



2016 Annual Report

Report on Operations

- 1 Board of Directors, Committees and Independent Auditors
 - 2 Key Data
 - 3 EXOR Merger
 - 4 Risk factors
 - 10 EXOR Group profile
 - 12 Significant Events in 2016
 - 15 Review of the Consolidated Results of the EXOR Group
 - 18 Alternative performance measures
 - 22 Review of the Consolidated Results of the EXOR Group – Shortened
 - 32 Review of Performance of the Operating Subsidiaries and Associates
 - 47 Subsequent events and 2017 outlook
 - 48 Major shareholders and ownership structure
 - 54 Risk management, risks and control system
 - 58 Corporate Governance
 - 72 Environmental sustainability
 - 74 Remuneration of Directors
 - 83 Risk factors from subsidiaries
- 141 **EXOR Group Consolidated Financial Statements at December 31, 2016**
- 259 **EXOR N.V. Company Financial Statements at December 31, 2016**
- 283 **Other Information**
- 285 **List of EXOR Group Companies at December 31, 2016**
- 307 **Independent Auditors' Annual Report**

The 2016 Annual Report is available on the corporate website at: www.exor.com

Communications & Media Relations

Tel. +31.(0) 20 240 2 221
Fax +31.(0) 20 240 2 738
media@exor.com

Institutional Investors and Financial Analysts Relations

Tel. +31.(0) 20 240 2 222
Fax +31.(0) 20 240 2 738
ir@exor.com



Dear Shareholders,

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

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

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

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

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

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

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

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

EXOR NAV PER SHARE PERFORMANCE vs. THE MSCI WORLD INDEX (in US Dollars)

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

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

GROSS ASSET VALUE

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

EXOR GROSS ASSET VALUE (GAV)

\$ millions	12/31/2015	12/31/2016	Change	
			absolute	percentage
Investments	11,037	17,683	6,646	+60.2%
Financial Investments	631	382	(249)	-39.5%
Cash and cash equivalents	4,393	215	(4,178)	-95.1%
Treasury stock	231	187	(44)	-19.0%
Gross Asset Value	16,292	18,467	2,175	+13.4%

INVESTMENTS (95.7% of GAV)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

I now want to turn to the underwriting side of the business. Here 2016 did not offer easy trading conditions, as natural catastrophe losses were back at relatively high levels across the industry. They caused economic losses of \$210 billion during the year¹, 59% above the historical median. These disasters generated \$59 billion of insured losses for the reinsurance industry, 37% higher than the median.

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

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

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

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

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

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

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

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

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

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

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

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

The creation of FCA's second media interest, RCS, involved several steps. In 1973, during a very troubled political time in Italy, my grandfather invested in Corriere della Sera to help its owners, the Crespi family, address the newspaper's financial difficulties and transition their ownership to the book publisher Rizzoli. In 1984, with a consortium of industrialists and financial institutions, FIAT SpA came to the rescue of the combined Rizzoli and Corriere della Sera business, which by then had become RCS and included the largest Italian sports daily Gazzetta dello Sport. By restoring the group to financial health, and providing stability of ownership, we

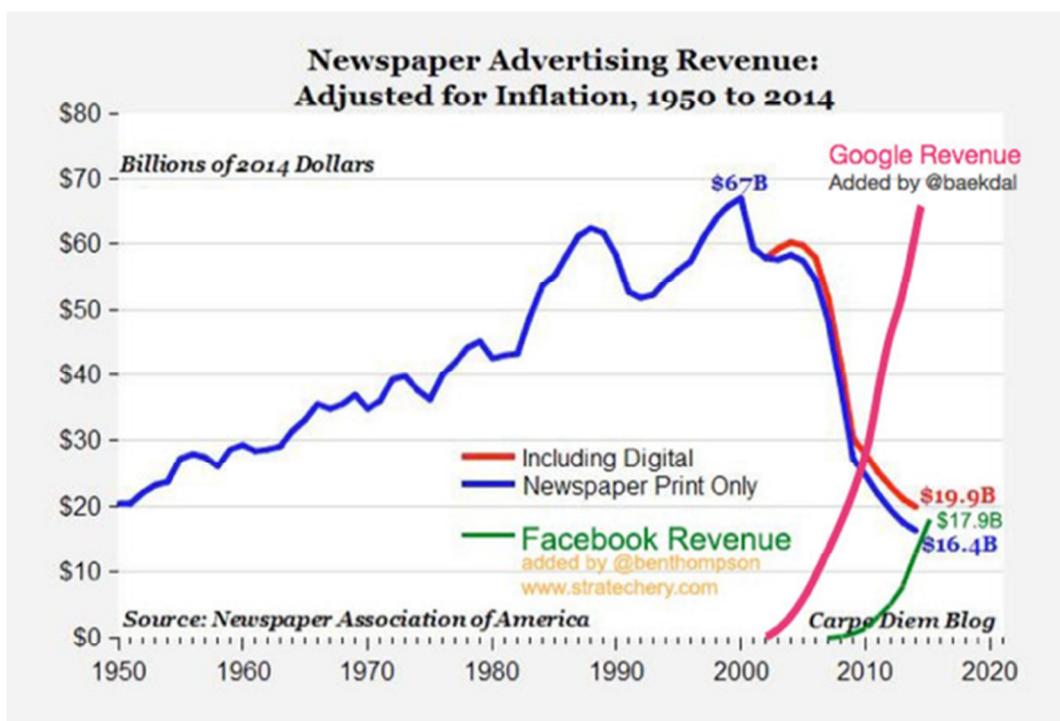
were able to preserve an important voice of reason in the country for more than thirty years. In 2012, due to a combination of mismanagement and crises in the newspaper industry, RCS was on the verge of bankruptcy, with annual losses of €500 million and debt close to €1 billion. In response to this, FCA led a consortium to provide capital to safeguard the company, and by 2016 RCS was profitable once again, and had reduced its debt to €366 million, contrary to most predictions.

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

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

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

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



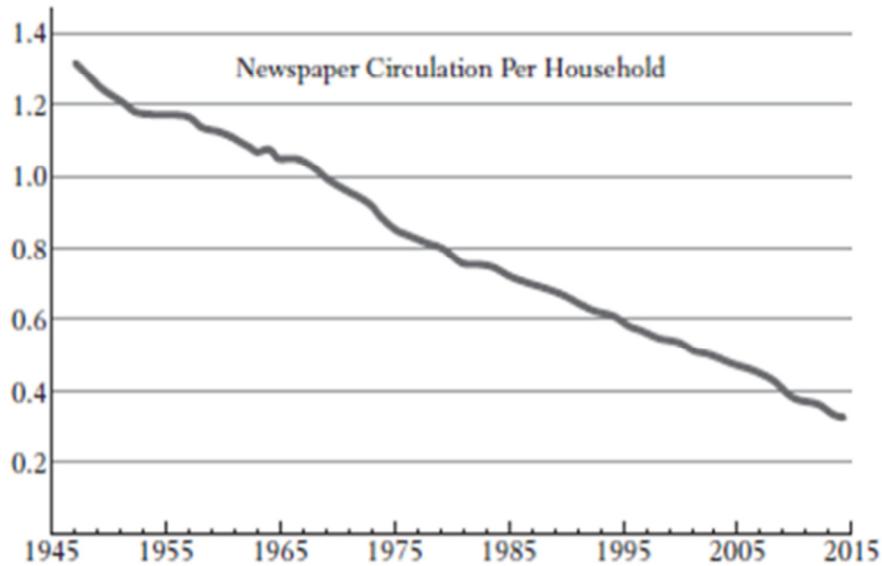


Figure 3: U.S. Newspaper Circulation per Household over Time. (Data for 1947-2007 are from Varian; data for 2008-2014 constructed by author.)

From Harvard Professor Bharat Anand's book, *The Content Trap*

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

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



With Carlo Caracciolo

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

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

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

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

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

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

A bright future is precisely what Juventus is building, year after year. It ended last season with increased revenues

(€388million) and profits (€4million) but, above all, with outstanding success on the pitch in the form of a fifth consecutive Serie A title. This matches the achievements of the greatest Juventus team of all time, that of the "five golden years" in the 1930s.

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

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

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

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

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

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

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

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

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

FINANCIAL INVESTMENTS (2.1% of GAV)

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

CASH AND CASH EQUIVALENTS (1.2% of GAV)

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

TREASURY STOCK (1% of GAV)

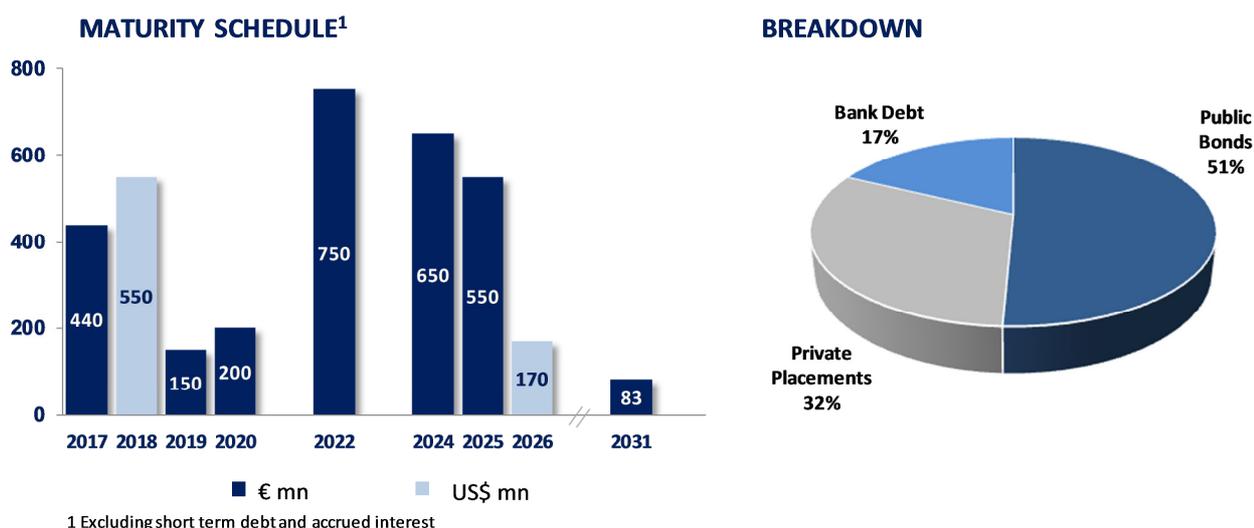
As approved at our shareholder meeting last year, treasury shares were cancelled. We will always do this except for those shares we will retain to service equity incentive plans.

GROSS DEBT

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

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

GROSS DEBT AS OF DECEMBER 31, 2016



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

2017

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

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

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

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



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

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

Board of Directors

Chairman and Chief Executive Officer
Vice Chairman
Vice Chairman
Non-independent Directors

John Elkann
Sergio Marchionne
Alessandro Nasi
Andrea Agnelli
Niccolò Camerana
Ginevra Elkann
Lupo Rattazzi

Independent Directors

Marc Bolland (Senior non executive director)
Anne Marianne Fentener van Vlissingen
Jae Yong Lee
António Mota de Sousa Horta-Osório
Robert Speyer
Michelangelo Volpi
Ruth Wertheimer

Audit Committee

Marc Bolland (*Chairperson*), Anne Marianne Fentener van Vlissingen and Lupo Rattazzi

Compensation and Nominating Committee

Michelangelo Volpi (*Chairperson*), Alessandro Nasi and Robert Speyer

Independent Auditors

Ernst & Young Accountants LLP

Expiry of terms of office

The Board of Directors was appointed on December 11, 2016, effective date of the cross-border merger of EXOR S.p.A. with and into EXOR N.V. (formerly EXOR Holding N.V.) and will expire concurrently with the shareholders' meeting that will approve the 2016 annual financial statements.

KEY DATA

EXOR Group – Consolidated Data			
€ million	2016	2015	2014
Net Revenues	140,068	136,360	120,102
Profit before tax	4,268	1,054	2,199
Net profit	2,313	865	1,276
of which attributable to owners of the parent	589	744	323

EXOR Group – Consolidated Data – Shortened ^(a)			
€ million	2016	2015	2014
Profit attributable to owners of the parent	589	744	323
Share of earnings of investments and dividends	908	219	387
Investments and non-current other financial assets	14,569	8,937	7,433
Issued capital and reserves attributable to owners of the parent	10,982	10,346	7,995
Consolidated net financial position of EXOR's "Holdings System"	(3,424)	1,337	563

(a) The basis of preparation is presented in the section "Review of the Consolidated Results of the EXOR Group - Shortened".

Earnings per share (€) ^(a)	2016	2015	2014
Profit attributable to owners of the parent – basic	2.51	3.33	1.27
Profit attributable to owners of the parent – diluted	2.47	3.32	1.25
Issued capital and reserves attributable to owners of the parent	46.83	44.15	35.96

(a) Additional details on the calculation of basic and diluted earnings per share are provided in Note 10 to the consolidated financial statements.

EXOR MERGER

EXOR N.V., formerly known as EXOR Holding N.V., (the “Company” and together with its subsidiaries the “EXOR Group” or the “Group”) was incorporated as a public limited company (*naamloze vennootschap*) under the laws of the Netherlands on September 30, 2015 and in 2016 was designated to act as a holding company for EXOR Group. EXOR’s residence – for legal and tax purposes – in the Netherlands resulted from a cross-border merger of EXOR S.p.A. (*società per azioni*), a public limited liability company incorporated under the laws of Italy, with and into EXOR HOLDING N.V., a Dutch wholly-owned subsidiary of EXOR S.p.A. (the “Merger”). The surviving company has, thus, been renamed “EXOR N.V.” The Merger was executed pursuant to the provisions of EU Directive 2005/56/EC of the European Parliament and Council of 26 October 2005 on cross-border mergers of limited liability companies, implemented for Dutch law purposes under Title 2.7 of the Dutch Civil Code and for Italian law purposes by Italian Legislative Decree 30 May 2008, no. 108.

As a result of the Merger, EXOR has acquired all assets and assumed all liabilities and other legal relationships of EXOR S.p.A. under universal title of succession: as such, all business activities, shareholdings and other assets as well as liabilities of EXOR S.p.A. have been consolidated into (or controlled by) the Company.

As a result of the Merger, former shareholders of EXOR S.p.A. received 1 (one) EXOR ordinary share for each ordinary share held. EXOR has, further, adopted a Special Voting Structure (as described below) to foster the development and continued involvement of a core base of long-term shareholders in a manner that reinforces the group’s stability. For further details on the Special Voting Structure, please refer to Section “Corporate Governance below.

The Merger was aimed to simplify and align the corporate structure of EXOR with its investments’ growing international profile, and to better reflect the global profile of EXOR and its businesses.

The last day on which the EXOR S.p.A. shares were traded on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. (“MTA”) was December 09, 2016, while EXOR N.V. ordinary shares were admitted to listing to MTA on December 12, 2016.

EXOR N.V. (EXOR) is controlled by Giovanni Agnelli B.V. (formerly Giovanni Agnelli e C. S.a.p.az.) which holds the 52.99% of its share capital. In fact the previous parent company of EXOR also completed a cross-border merger process in which Giovanni Agnelli merged with and into Giovanni Agnelli B.V., a wholly owned private limited liability company under Dutch law having its legal office in Amsterdam.

RISK FACTORS

RISKS RELATED TO BUSINESS, STRATEGY AND OPERATIONS

Risks relating to international markets and exposure to changes in local conditions and trade policies, as well as economic, geopolitical or other events

The earnings and financial position of EXOR and its principal investment holdings are affected by the performance of financial markets and macroeconomic variables over which EXOR exercises little or no control.

EXOR is subject to risks inherent to operating globally, including those related to:

- exposure to local economic and political conditions;
- multiple tax regimes, including regulations relating to transfer pricing and withholding and other taxes on remittances and other payments to or from subsidiaries;
- foreign investment and/or trade restrictions or requirements, foreign exchange controls and restrictions on the repatriation of funds; and
- the introduction of more stringent laws and regulations.

Unfavorable developments in any one or a combination of these areas (which may vary from country to country) could have a material adverse effect on EXOR's business, financial condition and results of operations.

With the increasing interconnectedness of global economic and financial systems, a financial crisis, natural disaster, geopolitical crisis, or other significant event in one area of the world can have an immediate and devastating impact on markets around the world. For example, the financial crisis that began in the United States in 2008 quickly spread to other markets and episodes of increased geopolitical tensions or acts of terrorism have at times caused adverse reactions that may spread to economies around the globe.

For instance, in June 2016, a majority of voters in the United Kingdom elected to withdraw from the European Union in a national referendum. The referendum, commonly referred to as "Brexit", was advisory and the terms of any withdrawal are subject to a negotiation period that could last up to two years after the government of the United Kingdom formally initiates a withdrawal process, or longer if extended by mutual agreement. The referendum has created significant uncertainty about the future relationship between the United Kingdom and the European Union, which is also subject to negotiation, including with respect to the laws and regulations that will apply as the United Kingdom determines which European Union-derived laws to replace or replicate in the event of a withdrawal, and in light of a recent U.K. Supreme Court decision requiring further action of the U.K. Parliament before beginning the process of leaving the European Union.

The referendum has also given rise to calls for the governments of other European Union member states to consider withdrawal. If a country within the euro area were to default on its debt or withdraw from the euro currency, or, in a more extreme circumstance, the euro currency were to be dissolved entirely, the impact on markets around the world, and on EXOR's global business, could be immediate and significant.

In the United States, changes in policy positions by the new presidential administration may impact business and potential changes in tax laws that could adversely affect U.S. operations.

These developments have introduced an elevated level of economic and policy uncertainty, which could cause financial and capital markets within and outside the U.S. and Europe to constrict, thereby negatively impacting our ability to finance our business. It also could cause a substantial dip in consumer and business confidence and spending that could negatively impact sales of vehicles.

In addition to slow economic growth or recession, other economic circumstances, such as increases in energy prices, fuel prices and fluctuations in prices of raw materials or contractions in infrastructure spending, could have negative consequences for the industries in which EXOR operates.

It is not possible to provide an indication of the future effects of the aforementioned factors and variables which may have an adverse impact on the demand for products and services, the earnings, business prospects and financial position of EXOR and its subsidiaries and affiliates.

Risks associated with the distribution of dividends

The distribution of dividends by EXOR and the amount of such dividends depend on the Company's future profits which in turn depend on the dividends distributed by EXOR's subsidiaries and affiliates and on the gains realized on divestments of these companies, events which by their nature are neither periodic nor recurrent. Accordingly EXOR's results in different financial years may not be regular and/or comparable. It is highlighted that where investments have been made having recourse also to debt financing, part of the resources arising from the divestment will as a priority be applied in repayment of such debt and only the remaining part may be used for the distribution of dividends.

