the executive Directors, the procedures as regards transactions with related parties, the buy-back program aiming also at servicing the stock option plan, the amendment to the organizational, management and control Model according to the provisions of Legislative Decree No. 231/2001, the self-assessment process of the operations of the Board of Directors and Committees within the former. The Board of Directors has also resolved according to the provisions of art. 2386 of the Italian Civil Code, as well as upon the composition of the internal Committees and the compensation of the Directors vested with special responsibilities.

During 2011, two (2) meetings of the Board of Directors of the Company have already been held as regards resolutions upon the Company's structure and the new organizational structure, the operating performance and the fulfillment of some obligations in relation to the Company's governance as well as the approval of the draft separate financial statements, the consolidated financial statements and the Report herein.

At present, as for financial year 2011, other three (3) meetings of the Board of Directors are expected to be held on the basis of the approval of the financial statements for the period.

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, according to a specific corporate procedure, so as to keep them informed adequately and beforehand about the matters for discussion.

The executive Directors (see herein) work to ensure that the other members of the Board of Directors and the Board of Statutory Auditors are kept informed on the major new laws and regulations as regards the Company and the corporate bodies.

According to the provisions of Criterion 1.C.1 of the Corporate Governance Code, and on the basis of the powers conferred to the bodies with delegated powers (executive Directors) (see herein), transactions having a material impact on the operating performance, statement of financial position and statement of cash flows including also, among these transactions, the approval of Company's strategic and financial plans, if any, are examined and approved by the Board of Directors of the Company. On the occasion of such transactions, the bodies with delegated powers (executive Directors) prepare, reasonably in advance, for the Board of Directors, 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.

The Company did not deem it expedient to determine guidelines and criteria beforehand for evaluating the significance and/or relevance of the transactions to be examined and approved by the Board of Directors, keeping however the significance parameters provided for by the existing regulation as a reference of evaluation.

In keeping with the provisions of the existing regulation, the Board of Directors has also approved an organizational procedure as for transactions with related parties available on the Company's website at www.exor.com.

Furthermore, in pursuance of the provisions of Criterion 1.C.1 of the Corporate Governance Code, 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 the examination of the Compensation and Nominating Committee, the Board establishes the compensation for the Directors who hold special posts, and, unless the Stockholders' 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 as well as the Strategy Committee.

The Board of Directors has carried out, also in 2010, the self-assessment of the size, composition and performance of the Board and its Committees evaluating their adequacy with reference also to the members represented by the independent Directors after taking into consideration the members' profile and commitment in the performance of their mandate.

The Board of Directors' meeting held on March 28, 2011 has carried out the aforesaid self-assessment activity by answering a questionnaire specially prepared for, which contents have been defined and approved by the Internal Control Committee.

The questionnaire regarded 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 operations and in particular the rules that govern the manner in which the Board of Directors' meetings are conducted, the relating information flows, the non-executive Directors' commitment and the management of situations of effective/potential conflict of interest, (iii) the relations with the internal Committees and the control bodies. The aforesaid questionnaire has then been filled in by each single Director and the results stemming from the analysis of the data thereof have been brought, jointly and anonymously, to the attention of the Board of Directors by the Internal Control Committee, as for the self-assessment process.

The Board of Directors deemed that the composition and the operations of the administrative body are adequate with respect to the organizational and management requirements of the Issuer and has confirmed the diversified professionalism of the Directors and, in particular, the non-executive Directors' expertise in the economic, accounting, legal and financial fields. Besides, positive replies have been given as regards the frequency with which the meetings are held, the dissemination of information by the delegated bodies as well as the manner according to which the minutes of the Board meetings are prepared and the relating approval process of the minutes. Also as far as the Internal Committees are concerned, the assessment is positive with respect to the number, type, composition of same and with reference to the flows of information disseminated to such Committees and the role carried out within the scope of the Board. Improvements have also been noticed as regards the manner according to which the items have been investigated during the Board's meetings and the higher participation of the Directors in the discussions during the meetings. The ameliorative interventions are ascribable substantially to deeper investigation required in the analysis of each sector as for the strategic direction and the regulation of reference as well as a better timeliness in the dissemination of documents which will be examined by the Board.

4.4 Bodies with delegated powers (executive Directors) and other Functions

Honorary Chairman

The Board of Directors of EXOR, during its meeting held on April 28, 2009, elected the Honorary Chairman, Mr Gianluigi Gabetti, from among its members and conferred to the same powers for the strategic coordination of the investing activities of the Company, to support the activities put into place by the Chairman and Chief Executive Officer.

Chairman

The Board of Directors, during its meeting held on April 28, 2009, elected the Chairman, Mr John Elkann, from among its members. 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.

According to the Bylaws (art. 21), the Chairman is conferred the representation of the Company and the signature powers. He may also legally represent the Company and by the powers and prerogatives he is vested with, carries out all acts falling under the Issuer business purpose.

According to the Bylaws, the Chairman convenes the Board of Directors coordinating the work and conducting the business of its meetings.

Vice Chairmen

The Board of Directors, during its meeting held on April 28, 2009, elected the Vice Chairman, Mr Pio Teodorani-Fabbri. The Vice Chairman is conferred the legal representation of the Company and the signature powers for the ordinary management of the Branch in Rome.

The Board of Directors, during its meeting held on April 28, 2009, also appointed the 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 art. 150 of Consolidated Law on Finance (TUF) and art. 2381 of the Italian Civil Code are provided by the Directors to the Board of Statutory Auditors and by the bodies with delegated powers (executive Directors) 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 bodies with delegated powers (executive Directors) also provide the Directors and Statutory Auditors with adequate information on atypical and/or unusual transactions or related party transactions, in the event of their execution while exercising their delegated powers.

4.5 Other executive Directors

The Chairman and Chief Executive Officer, Mr John Elkann, and the Vice Chairman, Mr Pio Teodorani-Fabbri are the executive Directors.

Succession plans

There are no succession plans for the executive Directors or mechanisms provided for in case of early replacement with respect to the ordinary expiry of mandate.

4.6 Independent Directors

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

A Director appears independent, when:

- 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 is not related to 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 relationships of 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 Stockholders' agreement through which one or more persons may exercise a control or considerable influence over the Company;
- e) he/she is not, or has not been in the preceding three fiscal years, a relevant 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 Stockholders' agreement;
- f) he/she has not, or did not have in the preceding fiscal 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 Stockholders' agreement, controls the Company, or – in case of a company or an entity – with the relevant significant representatives;
- g) he/she is not, or has not been in the preceding three fiscal years, an employee of the above mentioned subjects;
- h) he/she does not receive, or has not received in the preceding three fiscal years, from the Company or a subsidiary or holding company of the Company, a significant additional remuneration compared to the "fixed" remuneration of 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 is not vested with the executive Director office in another company in which an executive Director of the Company holds the office of Director;
- m) he/she is not a stockholder or Director of a legal entity belonging to the same network as the company appointed for the accounting audit of the Company;
- n) he/she is not a close relative of a person who is in any of the positions listed in the above paragraphs.

The Board of Directors evaluates in the first useful occasion after the appointment of the Directors the effective independence of each of the Directors who qualify as independent as set forth by the Corporate Governance Code, also according to the provisions of art. 147-ter, paragraph 4, of Consolidated Law on Finance (TUF). The Board of Directors also evaluates at least once a year the Directors' independence on the basis of the information provided by same. The Board of Directors notifies the results of its evaluations, on the occasion of its appointment, through a press release to the market and, subsequently, within the report on the corporate governance.