It will be recalled that under the merger agreement relating to the PartnerRe acquisition, from the time of the acquisition of PartnerRe and until December 31, 2020 neither the company resulting from the merger nor any of its subsidiary companies: (i) will approve or distribute or propose the approval or distribution of dividends nor proceed with other distributions pertaining to the PartnerRe common shares or other classes of PartnerRe shares in issue (the “Junior Shares”), over which the preferred shares issued by PartnerRe (as defined in the aforesaid merger agreement) have precedence or priority in the payment of dividends or in the distribution of assets in the event of liquidation or dissolution of PartnerRe; (ii) will redeem, purchase or otherwise become the owner of Junior Shares (exception being made for purchases relating to the servicing of incentive plans or of employee benefit plans of PartnerRe and its subsidiary companies), notwithstanding that the distributions may be made up to the limit of 67% of the net profit for the year of the company resulting from the merger for each quarter of the financial year and that for the quarter in respect of which distributions are not made the distributions may be carried forward, to the extent not made, to succeeding quarters without regard to the effective amount of the net profit earned by the company resulting from the merger in such quarters of the financial year. As explained in the paragraph of PartnerRe Risk’s factors, the dividends distribution from PartnerRe depends also from the capital requirements including the regulatory requirements.

The financial results of the EXOR Group and of EXOR are not indicators of the future profitability of EXOR. There can be no assurance concerning the profitability of EXOR in future periods. Further, EXOR does not have a policy for the payment of dividends (for example a minimum distribution per share in absolute terms or as a percentage-dividend payout) and has not made any specific undertaking in this respect.

Risks related to credit ratings

EXOR’s ability to access capital markets, funding and the associated costs depend, amongst other things, on the credit ratings assigned to EXOR. Any rating downgrade could limit the ability to access capital markets, increase the cost of funding and the cost of bank loans with adverse effects on the Company’s earnings and financial position or on the market value of its shares. The rating agencies review the ratings regularly and, consequently, it is possible that they may revise the current ratings. It is not possible at this time to predict the timing and the outcome of such reviews.

As of December 12, 2016 Standard & Poor’s gave EXOR ratings for long and short term indebtedness (respectively “BBB” and “A-2”) with a negative outlook, confirming therefore the same ratings and outlook assigned to EXOR prior to the merger. The negative outlook indicates the possibility of a downgrade of the long term rating to “BBB” if EXOR’s LTV ratio (determined on the basis of the Shortened Consolidation data) does not reach a level in the range of 15% to 20% in the next three to five months.

The principal assumptions made by the agency in making its rating are, in synthesis, the following: (i) maintenance by management of the financial gearing reduction process; (ii) a return of the LTV ratio to the 15% to 20% range in the next three to five months; (iii) a sustainable dividend policy with dividend distributions in line with past financial years and (iv) no impact from the merger on cash and indebtedness (apart from the expenses connected with such an operation). It is highlighted with particular regard to risks of a financial nature, that the rating agency recognizes EXOR’s track record characterized by financial prudence and by management’s commitment to reducing the LTV ratio below 20%.

Notwithstanding the assumptions declared by Standard & Poor’s, it is emphasized that, at the date of the financial statements, EXOR has not made any commitment concerning the maintenance of the current rating but is pursuing the objective of maintaining an investment grade rating, that is to say a “BBB” rating or higher.

Risks associated with market conditions

EXOR holds investments in both publicly listed companies and non-listed companies. The value of the investments in listed companies is based on their market prices, whereas for investments in non-listed companies one of the methods used to value the shareholdings is based on multiples of comparable listed companies. Therefore, changes in prices and market conditions can negatively impact the value of EXOR’s business operations. A substantial weakening of equities and/or bond markets or changes in interest rates and/or currency exchange rates could impact negatively on the value of EXOR’s businesses.

Further, the operating costs which EXOR incurs cannot be reduced with the same speed as a fall or unabated decline in financial markets and, in the case of inadequately efficient cost management, this could negatively impact the financial results of EXOR.

Risks associated with the sectors and markets in which EXOR’s subsidiaries operate

Through its investments in subsidiaries and affiliates, EXOR is present mainly in the reinsurance business (PartnerRe), automobile business (FCA), the agricultural and construction equipment business (CNH Industrial),

publishing (The Economist Group) and professional football (Juventus Football Club). As a result, EXOR is exposed to the risks typical of the sectors and markets in which such subsidiaries and affiliates operate.

Therefore, the performance of the main subsidiaries has a very significant impact on the earnings, financial position and cash flows of EXOR.

The paragraph Risk Factors from main subsidiaries highlights the most significant risk factors related to PartnerRe, FCA, CNH Industrial and Ferrari.

Risks associated with the consolidated indebtedness of the EXOR Group

The overall amount of the consolidated indebtedness of the EXOR Group could have a significant negative impact on the business and the financial performance of EXOR and of the EXOR Group. A deterioration in market conditions, which the companies of the Group were not able to tackle rapidly, could have negative effects on revenues and cash flows of Group companies; such a situation could result in higher financial charges with a consequent negative impact on the profitability of such Group companies and as a consequence on the flow of dividends and other payments to EXOR. The deterioration of the economic and financial position of the Group companies could, also, have negative effects on the possibility of accessing sources of additional funding for the achievement of the business objectives of EXOR's and the Group companies, for capital expenditure, working capital and the repayment of debt as well as on the cost of the latter; such circumstances could render the Group more vulnerable. Further, if EXOR and the other companies in the Group should fail to generate the financial resources necessary to repay debt within the terms agreed, they would be compelled to seek other financial resources or to refinance or renegotiate existing debt on more onerous terms and conditions, with the consequent limitation of available funds and the increase of the related costs. Any difficulty in obtaining financing could have a significant impact on the Group, its business prospects and its profits. It should be noted that EXOR has not given any guarantee regarding the indebtedness of its operating subsidiaries and affiliates.

Risks associated with acquisitions and disposals

No assurance can be given that the present investments or those in the future, if completed, will not impact negatively on EXOR's results and financial position in the short and/or the medium term and on its ratings and will not encounter obstacles of an administrative, legal, technical, industrial, operational, regulatory, financial policy nature or other difficulties, such that they may not assure the achievement of the results, objectives or benefits expected. EXOR is also exposed to the risk that the disposal of its investments may be effected on terms and conditions which are unsatisfactory with consequent negative impacts on its financial position and on its own prospects.

EXOR is a holding company and in the normal course of its business assesses new investment opportunities as well as opportunities to disinvest, such activity being its core business. In assessing new investment opportunities, EXOR intends to keep its indebtedness at a level consistent with the objective of maintaining an investment grade rating, that is to say a "BBB" or higher class. Any delay in completing, or the failure to complete, an acquisition, disposal, merger, joint venture or similar operation, could prejudice the full achievement or delay fully achieving, the results and the benefits expected for EXOR, and could have significant negative repercussions on its business prospects and on its results and/or its financial situation.

Risks associated with the investment portfolio and the concentration of investments

EXOR is a holding company and, consequently, the results of its major investments and the financial resources distributed by the subsidiaries and affiliates (as dividends or otherwise) have a significant influence on its results. The failure to achieve the objectives or the revision of the objectives by the subsidiaries and affiliates due to, among other things, deterioration of economic and financial conditions and of the general conditions of the market, may have a significant negative effect on the economic results and financial position and on the business activities, strategies and prospects of the EXOR Group and of EXOR N.V., as well as on the performance of the EXOR shares on the stock market. No assurance can be given with regard to the fact that EXOR N.V. will receive constant flows of dividends from the subsidiaries and affiliates which depend on the economic and financial performance and the investment and dividend policies of such companies.

EXOR holds a limited number of investments and, consequently, the economic and financial performance of EXOR and of the EXOR Group may be materially influenced by the negative performance or indeed the negative economic and financial results even of one of the investments made.

EXOR's investment portfolio is monitored and analyzed constantly both through use of corporate governance rights (e.g. board representation) and through constant dialogue with the management of the subsidiaries and affiliates without affecting their independence as the managers of the companies.

EXOR does not have a specific policy on investment and disposal. Investment decisions taken by EXOR are formulated on the basis of in-depth assessments and of expertise developed in the specific sectors, as well as on

the basis of the potential contribution of the individual investment to the geographical and sector diversification of the portfolio and of the capacity to generate future cash flows.

Recent disposals have been guided by the wish to reduce exposure to non-global businesses or the wish to take advantage of concrete opportunities to divest in the market which offer an adequate economic result. The maintenance of long term investments and the decisions to invest and divest entail business risks, such as a high exposure to specific industries or to a particular investment, changes in market conditions and the presence of obstacles which impede the disposal of its investments.

Risks associated with the loss of key management figures

The success of EXOR and of the EXOR Group depends to a large extent on the abilities of its own senior executives and of the other components of the management team to manage efficiently EXOR and the EXOR Group and the individual business areas. If the EXOR Group should lose the contribution of key executives (including John Philip Elkann and Sergio Marchionne), this could have a significant negative effect on the business prospects as well as the financial results and/or financial position.

Furthermore, if one or more managers should resign from service with EXOR or with EXOR's investee companies and should it not be possible to adequately replace them in a timely manner with persons of equal skill and experience, the competitive capacity of such companies could diminish with potentially negative effects on the business and on the ability to replicate the results achieved in the past.

Risks associated with the presentation of consolidated data in shortened form (Shortened Consolidation)

The Shortened Consolidation data is prepared by EXOR on the basis of a "shortened" method of consolidation in which the data derived from the IFRS financial statements of EXOR and of the subsidiaries of the Holdings System: (EXOR Nederland N.V. (the Netherlands); EXOR S.A. (Luxemburg); Ancom USA Inc. (USA); Exor SN LLC (USA); Exor Capital DAC (Ireland); Exor Investments Limited (UK) are included in the financial statements of the parent company EXOR using the line-by-line method, while the data derived from the financial statements prepared in accordance with IFRS of the operating subsidiaries and affiliates (PartnerRe, FCA, CNH Industrial, Ferrari, The Economist Group and Juventus Football Club) are included in the financial statements of the parent company EXOR using the equity method.

While the data and information prepared using the shortened consolidation method are recognized by the financial community, by financial counterparties and by the ratings agencies, and EXOR believes that these data and information facilitate analysis of the financial position and results of EXOR, such data do not fully represent, nor should be treated as the consolidated financial position of the EXOR Group prepared in accordance with International Financial Reporting Standards (IFRS). In fact the shortened consolidation method is not contemplated in the reference accounting standards on the presentation of consolidated financial statements and may not be consistent with the method adopted by other groups and, therefore, such data may not be comparable with the data reported by such groups.

The consolidated data prepared in shortened form are not audited by the independent auditors.

Risks associated with tax assessments of the Italian tax authorities relating to periods prior to the date when the merger became legally effective

The disappearing company EXOR S.p.A was taxable for IRES and IRAP purposes up until the legally effective date of the Merger.

For Italian tax purposes the Merger qualifies as an intra-community cross-border merger as defined by the Italian tax regulations (TUIR) which have implemented E.U. Council Directive 1990/434 dated July 23, 1990 on the common system of taxation to be applied to mergers, de-mergers, transfers of assets and share exchanges involving companies of differing Member States (consolidated in E.U. Council Directive 2009/133 dated October 19, 2009, the "Merger Directive").

The Italian tax regulations provide for the fiscal neutrality of the intra-community merger with respect to assets and liabilities which remain connected with a permanent organization in Italy, providing, conversely, that elements which do not remain connected with a permanent organization in Italy are deemed to be realized at fair value. Considering that EXOR N.V. has not maintained a permanent organization in Italy after the Merger, all the components of EXOR S.p.A (including investments in companies, financial liabilities and tax-suspended reserves) have been treated as having been realized at fair value, resulting in the crystallization of taxable surpluses ("EXIT gains") in the financial position at the December 10, 2016 merger date.

EXOR believes that the estimate for the related tax charge which has been recognized in the financial statements is reasonable, however any related disputes and Italian tax authority decisions could have a negative effect, also for significant amount, on the results of future financial years.

Risks and uncertainties associated with the development and interpretation of tax regulations

The economic and financial activities of EXOR and of its principal subsidiaries and associates make it subject to a variety of taxes and duties. EXOR and those subsidiaries and affiliates are, therefore, exposed to the risk that the level of taxation to which they are subjected may rise in the future. Any such increase in the level of taxation, or the introduction of new taxes, to which EXOR and its principal subsidiaries and affiliates may be subjected, could have negative effects on the economic results and financial position of EXOR.

Additionally, EXOR and its principal investee companies are also exposed to risk from the interpretative complexity of tax regulations and may from time to time be subjected to inspections by the tax authorities.

Among the significant developments in tax regulation there is also the recent EU Directive 2016/1164 adopted on July 12, 2016 and known as the “Rules against tax practices that directly affect the functioning of the internal market”. This Directive introduces a number of provisions concerning the limitation of interest deduction and the introduction, on an obligatory basis, of regulations on Controlled Foreign Companies (CFC). As of the financial reporting date no regulation on Controlled Foreign Companies has been introduced in the Netherlands, however certain rules are in force under Dutch law concerning the taxation of business income (*Wet op de vennootschapsbelasting 1969*), which establish that the taxpayer, in some specific circumstances, is required to record an interest in an entity at fair market value. Pursuant to the aforesaid Directive, in any case, the Netherlands is obliged to introduce regulations on Controlled Foreign Companies - in conformity with the dispositions set out in the Directive – to come into effect at the latest on January 1, 2019. The manner in which the directive will be enacted and implemented by governments and tax authorities in the legal systems of the individual Member States is as yet unknown; similarly, there is still uncertainty about the effective practical scope of the Directive in general.

RISKS RELATED TO THE COMMON SHARES

Risks connected with share price performance in relation to the activities of EXOR

EXOR's results will depend on the performance of the investments which it makes. These investments, considering the type of activity performed, are characterized by high levels of uncertainty, problems with forecasting and a priori assessments that are not always objective. There is no guarantee that EXOR will be able to transmit to the market the correct interpretation of the risk-opportunity relationship of the investments made and of their progressive performance, with resulting possible negative impact on the performance of the market price of EXOR common shares.

The loyalty voting structure could have a negative effect on the liquidity of the Group's common shares and reduce the common share price

The introduction of the special voting structure could reduce the liquidity of EXOR common shares adversely affecting the trading price in the market. The special voting structure is intended to reward long-term shareholding and provide an incentive for a stable shareholder base, giving shareholders the opportunity to decide to receive special voting shares after a certain uninterrupted period of ownership of common shares.

The special voting shares cannot be traded and must be transferred to EXOR for no consideration (*om niet*) immediately prior to cancellation of the common shares from the EXOR special register.

The special voting structure may reduce liquidity in EXOR common shares and adversely affect their trading price.

The special voting structure may make it more difficult for shareholders to acquire a controlling interest, change the management or the strategy of the Group or exercise influence over it, resulting in a reduction in the market price of the common shares

The provisions of the articles of association which establish the special voting structure, allowing qualifying shareholders to exercise up to 5 or 10 voting rights for each EXOR common share held, may make it more difficult to acquire, or attempt to acquire, control of EXOR and prevent or discourage any initiatives seeking to change EXOR's management, even if a change of control were considered favorably by shareholders holding the majority of the EXOR common shares.

The special voting share structure may prevent or discourage initiatives of shareholders seeking to change the ownership structure or the strategy of EXOR or to exercise their influence and also may prevent or discourage initiatives of shareholders seeking to bring about changes in the company's management.

Shareholders who hold a significant quantity of EXOR common shares for the uninterrupted periods prescribed in the articles of association and who request special voting shares could be in a position to exercise a significant quota of voting rights at meetings of shareholders and to have substantial influence over EXOR.

Based on the most recent information available Giovanni Agnelli holds 52.99% of the issued capital of EXOR, such that its control is not at present contestable.

It should be recalled, however, that the special voting structure will commence to have its effect only when five years have passed from the date of adoption of the new articles of association following the merger's becoming effective, assuming that the holders of EXOR common shares satisfy the conditions for requesting special voting shares. In fact, as of the date of the merger becoming effective no special voting shares had been issued.

Risks related to the tax treatment of Special Voting Shares

No statutory, judicial or administrative authority directly discusses how the receipt, ownership, or disposition of special voting shares should be treated for Italian or Dutch tax purposes and as a result the tax consequences in the Netherlands are uncertain. The fair market value of the EXOR special voting shares, which may be relevant to the tax consequences, is a factual determination and is not governed by any guidance that directly addresses such a situation. Considering that the EXOR special voting shares are not transferable (other than, in very limited circumstances, together with the associated EXOR common shares) and that a shareholder's rights to receive amounts in respect of the special voting shares are extremely limited, EXOR believes and intends to take the position that the fair market value of each special voting share is minimal. However, the relevant tax authorities could assert that the value of the special voting shares as determined by EXOR is incorrect. The tax treatment of the Special Voting Shares and the consequences of acquiring them, therefore, are not entirely clear and established.

EXOR GROUP PROFILE

On December 11, 2016 became effective the cross-border merger of EXOR S.p.A with and into EXOR Holding N.V., a wholly owned company formed under Dutch law having its legal office in Amsterdam, the Netherlands which is renamed EXOR N.V. EXOR N.V. (EXOR) is the new holding company of EXOR Group, controlled by Giovanni Agnelli B.V. (formerly Giovanni Agnelli e C. S.a.p.az.) which holds 52.99% of its share capital. In fact the previous parent company of EXOR also completed a cross-border merger process in which Giovanni Agnelli merged with and into Giovanni Agnelli B.V., a wholly owned private limited liability company under Dutch law having its legal office in Amsterdam.

The last day on which the EXOR S.p.A. shares were traded on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. ("MTA") was December 09, 2016, while EXOR N.V. ordinary shares were admitted to listing to MTA on December 12, 2016.

EXOR which at December 31, 2016 had a Net Asset Value (NAV)⁽¹⁾ about almost \$15 billion (equal to approximately €14 billion) concentrates its investments in global businesses, mainly in Europe and the United States, taking a long-term view. Accordingly investment decisions are not speculative in nature but are based on in-depth analysis of the investment objectives, on expertise and know-how developed in specific sectors, on the investment's potential contribution to geographic and sector diversification of the portfolio or to future cash flows and on EXOR's ability, in the medium term, to influence governance. EXOR's objective is to increase its Net Asset Value per share and outperform in the long term the MSCI World Index in U.S. dollars.

EXOR does not have a specific policy regulating its investments and disposals. EXOR's investment decisions are formulated on the basis of in-depth analysis, of expertise developed in specific sectors and of the investment's potential contribution to geographic and sector diversification of the portfolio or to future cash flows.

(1) Alternative performance measure as defined on pag. 18.

The EXOR Group's investments are the following:



Percentages updated on the basis of the latest available information.

- (a) Calculated on common stock.
- (b) EXOR holds 42,60% of voting rights on issued capital.
- (c) EXOR holds 39,94% of voting rights on issued capital.
- (d) EXOR holds 32,75% of voting rights on issued capital.
- (e) Voting rights are limited to 20%.

PartnerRe (100% of common stock) is a leading global reinsurer with headquarters in Pembroke (Bermuda). PartnerRe commenced operations in 1993 and provides reinsurance and certain specialty insurance lines on a worldwide basis through its subsidiaries and branches serving more than 2000 customers in its Non-life and Life and Health segments. PartnerRe has a global platform of 20 offices in more than 150 countries. The company's 11 principal offices are located in Hamilton (Bermuda), Dublin, Greenwich (Connecticut, USA), Paris, Singapore and Zurich. Risks reinsured include, but are not limited to, property, casualty, motor, agriculture, aviation/space, catastrophe, credit/surety, engineering, energy, marine, mortality, longevity and accident and health, and alternative risk products.

Fiat Chrysler Automobiles (FCA) (29.41% stake) is listed on the New York Stock Exchange (NYSE) and the Mercato Telematico Azionario managed by Borsa Italiana (MTA) and is included in the FTSE MIB Index. FCA, the seventh-largest automaker in the world, designs, engineers, manufactures, distributes and sells passenger cars, light commercial vehicles, components and production systems worldwide. The Group's automotive brands are: Abarth, Alfa Romeo, Chrysler, Dodge, Fiat, Fiat Professional, Jeep, Lancia, Ram and Maserati in addition to the SRT performance vehicle designation. FCA's businesses also include Comau (production systems), Magneti Marelli (components), Teksid (iron and castings) and Mopar, the after-sales services and parts brand. FCA is engaged in industrial activities in the automotive sector through companies located in 40 countries and has commercial relationships with customers in more than 140 countries. At December 31, 2016 FCA had 162 manufacturing facilities and 234,499 employees throughout the world.

FCA's operations relating to mass market brands (passenger cars, light commercial vehicles and related parts and services) are run on a regional basis and attributed to four regions representing four geographical areas: NAFTA (U.S., Canada and Mexico), LATAM (South and Central America, excluding Mexico), APAC (Asia and Pacific countries) and EMEA (Europe, Russia, Middle East and Africa).

CNH Industrial (26.92% stake) is listed on the New York Stock Exchange (NYSE) and the Mercato Telematico Azionario managed by Borsa Italiana (MTA) and is included in the FTSE MIB Index. CNH Industrial's goal is the strategic development of its business. The large industrial base, a wide range of products and its worldwide geographical presence make CNH Industrial a global leader in the capital goods segment. Through its brands, the company designs, produces and sells trucks, commercial vehicles, buses and specialty vehicles (Iveco), agricultural and construction equipment (the families of Case and New Holland brands), as well as engines and transmissions for those vehicles and engines for marine applications (FPT Industrial). Each of the Group's brands is a prominent international player in the respective industrial segment.

At December 31, 2016 CNH Industrial was present in approximately 180 countries giving it a unique competitive position across its 64 manufacturing plants, 49 research and development centers and more than 62,000 employees.

Ferrari N.V. (22.91% stake) began operations on January 3, 2016 following the completion of a series of transactions to separate Ferrari from the FCA Group. Ferrari is listed on the New York Stock Exchange (NYSE) and the Mercato Telematico Azionario managed by Borsa Italiana (MTA) and is included in the FTSE MIB Index. The Ferrari brand is a symbol of excellence and exclusivity and the cars that carry this brand name are unique for performance, innovation, technologies, driving pleasure and design, a car that is the most authoritative example of "made in Italy" the world over.

Ferrari is present in more than 62 markets worldwide through a network of 180 authorized dealers with 8,014 cars sold at December 31, 2016.

The Economist Group (43.40% after completion of the buyback) is a company headquartered in London and head of the editorial group that publishes *The Economist*, a weekly magazine that with a global circulation of more than one million annual copies represents one of the most important sources of analysis in the international business world.

Juventus Football Club (63.77% of share capital) is listed on the Mercato Telematico Azionario managed by Borsa Italiana (MTA). Founded in 1897, it is one of the most prominent professional football teams in the world.

SIGNIFICANT EVENTS IN 2016

Completion of the separation of Ferrari from FCA and subsequent listing on the stock exchange

The separation of the Ferrari business from the FCA Group was completed on January 3, 2016. FCA shareholders received one common share of Ferrari for every ten FCA common shares held. In addition holders of FCA mandatory convertible securities received 0.77369 common shares of Ferrari for each MCS unit of \$100 in notional amount. In addition FCA shareholders participating in the company's loyalty voting program received one special voting share of Ferrari for every ten special voting shares of FCA held. EXOR, with its 375,803,870 FCA common shares held, received 37,580,387 Ferrari N.V. common shares and the same number of special voting shares. At the closing of the transaction EXOR holds directly 22.91% of issued capital including 6,854,893 common shares as holder of FCA mandatory convertible securities and 32.75% of voting rights on issued capital.

Ferrari common shares are traded on the New York Stock Exchange (NYSE) and starting January 4, 2016 also on the Mercato Telematico Azionario managed by Borsa Italiana (MTA).

Investment in Welltec

On February 10, 2016, with an investment of €103.3 million, EXOR acquired a 14.01% stake in Welltec, a global leader in the field of robotics technology for the oil and gas industry, from 7-Industries Lux S.à.r.l. (a company indirectly controlled by Ruth Wertheimer, independent director of EXOR). Since this is a related party transaction prior approval was sought from the Related Parties Committee which expressed a favorable opinion on justified grounds, also taking into account a valuation carried out by an independent third party. After the acquisition EXOR and the 7-Industries Lux group each hold 14.01% of Welltec issued capital.

Sale of Banijay Holding to Zodiak Media

On February 23, 2016 EXOR S.A. finalized the sale of its entire investment in Banijay (17.1% of capital) within the context of a merger with Zodiak Media, a De Agostini Group TV production company. EXOR received proceeds on the sale of €60.1 million and realized a net gain of €24.8 million.

Completion of the transaction for the acquisition of PartnerRe

The acquisition of PartnerRe was completed on March 18, 2016 after having received all necessary approvals. The total payment made by EXOR at the closing was \$6,108 million (€5,415 million) of which \$6,065 million (€5,377 million) was paid to common shareholders and \$43 million (€38 million) to preferred shareholders, as immediate economic value in lieu of the higher dividend rate. The treasury stock held by PartnerRe and the common shares held by EXOR S.p.A. and EXOR S.A. were cancelled without consideration, while those held by third parties received the consideration agreed in the merger agreement. As of the closing date EXOR indirectly became, through EXOR Nederland N.V. (previously EXOR N.V.), owner of 100% of the common shares of PartnerRe.

The common shares were delisted from the New York Stock Exchange (NYSE) as of the same date. The acquisition did not include the preferred shares issued by PartnerRe, which continue to be traded on the New York Stock Exchange.

Sale of Almacantar and investment funds to PartnerRe

On March 24, 2016 EXOR S.A. reached an agreement to sell its investment in Almacantar (approximately 36% of share capital) to Partner Reinsurance Company Ltd., a 100%-owned subsidiary of PartnerRe. The transaction was completed on April 8, 2016 with the receipt of £382.7 million (€474.7 million). In April 2016 EXOR S.A. also sold a number of its financial investments to the PartnerRe Group, mainly third party funds, for approximately \$195 million (€171 million).

The transactions were concluded at market prices and aimed at increasing the diversification of investments held by PartnerRe by introducing real estate as a new asset class, without changing the overall risk profile of its portfolio. EXOR used the entire proceeds from these transactions to reduce its debt.

Increase in EXOR non-convertible bonds due December 2025

On May 10, 2016 EXOR reopened the €250 million non-convertible bonds issued on December 22, 2015, increasing the amount by €200 million. Like the bonds previously issued, the new bonds carry an annual fixed coupon of 2.875% and are due in December 2025. The new bonds issued through a private placement to institutional investors yield 2.51% and are listed on the Luxembourg Stock Exchange.

Issue of EXOR non-convertible bonds due May 2026

On May 20, 2016 EXOR issued its first U.S. dollar non-convertible bonds for \$170 million (issue price of 100% of the nominal value, €161,3 million at December 31, 2016) due May 20, 2026, for the purpose of refinancing its short-term debt. The new bonds were issued through a private placement to institutional investors and pay interest semi-annually at an annual rate of 4.398%. The notes, rated BBB+ by Standard & Poor's, are listed on the Luxembourg Stock Exchange.

Resolutions by the shareholders' meeting of May 25, 2016

The shareholders' meeting of May 25, 2016 approved the payment of dividends per share of €0.35 for a total maximum amount of €82 million. The dividends became payable on June 22, 2016 (ex dividend date June 20) and were paid to shareholders of record as of June 21, 2016 (record date). The dividends were paid to the shares outstanding, thus excluding the shares held directly by EXOR. The shareholders' meeting approved the Compensation Report pursuant to art. 123-ter of Legislative Decree 58/98 and a new Incentive Plan pursuant to art. 114-bis of the same Legislative Decree. The Plan will be serviced exclusively by treasury stock without any new share issues and therefore will not have any dilutive effect.

The shareholders' meeting in special session also approved the cancellation of 5,229,850 shares of treasury stock in portfolio, net of those to service the incentive plans. The shares were cancelled on June 9, 2016, without reducing share capital but by eliminating the par value of the shares with a consequent change in article 5 of the by-laws.

Sale of Arenella Immobiliare

On July 30, 2016 EXOR concluded the sale of its entire investment in Arenella Immobiliare. Proceeds totaled €22 million.

Completion of the separation of RCS MediaGroup from FCA end integration of Italiana Editrice S.p.A. end Gruppo Editoriale l'Espresso S.p.A.'s activities

With reference to the plan announced on March 2, 2016 by FCA for the creation of a major player in the publishing business and the desire to distribute its interests in the sector to its shareholders, EXOR on the same date communicated its intention to contribute actively and over the long-term to the development of the new publishing company that will result from the merger of ITEDI with Gruppo Editoriale l'Espresso. The objective of the transaction is to create the leading Italian daily and periodical news and media company that will also be one of the principal publishing groups in Europe.

On August 1, 2016, FCA announced the signing of a framework agreement which sets out terms of the proposed integration through a merger between FCA's consolidated media and publishing subsidiary, Italiana Editrice S.p.A. ("Itedi"), in which FCA has a 77% ownership interest, and the Italian media group, Gruppo Editoriale L'Espresso S.p.A. ("GELE"). This transaction, which is subject to certain conditions precedent that are customary for this type of transaction as well as the receipt of necessary regulatory approvals from Italian state authorities that regulate the publishing and media sectors, is expected to be effective in the first half of 2017 and will result in the creation of an Italian publishing business with potential for significant revenue and synergies.

In conjunction with the merger agreement, CIR also entered into two shareholder agreements with deferred effect with FCA and Ital Press relative to their respective future shareholdings in GELE.

In addition to CIR's undertaking to vote for the proposed transaction at the GELE shareholder meeting, to be convened at the proper time, the parties also undertake, with effect from the completion date of the merger, to appoint John Elkann and Carlo Perrone to the GELE board of directors, and grant CIR the right to appoint the Chairman and Chief Executive Officer.

FCA also undertakes, for the duration of the shareholder agreement, not to transfer its shares in GELE that are subject to the terms of the agreement. The agreement between CIR and FCA will expire upon distribution by FCA of its shares in GELE to holders of FCA common stock. Concurrent with the expiry of the CIR-FCA shareholder agreement, a new shareholder agreement will take effect between CIR and EXOR. The terms of that agreement include obligations of mutual consultation in advance of any GELE shareholder meeting, undertakings from CIR relating to the appointment and permanence to GELE's board of directors of a representative designated by EXOR, undertakings from EXOR to present and vote for a single voting list jointly with CIR for elections to GELE's board of directors and an undertaking from EXOR, for the duration of the agreement, not to transfer the shares subject to the terms of the agreement (with the exception of transfers to other members of the EXOR group).

Both the CIR-EXOR and CIR-Ital Press shareholder agreements will remain in force for a period of three years.

Common shares issued upon the mandatory conversion of its 7.875% Mandatory Convertible Securities FCA

On December 15, 2016 Fiat Chrysler Automobiles N.V. issued 238,846,375 common shares upon the mandatory conversion of its 7.875% mandatory convertible securities.

Pursuant to the terms of the indenture under which the securities were issued, each U.S. \$100 notional amount of the securities will convert into 8.3077 of the FCA common shares, nominal value €0.01 per share, based upon the average of the volume weighted average prices of FCA common shares on the New York Stock Exchange during the 20 consecutive trading day period beginning November 14, 2016 and ending on December 12, 2016 (inclusive).

EXOR with its €886 million of Mandatory Convertible Securities nominal value, received 73,606,222 FCA common shares. At December 31, 2016 EXOR directly holds a 29.41% stake and a 42.60% of the voting rights issued by FCA.

EXOR merger

On July 25, 2016 the Board of Directors of EXOR S.p.A. approved the cross-border merger of EXOR S.p.A. with and into EXOR Holding N.V., a Dutch wholly owned subsidiary of EXOR S.p.A. which upon effectiveness of the merger was renamed into EXOR N.V. EXOR S.p.A. shareholders approved such operation by a resolution adopted by the extraordinary meeting held on September 3, 2016.

The merger, which took the form of a reverse merger resulted in EXOR Holding N.V. being the surviving entity which was renamed into EXOR N.V. and became the holding company of the EXOR Group.

In particular, the cross-border merger of EXOR S.p.A with and into EXOR N.V. was signed on December 10, 2016 in Amsterdam and became effective on December 11, 2016. On December 12, 2016 EXOR N.V. ordinary shares were listed on the Telematico Azionario managed and organized by Borsa Italiana S.p.A. ("MTA").

EXOR N.V. adopts a loyalty voting structure designed to incentivize long-term share ownership, on the basis of which for each EXOR N.V. ordinary share held without interruption for a period of five years, shareholders will be entitled to five voting rights at the end of that period, and for each EXOR N.V. ordinary share held without interruption for a period of ten years, shareholders will be entitled to ten voting rights at the end of that period. No special voting right have been issued at the merger date.

Finally, Standard & Poor's attributed the rating for EXOR N.V.'s long-term and short-term debt at "BBB+" and "A-2", with a "negative" outlook", confirming the same rating and outlook attributed to EXOR.

REVIEW OF THE CONSOLIDATED RESULTS OF THE EXOR GROUP

Significant transactions

EXOR merger

The merger of EXOR S.p.A. with and into EXOR N.V. is recognized in EXOR's consolidated financial statement from January 1, 2016. As the merger is a transaction in which all of the combining entities are controlled ultimately by the same party before and after the transaction, and based on the fact that the control is not transitory, the transition was deemed to be a transaction of entities under common control and therefore outside the scope of IFRS 3 – Business Combinations. As a result, the Merger was accounted for without adjusting the carrying amounts of the assets and liabilities involved in the transaction and did not have an impact on the consolidated financial statements. The effects of the Merger could not be made retroactive for tax purposes and accordingly the disappearing company EXOR S.p.A. was subject to IRES and IRAP tax in Italy for the period up to the date on which the Merger became effective.

Acquisition of PartnerRe

As described in the Significant Events in 2016, EXOR completed the acquisition of the remaining common shares of PartnerRe, bringing its investment to 100%. Considering also the common shares previously purchased by EXOR and measured at fair value at the Acquisition Date (\$137.50 per share) the cash consideration amounted to \$6,758 million.

Pursuant to the terms of the Merger Agreement, the transaction was effected by the merger of Pillar Ltd (a vehicle company wholly owned by EXOR Nederland N.V.) with and into PartnerRe. Specifically, the treasury stock held by PartnerRe and the common shares held by EXOR S.p.A. and EXOR S.A. were cancelled without consideration, while those held by third parties received the consideration agreed in the merger agreement. As of the closing date EXOR indirectly became, through EXOR Nederland N.V., owner of 100% of the common shares of PartnerRe. The acquisition did not include the preferred shares issued by PartnerRe, which continue to be traded on the New York Stock Exchange.

The transaction that led to the acquisition of control starting on March 18, 2016 was recorded in accordance with IFRS 3 by applying the acquisition method on the basis of the interim financial statements prepared in accordance with IFRS at that date. The 9.9% interest previously held in PartnerRe's common share capital, shown under investments available-for-sale, was measured at fair value at the acquisition date of control and the accumulated fair value reserve was reclassified to a specific item of the income statement. All costs related to the acquisition of PartnerRe was accounted in the income statement.

At December 31, 2016, PartnerRe was accounted for using the line by line method on the basis of consolidated financial information prepared in accordance with IFRS for the period March 18, 2016 – December 31, 2016. The identification and measurement of the net assets acquired has been completed and resulted in the recognition of goodwill of \$660 million. Additional details is provided under notes in the "EXOR Group Consolidated Financial Statements".

Ferrari spin-off

Following the completion of the demerger from FCA on January 3, 2016, Ferrari is controlled directly by EXOR. At December 31, 2016, Ferrari was accounted for using the line by line method.

Significant economic figures

EXOR Group – Consolidated Data			
€ million	2016	2015	2014
Net Revenues	140,068	136,360	120,102
Profit before tax	4,268	1,054	2,199
Net profit	2,313	865	1,276
Attributable to owners of the parent	589	744	323

Net revenues

€ million	2016	2015	2014
PartnerRe	3,827	-	-
FCA	110,445	112,635	95,487
Cnh Industrial	22,459	23,346	24,318
Ferrari	2,859	-	-
Juventus	478	379	297
Net Revenues	140,068	136,360	120,102

Profit

2016 consolidated net income amounts to €2,313 million, an increase of €1,448 million on the 2015 result of €865 million. The increase is due principally to the higher profit before tax of FCA (€2,847 million thanks to very good operating performance), to the inclusion in the consolidation of Ferrari (in 2015 included in FCA's consolidated data) and of PartnerRe, respectively for €400 million and €217 million, partially offset by a higher charge for income taxes for €1,243 million and by the lower amount of profit from discontinued operations (€ 522 million in 2015 relating to the sale of the C&W Group).

2015 consolidated net income amounted to €865 million, €411 million lower than net income in 2014 (€1,276 million). The reduction is mainly attributable to the provision of €450 million relating to an investigation by the European Union into the alleged anti-competitive conduct in the past of the subsidiary Iveco S.p.A, approximately €761 million for vehicle recall campaigns in the USA and Canada following a new actuarial analysis, partially offset by the disposal gain realized on the sale of C&W Group (€522 million).

Significant financial data

€ million	12/31/2016	12/31/2015	12/31/2014
Cash and cash equivalent	25,161	30,587	29,243
Total asset	176,528	156,895	150,509
Gross debt	56,817	58,112	61,176
Issued capital and reserves attributable to owners of the parent	10,981	10,346	7,995
Non controlling interests	19,239	16,481	14,326

Gross debt

€ million	12/31/2016	12/31/2015	12/31/2014
Bonds	25,487	23,809	27,114
Borrowing from banks	14,509	18,385	17,621
Asset backed financing	12,075	12,146	11,660
Payables represented by securities	1,619	1,212	1,843
Other financial debt and liabilities	3,127	2,560	2,938
Gross debt	56,817	58,112	61,176

Financial debt is constituted, to a large extent, of bond issues and bank borrowings. As is the usual practice, the major part of such debt involves a number of covenants which inter alia limit the capacity of Group companies to contract further debt, make certain types of investment, put into effect certain types of transaction with Group companies, dispose of certain assets or merge with or into other companies and use assets as security for other transactions. Further, certain bond issues and bank borrowings provide for compliance with financial covenants.