On the basis of the information provided by the Directors and those at the Company's disposal, the Board of Directors' meeting held on March 28, 2011 has assessed that the following 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 has also checked that all independent Directors comply with the independence requirements as stated for the members of the Board of Statutory Auditors by the provisions of Consolidated Law on Finance (TUF).

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

4.7 Lead Independent Director

The Board of Directors, during its meeting held on May 11, 2010, appointed the Director, Mr Eugenio Colucci, Lead Independent Director in replacement of the resigning Mr Antonio Maria Marocco.

5. Management of Company information

The Board of Directors has adopted an internal procedure for the treatment of inside information. Inside information is intended to mean any specific information – pursuant to art. 181 of Consolidated Law on Finance (TUF) – which is not public, relating directly and indirectly to the Company or one or more financial instruments issued by the Company, and likely, if made public, to have a significant effect on the price of the related listed financial instruments in question.

This procedure aims at regulating 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 concerning the Company, having special regard to price sensitive information. Notification of information to the authorities and general public – including the stockholders, 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 equal access to information. The Company follows the guidelines for communication established by Borsa Italiana S.p.A. and contained in the “Guidelines for information to the market”.

The Directors and the Statutory Auditors are required to keep the documents and information received during the course of their duties confidential 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.

As set forth by the regulation 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 by art. 114, paragraph 1, of Consolidated Law on Finance (TUF). For this purpose, the Company has implemented an organizational procedure.

The Company has also set up an organizational procedure aiming at complying with the requirements set forth by art. 114, paragraph 7, of Consolidated Law on Finance (TUF) ("Internal Dealing"). It is to be noted that it regards the transparency of transactions on the Company's shares or related financial instruments entered into directly or through third parties by relevant persons or by close relevant persons, and is under the Italian law and Consob implementing regulation (art. 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 the appointment issues, since the relevant problems are close related to each other.

The Internal Control Committee has also been identified as the related-party transactions Committee. As for non-significant transactions only as regards 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 has been set up in March 2009 and is currently made up of the following Directors:

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

The Compensation and Nominating Committee is formed of non-executive Directors, most of whom are independent.

Two (2) meetings of the Compensation and Nominating Committee were held during 2010 and one (1) meeting of same in 2011. These meetings have provided for the examination of the proposals on compensation of the corporate Functions, the examination of the compensation of the Chief Executive Officer, the examination of the amendments to the Rules on the EXOR 2008 – 2019 stock option plan as well as the motion to replace the resigning Director, Mr Antonio Maria Marocco.

The Compensation and Nominating Committee mainly has consultative functions to give support to the Board of Directors. The Committee is conferred 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 submit to the Board of Directors the candidates for the position of Director, in the case set forth by art. 2386, first paragraph, of the Italian Civil Code, when it is necessary to replace an independent Director in pursuance of 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 Stockholders' Meeting of the Company, taking into account any communications received by the Stockholders in pursuance of Criterion 6.C.2., subparagraph b);
- d) to express opinions to the Board of Directors regarding the size and composition of same as well as, possibly, with regard to the professional figures whose presence within the Board is deemed it appropriate in pursuance of Criterion 6.C.2., subparagraph c).

As for non-significant transactions only as regards compensation and emoluments of Directors, the Board of Directors' meeting held on November 12, 2010 has identified the Compensation and Nominating Committee as the related-party transactions Committee.

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

The Compensation and Nominating 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 for this purpose benefit from the required financial resources.

The Compensation and Nominating Committee's meetings are recorded in the minutes.

8. Remuneration of Directors

The remuneration of the Chairman and Chief Executive Officer, departing partially from Criterion 7.C.1 of the Corporate Governance Code, is not linked to the economic results achieved or the achievement of specific targets indicated by the Board of Directors.

In the meeting held on May 13, 2009, the Board of Directors decided to equally divide among its members the fee approved by the Stockholders' Meeting, amounting to Euro 170,000 per year, and, furthermore, pursuant to art. 2389 of the Italian Civil Code, approved the following annual fees:

- Euro 1,000,000 to the Chairman, John Elkann, in addition to health care coverage;
- Euro 1,000,000, besides all out-of-pocket travel expenses outside the municipality of residence, for the mandate for strategical coordination, to the Honorary Chairman, Gianluigi Gabetti; he is also entitled to death and permanent disability insurance coverage for professional or non-professional-related accidents and the use of a secretarial service and a car with driver also after the expiry of the term of office;
- Euro 1,250,000 to the Chief Executive Officer, Carlo Barel di Sant'Albano, who is also entitled to the following:
 - . a variable fee up to a maximum of Euro 1,250,000, in part linked to the increment in EXOR's NAV;
 - . the use of an apartment in Turin made available by the company;
 - . the use of two company cars, in addition to one used for company business;
 - . death and permanent disability insurance coverage for professional or non-professional-related accidents;
 - . health care coverage, the same as for company executives;

- a sum equal to Euro 2,500,000, corresponding to two years' annual fixed fee for the post of Chief Executive Officer, to be paid at the end of the term of office, except in the case of the renewal of the post, voluntary resignation or failure to accept the renewal of the post, termination for just cause or reaching pensionable age;
- Euro 100,000 to the Vice Chairman, Pio Teodorani-Fabbri, for the coordination and supervision activities of the Rome office;
- Euro 35,000 to the Internal Control Committee (of which Euro 15,000 to the Chairman and Euro 10,000 to each of the other two members);
- Euro 35,000 to the Compensation and Nominating Committee (of which Euro 15,000 to the Chairman and Euro 10,000 to each of the other two members);
- Euro 40,000 to each of the Directors Victor Bischoff, Christine Morin-Postel and Antoine Schwartz as members of the Strategy Committee;
- Euro 100,000 to the secretary to the Board of Directors, Virgilio Marrone, in addition to death and permanent disability insurance coverage for professional or non-professional-related accidents and the use of a company car.

The Directors will also be reimbursed for the expenses incurred in carrying out the activities connected with their posts.

The Board of Directors' meeting held on May 11, 2010, upon proposal of the Compensation and Nominating Committee, has decided for an annual compensation of Euro 40,000 to Mr Sergio Marchionne as member of the Strategy Committee.

The Board of Directors' meeting held on March 28, 2011, upon proposal of the Compensation and Nominating Committee, has decided to integrate the annual compensation to Mr Elkann from Euro 1,000,000 to Euro 2,000,000 by virtue of new operating offices held by the same within the Company.

On the same date, the Board of Directors took note that, following Mr Sant'Albano's resignation from the post of Chief Executive Officer, the same waived the 3,000,000 options conferred to in the framework of the EXOR 2008 – 2019 stock option plan. Moreover, since Mr Sant'Albano voluntarily resigned, the same will not be entitled to the sum of Euro 2,500,000 provided for at the end of the term of office.

Accordingly, the Board of Directors has decided to keep in favor of Mr Sant'Albano, until December 31, 2011, the existing insurance coverage as well as the use of the apartment in Turin made available by the Company.

Except as described above, there are no other agreements between the Company and its Directors, according to the provisions of art. 123-bis, letter i) of the Consolidated Law on Finance (TUF) or which provide for the conferment or keeping of non-monetary benefits in favor of Directors who no longer are in office or any contracts of advisory services for a period following termination of employment or, at last, which provide for any compensation for non-compete clause.

Lastly, the Board of Directors, upon proposal of the Compensation and Nominating Committee, has decided to assign Mr Elkann, by virtue of new operating offices conferred to 3,000,000 options corresponding to 795,000 EXOR ordinary shares, in the framework of the EXOR 2008 – 2019 stock option plan.

The Directors, Mr Elkann, Mr Gabetti, Mr Teodorani-Fabbri, Mr Brandolini d'Adda, Mr Agnelli, Mr Barel di Sant'Albano, Mr Camerana, Mr Ferrero Ventimiglia, Mr Grande Stevens, Mr Marchionne, Mr Nasi and Mr Rattazzi have renounced the compensation resolved upon by the Stockholders' Meeting as for the position of Director (for a global amount of Euro 131,250) and have asked the Company to donate the aforesaid sum for cultural and assistance purposes.

Detailed information as regards compensation of Directors and incentive plans is provided in the 2010 Annual Report (available on the Company's website at www.exor.com).

It is to be noted that there are no managers with strategic responsibilities at EXOR.

The Company has stipulated a third-party liability insurance policy for Directors with a group of insurance companies for a maximum claim per incident and per year of Euro 50 million for non-fraudulent claims.

The compensation of non-executive Directors is not tied to the economic results of the Issuer and the latter are not beneficiaries of share-based incentive plans.

9. Strategy Committee

In April 2009, the Company has set up a Strategy Committee, which is currently formed of the following Directors:

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

The Committee is formed of one (1) executive Director and five (5) non-executive Directors, three (3) of whom are independent Directors.

The Strategy Committee has consultative functions to give support to the Board of Directors as regards strategic options for EXOR.
Company's managers may be invited to attend the meetings.

During 2010, two (2) meetings of the Strategy Committee were held as regards the examination and assessment of the main strategic investments and plans.

10. Internal Control Committee

The Internal Control Committee has been set up in March 2009 and is currently formed of the following Directors:

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

The Committee is only formed of non-executive and independent Directors.

Mr Eugenio Colucci, Chairman of the Internal Control Committee, has acquired an adequate experience in the accounting and financial affairs. He has been an auditor since 1969 at the audit firm Arthur Andersen, of which he became partner. He currently exercises his expertise as external consultant in the accounting and financial sector. He is also registered on the "Registro dei Revisori Legali" (Register of Independent Auditors).

The Internal Control Committee is vested with the power of giving support to the Board of Directors in the definition of the guidelines of the Company's internal control system as well as controlling, by means of the corporate Functions charged with and, if necessary, 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 operating 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 the financial reports and the Internal Control Compliance Officer attend the meetings.

Furthermore, the Internal Control Committee and the Supervisory Board as set forth by Legislative Decree 231/2001 meet at least once a year as 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 shall inform each other on a timely basis.

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

With regard to the adoption of the Administrative and Accounting Control Model (see herein), the Internal Control Committee controls the work carried out by the corporate structures relating to:

- the analysis of the risks as regards the economic and financial reporting aiming at defining the scope of intervention within EXOR S.p.A. and the companies of the "Holdings System";
- the implementation of all administrative and accounting procedures which define the operating and control activities as for the identified risks;
- the analysis of IT systems supporting the Company's administrative processes;
- the identification of the significant holding companies, which a similar adjustment process may be asked to;
- the definition of the periodical assessment process of the accounting control system within the EXOR Group.

The Internal Control Committee also:

- a) evaluates, together with the Manager responsible for the preparation of the financial reports and the Auditors, the correct utilization of the accounting principles and, in the event of groups, their consistency for the purpose of the preparation of the consolidated financial statements (Criterion 8.C.3., subparagraph a);
- b) upon request of the executive Director, expresses opinions on specific aspects relating to the identification of the principal risks for the Company 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 periodical 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 report 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).

In parallel with the provisions as regards the Compensation and Nominating Committee within the framework of transactions relating to compensation and emoluments, the Board of Directors' meeting held on November 12, 2010 identified the Internal Control Committee as the related-party transactions Committee for any other matters.

In the performance of its tasks, the Internal Control Committee can access to information and corporate Functions required to carry out the duties entrusted it with.

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 for this purpose benefit from the required financial resources.

The Internal Control Committee's meetings are recorded in the minutes.

Six (6) meetings of the Internal Control Committee were held during 2010 and one (1) meeting in 2011. The meetings regarded 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 the financial reports, the examination of the methods and procedures for the implementation of the provisions of IAS 36 as regards impairment of assets ("Impairment Test"), the examination of the annual report on the Supervisory Board's activities 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 on the plans started by the Company as regards internal control and corporate risks.

Lastly, the Internal Control Committee has been appointed by the Board of Directors for the definition of a self-assessment questionnaire (Q&A) as regards the size, composition and performance of the Board and its Committees to be submitted to the Directors and has also provided for the collection of the required data as to carry out the self-assessment and reported the data jointly and anonymously to the Board of Directors.

Disclosure as regards the self-assessment process is comprised in Chapter 4 of the Report herein.

11. Internal Control System

The internal control system comprises all rules, procedures and organizational structures designed to ensure 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 (herein under the "System") put into place by the Company is developed consistently with the C.o.S.O. Report¹, according to which the internal control system, in every 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 the 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 aiming at assuring 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, half-yearly separate and consolidated financial statements - shortened) prepared by the Company, allowing the issue of attestations and statements, as required by art. 154-bis of Consolidated Law on Finance (TUF), by the administrative delegated bodies and the Manager responsible for the preparation of the 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 "Holdings System".

¹ 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.

Besides, it is to be noted that the Board of Directors of EXOR has provided all significant companies with guidelines to implement and manage, at the same, an adequate internal control system.

Main characteristics of the System

The System of EXOR S.p.A. has been developed taking into consideration the existing law, the regulation of reference as well as the guidelines provided by the category 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's 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 company powers of representation conferred to individual managers.
- **Organizational and Management Model in pursuance of Legislative Decree No. 231/2001** – in which appropriate procedures to reduce the risk of offences covered by the regulations as well as the related penalty system are set out.
- **Administrative and Accounting Control Model** – document intended to define the roles, responsibilities and how the administrative and accounting control system should work.
- **Administrative and Accounting procedures** – documents which establish the control responsibilities and rules to be applied particularly in relation to the relevant processes.
- **Guidelines for testing of Administrative and Accounting procedures** – document outlining methods to be followed when performing periodical operation testing for the verification of the effective application 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 reporting issued to the market;
- the responsibilities given to the corporate bodies of the significant companies included in the scope of consolidation as regards the quality of the data reported to the parent company for consolidation purposes;
- the internal attestation process headed by the heads of corporate Functions;
- the internal attestation process headed by the corporate bodies of the significant subsidiaries as regards the data under their responsibility reported to the parent company;
- the attestation process to the market headed by the Chairman and Chief Executive Officer and the Manager responsible for the preparation of the financial reports of the Company.

Risk Assessment Process – document aiming at defining the roles, responsibilities and methods developed to support the Risk Assessment activities; besides, the document illustrates the guidelines for the following periodical updating activities of the Risk Assessment and the Risk Management

Consolidation Package – document intended to provide the guidelines for a correct application of standard accounting policies for the companies included in the scope of consolidation 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 scope of consolidation with detailed operating guidelines to manage reporting activities in a pre-determined time period.