Cash flow

€ million	2016	2015	2014
Cash and cash equivalents at the beginning of the year	30,587	29,243	26,169
Cash flow from (used in) operating activities	12,618	11,749	9,113
Cash flow from (used in) investing activities	(12,740)	(8,608)	(10,414)
Cash flow from (used in) financial activities	(5,564)	(2,411)	2,910
Translation exchange differences	260	614	1,465
Net cash change in cash and cash equivalents	(5,426)	1,344	3,074
Cash and cash equivalents at the end of the year	25,161	30,587	29,243
Cash and cash equivalents included in Assets held for sale and discontinued operations	1	0	0
Cash and cash equivalents at the end of the year	25,162	30,587	29,243

In 2016 the Group generated positive cash flows from the operating activities for €12,618 million while cash flows used in investing activities were €12,740 million and mainly related to the investments in property, plant and equipment and intangible assets (€10,082 million) and for to the acquisition of PartnerRe (€3,950 million, net of the cash and cash equivalents of PartnerRe acquired).

For the year ended December 31, 2016, net cash used in financing activities was €5,564 million, primarily related to the issuance of new notes for €4,749 million, repayment of notes for €4,121 million and net reduction in other long-term debt for €4,870 million.

ALTERNATIVE PERFORMANCE MEASURES (APM)

To facilitate understanding of the economic and financial performance of EXOR and of the Group, the Directors of EXOR have identified a number of Alternative Performance Measures (APM) which are used to identify operational trends and to make investment and resource allocation decisions. To ensure that the APM's are correctly interpreted it is emphasized that these measures are not indicative of the future performance of the Group. The APM's are not part of international reporting standards (IFRS) and are unaudited. They should not be taken as replacements of the measures required under the reference reporting standards. The aforesaid APM's should be read together with the consolidated financial information prepared applying the shortened consolidation criterion. APM's used by EXOR, since they are not based on the reference financial reporting standards, may not be consistent with those used by other companies or groups and therefore may not be comparable with them. The APM's used by EXOR have been computed consistently in terms of definition and presentation in all the reporting periods for which financial information is presented in this Report.

Further, it should be noted that the principal subsidiaries and affiliates make use, for presentations to the market, of so-called "non-GAAP" financial measures to illustrate their performance. Such indicators are commonly used by analysts and investors in the sectors to which the subsidiaries belong to evaluate business performance. A description of the manner in which such indicators are computed is provided by the individual subsidiary companies and these are included in the Report on Operations section in the review of the performance of each subsidiary, as extracted from their respective published documents. Such information is prepared autonomously by the companies and is not homogeneous.

Set out below are the main APM's identified by EXOR: Net Asset Value and Net Financial position.

Net Asset value (APM)

Net Asset Value (NAV) is the total value of assets net of the gross debt of the Holdings System as defined below. In determining the total value of assets at December 31, 2016 listed equity investments and other securities are valued at trading prices, unlisted equity investments are valued at fair value determined annually by independent experts and unlisted other investments (funds and similar instruments) are valued by reference to the most recent available fair value. Bonds held to maturity are valued at amortized cost. Treasury stock are valued at the official stock exchange price, excepting those destined to service stock option plans (measured at the option exercise price under the plan if this is less than the stock exchange price) and those assigned to the beneficiaries of the stock grant plans which are deducted from the total number of treasury shares held. The sum of the aforesaid values constitutes the total value of assets (Gross Asset Value). Gross debt is the total amount of the financial debt of the Holdings System.

The elements included in the gross asset value and in the gross debt denominated in U.S. dollars and Pounds sterling are translated to Euro at the official exchange rates at the date of the period indicated in this presentation.

At December 31, 2016 EXOR's NAV is \$14,642 million, an increase of \$1,287 million (+9.6%) compared to \$13,355 million at December 31, 2015.

The completion in March 2016 of the investment in PartnerRe led to an increase in EXOR's overall exposure to assets denominated in U.S. dollars and accordingly, from January 1, 2016, NAV and NAV performance are reported in U.S. dollars. The performance benchmark has also been changed and is now the MSCI World index in U.S. dollars.

Finally, from January 1, 2016 EXOR presents its NAV per share data in US dollars amounting at December 31, 2016 to a NAV US\$60.75 (€57.63).

The composition and change in NAV in US dollars are the following:

US\$ million	12/31/2016	12/31/2015	Change	
			Amount	%
Investments	17,683	11,037	6,646	+60.2%
Financial investments	382	631	(249)	-39.5%
Cash and cash equivalents and financial assets	215	4,393	(4,178)	-95.1%
Treasury stock	187	231	(44)	-19.0%
Gross Asset Value	18,467	16,292	2,175	+13.4%
Gross Debt	(3,825)	(2,937)	(888)	+30.2%
Net Asset Value (NAV)	14,642	13,355	1,287	+9.6%

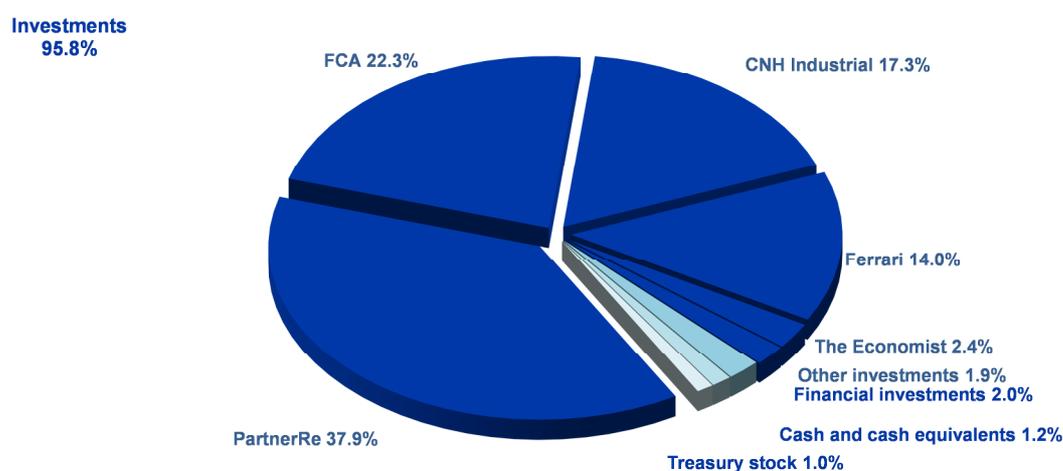
The conversion in euros of the NAV presented in US dollars, at the exchange rates of the respective years is the following:

€ million	12/31/2016	12/31/2015
Investments	16,775	10,139
Financial investments	362	579
Cash and cash equivalents and financial asset	205	4,035
Treasury stock	177	212
Gross Asset Value	17,519	14,965
Gross Debt	(3,629)	(2,698)
Net Asset Value (NAV)	13,890	12,267

US \$ million	12/31/2016	12/31/2015	Change	
			Amount	%
Capital issued and reserves attributable to owners of the parent	10,981.8	10,346.2	635.6	6.14%

NAV is also presented with the aim of aiding financial analysts and investors in forming their own assessments.

The following pie chart shows the composition of gross asset value at December 31, 2016 (\$18,467 million). "Other investments" include the investments in Juventus Football Club, Welltec and Banca Leonardo, in addition to minor sundry investments.



Change in NAV compared to the MSCI World Index in U.S. Dollar



The following table shows the official prices of EXOR 's ordinary share listed on the MTA, for the year 2016 and the first months of 2017:

	1/1/2017	1/1/2016
	24/3/2017	12/31/2016
Stock Market Data		
Ordinary share price (in Euro)		
- period - end	47.0953	40.9529
- maximum	47.7735	41.9257
- minimum	40.8921	23.7662
Average daily volume exchanged during period:	488,665	466,740
Euro volume exchanges during period (in Euro): (a)	21,534,729	15,583,907

(a) Average daily value (official daily trading price by daily volume) handled by Borsa Italiana during period.

Net financial position of the Holdings System (APM)

The net financial position of the Holdings System determined applying the shortened consolidation criterion provides the best presentation of the financial resources and commitments directly attributable to and managed by EXOR.

Using the shortened consolidation criterion adopted by EXOR rather than the line-by-line method of consolidation required by law and under IFRS, the data deriving from the financial statements or accounting data prepared in accordance with IFRS by EXOR and by the subsidiaries constituting the Holdings System: EXOR Nederland N.V. (the Netherlands); EXOR S.A. (Luxemburg); Ancom USA Inc. (USA); Exor SN LLC (USA); Exor Capital DAC (Ireland); Exor Investments Limited (United Kingdom) are consolidated in the financial statements of the parent company EXOR using the line-by-line method while the data derived from the financial statements or accounting data prepared in accordance with IFRS by the operating subsidiaries and associates (PartnerRe, FCA, CNH Industrial, Ferrari, The Economist Group and Juventus Football Club) are included in the financial statements of the parent company EXOR using the equity method. The financial community is familiar with this information which facilitates analysis of the financial position and results of EXOR. The total financial assets and total financial liabilities set out in the table correspond to the total financial assets and total financial liabilities of the Holdings System. The net balance of these items represents the consolidated net financial position of the Holdings System.

Set out below are the data relating to the net financial position prepared in shortened consolidation form:

€ million	12/31/2016	12/31/2015	12/31/2014
Financial assets and other financial receivables	88	112	1,016
Cash and cash equivalents	117	3,923	1,217
Cash, cash equivalents and financial assets	205	4,035	2,233
EXOR Bonds	(2,999)	(2,625)	(1,625)
Financial payables	(602)	(40)	0
Other financial payables	(28)	(33)	(46)
Gross debt	(3,629)	(2,698)	(1,671)
Consolidated net financial position of Holding System	(3,424)	1,337	563

The reconciliation of the consolidated cash and cash equivalents of EXOR Group with the consolidated cash and cash equivalents of the Holdings System is as follow:

€ million	12/31/2016	12/31/2015	12/31/2014
Cash and cash equivalents of Holdings System	117	3,923	1,217
Cash and cash equivalents of the operating subsidiaries accounted for using the equity method in the Holdings System	25,044	26,664	28,026
Cash and cash equivalents (1)	25,161	30,587	29,243

The reconciliation of the consolidated gross debt of EXOR Group with the consolidated gross debt of the Holdings System is as follow:

€ million	12/31/2016	12/31/2015	12/31/2014
Gross debt of Holdings System	(3,629)	(2,698)	(1,671)
Gross debt of the operating subsidiaries accounted for using the equity method in the Holdings System	(53,188)	(55,414)	(59,505)
Gross debt (2)	(56,817)	(58,112)	(61,176)

(1) GAAP measures, see page 18.

(2) Resulting from the sum of the GAAP measures "financial debt" and "other financial liabilities".

REVIEW OF THE CONSOLIDATED RESULTS OF THE EXOR GROUP - SHORTENED

The Shortened Consolidation data is prepared by EXOR on the basis of a “shortened” method of consolidation in which the data derived from the IFRS financial statements of EXOR and of the subsidiaries of the Holdings System: (EXOR Nederland N.V.; EXOR S.A.; Ancom USA Inc.; Exor SN LLC; Exor Capital DAC; Exor Investments Limited) are included in the consolidated financial statements of the parent company EXOR using the line-by-line method, while the data derived from the financial statements prepared in accordance with IFRS of the operating subsidiaries and affiliates (PartnerRe, FCA, CNH Industrial, Ferrari, The Economist Group and Juventus Football Club) are consolidated using the equity method.

EXOR holds its investments and manages its financial resources directly or through certain subsidiaries. These companies, together with the holding company, EXOR, constitute the so-called “Holdings System”.

EXOR believes that these data and information facilitate analysis of the financial position and results of EXOR; in addition the shortened consolidation method are recognized by the financial community, by financial counterparties and by the ratings agencies.

Nevertheless, such data do not fully represent, nor should be treated as the consolidated financial position of the EXOR Group prepared in accordance with International Financial Reporting Standards (IFRS). In fact the shortened consolidation method is not contemplated in the reference accounting standards on the presentation of consolidated financial statements and may not be consistent with the method adopted by other groups and, therefore, such data may not be comparable with the data reported by such groups. The consolidated data prepared in shortened form are not audited by the independent auditors.

The following table shows the consolidation and valuation methods used for the investment holdings:

	% of consolidation	
	12/31/2016	12/31/2015
Holding Company - EXOR N.V. (The Netherlands) (a)	100	100
Companies in the Holdings System consolidated line-by-line		
- Exor Nederland N.V. (The Netherlands) (b)	100	100
- EXOR S.A. (Luxembourg)	100	100
- Ancom USA Inc. (USA)	100	100
- Exor SN LLC (USA)	100	100
- Exor Capital DAC (Ireland)	100	100
- Exor Investments Limited (United Kingdom) (c)	100	-
Investments in operating subsidiaries and associates, accounted for using the equity method		
- PartnerRe (d)	100.00	-
- FCA	29.41	29.16
- CNH Industrial	27.29	27.28
- Ferrari (e)	23.52	-
- The Economist Group	43.40	34.72
- Juventus Football Club S.p.A.	63.77	63.77
- Arenella Immobiliare S.r.l. (f)	-	100
- Almacantar Group (g)	-	38.30

(a) Company resulting from the cross-border merger of EXOR S.p.A. with and into EXOR N.V. (formerly EXOR Holding N.V.) became effective from December 11, 2016.

(b) The company (formerly Exor N.V.) changed its name on October 27, 2016.

(c) Company incorporated on January 18, 2016.

(d) Company acquired on March 18, 2016.

(e) Company attributed to EXOR on January 3, 2016 as part of the FCA spin-off transaction.

(f) Company sold on July 30, 2016.

(g) Company sold to PartnerRe in March 2016.

The EXOR Group closes the year 2016 with a consolidated profit of €588.6 million; the year 2015 ended with a consolidated profit of €744.5 million. The negative change of €155.9 million is attributable to lower gains on the disposal of investments (€566.7 million, of which €521.3 million relates to the disposal of C&W Group which was classified in profit&loss from discontinued operations), higher income taxes and other taxes and duties (€164.7 million, including Italian Exit tax of €170 million relating the re-domiciling of EXOR S.p.A. in The Netherlands due to the cross-border merger with and into EXOR N.V.), higher net financial expenses and non-recurring expenses of €65.6 million and €42.4 million respectively, and other net negative changes of €5.8 million, partially offset by the increase in the share of the profit (loss) of investments of €681 million and higher dividends from investments (€8.3 million).

At December 31, 2016 the consolidated equity attributable to owners of the parent amounts to €10,981.8 million and is a net increase of €635.6 million compared to €10,346.2 million at year-end 2015. Additional details are provided in the following Note 11.

The consolidated net financial position of the Holdings System at December 31, 2016 is a negative €3,424.3 million and reflects a negative change of €4,761.1 million compared to the positive balance of €1,336.8 million at year-end 2015. Additional details are provided in the following Note 12.

The shortened consolidated income statement and statement of financial position and notes on the most significant line items are presented below.

EXOR GROUP – Consolidated Income Statement - Shortened

€ million	Note	2016	2015	Change
Share of the profit (loss) of investments accounted for using the equity method	1	885.7	204.7	681.0
Dividends from investments	2	22.1	13.8	8.3
Gains (losses) on disposals and impairment (losses) reversals on investments	3	28.5	73.9	(45.4)
Net financial income (expenses)	4	(76.1)	(10.5)	(65.6)
Net general expenses	5	(25.6)	(20.6)	(5.0)
Non-recurring other income (expenses) and general expenses	6	(69.4)	(27.0)	(42.4)
Income taxes and other taxes and duties	7	(176.6)	(11.9)	(164.7)
Profit		588.6	222.4	366.2
Profit (loss) from discontinued operations:				
Share of profit		0.0	0.8	(0.8)
Gains on sale		0.0	521.3	(521.3)
Profit from discontinued operations		0.0	522.1 (a)	(522.1)
Profit (loss) attributable to owners of the parent		588.6	744.5	(155.9)

(a) Share of the result of C&W Group, sold on September 1, 2015.

EXOR GROUP – Consolidated Statement of Financial Position – Shortened

€ million	Note	12/31/2016	12/31/2015	Change	
Investments accounted for using the equity method	8	14,085.8	7,672.6	6,413.2	
Investments measured at fair value	9	117.3	706.0	(588.7)	
Other investments	10	365.8	558.7	(192.9)	
Property, plant and equipment, intangible assets and other assets		18.3	21.7	(3.4)	
Financial assets and cash and cash equivalents	12	204.5	4,034.8	(3,830.3)	
Tax receivables and other receivables		57.1 ^(a)	9.4	47.7	
		14,848.8	13,003.2	1,845.6	
		Assets held for sale	0.0	60.1 ^(b)	(60.1)
		Total Assets	14,848.8	13,063.3	1,785.5
Capital issued and reserves attributable to owners of the parent	11	10,981.8	10,346.2 ^(c)	635.6	
Bonds	12	2,999.0	2,625.2	373.8	
Bank debt	12	602.2	0.0	602.2	
Provisions for employee benefits and other provisions		0.0	3.0	(3.0)	
Deferred tax liabilities and other liabilities		238.2 ^(a)	16.1	222.1	
Other financial liabilities	12	27.6	72.8	(45.2)	
		Total Equity and Liabilities	14,848.8	13,063.3	1,785.5

(a) It refers mainly to the estimate of the of the Italian Exit tax. See Note 7.

(b) Referred to the investment in Banijay Holding which was sold on February 26, 2016.

(c) Amount adjusted. For addition information refer to Note 11.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - SHORTENED

1. Share of the profit (loss) of investments accounted for using the equity method

The share of the profit (loss) of investments accounted for using the equity method in 2016 is a profit of €885.7 million, with an increase compared to the prior year of €204.7 million. The positive change of €681 million reflects the increase in the share of the profit of FCA, CNH Industrial and Juventus of €418.3 million, €95.6 million and €4.2 million respectively and the share of the result arising from the first time consolidations of PartnerRe, Ferrari, and The Economist Group of €167.7 million, €93.8 million and €32.6 million, respectively.

	Profit (Loss) (million)			EXOR's share (€ million)		
	2016	2015	Change	2016	2015	Change
PartnerRe (a)	\$ 186.0	n.a.	n.a.	167.7	-	167.7
FCA (b)	€ 1,803.0	€ 334.0	1,469.0	531.1	112.8	418.3
CNH Industrial (b) (c)	\$ (373.0)	\$ 236.0	(609.0)	31.5	(64.1)	95.6
Ferrari (d)	€ 399.0	n.a.	n.a.	93.8	-	93.8
The Economist Group (e)	£ 145.0	n.a.	n.a.	32.6	-	32.6
Juventus Football Club (f)	€ 46.0	€ 39.3	6.7	29.2	25.0	4.2
Arenella Immobiliare	€ -	€ 0.1	(0.1)	-	0.1	(0.1)
Almacantar Group (g)	£ (0.6)	£ 248.1	(248.7)	(0.2)	130.9	(131.1)
Total				885.7	204.7	681.0

(a) The profit refers to the period March 18, to December 31, 2016.