System stages

The System involves the following stages:

- a) Risk identification and assessment over financial reporting.
 - b) Identification of the controls against the risks identified.
 - c) Assessment of the effective application of the controls and any problems detected.
- a) Risk identification and assessment over financial reporting

The risk identification process over financial reporting (administrative and accounting Risk Scoring) is carried out, on a yearly basis, under the responsibility of the Manager responsible for the preparation of the financial reports, jointly with the Chairman and Chief Executive Officer. However, when operations with a significant impact on 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 accounts and the list of EXOR business processes identified as significant is up to date and testing the related controls contained in the administrative and accounting procedures;
- testing that the scope of subsidiaries and associates considered as relevant for the proper functioning of the System is up to date;
- identifying, for any single corporate Function, the significant accounting scopes and data, the accounting flows and processes deemed it critical as well as the control activities put into place for such flows and processes.

In the execution of the aforesaid activities, the Manager responsible for the preparation of the 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 as regards the corporate objectives (from a strategic, operating, financial and compliance standpoint) according to a “Control Risk Self-Assessment” method.

b) Identification of the controls against 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 control objectives relating to financial reporting, which are composed of the “assertions” of the financial statements (existence and occurrence of events, exhaustiveness, rights and obligations, valuation/recording, presentation and reporting) and other control objectives such as, by the way of an example, the observance of authorization limitations, the isolation of functions and responsibilities or documents on and traceability of transactions.

The corporate Functions are responsible for implementing the Administrative and Accounting Control Model: they prepare the documents regarding 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 therein relating to the areas covered by them are up to date in that:

- the controls described and the supporting evidence correspond with the operating activities carried out, the IT systems used and the company organization chart;
- the owners of the processes, activities and controls are correctly identified.

Should there be, further to the Risk Scoring process, sensitive areas which are not regulated, in whole or in part, by the set of administrative and accounting procedures of EXOR, the various Functions shall, together with the Manager responsible for the preparation of the financial

reports, supplement the existing procedures or draft new procedures for the areas of operations covered by them.

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

c) Assessment of the effective application of the controls and any problems detected

The System assessment activities are carried out upon preparation of the annual financial report (separate and consolidated financial statements) and the shortened half-yearly consolidated financial statements. To that end, specific monitoring activities are executed as to assure the adequacy and the effective application of the administrative and accounting procedures and controls contained therein for the correct execution 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 regards the adequacy and the effective application of the operating and the 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 verifications carried out by the Manager responsible for the preparation of the financial reports with the help of adequate internal and/or external resources in order to guarantee the required degree of objectivity as regards the effective application of the System and the sub-attestation process, which involves the corporate Functions and the significant holding companies.

The Manager responsible for the preparation of the 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 control work carried out as regards the risks previously identified on the basis of the results of the monitoring activities implemented and the statements received from the delegated administration bodies and the heads of administration of the subsidiaries. The aforesaid assessment activities may lead to the identification of compensating controls, corrective actions or improvement plans with relation to any identified issues.

Roles and Functions involved

The Manager responsible for the preparation of the financial reports, in concert with the Chairman and Chief Executive Officer, draws up according to the provisions herein above the attestations in compliance with art. 154-bis of Consolidated Law on Finance (TUF).

The Manager responsible for the preparation of the financial reports periodically reports to the Internal Control Committee, the Board of Statutory Auditors and the Supervisory Board as regards the methods used for the assessment process of the internal control system as well as the results of the assessments carried out as a support of 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 the Manager responsible for the preparation of the financial reports, in accompaniment to the related financial reports (annual separate and consolidated financial statements, shortened half-yearly consolidated financial statements, quarterly reports), making appropriate decisions and authorizing publication of the aforesaid documents.

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

11.2 Executive Director in charge of the internal control system

The Board of Directors, in its meeting held on February 11, 2011, has identified the Chairman and Chief Executive Officer, Mr John Elkann, as the executive Director responsible for overseeing the working on the internal control system.

The executive Director is vested with the power of:

- a) implementing 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);
- b) adjusting such system to the dynamics of the operating conditions and the legislative and regulatory framework (Criterion 8.C.5., subparagraph b);
- c) proposing to the Board of Directors the appointment, revocation and remuneration of the Person in charge of the internal control (Criterion 8.C.5., subparagraph c);
- d) identifying the main business risks (strategic, operating, financial and compliance risks), taking into account the characteristics of the activities carried out by the Issuer and its subsidiaries, and submitting them periodically to the review of the Board of Directors (Criterion 8.C.5., subparagraph a).

11.3 Internal control compliance Officer

On February 11, 2011, the Board of Directors' meeting, upon proposal of the Chairman and Chief Executive Officer, Mr John Elkann, and after receiving the favorable opinion of the Board of Statutory Auditors, has appointed Mr Fernando Massara the Internal Control Compliance Officer of the Company in replacement of Mr Pierluigi Bernasconi.

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

The Internal Control Compliance Officer, in the framework of the aforesaid activity, does not report to any heads of operating department but the Chairman and Chief Executive Officer of EXOR, the executive Director responsible for overseeing the working on 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 the corporate operations. His features provide an adequate guarantee of autonomy in the performance of his duties. He is charged with evaluating, constantly monitoring and stimulating the working on 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 for this purpose benefit from the required financial resources.

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

In particular, in the performance of his duties, the internal control compliance Officer:

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

It is to be noted that the kind of activities carried out by EXOR, as an investing company, determines a relatively restrained number of accounting records and does not have particularly elaborated operating processes.

For this reason, it was not deemed it necessary to set up an Internal Audit Function since substantial internal controls resulted more effective and efficient.

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

The Company has adopted the Organizational, Management and Control Model set forth by the provisions of Legislative Decree No. 231/2001 dated May 14, 2004, and subsequent amendments on the basis of the new offences set forth by Legislative Decree No. 231/2001.

At the time of the adoption of the Model, the Company monitored beforehand all the activities carried out by the corporate Functions in order to:

- identify the most significant risk factors which could lead to committing the crimes stated by law;
- set the controls required to reduce the aforesaid risk factors to a minimum.

The 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 Board. Human resource training as well as the Model distribution method and the disciplinary system are also shown in the general part.

The Model is then formed of eleven (11) special parts, each of which regulating the activities put into place by the corporate structures to prevent any types of offences set forth by the regulation and precisely offences in the relations with the Public Authorities; corporate offences; terrorism and subversion of established democratic law and order; offences against the person; market abuse offences; trans-national offences; crimes for receiving stolen goods, money laundering and utilization of money, goods or benefits of unlawful origin; computer crimes and violation of the accident prevention and occupational hygiene and health protection; offences involving breach of copyright; offences of instigating another to refrain from making statements or to make false statements to the Judicial Authorities.

The Supervisory Board is formed of the following members:

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

The Supervisory Board is vested with the power of supervision of the performance and the observance of the Organizational, Management and Control Model as well as provision for its updating. This Board has the specific professional expertise required to efficiently carry out its work and acts on a constant basis.

The committee form adopted guarantees the independence as well as the autonomy of the Supervisory Board as required for carrying out its activity.

The Supervisory Board ends on expiry of the term of office and expires therefore concurrently with the Stockholders' Meeting convened for the approval of the financial statements of EXOR for the year ended December 31, 2011.