(b) Includes consolidation adjustments.

(c) The loss of CNH Industrial includes the charge of approximately \$502 million (€450 million) in relation to an investigation conducted by the European Commission. EXOR had already recognized its share of the charge, for €122.8 million, in the financial statements at December 31, 2015, since these developments occurred before the approval of its financial statements. Therefore, in 2016, EXOR's share of CNH Industrial's loss was adjusted by eliminating such charge recognized by the subsidiary. CNH Industrial's loss in the 2016 includes a further charge of \$49 million as a result of closing the settlement with the European Commission (EXOR's share is approximately €12 million).

(d) Company attributed to EXOR on January 3, 2016 as part of the FCA spin-off transaction.

(e) The profit refers to the period October 1, 2015 to September 30, 2016, including consolidation adjustments.

(f) The profit relates to the accounting data prepared for the Company's consolidation in EXOR and refers to the period January 1 - December 31, 2016.

(g) The loss refers to the period January 1, 2016 to March 31, 2016, before the sale to PartnerRe.

For comments on the performance of the principal operating subsidiaries and associates, please refer to the following sections.

2. Dividends from investments

Details are as follows:

€ million	2016	2015	Change
Dividends received from investments accounted for using the equity method:			
- PartnerRe	225.9	-	225.9
- CNH Industrial	47.7	73.4	(25.7)
- Ferrari	20.4	-	20.4
- The Economist Group	20.1	6.4	13.7
- Arenella Immobiliare	0.4	0.0	0.4
Dividends received from other investment holdings:			
- PartnerRe	16.1 (a)	7.7	8.4
- Other	6.0	6.1 (b)	(0.1)
Dividends included in the net financial position	336.6	93.6	243.0
Dividends received from investments accounted for using the equity method	(314.5)	(79.8)	(234.7)
Dividends included in the income statement	22.1	13.8	8.3

(a) Dividends received from PartnerRe on the 4,725,726 shares held before acquisition of control on March 18, 2016.

(b) Includes the dividend received from The Economist Group in the first half of 2015 and not eliminated.

3. Gains (losses) on disposals and impairments of investments, net

Details are as follows:

€ million	2016	2015	Change
Disposals:			
- Banijay Holding	24.8	-	24.8
- RCS MediaGroup	4.7	-	4.7
- Other	(1.0)	73.9	(74.9)
Total	28.5	73.9	(45.4)

4. Net financial income (expenses)

In 2016 net financial expenses amount to €76.1 million (net financial expenses of € 10.5 million in 2015).

Details are as follows:

€ million	2016	2015	Change
Interest income on:			
- bank current accounts and deposits	3.6	7.2	(3.6)
- bonds	4.8	8.1	(3.3)
Income (expenses) and fair value adjustments to financial assets held for trading	(1.3)	10.2	(11.5)
Other financial income	0.1	0.6	(0.5)
Interest income and other financial income, net	7.2	26.1	(18.9)
Interest expenses and other financial expenses			
Interest expenses and other expenses on EXOR bonds	(98.3) (a)	(67.8) (a)	(30.5)
Interest expenses and other expenses on bank borrowings	(22.7) (b)	(10.9) (b)	(11.8)
Interest expenses and other financial expenses	(121.0)	(78.7)	(42.3)
Exchange gains, net	8.3	2.7	5.6
Financial income (expenses) generated by the financial position	(105.5)	(49.9)	(55.6)
Income (expenses) on other investments and other net financial income (c)	29.4 (d)	39.4 (d)	(10.0)
Financial income (expenses) recorded in the income statement	(76.1)	(10.5)	(65.6)

(a) Includes the credit risk adjustment component recorded in the income statement relating to the fair value measurement of the cross currency swap in accordance with IFRS 13, which is a negative €0.8 million (in line with 2015).

(b) Includes expenses mainly relating to the credit line secured for the acquisition of PartnerRe of €14.4 million (€ 8.6 million in 2015).

(c) Included in investments measured at fair value and other investments.

(d) Includes mainly income (€22.9 million) arising from the fair value revaluation of the previously held 9.9% interest in PartnerRe following the change in the method of valuation, as well as the net gain realized on the redemption of The Black Ant Value Fund of €5.8 million (€6.1 million in 2015).

5. Net general expenses

Net general expenses in 2016 amount to €25.6 million with an increase of €5 million compared to the prior year (€20.6 million). The balance includes the cost of EXOR's stock option plans of approximately €5.2 million (€3.2 million in 2015). The increase of €2 million is attributable to the new stock option plan issued in 2016.

Details of the main items of net general expenses are as follows:

€ million	2016	2015	Change
Personnel costs	(7.0)	(6.7)	(0.3)
Compensation to and other costs relating to directors	(3.8)	(3.4)	(0.4)
Services	(9.7)	(6.7)	(3.0)
Other operating expenses, net of revenues and cost recoveries	0.1	(0.6)	0.7
Net general expenses generated by financial position	(20.4)	(17.4)	(3.0)
Cost of stock option plans	(5.2)	(3.2)	(2.0)
Net general expenses recorded in the income statement	(25.6)	(20.6)	(5.0)

6. Non-recurring other income (expenses) and general expenses

€ million	2016	2015	Change
Expenses connected with the reorganization of staff	(6.4)	(1.7)	(4.7)
Expenses relating to investments:			
- PartnerRe	(34.5)	(19.7)	(14.8)
- Other	(0.7)	(0.1)	(0.6)
Expenses relating to the cross-border merger of Exor S.p.A. with and into EXOR N.V.	(26.6)	-	(26.6)
Other expenses, net of revenues	(1.2)	(5.5)	4.3
Total	(69.4)	(27.0)	(42.4)

7. Income taxes and other taxes and duties

The amount of €176.6 million includes mainly the estimate (€170 million) of the Italian Exit tax related to the re-domiciling of EXOR S.p.A. in the Netherlands due to the cross-border merger with and into EXOR N.V. In particular, on the basis of the information available and the estimates made, a €217 million provision has been recognized for taxation on the excess of the surpluses arising on the "Exit" over the operating losses brought forward reduced by a tax credit of €47 million for substitute tax paid in past years. For further details reference should be made to the Company's financial statements.

8. Investments accounted for using the equity method

Details are as follows:

€ million	12/31/2016	12/31/2015	Change
PartnerRe (a)	6,357.1	-	6,357.1
FCA	5,638.8	5,019.0	619.8
CNH Industrial	1,630.5	1,589.2	41.3
Ferrari (b)	99.4	-	99.4
The Economist Group	280.1	457.5	(177.4)
Juventus Football Club	79.9	47.8	32.1
Arenella Immobiliare (c)	-	26.3	(26.3)
Almacantar Group (d)	-	532.8	(532.8)
Total	14,085.8	7,672.6	6,413.2

(a) The interest previously held was classified in investments measured at fair value.

(b) Company controlled directly by EXOR following the FCA spin-off transaction completed on January 3, 2016.

(c) Company disposed on July 2016.

(d) Sold to PartnerRe on April 8, 2016 on the basis of EXOR's share of consolidated equity at March 31, 2016.

EXOR completed the acquisition of PartnerRe on March 18, 2016 and became indirectly, through EXOR Nederland N.V. (formerly EXOR N.V.), the holder of 100% of common share capital.

The total disbursement by EXOR was \$6,108 million (€5,415 million), of which \$6,065 million (€5,377.7 million) was paid to common shareholders and \$43 million (€37.7 million) to preferred shareholders.

The interest previously held (9.9% of capital), which was classified in investments available-for-sale and measured at fair value with recognition of the changes in fair value in equity, was adjusted to the fair value at the acquisition date of control, equal to \$137.50 per share (total of €576.1 million) resulting in a decrease in equity of €30.5 million compared to December 31, 2015. Furthermore, following the change in the valuation method, the positive fair value reserve of €22.9 million was reclassified to the income statement. The entire investment in PartnerRe was classified in investments accounted for using the equity method and the measurement at December 31, 2016 is based on the consolidated accounting information for the period March 18, to December 31, 2016. The carrying amount of the investment includes goodwill of \$660 million (€626 million).

The positive change in EXOR's investment in FCA is mainly attributable to the net profit for the period (approx. €530 million), the increase in exchange difference on translation (€105.7 million) and the defined benefit plans remeasurement reserve (€93.7 million, net of deferred taxes), partially offset by the decrease in cash flow hedge reserve (€61 million, net of deferred taxes), as well as the spin-off of Ferrari by FCA and the distribution of RCS MediaGroup shares to the shareholders of FCA (total of €28.7 million).

The positive change in EXOR's investment in CNH Industrial can be ascribed primarily to the increase of the exchange differences on translation (€108.8 million), to the EXOR's positive share of the result of €31.5 million (adjusted by eliminating the charge relating to the investigation conducted by the European Commission recorded by CNH Industrial, in that the charge had already been recognized by EXOR in the 2015 financial statements), partially offset by the payment of dividends (€49.5 million), as well as negative defined benefit plans remeasurement and cash flow reserves, respectively of €29.5 million and €20.6 million.

The negative change in EXOR's investment in The Economist Group is mainly due to the buyback transaction (€100.2 million) and exchange differences (€59.6 million), partially offset by positive EXOR's share of the profit for the period including the consolidation adjustments (€32.6 million).

9. Investments measured at fair value

The investments available-for-sale amounted to €117.3 million (€706 million at December 31, 2015) and includes investments in Welltec, Banca Leonardo and Noco A. The decrease of €588.7 million is mainly attributable to the reclassification of PartnerRe in investment accounted for using the equity method (€606.6 million).

10. Other investments

These are financial assets available-for-sale measured at fair value. Details are as follows:

€ million	12/31/2016	12/31/2015	Change
The Black Ant Value Fund	355.2	373.6	(18.4)
Other funds	10.6	185.1	(174.5)
Total	365.8	558.7	(192.9)

The net decrease in The Black Ant Value Fund is due to the redemption of 128,606 shares, in accordance with signed agreements and considering the positive performance recorded during 2015, for a total equivalent amount of €18.7 million, partially offset by the negative fair value adjustment of €0.3 million. The redemption resulted in a net gain of €5.8 million from the realization of a portion of the fair value reserve. At December 31, 2016 a positive fair value adjustment of €110.8 million was recognized in equity.

The decrease in other funds is largely the result of the sale of the funds to PartnerRe in April 2016 for approximately \$195 million (€171.7 million, of which €171 million received by EXOR S.A.).

11. Capital issued and reserves attributable to owners of the parent

Details are as follows:

€ million	12/31/2016	12/31/2015	Change
Share capital	2.4	246.2	(243.8)
Reserves	10,979.5	10,271.2	708.3
Treasury stock	(0.1)	(171.2)	171.1
Total	10,981.8	10,346.2 (a)	635.6

(a) Amount adjusted.

During 2016 FCA recorded an adjustment to the amount of its historical deferred tax assets in connection with the Group's 2013 adoption of IAS 19 - Employee Benefits as revised.

This adjustment resulted in a €329 million increase in FCA retained earnings as of December 31, 2013 and an additional €242 million increase in 2014, in connection with the acquisition of the remaining Non-controlling interest of FCA US. As the underlying deferred tax assets are denominated in U.S. Dollars, the subsequent amounts in the retained earnings fluctuate due to exchange differences. This adjustment had no effect on the shortened consolidated income statement, however it resulted in a €208 million increase of Capital issued and reserves attributable to owners of the parent and of Investments accounted for using the equity method at December 31, 2015.

The decrease of treasury stock is attributable to the effect of the Merger. Additional information are exposed in the Note 27 of the consolidated financial statements.

Details of changes during the year are as follows:

€ million	
Balance at December 31, 2015	10,346.2
Fair value adjustments to investments and other financial assets:	
- Welltec	(47.3)
- PartnerRe	(30.5)
- Banca Leonardo	(8.6)
- The Black Ant Value Fund	0.3
- Other financial assets	(5.9)
Reclassification of fair value to income statement:	
- PartnerRe	(22.9)
- Banijay Holding	(24.8)
- The Black Ant Value Fund	(5.8)
- Other financial assets	(5.3)
Measurement of EXOR derivative financial instruments	0.5
Dividend paid by EXOR	(82.0)
Attributable other net changes recorded in equity, shown by EXOR, its subsidiaries and the investments consolidated and accounted for using the equity method:	
- Share buyback by The Economist Group	(100.2)
- Exchange differences on translation	435.0
- Other	(55.5)
Consolidated profit attributable to owners of the parent	588.6
Net change during the year	635.6
Balance at December 31, 2016	10,981.8

12. Net financial position of the Holdings System

The net financial position of the Holdings System at December 31, 2016 is a negative €3,424.3 million and shows a negative change of €4,761.1 million compared to the balance at year-end 2015 (€1,336.8 million), mainly due to the disbursement made in connection with the acquisition of PartnerRe.

The composition of the balance is as follows:

€ million	12/31/2016	12/31/2015	Variazioni
Financial assets	87.9	108.7	(20.8)
Financial receivables	0.1	3.4	(3.3)
Cash and cash equivalents	116.5	3,922.7	(3,806.2)
Cash, cash equivalents and financial assets	204.5	4,034.8	(3,830.3)
EXOR bonds	(2,999.0)	(2,625.2)	(373.8)
Financial payables	(602.2)	(39.6)	(562.6)
Other financial liabilities	(27.6)	(33.2)	5.6
Gross debt	(3,628.8)	(2,698.0)	(930.8)
Net financial position of the Holdings System	(3,424.3)	1,336.8	(4,761.1)

Financial assets include bonds issued by leading issuers, listed on active and open markets, and mutual funds.

Such financial assets:

- if held for trading, are measured at fair value on the basis of the trading price at year end or using the value determined by an independent third party in the case of mutual funds, translated, where appropriate, at the year-end exchange rates, with recognition of the fair value in the income statement.

- If held to maturity as an investment for a part of its available cash so that it can receive a constant attractive flow of financial income they are measured at amortized cost. Such designation was made in accordance with IAS 39, paragraph 9.

These financial instruments are free of whatsoever restriction and, therefore, can be monetized whenever the Group should so decide. There are no trading restrictions and their degree of liquidity or the degree to which they can be converted into cash is considered high.

Cash and cash equivalents include demand deposits or short-term deposits, and readily negotiable money market instruments and bonds. Investments are spread over an appropriate number of counterparties chosen according to their creditworthiness and their reliability since the primary objective is to hold investments which can readily be converted into cash.

At December 31, 2016 Bonds issued by EXOR can be analyzed as follows:

Issue date	Maturity date	Issue price	Coupon	Rate (%)	Currency	Nominal amount (million)	Balance at (a)	
							12/31/2016	12/31/2015
							(€ million)	
12-Jun-07	12-Jun-17	99.554	Annual	fixed 5.375	€	440.0	(453.0)	(452.6)
16-Oct-12	16-Oct-19	98.136	Annual	fixed 4.750	€	150.0	(150.2)	(149.8)
12-Nov-13	12-Nov-20	99.053	Annual	fixed 3.375	€	200.0	(199.7)	(199.4)
3-Dec-15	2-Dec-22	99.499	Annual	fixed 2.125	€	750.0	(745.6)	(744.7)
8-Oct-14	8-Oct-24	100.090	Annual	fixed 2.500	€	650.0	(652.4)	(652.2)
7-Dec-12	31-Jan-25	97.844	Annual	fixed 5.250	€	100.0	(103.1)	(102.9)
22-Dec-15	22-Dec-25	98.934	Annual	fixed 2.875	€	450.0 ^(b)	(452.1)	(246.8)
20-May-16	20-May-26	99.650	Annual	fixed 4.398	\$	170.0	(161.4)	0.0
9-May-11	9-May-31	100.000	Semiannual	fixed 2.800 ^(c)	Yen	10,000.0	(81.5)	(76.8)
							(2,999.0)	(2,625.2)

(a) Includes the current portion, amounting to €467.4 million, of which €453 million concerning a bond expiring on June 12, 2017 (€ 26.4 million at December 31, 2015.)

(b) Originally €250 million; the amount was increased by another €200 million on May 10, 2016. The issue price corresponds to the weighted average of the prices calculated on the entire amount of €450 million.

(c) To protect against currency fluctuations, a hedging transaction was put in place using a cross currency swap. The cost in Euro is fixed at 6.012% per year.

Financial payables of €602.2 million include the financing drawn down on the remaining credit line secured under the May 11, 2015 Financing Agreement between by EXOR, EXOR Nederland N.V., Citigroup Global Markets Limited and Morgan Stanley Bank for the acquisition of PartnerRe, for a total of \$550 million (€521.8 million). In 2016 another credit line of \$1,250 million was secured for the acquisition of PartnerRe and fully repaid on April 13, 2016.

Also included are short-term loans secured by EXOR from leading credit institutions for €79.3 million.

Other financial liabilities (€27.6 million) consist of the measurement of cash flow hedge derivative instruments.

The net change in the year 2016 is a negative €4,761.1 million. Details are as follows:

€ million		1/1-12/31/2016	1/1-12/31/2015	Change
Net financial position of the Holdings System - Initial amount	Note	1,336.8	562.5	774.3
Dividends received from investment holdings	1	336.6	93.6	243.0
Reimbursements of reserves		8.4	6.4	2.0
Sales/Redemptions	2	794.8	1,877.4	(1,082.6)
Investments	3	(5,519.4)	(1,142.0)	(4,377.4)
Financial income on Fiat Chrysler Automobiles N.V. mandatory convertible securities maturing 12/15/2016		63.2	63.5	(0.3)
Dividends paid by EXOR		(82.0)	(77.8)	(4.2)
Other changes	4	(362.7)	(46.8)	(315.9)
Net change during the year		(4,761.1)	774.3	(5,535.4)
Net financial position of the Holdings System - Final amount		(3,424.3)	1,336.8	(4,761.1)

€ million	1/1-12/31/2016	1/1-12/31/2015
1. Dividends received from investment holdings	336.6	93.6
PartnerRe	242.0 (a)	7.7
CNH Industrial	47.7	73.4
Ferrari	20.4	-
The Economist Group	20.1	8.1
Other	6.4	4.4
2. Sales/Redemptions	794.8	1,877.4
Almacantar Group	474.7	-
Banijay Holding	60.1	-
Arenella Immobiliare	22.0	-
The Black Ant Value Fund	18.7	19.6
RCS MediaGroup	18.1	-
Investment Funds	174.2	-
Other Asset	27.0 (b)	42.7
C&W Group	-	1,134.2
Treasury stock EXOR	-	508.5
Allied World Assurance Company Holdings	-	153.7
Sequana	-	18.7
3. Investments	(5,519.4)	(1,142.0)
PartnerRe	(5,415.5) (c)	(553.2)
Welltec	(103.3)	-
The Economist Group	-	(398.2)
Almacantar	-	(108.6)
Investment Funds	-	(62.6)
Other non current investments	(0.6)	(19.4)
4. Other changes	(362.7)	(46.8)
Net general expenses	(20.4)	(17.4)
Non recurring other general expenses	(69.4)	(24.3)
Net financial expenses	(105.4)	(49.9)
Income taxes	(6.7)	(12.5)
Other net changes	(160.8) (d)	57.3 (d)

(a) Of which €16.1 million received on 4,725,726 PartnerRe shares held before the acquisition of control on March 18, 2016.

(b) Sale of Rothschild shares for €20.1 million and other non-current assets for €6.9 million.

(c) Of which \$6,065 million (€5,377.7 million) paid to common shareholders and \$43 million (€37.7 million) paid to preferred shareholders of PartnerRe.

(d) Principally includes negative exchange differences on translation for €156.7 million.

Credit Lines and rating

At December 31, 2016 EXOR has irrevocable credit lines in Euro of €390 million, of which €350 million, is due after December 31, 2017, as well as revocable credit lines of €558 million.

EXOR also had credit lines in foreign currency for a total of \$640 million (€607,2 million) due after December 31, 2017, drawn down for \$600 million, of which \$550 million (€521,8 million) was granted for the acquisition of PartnerRe.

On December 12, 2016 Standard & Poor's assigned the rating for EXOR's long-term and short-term debt at "BBB+" and "A-2", with a "negative" outlook.

***REVIEW OF PERFORMANCE
OF THE OPERATING SUBSIDIARIES AND ASSOCIATES***

(The percentages indicated for the stakes, voting rights and share capital are calculated on the basis of data as at December 31, 2016)

PartnerRe

(100.0% of common share capital through EXOR Nederland N.V.)

The data presented and commented below are derived from PartnerRe's consolidated financial information for the year ended December 31, 2016 and December 31, 2015 prepared in accordance with US GAAP.

\$ million	Year		Change	
	2016	2015	Amount	%
Net premiums written	4,954	5,230	(276)	(5.3%)
Net premiums earned	4,970	5,269	(299)	(5.7%)
Non-life combined ratio (a)	93.6%	85.6%	n/a	8.0
Life and Health allocated underwriting result (b)	61	94	(33)	35.1%
Total investment return	2.4%	0.8%	n/a	1.6
Operating earnings (c)	289	658	(369)	(56.1%)
Adjusted Operating earnings (d)	413	749	(336)	(44.9%)
Operating ROE (e)	4.8%	10.8%	n/a	(6.0)
Adjusting Operating ROE (d)	6.9%	12.2%	n/a	(5.3)
Net income attributable to PartnerRe common shareholders (f)	387	48	339	n.m.
Adjusted Net income attributable to PartnerRe common shareholders (d)	517	453	64	14.1%
Net Income ROE (g)	6.4%	0.8%	n/a	5.6
Adjusted Net income ROE (d)	8.6%	7.4%	n/a	1.2

- (a) The Company uses combined ratio to measure results for the Non-life P&C and Specialty segments. The combined ratio is the sum of the technical and other expense ratios;
- (b) The Company uses allocated underwriting result as a measure of underwriting performance for its Life and Health segment. This metric is defined as net premiums earned, other income or loss and allocated net investment income less life policy benefits, acquisition costs and other expenses;
- (c) Operating earnings is defined as net income/loss available to PartnerRe common shareholders excluding certain after-tax net realized and unrealized gains/losses on investments, after-tax net foreign exchange gains/losses, certain after-tax interest in earnings/losses of equity method investments and the non-recurring expenses included in other charges;
- (d) Excluding transaction and severance costs;
- (e) Operating ROE is calculated as operating earnings on average common shareholders' equity;
- (f) Net income/loss attributable to PartnerRe common shareholders is defined as net income/loss attributable to PartnerRe less preferred dividends;
- (g) Net income ROE is calculated as net income return on average common shareholders' equity.

Net premiums written of \$5.0 billion were down 5% in 2016 compared to \$5.2 billion in 2015. On a constant foreign exchange basis, net premiums written were down 2%, primarily driven by continued competitive pricing and market conditions across most lines of the Non-life business which resulted in PartnerRe cancelling and reducing participations. In addition premiums ceded under retrocessional contracts, primarily in the catastrophe and mortgage protection lines of business, were higher in 2016 compared to 2015. These decreases were partially offset by new business written across all lines. Net premiums written in the Life and Health business also decreased due to downward prior year premium adjustments, cancellations of certain non-profitable mortality business, a one-time increased participation in 2015 on a significant longevity treaty and continued competitive pressures in the health business.

The Non-life combined ratio was 93.6% in 2016, an increase of 8.0 points compared to 85.6% in 2015, reflecting lower favorable prior year loss development, higher mid-sized loss activity and increased losses from catastrophes. The most significant losses in 2016 were related to the Canadian wildfires (\$69 million), hurricane Matthew (\$45 million) and an energy loss (\$42 million), all net of reinsurance and reinstatement premiums. The Non-life combined ratio continued to benefit from strong favorable prior year development of 17.6 points (or \$677 million), compared to 20.5 points (or \$831 million) reported in 2015, with most lines of business experiencing net favorable development from prior accident years as actual reported losses from cedants were below expectations.

The Life and Health allocated underwriting result decreased to \$61 million in 2016 compared to \$94 million in 2015, primarily as a result of reduced profitability in the health line of business.

Other expenses were \$472 million in 2016 compared to \$791 million in 2015. Other expenses for 2016 include \$128 million of transaction and severance related costs, while other expenses for 2015 include \$411 million related to a \$315 amalgamation termination fee and reimbursement of expenses paid to AXIS Capital, a negotiated earn-out consideration paid to previous shareholders of a previously acquired company, and certain other transaction related costs. Excluding the transaction and severance related and the negotiated earn-out one-time costs, other expenses decreased by 9% to \$344 million in 2016 compared to \$380 million in 2015, due to the reorganization of PartnerRe's operations.

Operating earnings for 2016 were \$289 million, compared to operating earnings of \$658 million for 2015 primarily due to a lower Non-life technical result, higher transaction and severance costs and loss on redemption of senior notes. The lower Non-life technical result was primarily driven by lower favorable prior year loss development, higher mid-sized loss activity and increased losses from catastrophes.

Net investment income was \$411 million, down 9% in 2016 compared to 2015. On a constant foreign exchange basis, net investment income was down 7%. The decrease mainly reflects the impact of the reduction in risk within the investment portfolio, the increased allocation to U.S. government fixed income securities, the change in asset mix with a lower amount of high yield fixed income securities and dividend yielding equity securities, and lower reinvestment rates. These decreases were partially offset by lower investment expenses following the reorganization of the Company's investment operations.

The effective tax rate on pre-tax operating earnings and pre-tax income were 10.3% and 5.5%, respectively, in 2016. The effective tax rate of 10.3% on pre-tax operating earnings was driven by the distribution of pre-tax operating earnings between the taxable and non-taxable jurisdictions.

Net income attributable to PartnerRe common shareholders for 2016 was \$387 million compared to \$48 million in 2015. The increase was due to net realized and unrealized gains on investments in 2016 of \$26 million compared to losses of \$297 million in 2015 and a \$315 amalgamation termination fee and reimbursement of expenses paid to AXIS Capital in 2015, partially offset by a decrease in the technical result in 2016.

Some details related to the balance sheet are as follows:

\$ million			Change	
	12/31/2016	12/31/2015	amount	%
Debt	1,337	813	524	64.5%
Preferred shares, aggregate liquidation value	704	854	(150)	-17.6%
Common shareholders' equity	5,984	6,047	(63)	1.0%
Total capital	8,025	7,714	311	4.0%

Total capital of \$8.0 billion at December 31, 2016 increased by 4% compared to December 31, 2015, primarily due to the issuance of €750 million senior debt in September 2016, and the net income for the year, partially offset by common dividends paid (including a special dividend paid to former shareholders upon the acquisition by EXOR) and the redemption of senior notes and preferred shares.

Common shareholders' equity attributable to PartnerRe (or book value) and tangible book value were \$6.0 billion and \$5.5 billion, respectively, at December 31, 2016, an decrease of 1.0% and 0.8%, respectively, compared to December 31, 2015 due to common dividends paid (including dividends of \$250 million paid to EXOR) and the impact of settling stock compensation awards upon the change of control being partially offset by net income for the year.

Total investments, cash and cash equivalents and funds held – directly managed were \$16.9 billion at December 31, 2016, up 2.4% compared to December 31, 2015.

Reconciliation of reported US GAAP financial information to IFRS financial information used for line-by-line consolidation purposes:

The US GAAP net income (\$387 million) reflects the results for the full year in 2016, whereas the IFRS net income (\$186 million) only reflects the results for the period from the acquisition date (March 18, 2016) to December 31, 2016, as well as the economic effects of the application of the acquisition method by EXOR to account for the acquisition.

Significant events in the fourth quarter of 2016 and subsequent events

On November 1, 2016, the Company used the proceeds from the September 2016 Euro bond issue to redeem its Series D 6.5% and Series E 7.25% preferred shares totaling \$150 million and to early retire \$250 million senior notes issued in 2008 at 6.875%, which were due in 2018. This resulted in a loss on redemption of preferred shares of \$5 million and a loss of \$22 million related to the redemption of the senior notes which represented a make whole provision, determined based on the present value of future interest foregone as a result of the early retirement.

Outlook

Excluding the impacts of any significant catastrophe and other large losses and/or increases in interest rates or credit spreads, PartnerRe expects to continue to generate positive underwriting and investing returns.

PartnerRe continues to experience competitive reinsurance market conditions and a challenging investment environment driven by low interest rates, despite recent increases in US treasury rates. Reinsurance market conditions reflect persistent pricing pressure in virtually all lines of business and continued erosion of terms and conditions. These negative trends are primarily driven by excess capital in the industry, particularly in catastrophe exposed lines of business and traditional property and casualty markets, as well as relatively low recent large loss activity and limited new growth opportunities in the industry. PartnerRe maintains a disciplined approach to underwriting by reducing exposure where the pricing, terms and conditions are no longer satisfying our requirements. Overall, PartnerRe expects continued market pressure.

PartnerRe, and its peers within the reinsurance industry, do not provide earnings guidance given its reinsurance results are largely exposed to low frequency and high severity risk events. Some of these risk events are seasonal, such that results for certain periods may include unusually low loss experience, while results for other periods may include modest or significant catastrophe losses. In addition, the PartnerRe's investment results are exposed to changes in interest rates and credit spreads, which result from fluctuations in general economic and financial market conditions. As a result, PartnerRe's profitability in any one period or year is not necessarily predictive or indicative of future profitability or performance.

(29.41% stake, 42.60% of voting rights on issued capital)

The key consolidated figures of FCA for 2016 are presented below. Unless otherwise indicated the figures for the year 2015 have been re-presented to exclude Ferrari, consistent with Ferrari's classification as a discontinued operation for the year ended December 31, 2015.

€ million	Year		Change
	2016	2015	
Net revenues	111,018	110,595	423
Adjusted EBIT (1)	6,056	4,794	1,262
Net profit/(loss)	1,814	93	1,721
Net industrial debt	4,585 (2)	5,049 (2)	(464)

(1) Adjusted EBIT is a non-GAAP financial measure used to measure performance. Adjusted EBIT excludes certain adjustments from Net profit from continuing operations including: gains/(losses) on the disposal of investments, restructuring, impairments, asset write-offs and unusual income/(expenses) that are considered rare or discrete events that are infrequent in nature, and also excludes Net financial expenses and Tax expenses/(benefit);

(2) At December 31, 2016 and 2015. Net industrial debt is computed as: Debt plus derivative financial liabilities related to industrial activities less (i) cash and cash equivalents, (ii) current available-for-sale and held-for-trading securities, (iii) current financial receivables from Group or jointly controlled financial services entities and (iv) derivative financial assets and collateral deposit; therefore, debt, cash and other financial assets/liabilities pertaining to financial services entities are excluded from the computation of Net industrial debt.

Net revenues

Net revenues in 2016 total €111 billion, in line with 2015. As regards net revenues by segment, increases are recorded in EMEA (+7%; +9% at constant exchange rates) primarily due to higher volumes and favorable vehicle mix mainly driven by the all-new Fiat Tipo family, all-new Alfa Romeo Giulia and Jeep Renegade and in Maserati (+44%; +47% at constant exchange rates) due to higher shipments and favorable vehicle and market mix.

Net revenues in NAFTA decreased 1% (also at constant exchange rates) due to lower shipments, partially offset by favorable vehicle mix, while revenues in LATAM decreased €0.2 billion (-4%; +1% at constant exchange rates) owing to lower shipments, partially offset by favorable vehicle mix mainly from the all-new Fiat Toro and all-new Jeep Compass.

The €1.2 billion decrease in APAC (-25%; -24% at constant exchange rates) is due to lower imported volumes in China due to transition to local Jeep production, partially offset by favorable vehicle mix from imported vehicles and increased sales of components, whereas the slight decline in Components reflects lower volumes at Comau and negative foreign transaction effects, largely offset by volume increases at Magneti Marelli.

€ million	Year		Change	
	2016	2015	amount	%
NAFTA	69,094	69,992	(898)	-1.3
LATAM	6,197	6,431	(234)	-3.6
APAC	3,662	4,885	(1,223)	-25.0
EMEA	21,860	20,350	1,510	7.4
Maserati	3,479	2,411	1,068	44.3
Components (Magneti Marelli, Teksid, Comau)	9,659	9,770	(111)	-1.1
Other activities, unallocated items and adjustments	(2,933)	(3,244)	311	-9.6
Net revenues	111,018	110,595	423	0.4

Adjusted EBIT

Adjusted EBIT in 2016 is €6,056 million, with an increase of €1,262 million (+26%) compared to €4,794 million in 2015, with all segments profitable and improving year-over-year.

The increase in NAFTA is primarily due to improved vehicle mix, purchasing savings and lower warranty costs, partially offset by lower shipments, increase in product costs for content enhancements and higher manufacturing costs.

EMEA's Adjusted EBIT increased is mainly driven by higher net revenues, purchasing and manufacturing efficiencies, improved results from joint ventures, partially offset by higher advertising to support new product launches and higher research and development costs.

In APAC the increase in Adjusted EBIT is mainly due to favorable mix on imported vehicles, lower marketing expenses (now incurred by China JV) and improved results from China JV, partially offset by lower net price due to incentives for completion of the sell-out of discontinued and other imported vehicles and higher industrial costs due to negative foreign exchange transaction effects.

The significant improvement of Maserati Adjusted EBIT is due to the increase in net revenues, partially offset by higher industrial costs and commercial launch activities while the increase in Adjusted EBIT in Components is primarily due to favorable mix, partially offset by higher industrial costs.

The increase in LATAM is primarily the result of favorable vehicle mix and a decrease in selling, general and administrative costs driven by continued cost reduction initiatives to right-size to market volume, which were partially offset by lower shipments and higher product costs driven by inflation and new products.

The analysis of Adjusted EBIT by segment is as follows:

€ million	Year		Change
	2016	2015	
NAFTA	5,133	4,450	683
LATAM	5	(87)	92
APAC	105	52	53
EMEA	540	213	327
Maserati	339	105	234
Components (Magnetit Marelli, Teksid, Comau)	445	395	50
Other activities, unallocated items and adjustments	(511)	(334)	(177)
Adjusted EBIT	6,056	4,794	1,262

Net profit (loss)

Net profit in 2016 are €1,814 million, up €1,721 million compared to the 2015 primarily for the increase in EBIT Adjusted of €1,262 million, for lower net financial expenses of €350 million, lower adjustments for non-current income (expenses) of €1,235 million net of higher tax expenses of €1,126 million.

Net industrial debt

Net industrial debt decreased €0.5 billion from December 31, 2015 to €4.6 billion at December 31, 2016 primarily due to operating cash flow from industrial activities, net of capital expenditures of €8.8 billion, reached €1.8 billion for the year, partially offset by negative foreign exchange impact of €1.1 billion primarily due to strengthening of Brazilian Real.

€ million	12/31/2016	12/31/2015	Change
Gross Debt	(24,048)	(27,786)	3,738
Current financial receivables from jointly-controlled financial services companies	80	16	64
Current securities	241	482	(241)
Cash and cash equivalents	17,318	20,662	(3,344)
Other financial assets /(liabilities), net	(150)	117	(267)
Debt classified as held for sale	(9)	(39)	30
Net debt	(6,568)	(6,548)	(20)
	Industrial activities	(4,585)	464
	Financial services	(1,983)	(484)

Significant events in the fourth quarter of 2016 and subsequent events

On November 30, 2016 Fitch Ratings communicated that it has affirmed its rating on FCA N.V.'s long-term debt at "BB-" and it has improved the outlook to positive from stable. The short-term rating is confirmed at "B".

On December 2, 2016 the European Investment Bank ("EIB") and Fiat Chrysler Automobiles ("FCA") announced that they have finalized a €250 million loan for research and development ("R&D") projects implemented by FCA. The three-year loan will support the automobile manufacturing group's activities in its R&D centres in Italy and will consolidate the EU bank's collaboration with FCA, which has resulted in EUR 2.4bn worth of financing operations since 2009.

On December 15, 2016, each U.S.\$100 notional amount of the Mandatory Convertible Securities was converted to 8.3077 of FCA's common shares based upon the average volume weighted average prices of FCA common shares on the New York Stock Exchange during the 20 consecutive trading day period beginning November 14, 2016 and ending on December 12, 2016 (inclusive), which resulted in a total of 238,846,375 FCA common shares that were issued

Relating to the notice of violation with respect to the emissions control technology employed in the company's 2014-16 model year light duty 3.0-liter diesel engines issued by EPA on January 12, 2017, FCA US, the US subsidiary of FCA N.V., intends to work with the incoming administration to present its case and resolve this matter fairly and equitably and to assure the EPA and FCA US customers that the company's diesel-powered vehicles meet all applicable regulatory requirements. FCA US looks forward to the opportunity to meet with the EPA's enforcement division and representatives of the new administration to demonstrate that FCA US's emissions control strategies are properly justified and thus are not "defeat devices" under applicable regulations and to resolve this matter expeditiously.

In January 2017, as a result of the distribution of the Company's 16.7 percent ownership interest in RCS to holders of its common shares on May 1, 2016, the Compensation Committee of FCA approved a conversion factor of 1.005865 that was applied to outstanding awards that had been granted in 2015 to make equity award holders whole for the resulting diminution in the value of an FCA common share. There was no change to the total cost of these awards to be amortized over the remaining vesting period as a result of these adjustments.

On February 24, 2017, FCA US prepaid the outstanding principal and accrued interest for its Tranche B Term Loan due 2017. The prepayment of U.S.\$1,826 million (€1,721 million) was made with cash on hand. The prepayment did not result in a material loss on extinguishment

On March 17, 2017 FCA N.V. completed the placement, carried out through an accelerate *bookbuilding*, of the totality of the stake in CNH Industrial, corresponding to 15,948,275 common shares (1.17% of common shares), for a total amount of €144.3 million (€9.05 per share). Settlement of the sale was on March 21, 2017.