Three (3) meetings of the Supervisory Board were held during 2010 and two (2) in 2011.

11.5 Independent Audits

The legal audit of accounts is currently carried out according to the provisions of law by the audit firm, Deloitte & Touche S.p.A., which the Stockholders' Meeting held on May 25, 2006 appointed for the 2006-2011 period. 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 auditors will expire and, pursuant to law, will no longer be renewable. Consequently, it is to be noted that the next Stockholders' Meeting will be called to resolve, on the basis of the recommendation of the Board of Statutory Auditors, upon the appointment of independent auditors for the legal audit of accounts for the nine-year period January 1, 2012 – December 31, 2020.

11.6 Manager responsible for the preparation of the financial reports

On March 28, 2011, the Board of Directors' meeting, according to the provisions of art. 22 of the current corporate Bylaws, appointed, after receiving the favorable opinion of the Board of Statutory Auditors, Mr Enrico Vellano, Chief Financial Officer, Manager responsible for the preparation of the financial reports of the Company starting from April 1, 2011. Mr Vellano will replace Mr Aldo Mazzia who will hold operating office in the subsidiary Juventus F.C. S.p.A.. The Manager responsible for the preparation of the financial reports has all and any adequate powers to carry out the duties entrusted to him, including the expense ones. He shall exercise the powers conferred to him with a single signature and specific reference to the duties entrusted him with. Accordingly, he shall only carry out acts intended to the execution of his work in the interests of the company and, however, in compliance with the provisions of law. With reference to the exercise of the aforementioned powers, the Manager assigned shall report without delay to the Chairman and Chief Executive Officer and on a six-month 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 by art. 150 of Consolidated Law on Finance (TUF) and art. 2381 of the Italian Civil Code are provided by the Directors to the Board of Statutory Auditors and by the bodies with delegated powers (executive Directors) 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 bodies with delegated powers (executive Directors) also provide the Directors and Statutory Auditors with adequate information on atypical and/or unusual transactions or transactions with related parties, in the event of their execution while exercising their delegated powers.

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

The Board of Directors has adopted principles of conduct for carrying out significant transactions from an economic, equity and financial standpoint and transactions with related parties; the provisions regarding the last transactions are to be considered superseded by the provisions of the "Procedures for transactions with related parties" adopted by the Board of Directors' meeting, according to the provisions of Consob Regulation No. 17221 dated March 12, 2010, which became effective starting from January 1, 2011 (see herein after).

Consequently, according to the aforesaid principles of conduct, notwithstanding the fullest powers conferred to the delegated bodies, transactions having a significant economic, equity or financial impact shall be examined and approved by the Board of Directors.

It was not deemed it expedient to draw up guidelines and criteria beforehand for evaluating the significance and/or relevance of the transactions to be examined and approved by the Board of Directors, keeping however the significance parameters provided for by the existing regulation as a reference of evaluation.

At the time of the aforesaid transactions, the delegated bodies shall make available with reasonable advance notice to the Board of Directors a summary of the transactions giving details in particular of the economic and strategic aims, economic sustainability, manner of execution and the consequent implications on the activities of the Company.

In the event in which the urgency and/or sensitive nature of the transactions require it, the delegated bodies can exercise their powers and inform the Board of Directors and the Board of Statutory Auditors on a timely basis in order to obtain ratification of their actions.

As previously highlighted, the Board of Directors' meeting on November 12, 2010 has adopted, upon favorable opinion of the Internal Control Committee, identified for the purpose as the Committee qualified for in this regard, "Procedures for transactions with related parties" (available on the Company's website at www.exor.com). The aforesaid procedures comprise a set of rules which ensure transparency and procedural fairness as regards transactions with related parties.

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

- (i) "significant" transactions: that are meant to be transactions with related parties exceeding the threshold of 5% of at least one of the parameters provided for by the regulation (the equivalent value of the transaction in relation to the consolidated equity of the Company; the total amount of assets of the purchased entity in relation to the consolidated assets of the Company; the total amount of 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, upon binding and favorable opinion of the related-party transactions Committee, as well as a more stringent transparency system are provided for since, in such circumstances, a disclosure document prepared according to the provisions of the existing regulation shall be made available to the public;

- (ii) transactions involving "small amounts": that are meant to be transactions which 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 has been provided for, which sets forth that, prior to the approval of the transactions, a non-binding and specifically supported opinion of the related-party transactions Committee shall be issued.

The Procedures provide then for some cases of exemption as for transactions involving small amounts, ordinary transactions completed at terms equivalent to market or *standard* markets, transactions with or amongst subsidiaries and/or associates (intragroup transactions) and for other cases explicitly set forth by the provisions of the existing regulation.

Lastly, it is to be noted that as for non-significant transactions only as regards compensation and emoluments of Directors, the related-party transactions Committee coincides with the Compensation and Nominating Committee.

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

According to the Bylaws, the Board of Statutory Auditors of the Company consists of three (3) standing Statutory Auditors and two (2) alternate Statutory Auditors.

Minority stockholders may appoint one standing Statutory Auditor and one alternate Statutory Auditor.

All standing Statutory Auditors and all alternate Statutory Auditors shall be chosen from among those inscribed in the register of professional accountants who have exercised the legal control work on accounts for a period of not less than three years.

Statutory Auditors are nominated from a slate presented by the stockholders, in which the candidates are listed in a numerical number. The slate is divided into two parts: one for candidates to the office of standing Statutory Auditors, the other for candidates to the office of alternate Statutory Auditors, which number shall not exceed the number of Statutory Auditors to be appointed.

Slates of candidates can only be presented by stockholders who, alone or together with other stockholders, hold voting stock representing the percentage of the voting stock in the ordinary Stockholders' Meeting as set forth by existing regulation for the Company; the said percentage shall be mentioned in the notice calling the Stockholders' Meeting.

The slates of candidates are deposited at the Company's registered office at least fifteen (15) days before the date fixed for the Stockholders' Meeting convened for the election of the members of the Board of Statutory Auditors accompanied by:

- a) information on the characteristics of the candidates who presented the slates of candidates, with the mention of the total percentage of voting stock and a declaration on their entitlement to attend the meeting;
- b) a declaration by the members other than those who hold, also jointly, a control stake or relative majority stake in which they state the absence of links provided for them by the law in force;
- c) detailed information on the personal traits and professional qualifications of the candidates, as well as a declaration of the same in which candidates state that they satisfy the requirements set forth by law and accept the candidature;
- d) a list of the posts of administration and control held by the candidates within other companies, with the commitment of updating the aforementioned list to the date of the Stockholders' Meeting.

The candidates who do not comply with these rules are ineligible.

The slates of candidates, accompanied by the aforesaid information, are timely published through the Issuer website.

If, at the time limit indicated above, only a slate is deposited, or slates are deposited only by stockholders who, on the basis of the aforementioned provisions, are linked with each other according to the existing law, slates can be presented up to the fifth day of that date. In this case, the aforementioned threshold shall be reduced by half.

No single stockholder can present, either through a third party or trustee company, more than one slate, or cast votes in different slates. No stockholders belonging to the same group or stockholders who signed a Stockholders' agreement regarding the stock of the company can present, either through a third party or trustee company, more than one slate, or cast votes in different slates. Each candidate may be included in one slate only, under penalty of ineligibility.