Target 2017

Guidance for 2017, listed below, confirms conviction in achievement of 2018 targets:

- Net revenues €115 - €120 billion;
- Adjusted EBIT > €7 billion;
- Adjusted net profit > €3.0 billion;
- Net industrial debt < €2.5 billion.



(26.92% stake, 39.94% of voting rights on issued capital.
FCA also holds a 1.17% stake, 1.74% of voting rights)

Key consolidated figures of CNH Industrial for the year 2016 (drawn up in accordance with US GAAP) are as follows:

\$ million	Year		Change
	2016	2015	
Revenues	24,872	25,912	(1,040)
Operating profit (loss) (1)	1,439	1,635	(196)
Adjusted net income (2)	482	474	8
Net (loss) income	(249)	248	(497)
Net industrial debt (3)	1,561	1,578	(17)

- (1) Operating profit is a non-GAAP financial measure used to measure performance. Operating profit of Industrial Activities is defined as revenues from net sales less cost of goods sold, selling general and administrative expenses and research and development expenses. Operating profit of Financial Services is defined as revenues less selling, general and administrative expenses, interest expenses and certain other operating expenses.
- (2) Adjusted net income is defined as net income (loss) less restructuring costs and other unusual income/(expenses), after tax.
- (3) Net industrial debt is a non-GAAP measure used to measure financial performance of Industries Activities separately respect to the activities of Financial Services, due to different sources of cash flow used for the repayment of the debt, from operations for Industrial Activities and by collection of financing receivables for Financial Services.

Revenues

Revenues for the year 2016 of the CNH industrial Group were \$24,872 million, down 4% compared to 2015. Net sales of Industrial Activities were \$23.669 million, down 4% compared to 2015.

In particular, the decrease in net sales of Agricultural Equipment (-7.2% on a constant currency basis), primarily as a result of unfavorable industry volume and product mix in the row crop sector in NAFTA.

Also Construction Equipment's net sales decreased (-8.6% on a constant currency basis) due to unfavorable industry and product mix in NAFTA and LATAM and negative prices realization.

Commercial Vehicles' net sales were flat (up 1.8% on a constant currency basis) primarily as a result of increased truck volume and favorable pricing in EMEA, offset by lower volume in buses and specialty vehicles business and the negative impact of currency translation.

On a constant currency basis, Powertrain's net sales increased by 4.9% compared to 2015 due to higher volumes to third parties.

Financial Services were down 1.0% on a constant currency basis) due to a lower average portfolio and the negative impact of currency translation.

\$ million	Year		Change	
	2016	2015	amount	%
Agricultural Equipment	10,120	11,025	(905)	-8.2
Construction Equipment	2,304	2,542	(238)	-9.4
Commercial Vehicles	9,553	9,542	11	0.1
Powertrain	3,707	3,560	147	4.1
Eliminations and other	(2,015)	(1,992)	(23)	n.s.
Total Industrial Activities	23,669	24,677	(1,008)	-4.1
Financial Services	1,570	1,603	(33)	-2.1
Eliminations and Other	(367)	(368)	1	n.s.
Revenues	24,872	25,912	(1,040)	-4.0

Operating profit

Operating profit in 2016 was \$1,439 million, a \$196 million decrease compared to 2015 (\$1,635 million).

Operating profit of Industrial Activities in 2016 was \$1.291 million (\$1,432 million in 2015), with an operating margin of 5.5% (5.8% in 2015).

The decrease in operating profit of Agricultural Equipment was primarily due to lower volume and unfavorable product mix in NAFTA and EMEA, partially offset by favorable price realization and cost containment actions, including lower material cost.

Commercial Vehicles' improvement was due to a positive price realization, lower material cost, improved product quality and manufacturing efficiencies in the EMEA region, partially offset by the impact of difficult market demand conditions in LATAM.

The decrease in the operating profit of Construction Equipment was due to lower volume and unfavorable product mix particularly in the heavy product range in NAFTA and in LATAM, and negative price realization, partially offset by cost containment actions.

Operating profit of Powertrain increased compared to 2015 primarily due to higher volume and manufacturing and purchasing efficiencies.

\$ million	Year		Change
	2016	2015	
Agricultural Equipment	818	952	(134)
Construction Equipment	2	90	(88)
Commercial Vehicles	333	283	50
Powertrain	232	186	46
Elimination and other	(94)	(79)	(15)
Total Industrial Activities	1,291	1,432	(141)
Financial Services	478	515	(37)
Elimination and Other	(330)	(312)	(18)
Operating profit	1,439	1,635	(196)

Adjusted net income

In 2016 an exceptional non-tax deductible charge was recorded of \$551 million following the final settlement reached with the European Commission on the truck competition investigation, as well as a charge of \$60 million related to the repurchase of a portion of the Case New Holland Industrial Inc. 7.875% Notes due 2017.

Net debt

Net industrial debt at December 31, 2016 was \$1,561 million compared to \$1,578 million at December 31, 2015. Industrial cash flow was a positive \$1,045 million (a positive \$758 million at December 31, 2015), considering working capital positive change of \$330 million, the add back European Commission settlement for \$551 million and the add back of repurchase of 2017 notes (excluded from the calculation of industrial cash flow), partially offset by investments for \$501 million. Net debt reflects the payment of dividends and the purchase of treasury stock for approximately \$221 million and currency translation differences of approximately \$807 million.

\$ million	12/31/2016	12/31/2015 ⁽¹⁾	Change
Financial Debt ⁽²⁾	(25,276)	(26,301)	1,025
Derivatives hedging debt	2	27	(25)
Cash and cash equivalents	5,017	5,384	(367)
Restricted cash	837	927	(90)
Net debt/(cash)	(19,420)	(19,963)	543
Industrial Activities	(1,561)	(1,578)	17
Financial Activities	(17,859)	(18,385)	526

(1) Certain amounts have been recast to conform to the current presentation of debt issuance costs following the adoption of a new guidance effective January 1, 2016.

(2) Including fair value hedge adjustments.

Reconciliation with the IFRS data presented in the interim consolidated financial statements – shortened

\$ million	Year	
	2016	2015
Net (loss) income in accordance with U.S. GAAP	(249)	248
Development costs	(126)	(28)
Goodwill and other intangible assets	8	8
Defined benefit plans	63	47
Restructuring provisions	1	5
Other adjustments	(23)	19
Tax effect of adjustments	48	1
Deferred tax assets and tax contingencies recognition	(93)	(66)
Total adjustments	(122)	(14)
(Loss) profit in accordance with EU-IFRS	(371)	234
- of which attributable to owners of the parent	(373)	236

Significant events in the fourth quarter of 2016 and subsequent events

On October 21, 2016 CNH Industrial announced that its wholly owned subsidiary, CNH Industrial Capital LLC, has completed its previously announced offering of \$400 million in aggregate principal amount of 3.875% notes due 2021, issued at an issue price of 99.441%.

The net proceeds of this offering were approximately \$394 million after payment of offering and other related expenses and will be used for working capital and other general corporate purposes, including among other things, the purchase of receivables or other assets in the ordinary course of business. The net proceeds may also be applied to repay CNH Industrial Capital LLC's indebtedness as it becomes due.

The notes, which are senior unsecured obligations of CNH Industrial Capital LLC, will pay interest semi-annually on April 15 and October 15 of each year, beginning on April 15, 2017, and are guaranteed by CNH Industrial Capital America LLC and New Holland Credit Company LLC, each a wholly owned subsidiary of CNH Industrial Capital LLC. The notes will mature on October 15, 2021.

On December 16, 2016, Iveco, a brand of CNH Industrial and SAIC jointly announced today that they will restructure their Joint Ventures in China based on mutual understanding and trust in order to address the rapid evolution of China's commercial vehicle market. Naveco, a 50:50 joint venture between Iveco and SAIC, will be entirely focused on the Iveco brand. The Yuejin brand business will be separated from Naveco.

On January 31, 2016, CNH Industrial completed its acquisition of the agricultural grass and soil business of Kongskilde Industries, previously part of the Danish Group Dansk Landbrugs Grovvarereselskab.

Effective February 1, 2017 CNH Industrial will take over DLG A.m.b.A 's business unit that develops, manufactures and sells solutions for agricultural applications for tillage, seeding and hay & forage under various brands, including Kongskilde, Överum, Howard and JF. As a result, New Holland Agriculture, one of the Company's global agricultural machinery brands, will gain a significant extension to its product portfolio offering, while the Kongskilde brand, sales organizations, dealers and importers will continue to be developed and serviced.

2017 Outlook

In an effort to drive incremental structural improvements to its cost base, CNH Industrial intends to undertake several restructuring actions during 2017 as part of its Efficiency Program. The estimated 2017 expense of approximately \$100 million will result in incremental savings of approximately \$60 million in 2017, included in the adjusted diluted EPS guidance below, and \$80 million on an annualized basis.

CNH Industrial is setting its 2017 guidance as follows:

- net sales of industrial activities between \$23 billion and \$24 billion;
- adjusted diluted EPS (between \$0.39 and \$0.41);
- net industrial debt at the end of 2017 between \$1.4 billion and \$1.6 billion.



(22.91% stake and 32.75% of voting rights on issued capital)

Key consolidated figures of Ferrari reported in the year 2016 (drawn up in accordance with IFRS) are as follows:

€ million	Year		
	2016	2015	Change
Shipments (in units)	8,014	7,664	350
Net revenues	3,105	2,854	251
EBIT	595	444	151
Adjusted EBIT (1)	632	473	159
EBITDA	843	719	124
Adjusted EBITDA (2)	880	748	132
Net profit for the period (3)	400	290	110
Equity (3)	330	(19)	349
Net Industrial debt	653	797	(144)

(1) Adjusted EBIT is a non-GAAP financial measure used to measure performance. Adjusted EBIT is defined as EBIT less income and costs which are significant in nature but expected to occur infrequently.

(2) Adjusted EBITDA is a non-GAAP financial measure used to measure performance. Adjusted EBITDA is defined as EBITDA (net profit before income tax expenses, net financial expenses/(income) and depreciation and amortization) less income and costs which are significant in nature but expected to occur infrequently.

(3) Attributable to owners of the parent + non-controlling interests.

Shipments

Shipments totaled 8,014 units in the year 2016 with an increase of 350 units compared to the prior year. This achievement was driven by a 5% increase in sales of the 8 cylinder models (V8) led by the success of both the 488 GTD and 488 Spider. Shipments of the 12 cylinder models (V12) were up 4% thanks to the newly launched GTC4Lusso and LaFerrari Aperta, as well as the strong performance of the F12tdf.

units	Year		Change	
	2016	2015	number	%
EMEA	3,610	3,351	259	8
Americas	2,687	2,640	47	2
Greater China	619	610	9	1
Rest of APAC	1,098	1,063	35	3
Shipments	8,014	7,664	350	5

Net revenues

Net revenues for the year 2016 were €3,105 million, an increase of €251 million (+8.8%; +9.4% at constant currencies) compared to the year 2015.

Revenues in Cars and spare parts were up 5% versus prior year led by higher volumes of the 488 GTB, the 488 Spider and the F12tdf, the newly launched models GTC4Lusso and LaFerrari Aperta, the non-registered car FXX K, the strictly limited edition F60 America along with higher contribution from personalization program. This was partially offset by LaFerrari, which finished its limited series run.

Engines showed a significant increase (+55%) mainly due to strong sales to Maserati and higher rental revenues from other Formula 1 teams.

Sponsorship, commercial and brand were up (+11%) mostly due to better 2015 championship ranking compared to 2014, higher sponsorship revenues and a positive contribution from brand related activities.

€ million	Year		
	2016	2015	Change
Cars and spare parts	2,180	2,080	100
Engines	338	219	119
Sponsorship, commercial and brand	488	441	47
Other	99	114	(15)
Net revenues	3,105	2,854	251

Adjusted EBIT

Adjusted EBIT in 2016 was €632 million, up €159 million (+34%) compared to the year 2015 as a result of higher volume, thanks to the 488 family, the F12tdf and the newly launched GTC4Lusso together with a positive contribution from the personalization programs.

Mix was negatively impacted (-€28 million) by lower sales of LaFerrari, which finished its limited series run, partially offset by the newly launched LaFerrari Aperta, the strictly limited edition F60 America, a positive range model mix as well as pricing increase.

Net industrial debt

Net industrial debt at December 31, 2016 reduced to €653 million from €797 million at December 31, 2015 primarily due to the cash flow generation from operating activities, partially offset by cash distribution to the holders of common shares and dividend paid to the non-controlling interest.

€ million	12/31/2016	12/31/2015	Change
Net Industrial debt (1)	(653)	(797)	144
Funded portion of the self-liquidating financial receivables portfolio	737	1,141	(404)
Net debt	(1,390)	(1,938)	548
Financial liabilities with FCA Group	0	(3)	3
Deposits in FCA Group cash management pools	0	139	(139)
Cash and cash equivalents	458	183	275
Gross debt	(1,848)	(2,257)	409

(1) Net industrial debt is defined as net debt excluding the funded portion of the self-liquidating financial receivables portfolio.

Significant events in the fourth quarter 2016 and subsequent event

On December 13, 2016 during a special celebration held at the National Art Center in Tokyo, Ferrari released the first images of the J50, a strictly limited edition car to commemorate the fiftieth anniversary in Japan. Already presold, the 10 masterpieces will be mainly delivered in 2018. The J50, based on the 488 Spider, is powered by a specific 690 cv version of the 3.9-litre V8 that won the overall 2016 International Engine of the Year Award.

Hublot and Ferrari signed a multiyear renewal of their sponsorship and licensing agreements, extending the partnership started in 2011.

2017 Outlook

The Group is expecting the following performance in 2017, assuming FX consistent with current market conditions:

- shipments: approximately 8,400 including supercars;
- net revenues: more than €3.3 billion;
- adjusted EBITDA: more than €950 million;
- net industrial debt: approximately €500, including a cash distribution to the holders of common shares and excluding potential share repurchases.

(34.72% of issued capital, 20% of voting rights)

The key consolidated figures of The Economist Group reported for the first nine months of the financial year 2015/2016 (corresponding to the period March 1 – September 30, 2016), based on the most recent data available, are as follows:

£ million	Half I		
	2016/2017	2015/2016	Change
Net revenues	161,9	158,0	3,9
Operating costs	(144,7)	(132,8)	(11,9)
Operating profit	17,2	25,2	(8,0)
Profit for the period	12,9	19,4	(6,5)

£ million	At		
	09/30/2016	09/30/2015	Change
Equity attributable to owners of the parent	(153,0)	(22,1)	(130,9)
Net debt	(123,9)	(47,7)	(76,2)

For a correct interpretation of the data it should be noted that the financial year of The Economist Group does not coincide with the calendar year but covers the period April 1 – March 31.

The Economist Group's net revenues in the first half 2016 are up 2% (£11.3 million) from the same period last year. The dollar was stronger against the pound which boosted revenues by £12 million, and the results were also affected by the timing of EuroFinance's flagship conference which in the first half 2016 is not included in the results, as for 2015 in which it was included.

Headline operating profit decreased by 32% (£8.0 million) in the first half. However the results are still distorted by the Group's switch to international financial reporting standards last year, and particularly by the treatment of foreign-currency hedging, which contributed £2.3 million to profits in the first half of last year but nothing this year. The later timing of the Group's largest event which produces £3 million of profit also affects the comparison. Adjusting for these overall operating profit was £2.7million lower than it was a year earlier. Profit for the period from continuing operations was £4.6 million lower.

Net debt was £75.3 million higher than at September 2015 largely as a result of borrowings taken out to partly fund the buy-back of 20% of the Company's shares, which were converted to Treasury shares.

The increase in negative equity attributable to owners the parent is largely due to the buyback. Additionally the deficit has also increased due to higher pension liabilities driven by the sharp decline in bond yields following the June 2016 Brexit referendum.

Result by division

£ million	Half I		
	2016/2017	2015/2016	Change
The Economist Businesses	109,4	109,7	(0,3)
The Economist Intelligence Unit	28,6	24,5	4,1
CQ Roll Call	23,9	23,8	0,1
Net revenues	161,9	158,0	3,9

The Economist Businesses continued the decline of advertising: across the Group, for both print and digital combined, it was down 13%, with the sharpest drop in the US. The Economist's circulation revenue continued to grow because of a recent increase in the price of subscriptions. The Economist Intelligence Unit has made more progress with revenues up 16%. Its traditional products – country reports grew slightly, and the Economist Intelligence Unit has developed new strengths in healthcare data, detailed consumer forecasting and specialist reports on a wide range of subjects.

£ million	Half I		
	2016/2017	2015/2016	Change
The Economist Businesses	3,8	12,1	(8,3)
The Economist Intelligence Unit	8,0	6,7	1,3
CQ Roll Call	5,4	6,4	(1,0)
Operating profit	17,2	25,2	(8,0)

Operating profit for The Economist Businesses was £8.3million lower caused by the ongoing decline in high margin print advertising and the later timing of the Group's largest event. In addition The Economist Group have continued to invest in important areas such as marketing, as well as editorial resources including digital and social media. Gross profit from the circulation of The Economist was up by 20%. The Economist Intelligence Unit has benefitted from growth in its healthcare consulting business while CQ Roll Call – the business located in Washington, DC, which provides information on Congress – faced testing conditions, which cut its profits by £1.0 million.

Business outlook

Market conditions in the US are still difficult and might remain so. The Group expects to reach the year-end with stronger revenues than achieved in 2016 boosted by the strength of the US dollar. The stronger dollar, however has also significantly increased the Group's costs. The Group's advertising activities continue to face significant structural and cyclical headwinds though the Economist circulation business, predominantly subscription-driven, remains robust.



(63.77% of share capital)

The results for the first half of the financial year 2016/2017 of Juventus Football Club S.p.A. are as follows:

€ million	First Half		
	2016/2017	2015/2016	Change
Revenues	314.9	204.5	110.4
Operating costs	182.2	140.4	41.8
Operating income (loss)	84.8	38.1	46.7
Profit (loss) for the period	72.0	30.3	41.7

€ million	12/31/2016	12/31/2015	Change
Shareholders' equity	125.4	53.4	72.0
Net financial debt	174.1	199.4	(25.3)

The interim data cannot be construed as representing the basis for a full-year projection.

For a correct interpretation of the data it should be noted that the financial year of Juventus does not coincide with the calendar year but covers the period July 1 – June 30, which corresponds to the football season.

Economic performance is characterized by the highly seasonal nature typical of the sector, determined mainly by European competitions, particularly the UEFA Champions League, the calendar of football events and the two phases of the players' Transfer Campaign.

The financial position and cash flows of the company are also affected by the seasonal nature of the income components; in addition, some revenue items are collected in a different period than the period to which they refer.

The first half of the 2016/2017 financial year closes with a profit €72 million, an increase of €41.7 million compared to the €30.3 million profit for the corresponding period of the preceding year. The change is attributable mainly to increased income from players' registration rights (€84.6 million) and to the general increase in recurring revenues (€25.8 million), partially offset by the increase in expenses for players' registration rights (€31.9 million), by lower net non-recurring revenues (€10.3 million) and by higher amortization of players registration rights (€ 8 million) and other net negative changes of €18.5 million.