Candidates cannot be included in the slates if they hold the post of Statutory Auditor in a number of companies than exceeds the limits stated by the applicable regulation, or if they do not hold the qualifications established by the applicable laws and the Bylaws. Out-going Statutory Auditors can be re-elected.

The election of the members of the Board of Statutory Auditors is performed as follows:

1. two standing statutory members and one alternate are taken from the slate which has obtained the highest number of votes from the Stockholders' Meeting, in the numerical order in which they are listed thereon and elected;

2. the remaining standing statutory member and the other alternate member are taken from the slate which has obtained the second highest number of votes from the Stockholders' Meeting and which is not linked with the stockholders of reference according to the provisions of law, and elected on the basis of the numerical order in which they appear in the parts of the slate; in case of tie vote between more slates, the candidates of the slate which has been presented by the members holding the major voting stock, or, in subordinate position, by the major number of stockholders are elected.

The chairman of the Board of Statutory Auditors shall be the statutory member indicated as the first candidate on the slate 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 stockholders present at the meeting.

In the event the requisites by law and these Bylaws are no longer met, the Statutory Auditor shall be relieved of office.

In case of the replacement of a Statutory Auditor, the alternate belonging to the same slate as the resigned auditor shall take the place of same.

The terms in the preceding paragraphs as regards the election of Statutory Auditors shall not be applied by the Stockholders' Meetings which, according to the provisions of law, must appoint standing Statutory Auditors and/or alternates needed to complete the Board of Statutory Auditors in the event of replacement or resignation. In these cases, the appointment is made by a relative majority vote of the stockholders, in compliance with the binding principles of representation of minority stockholders.

As highlighted above, the information comprised in the paragraph herein does not take into account the amendments to the corporate Bylaws which will be submitted for approval to the Stockholders' Meeting convened, in first call, on April 28, 2011. The Agenda and related reports and motions as regards the aforesaid motions to amend which will be put forward to the Stockholders' Meeting are available on the Company's website at www.exor.com.

14. Members of the Board of Statutory Auditors

The current Board of Statutory Auditors of the Issuer has been elected by the Stockholders' Meeting held on April 28, 2009 and is formed of:

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

The Board of Statutory Auditors of EXOR will remain in office until the Stockholders' 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 slate of candidates of the Stockholder Giovanni Agnelli e C. S.a.p.az., holding 59.096% of ordinary capital stock, has been presented. The slate, together with the supporting document provided by the provisions of the Bylaws for the relevant filing, has been published on a timely basis on the Company's website at www.exor.com, and is still available thereon.

The following table provides with the more significant positions 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	Standing Statutory Auditor
	Giovanni Agnelli e C. S.a.p.az. Banca del Piemonte	Standing Statutory Auditor Chairman of the Board of Directors
Giorgio Ferrino	Ersel Asset Management S.G.R. S.p.A.	Chairman of the Board of Statutory Auditors
	F.lli Carli S.p.A.	Chairman of the Board of Statutory Auditors
	Fincarta S.p.A.	Chairman of the Board of Statutory Auditors
	Investimenti e Partecipazioni S.r.l.	Standing Statutory Auditor
	Santander Consumer Bank S.p.A. U.B.I. Factor S.p.A.	Standing Statutory Auditor Standing Statutory Auditor
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.	Standing Statutory Auditor
	IVECO S.p.A.	Standing Statutory Auditor
	Giovanni Agnelli e C. S.a.p.az. Banca Sella Holding S.p.A.	Standing Statutory Auditor Standing Statutory Auditor
Lucio Pasquini	Burgo Distribuzione S.r.l.	Chairman of the Board of Statutory Auditors
	Alpitour S.p.A.	Standing Statutory Auditor
	Fiat Industrial S.p.A.	Standing Statutory Auditor
	Gruppo Banca Leonardo S.p.A.	Standing Statutory Auditor
Ruggero Tabone	Accor Hospitality Italia S.r.l.	Chairman of the Board of Statutory Auditors
	Sofitel Italia S.r.l.	Chairman of the Board of Statutory Auditors
	Alpitour S.p.A.	Standing Statutory Auditor
	Ferrarelle S.p.A.	Standing Statutory Auditor
	Systema Compagnia di Assicurazioni S.p.A.	Standing Statutory Auditor
	Dialogo Assicurazioni S.p.A. Gruppo Fondiaria SAI Servizi S.c.r.l.	Standing Statutory Auditor Standing Statutory Auditor

The Board of Statutory Auditors:

- (i) evaluates the independence of its members in the first useful occasion from the date of their appointment;
- (ii) evaluates during the course of the Financial year that the requirements of independence for its members continue to be met;
- (iii) during the aforesaid controls, the Board applied all the criteria established by the Corporate Governance Code for evaluating the Directors' independence.

An Auditor who has an interest, either directly or on behalf of third parties, in a certain transaction of the Issuer, timely and exhaustively informs the other Auditors and the Chairman of the Board 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 provisions of law and regulation governing the subject matter thereof, and the nature and extent of services other than the accounting control provided to the Company and its subsidiaries by the same auditing firm and the entities belonging to the network of the same (Criterion 10.C.5.). In the framework of its activities, the Board of Statutory Auditors agreed with the Internal Control Committee through Internal Control Committee's meeting attendance (Criterion 10.C.6. and Criterion 10.C.7.).

Lastly, it is to be noted that art. 19 of Legislative Decree No. 39/2010 has provided for the identification of the Board of Statutory Auditors as the Internal Control Committee and legal audit Committee. In this role, the Board of Statutory Auditors shall supervise (i) the financial reporting process, (ii) the efficiency of the internal control, internal audit and risk management systems, (iii) the legal audit of annual statutory and consolidated accounts, (iv) the independence of the legal independent auditors, in particular, as far as non-audit services are concerned.

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

15. Relationships with Stockholders

The Company strives to establish a dialogue with stockholders and institutional investors.

The Chairman and Chief Executive Officer, in keeping with the procedure to disclose documents and information about the Company, supervises relations with institutional investors and the other stockholders through a policy offering constant attention and dialogue.

A specific corporate office in charge of the relations with the stockholders follows such activity and updates the Company's website, which contains, in Italian and English, a descriptive profile of the EXOR Group, annual and interim financial statements, press releases issued by the Company, the slates of candidates for the post of Director and Statutory Auditor as well as analyses and institutional presentations for market operators.

As of the date hereof, Mr Riccardo Fava is the Investor Relator.

Stockholders, 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. Stockholders' meetings

The Stockholders' Meetings are important occasions for the dissemination of information as regards the Company to the stockholders, in observance of the discipline as for the inside information (price-sensitive information), as set forth in Principle 11.P.1 of the Corporate Governance Code.

In order to facilitate the attendance by the stockholders at the Stockholders' Meetings, the Company places the utmost attention on the selection of the location, the date and time of the meetings.

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

It is also to be noted that in the sight of further safeguarding the rights of the holders of preferred shares and savings shares, Mr Alberto Maria Musy was appointed common representative of the preferred stockholders and Mr Giacomo Zunino, common representative of the savings stockholders.

The Company has also adopted the regulations for Stockholders' Meetings, with the purpose being to encourage an orderly and purposeful procedure to be followed in conducting the Meetings available on the Company's website at www.exor.com.

The Bylaws clauses which regulate the intervention at the Stockholders' 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 art. 2365 of the Italian Civil Code and the second paragraph of art. 13 of the Bylaws.

The stockholders having voting right may attend the meeting.

Each stockholder may be represented at a meeting, in the ways provided by the law.”

17. Changes occurred after the closing of the financial year of reference

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 the Report herein.

TABLE 1: INFORMATION ON THE COMPANY'S OWNERSHIP STRUCTURE

<i>STRUCTURE OF CAPITAL STOCK</i>			
	No. of shares	% total capital stock	Listed
Ordinary shares	160,259,496	65.09%	Mercato Telematico Azionario
Preferred shares	76,801,460	31.19%	Mercato Telematico Azionario
Savings shares	9,168,894	3.72%	Mercato Telematico Azionario

<i>SIGNIFICANT HOLDINGS</i>			
Ultimate stockholder	Direct stockholder	% 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%
Mackenzie Cundill Group	Mackenzie Financial Corporation Management Ltd	13.18%	9.50%
Bestinver Gestion SGIIC S.A. (b)	Bestinver Gestion SGIIC S.A.	-	5.00%

- (a) Giovanni Agnelli e C. S.a.p.az. also holds 1,133,451 EXOR savings shares, equal to 12.36% of EXOR savings capital stock.
- (b) As the managing company, among other things, of the Bestinver Internacional FI fund which holds 2.16% of capital stock with voting rights.

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		60.00%	6						
Director	Andrea Agnelli		X		100.00%	4						
Director	Carlo Barel di Sant'Albano		X		100.00%	5					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%	7						100.00%
Director	Alessandro Nasi		X		100.00%	4						
Director	Lupo Rattazzi		X		100.00%	6						
Director	Victor Bischoff		X	X	60.00%	-		100.00%	X	100.00%	X	100.00%
Director	Eugenio Colucci		X	X	80.00%	3	X	100.00%				
Director	Christine Morin-Postel		X	X	100.00%	3					X	100.00%
Director	Giuseppe Recchi		X	X	60.00%	4	X	100.00%	X	50.00%		
Director	Antoine Schwartz		X	X	80.00%	1					X	100.00%

Directors no longer in office at May 11, 2010:

Director	Antonio Maria Marocco		X	X	100.00%	-	X	66.66%				
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(*) This column shows the number of director or statutory auditor positions 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 offices 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's meetings.

Number of meetings held during the financial year:

Board of Directors: 5

Internal Control Committee: 6

Compensation and Nominating Committee: 2

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 positions held*</i>
Chairman	Lionello Jona Celesia	100.00%	1
Standing Statutory Auditor	Giorgio Ferrino	100.00%	-
Standing 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 positions held by each auditor at other companies whose shares are listed on Italian regulated markets. Complete information on all positions 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: 10

BYLAWS

TITLE I – Company’s name – Registered office – Corporate purpose – Term

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 where the company holds an investment, to purchase and sell, hold, manage and place public and private securities.

The company shall 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 term of the company is fixed until the thirty-first of December 2050.

TITLE II – Capital stock

Article 5

The capital stock is Euro 246,229,850 divided in 160,259,496 ordinary shares, 76,801,460 preferred shares and 9,168,894 savings shares of par value Euro 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 capital stock, in one or more instances, also in divisible form, up to an amount of Euro 561,750,000.

Capital stock can also be increased by contribution of assets in kind or credits.

Article 6

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

Each share is indivisible; the possession of a share implies acceptance of these corporate bylaws.

Article 7

The company’s capital stock can be increased by issuing ordinary and/or preferred and/or savings shares. The holders of each category of shares shall 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).

The resolutions for the issue of new shares having the same features as the existing shares do not require the approval of special meetings of stockholders of the individual categories of shares.

Article 8

The meeting can resolve a reduction of capital stock in the ways provided and as stated by the law.

TITLE III – Stockholders’ meeting

Article 9

The meeting, duly convened and established, represents all stockholders and any resolution passed shall bind also any dissenting or absent stockholder within the limits of these corporate bylaws.

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 art. 2365 of the Italian Civil Code and the second paragraph of art. 13 of the bylaws.
The stockholders having voting right may attend the meeting.
Each stockholder may be represented at a meeting, in the ways provided by the law.

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 the European Union every year within one hundred and twenty days from the close of the fiscal year as the company is obliged by law to draw up 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 by law.

Article 12

The meeting shall be convened by notice to be published in the newspaper “La Stampa” at least thirty days to the day fixed for the meeting, unless otherwise specified by law; in the event of failure to publish in the newspaper “La Stampa”, the notice shall be published in the “Gazzetta Ufficiale” of the Italian Republic.
The notice shall indicate the matters on the agenda and the location, the date and time of the meeting. The same notice may also fix the date for the second call.
In case of an extraordinary meeting, the notice may also fix the date for a third call.

Article 13

For the meeting to be duly constituted and valid for passing resolutions, the applicable laws shall apply, subject to the provisions of the following articles 16 and 23, for the election of the board of directors and the board of statutory auditors.
The regulations that govern the manner in which stockholders’ meetings are conducted shall be approved and amended by an ordinary stockholders’ 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 stockholders representing at least one half of the ordinary and preferred shares and, in second call, by whatever part representing 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, in the event of more than one vice chairmen, by the vice chairman (vicario) or, by the vice chairman elected by the board of directors. In their absence, the meeting shall be presided over by a person appointed by the stockholders’ meeting itself.
Based on the proposal by the chairman, the meeting shall appoint the secretary, who may also not be a stockholder, and two scrutineers, should he deem it necessary.
The chairman of the meeting shall be responsible for verifying if the meeting has been duly constituted, verifying the identity and legitimacy of the stockholders present, conducting the discussion and ascertaining the results of voting.

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 by the law, or whenever the chairman of the meeting should deem 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 variable from seven to nineteen, depending on the number established by the stockholders' meeting.

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

The board of directors is appointed by using slates of candidates. If several slates are submitted, one of the members of the board of directors shall be chosen from the slate that has obtained the second highest number of votes. Slates may be submitted only by those stockholders who, individually or together with other own voting shares, represent the percentage established by the company according to the current law, which shall be indicated in the notice calling the stockholders' meeting.

No single stockholder can present, either through a third party or trustee company, more than one slate of candidates, or cast votes in different slates. No stockholders belonging to the same group and stockholders who signed a stockholders' agreement regarding the stock of the company can present, either through a third party or trustee company, more than one slate of candidates, or cast votes in different slates. Each candidate may be included in one slate only, under penalty of ineligibility.

The candidates included in the slates must be indicated in numerical order and satisfy the integrity requirements imposed by law. The candidate who is indicated at number one on the slate in numerical order must also satisfy the legal requirements of independence set forth by law.

The slates presented must be deposited at the company's offices at least fifteen days to the day of the meeting convened for the election of the board of directors.

Together with each slate and within the time limit indicated above, declarations in which the stockholders state their right to attend the meeting, an exhaustive disclosure regarding the candidates' personal and professional characteristics as well as declarations in which single candidates accept the candidature and, on their own responsibility, state that they satisfy the envisaged requirements shall be filed. The candidates who do not comply with these rules are ineligible.

Once the stockholders' meeting determines the number of directors to be elected, the following procedure shall be applied:

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

Slates that received a percentage of votes at the stockholders' 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 slates are not submitted or voted on, or at the stockholders' meeting that shall replace directors during their terms. In these cases, the stockholders' 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 their office during their term of office, as provided 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 be resigning and the directors still in office should urgently call an extraordinary meeting for the new appointments.

The term of office of any director appointed by the stockholders' meeting in the course of a three-year term shall expire on expiry of the term of office 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 stockholders' 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 vice chairman (vicario), 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 case of more than one vice chairmen, by the vice chairman (vicario) or the vice chairman elected 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 and elsewhere, provided that it is in countries 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 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 (executive directors).

The directors shall be called by letter or cable, or similar, stating the agenda, to be sent to the domicile of each director and each standing statutory auditor at least three days before the date fixed for the meeting, except in case of extreme urgency when the period of notice can be reduced and all directors and standing statutory auditors can be called by telephone.

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

The disclosure required by art. 150 of Legislative Decree 58/1998 and by art. 2381 of the Italian Civil Code shall be supplied by the directors to the board of statutory auditors and by the bodies with delegated powers (executive directors) 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 that case, the meeting is considered to be held in the location where the chairman of the meeting is and where the secretary also shall be; furthermore, all the stockholders present must be able to be identified and 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 tie vote, the vote of the chairman of the meeting shall prevail.

All resolutions passed at the meeting shall be recorded in minutes to be registered 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 to permit registrations, subrogations, postponements and cancellations of mortgages and liens, both total and partial, as well as to do and cancel recordings and annotations of any kind whatsoever, also independently of the payment of debts to which said registrations, recordings and annotations are related – save only such action as is reserved to the stockholders' meeting by the law.

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

The board of directors can issue non-convertible bonds and 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 of companies according to the provisions of the law.

TITLE V – Signature powers and legal representation

Article 21

The chairman of the board of directors or, in his absence or unless he is detained, the vice chairman (vicario), where appointed, is vested with the legal representation vis-à-vis third parties and also in court proceedings as well as signature powers of the company.

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

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, on its implementation date, the number of members, their powers and assignments – as well as to one or two managing directors.

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, the use of the company's signature powers.

Furthermore, the board of directors, after receiving the opinion of the board of statutory auditors, shall appoint a manager in charge of drawing up the corporate accounting documents, who shall possess a several-year experience in the administrative and financial activities at large companies.

TITLE VII – Statutory auditors and audits

Article 23

The board of statutory auditors shall consist of three standing statutory auditors and two alternate statutory auditors. Minority stockholders may appoint one standing statutory auditor and one alternate statutory auditor.

All the standing statutory auditors and all the alternate statutory auditors shall be chosen from among those inscribed on the register of professional accountants who have exercised the legal control work on accounts for a period of not less than three years.

Statutory auditors shall be nominated from a slate presented by the stockholders in which the candidates are listed in a numerical number. The slate is divided into two sections: one for candidates to the office of standing statutory auditor, the other for candidates to the office of alternate statutory auditor, which number shall not exceed the number of statutory auditors to be appointed.

Slates of candidates can only be presented by stockholders who, alone or together with other stockholders, hold voting stock representing the percentage of the voting stock in the ordinary stockholders' meeting as set forth by article 16, third paragraph; the said percentage shall be mentioned in the notice calling the stockholders' meeting.

The slates presented must be deposited at the company's offices at least fifteen days to the day of the meeting convened for the appointment of the statutory auditors, including:

- a) disclosure regarding the identity of the attendees who have presented the slates with the mention of the total percentage of voting stock and a declaration on their right to attend the meeting;
- b) a declaration by the members other than those who hold, also jointly, a control stake or relative majority stake in which they state the absence of links provided for them by the law in force;

- c) an exhaustive disclosure regarding the candidates' personal and professional characteristics as well as a declaration of the same in which candidates state that they satisfy the requirements set forth by law and accept the candidature;
- d) a list of the posts of administration and control held by the candidates within other companies, with the commitment of updating the aforementioned list to the date of the meeting.

The candidates who do not comply with these rules are ineligible.

If, at the time limit indicated above, only a slate is deposited, or slates are deposited only by stockholders who, on the basis of the aforementioned provisions, are linked with each other according to the existing law, slates can be presented up to the fifth day of that date. In this case, the aforementioned threshold shall be reduced by half.

No single stockholder can present, either through a third party or trustee company, more than one slate, or cast votes in different slates. No stockholders belonging to the same group or stockholders who signed a stockholders' agreement regarding the stock of the company can present, either through a third party or trustee company, more than one slate, or cast votes in different slates. Each candidate may be included in one slate only, under penalty of ineligibility. Candidates cannot be included in the slates if they hold the post of statutory auditor in a number of companies than exceeds the limits stated by the applicable regulation, or if they do not hold the qualifications established by the applicable laws and these bylaws. Out-going statutory auditors can be re-elected.

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

1. two standing statutory members and one alternate are taken from the slate which has obtained the highest number of votes from the stockholders' meeting, in the numerical order in which they are listed thereon and elected;
2. the remaining standing statutory member and the other alternate member are taken from the slate which has obtained the second highest number of votes from the stockholders' meeting and which is not linked with the stockholders of reference according to the provisions of law, and elected on the basis of the numerical order in which they appear in the sections of the slate; in case of tie vote between more slates, the candidates of the slate which has been presented by the members holding the major voting stock, or, in subordinate position, by the major number of stockholders are elected..

The chairman of the board of statutory auditors shall be the statutory member indicated as the first candidate on the slate 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 stockholders present at the meeting.

In the event the requisites by law and these bylaws are no longer met, the statutory auditor shall be relieved of office.

In case of the replacement of a statutory auditor, the alternate belonging to the same slate as the resigned auditor shall take the place of same.

The terms in the preceding paragraphs shall not be applied by the meetings which, according to the law, must appoint standing statutory auditors and/or alternates and the chairman needed to complete the board of statutory auditors in the event of replacement or resignation. In these cases, the appointment is made by a relative majority vote of the stockholders, in compliance with the binding principles of representation of minority stockholders.

Article 24

The compensation of the statutory auditors shall be determined by the stockholders' meeting according to the law.

Article 25

The financial statements shall be audited by independent auditors who are listed in the corresponding register according to the provisions of laws.

TITLE VIII – Financial statements and earnings

Article 26

The financial year shall terminate 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 the company's capital stock;
- the remaining profit to the shares, as dividend, unless otherwise resolved upon by the stockholders' 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 preferred 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 preferred 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 fiscal year to the next.

If, in any fiscal 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 preferred dividend in the following two fiscal years.

In case of exclusion from trading of the ordinary shares and/or savings shares, the preferred 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 distribution of reserves, the savings shares have the same rights as the other shares.

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

Article 28

All and any dividends not collected within five years from the date when they become payable shall be allocated to the extraordinary reserve of the company and the related coupons shall be canceled.

TITLE IX – Territorial jurisdiction

Article 29

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

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

TITLE X – Winding up of the company

Article 30

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

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

- the savings shares have a right of pre-emption up to Euro 3.78 per each savings share;
- the holders of the preferred shares have a right of pre-emption up to the amount of the par value of their shares;
- to the ordinary shares, up to the amount of the par value of their shares;
- to the shares of the three categories of shares, the remaining, if any, pursuant to 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 articles 27 and 30.

The reduction of the capital stock 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 Euro 10,000 per year for each of the two categories of shares.

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

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 term of the company and the introduction or removal of restrictions on stock outstanding.