Significant events in the first half of the year 2016/2017

J Village Real Estate Fund

During the half-year the J Village Real Estate Fund continued work on the redevelopment and upgrading of a major part of the Continassa area situated next to the Juventus Stadium. The time schedule, in line with the original forecast, provides for the Company's new registered offices and the new Training and Media Center to be handed over to Juventus by June 30, 2017.

J Medical

At a meeting held on October 19, 2016 the shareholders of J Medical S.r.l. approved the statement of financial position at September 30, 2016 which reported a loss attributable to the start-up phase of the activities (the center was inaugurated on March 23, 2016) and voted to cover the aforesaid loss, in part by utilization of the share premium reserve and the zeroing of share capital and, for the residual part, by offering a share issue totaling €2 million to the two shareholders in equal amounts to be subscribed by October 31.

Following the subscription for the full amount of the capital increase, Juventus today holds 100% of the capital of J Medical. Negotiations are in progress for the sale of 50% of the capital.

Purchase of the Vinovo Sports Center

In July 2016 Juventus exercised the buy-back option at the end of the lease of the Juventus Training Center at Vinovo, acquiring ownership of the property from Unicredit Leasing S.p.A. for a payment of €7.7 million.

2017 Outlook

The Company's goal is to consolidate the substantial equilibrium in operating profit achieved in the last two years. In the year 2016/2017 a significant increase is expected in the costs of players wages and technical staff costs and for the amortization of the cost of the acquisitions made in the 2016/2017 Transfer Campaign. At the same time the income generated by the disposals during the Campaign, the sporting results and the growth in other operating revenues make it possible to forecast a positive economic result for the year 2016/2017.

SUBSEQUENT EVENTS AND 2017 OUTLOOK

Subsequent events

Dividends and distribution of reserves received in the year 2017

The dividends and distributions of reserves already approved by or collected from some investment holdings are as follows:

Investee company	Share class	Number of shares	Dividends	
			Per share (€)	Total (€/ml)
CNH Industrial N.V.	ordinary	366,927,900	0.11	40.4
Ferrari N.V.	ordinary	44,435,280	0.635	28.2
Emittenti Titoli S.p.A.	ordinary	527,000	0.13	0.1
EXOR N.V.'s share of dividends				68.7
Banca Leonardo S.p.A.	ordinary	4,545,997	2.00	9.1
EXOR S.A.'s share of dividends				9.1

2017 Outlook

EXOR N.V. does not prepare budgets or business plans nor does it publish forecast data or data on the basis of which it is possible to calculate forecast data.

Certain EXOR Group operating subsidiaries and associates (FCA, CNH Industrial and Ferrari) publish forecast data on their figures. Other EXOR Group operating subsidiaries and associates (PartnerRe and Juventus Football Club) publish information on the foreseeable outlook. Additional information is provided under "Review of Performance of the operating subsidiaries and associates" in Report on Operations. The remaining operating subsidiaries and associates do not publish forecasts or estimates.

The forecast data and information of the aforementioned operating companies are drawn up autonomously and communicated by the relative companies and are not homogenous. Quantitative forecast disclosure prepared by these operating companies and the type of information provided, as well as the underlying assumptions and calculation methods vary according to the accounting principles applicable to each subsidiary and associate and the conventional application practices in the respective sector of reference. EXOR N.V. in fact, is a holding company without a specific business of reference, head of a diversified and non-integrated group that operates in different segments and does not exercise direction and coordination activities over its subsidiaries and associates, which operate in a completely independent manner.

EXOR N.V. deems that the forecast data and information of the subsidiaries and associates are not significant or suitable for the purposes of providing indications about the prospective economic trend of EXOR NV's operations nor represent a forecast or estimate of the company's results and that therefore in assessing EXOR N.V.'s future prospects it is not possible to rely on the data and prospective information published by the aforesaid operating subsidiaries and affiliates.

April 5, 2017

The Board of Directors:

John Elkann

Sergio Marchionne

Alessandro Nasi

Andrea Agnelli

Niccolò Camerana

Ginevra Elkann

Lupo Rattazzi

Marc Bolland

Anne Marianne Fentener van Vlissingen

Jae Yong Lee (*Not in a position to sign*)

António Mota de Sousa Horta-Osório

Robert Speyer

Michelangelo Volpi

Ruth Wertheimer

MAJOR SHAREHOLDERS AND OWNERSHIP STRUCTURE

Introduction

EXOR N.V. (“EXOR” or the “Company”) is a public limited liability company (*naamloze vennootschap*), incorporated under the laws of the Netherlands and listed in Italy on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. (the “MTA”). EXOR is one of the principal holding companies in Europe and is controlled by Giovanni Agnelli B.V.

EXOR has a Net Asset Value of about almost \$15 billion at December 31, 2016 and its objective is to achieve growth in Net Asset Value per share in U.S. dollars in excess of the MSCI World share Index in U.S dollars.

EXOR’s residence – for legal and tax purposes – in the Netherlands resulted from a cross-border merger of EXOR S.p.A. (*società per azioni*), a public limited liability company incorporated under the laws of Italy, with and into EXOR HOLDING N.V., a Dutch wholly-owned subsidiary of EXOR S.p.A. (the “Merger”). The surviving company has, thus, been renamed “EXOR N.V.” The Merger was executed pursuant to the provisions of EU Directive 2005/56/EC of the European Parliament and Council of 26 October 2005 on cross-border mergers of limited liability companies, implemented for Dutch law purposes under Title 2.7 of the Dutch Civil Code and for Italian law purposes by Italian Legislative Decree 30 May 2008, no. 108.

As a result of the Merger, EXOR has acquired all assets and assumed all liabilities and other legal relationships of EXOR S.p.A. under universal title of succession: as such, all business activities, shareholdings and other assets as well as liabilities pertaining to the business of EXOR S.p.A. have been consolidated into (or controlled by) the Company.

As a result of the Merger, former shareholders of EXOR S.p.A. received 1 (one) EXOR ordinary share for each ordinary share held. EXOR has, further, adopted a Special Voting Structure (as described below) to foster the development and continued involvement of a core base of long-term shareholders in a manner that reinforces the group’s stability. For further details on the Special Voting Structure, please refer to Section “Special Voting Structure” below.

The Merger was aimed at aligning the corporate structure of EXOR S.p.A. with its investments’ growing international profile, and at better reflecting the global profile of EXOR S.p.A. and its businesses.

This report provides for the relevant information on the ownership structure of the Company.

Capital Structure

Structure of share capital

STRUCTURE OF SHARE CAPITAL

Share class	Number of shares	Listing market	Rights and obligations
Ordinary shares ²	241,000,000	MTA/Borsa Italiana	

Economic and administrative rights

Each EXOR ordinary share entitles its holder to one vote at all shareholders’ meetings – ordinary and extraordinary – as well as to all economic and administrative rights according to the applicable provisions of law and of the Company’s articles of association (the “Articles of Association”).

Issuance of shares

Shares may be issued pursuant to a resolution of the general meeting. This competence concerns all non-issued shares of the Company’s authorized capital, except insofar as the competence to issue shares is vested in the board of directors (the “Board of Directors”).

Shares may be issued pursuant to a resolution of the Board of Directors, if and insofar as the Board of Directors is designated to do so by the general meeting. Such designation can be made each time for a maximum period of five

² The ordinary shares are registered shares, freely transferable and issued in electronic form. Shares are managed through the centralized clearing system organized by Monte Titoli.

years and can be extended each time for a maximum period of five years. A designation must determine the number of shares of each class concerned which may be issued pursuant to a resolution of the Board of Directors. A resolution of the general meeting to designate the Board of Directors as a body of the Company authorized to issue shares can only be withdrawn upon proposal of the Board of Directors.

By means of the resolution adopted by the general meeting on 24 November 2016, the Board of Directors has been designated as the competent body to issue ordinary shares and to grant rights to subscribe for shares for a term of five (5) years with effect from 11 December 2016. The Board of Directors has been authorized to increase the share capital with such number of shares for a nominal value up to five million Euro (Euro 5,000,000.00) and to issue convertible bonds for an aggregate issue price up to one billion Euro (Euro 1,000,000,000.00), and to issue the underlying ordinary shares (or granting of rights to subscribe for such underlying ordinary shares) pursuant to the applicable conversion ratio.

Payment for shares shall be made in cash unless another form of consideration has been agreed. Payment in a currency other than Euro may only be made with the consent of the Company.

Upon the issuance of ordinary shares, each holder of ordinary shares will have pre-emptive rights in proportion to the aggregate nominal value of his ordinary shares. A shareholder will not have pre-emptive rights in respect of ordinary shares issued against a non-cash contribution. Nor will the shareholder have pre-emptive rights in respect of ordinary shares issued to employees of the Company or of a group company (*groepsmaatschappij*).

Prior to each individual issuance of ordinary shares, pre-emptive rights may be restricted or excluded by a resolution of the general meeting. However, with respect to an issue of ordinary shares pursuant to a resolution of the Board of Directors, the pre-emptive rights can be restricted or excluded pursuant to a resolution of the Board of Directors if and insofar as the Board of Directors is designated to do so by the general meeting.

By means of the resolution adopted by the general meeting on 24 November 2016, the Board of Directors has been authorized to limit or exclude pre-emptive rights of shareholders when issuing ordinary shares or granting rights to subscribe for ordinary shares for a term of five (5) years with effect from 11 December 2016.

Holders of Special Voting Shares have no pre-emptive rights on the issuance of shares of any class and with respect to the issuance of Special Voting Shares no pre-emptive rights exist.

The general meeting of shareholders or the Board of Directors, as the case may be, shall decide – when passing the resolution to issue shares or rights to subscribe for shares – in which manner the shares shall be issued and, to the extent that rights of pre-emption apply, within what period those rights may be exercised.

Special Voting Structure

In order to foster the development and continued involvement of a core base of long-term shareholders in a manner that reinforces the group's stability, as well as providing EXOR with enhanced flexibility when pursuing strategic investment opportunities in the future, the Articles of Association provide for a special-voting structure (the "Special Voting Structure"). The purpose of the Special Voting Structure is to reward long-term ownership of EXOR ordinary shares and to promote stability of the EXOR shareholders-base by granting long-term EXOR shareholders with Special Voting Shares (as defined below) to which multiple voting rights are attached additional to the one granted by each EXOR ordinary share held.

More precisely, according to the Special Voting Structure:

- (i) after 5 years of uninterrupted ownership of EXOR ordinary shares held in the Loyalty Register (as defined below), each EXOR shareholder will be entitled to 5 voting rights for each EXOR ordinary share and, to this purpose, will receive – and EXOR will issue – one special voting share, to which 4 voting rights are attached, and with a nominal value of Euro 0.04 ("Special Voting Share-A"), additional to each EXOR ordinary share owned (to which 1 voting right is attached); and
- (ii) after 10 years of uninterrupted ownership of EXOR ordinary shares held in the Loyalty Register (as defined below), each EXOR shareholder will be entitled to 10 votes for each EXOR ordinary share and, to this purpose, each Special Voting Share-A held will be converted into one special voting share B, to which 9 voting rights are attached, and with a nominal value of Euro 0.09 ("Special Voting Share-B"), additional to each EXOR ordinary share owned (to which 1 voting right is attached).

Special Voting Shares-A and Special Voting Shares-B, which are collectively referred to as “Special Voting Shares”, will not be tradable and will have only minimal economic entitlements.

Application for Special Voting Shares – Loyalty Register

A shareholder may at any time opt to become eligible for Special Voting Shares by requesting the agent (the “Agent”) referred to Article 3.3 of the Terms and Conditions for Special Voting Shares (the “SVS Terms”), acting on behalf of the Company, to register one or more ordinary shares in the loyalty register (the “Loyalty Register”) maintained by the Company pursuant to the SVS Terms. Such request will need to be made by the relevant shareholder via its intermediary, by submitting (i) a duly completed form (the “Election Form”) and (ii) an intermediary confirmation statement attesting the uninterrupted holding of EXOR ordinary shares, pursuant to the SVS Terms.

Together with the Election Form, the relevant shareholder must submit a duly signed power of attorney, irrevocably instructing and authorizing the Agent to act on his behalf and to represent him in connection with the issuance, allocation, acquisition, conversion, sale, repurchase and transfer of Special Voting Shares in accordance with and pursuant to the SVS Terms (the “Power of Attorney”).

Upon receipt of the Election Form, the intermediary’s confirmation and the Power of Attorney, the Agent will examine the same and use its reasonable efforts to inform the relevant shareholder, through his intermediary, as to whether the request is accepted or rejected (and, if rejected, the reasons why) within ten business days of receipt of the above-mentioned documents. The Agent may reject a request for reasons of incompleteness or incorrectness of the Election Form, the Power of Attorney or the broker’s confirmation or in case of serious doubts with respect to the validity or authenticity of such documents. If the Agent requires further information from the relevant shareholder in order to process the request, then such shareholder shall provide all necessary information and assistance required by the Agent in connection therewith.

EXOR ordinary shares for which a shareholder has issued a request for registration in the Loyalty Register – as well as ordinary shares already registered – are referred to as “Electing Ordinary Shares”.

Allocation of Special Voting Shares

For the sake of clarity, as of the effective date of the Merger (*i.e.* 11 December 2016) no Special Voting Shares were issued by EXOR. As a consequence, assuming that a request for registration of EXOR ordinary shares in the Loyalty Register was made at the effective date of the Merger, the requesting shareholder will be entitled to receive Special Voting Shares-A only after 5 years from the abovementioned registration in the Loyalty Register.

As per the date on which an EXOR ordinary share has been registered in the Loyalty Register in the name of one and the same shareholder or its Loyalty Transferee (as defined under the SVS Terms) for an uninterrupted period of five years (the “SVS A Qualification Date”), such Electing Ordinary Share will become a “Qualifying Ordinary Share A” and the holder thereof will be entitled to acquire one Special Voting Share A in respect of each of such Qualifying Ordinary Share A.

As per the date on which an EXOR ordinary share has been registered in the Loyalty Register in the name of one and the same shareholder or its Loyalty Transferee for an uninterrupted period of ten years (the “SVS B Qualification Date”), such Electing Ordinary Share – which, in the meantime, will have become a Qualifying Ordinary Share A – will become a “Qualifying Ordinary Share B”. Qualifying Ordinary Shares A and Qualifying Ordinary Shares B are collectively referred to as “Qualifying Ordinary Shares”.

On the SVS B Qualification Date, the Agent will, on behalf of the Company, issue a conversion statement pursuant to which the Special Voting Shares A corresponding to the number of Qualifying Ordinary Shares B will automatically convert into an equal number of Special Voting Shares B.

Transfer of Electing Ordinary Shares, Qualifying Ordinary Shares and Special Voting Shares; removal from the Loyalty Register

According to the SVS Terms and during the time in which Electing Ordinary Shares or Qualifying Ordinary Shares are held in the Loyalty Register, these cannot be sold, disposed of or transferred unless to a Loyalty Transferee.

No shareholder shall, directly or indirectly, (a) sell, dispose of or transfer any Special Voting Share or otherwise grant any right or interest therein, unless the shareholder is obliged to transfer Special Voting Shares to a Loyalty

Transferee, or (b) create or permit to exist any pledge, lien, fixed or floating charge or other encumbrance over any Special Voting Share or any interest in any Special Voting Share.

As described above, anyone holding Electing Ordinary Shares or Qualifying Ordinary Shares may request at any time that all or part of their Electing Ordinary Shares or Qualifying Ordinary Shares be removed from the Loyalty Register and be transferred to the ordinary trading system, so as to enable the shareholder to freely dispose of their EXOR shares as indicated below. Starting from the time the abovementioned request is made, it shall be considered that the person holding Qualifying Ordinary Shares has waived the attribution of the voting rights associated with the Special Voting Shares issued and attributed in relation to the Qualifying Ordinary Shares.

Each of the abovementioned requests shall result in a compulsory transfer by effect of which the Special Voting Shares shall be offered and transferred to EXOR without any consideration (*om niet*) under the Articles of Association and the SVS Terms. EXOR may keep the Special Voting Shares as treasury shares, but shall not be entitled to exercise the related voting rights. Alternatively, EXOR may withdraw and cancel the Special Voting Shares and by this effect the nominal value of those shares shall be allocated to the special capital reserve of EXOR. Therefore, the voting rights embodied in Special Voting Shares shall cease to apply with reference to the related Qualifying Ordinary Shares removed from the Loyalty Register.

Each shareholder holding Qualifying Ordinary Shares shall promptly notify EXOR about the occurrence of an event of Change of Control (as defined under the SVS Terms) which concerns the same. A shareholder's Change of Control causes the related Qualifying Ordinary Shares to be removed from the Loyalty Register. The voting rights attaching to Special Voting Shares and assigned in relation to the corresponding Qualifying Ordinary Shares shall be suspended with immediate effect as a result of any event of Change of Control, directly or indirectly, related to each holder of Qualifying Ordinary Shares held in the Loyalty Register.

Other characteristics of Special Voting Shares

Issuance of Special Voting Shares does not require qualified shareholders to correspond their nominal value to EXOR. Pursuant to Article 13.4 of the Articles of Association, EXOR maintains a separate reserve (the "Special Capital Reserve") to pay-up Special Voting Shares. The Board of Directors is authorised to credit or debit the Special Capital Reserve at the expense or in favour of the Company's general share premium reserve. If the Board of Directors so decides, Special Voting Shares can be issued at the expense of the Special Capital Reserve *in lieu* of an actual payment for the shares concerned. However, the holder of Special Voting Shares issued at the expense of the Special Capital Reserve may at any time substitute the charge of the Special Capital Reserve by making an actual payment to the Company in respect of the shares concerned (in accordance with payment instructions provided by the Board of Directors on request) in an amount equal to the nominal value of such Special Voting Shares (such shares being defined as "Special Voting Shares paid-up in cash").

As anticipated, Special Voting Shares have minimal economic entitlement. Under Dutch law, in fact, Special Voting Shares cannot be excluded – as a whole – from the assignment of economic rights. Consequently, in accordance with Article 28.2 of the Articles of Association, holders of Special Voting Shares paid-up in cash will be entitled to the payment of an annual dividend equal to one per cent (1%) of the amount actually paid for such shares in accordance with the above, provided, however, that profits realized with respect to the financial year concerned are not fully appropriated to increase and/or form reserves. Actual payments made during the financial year to which the dividend relates will not be counted.

In case of liquidation of the Company, out of the balance remaining after payment of its debts, the following payments will be proceeded:

- firstly, the amounts actually paid-in on Special Voting Shares in accordance with Article 13.5 of the Articles of Association will be transferred to those holders of Special Voting Shares whose Special Voting Shares have so been actually paid for; and
- secondly, the balance remaining will be transferred to the holders of ordinary shares in proportion to the aggregate number of the ordinary shares held by each of them.

Pursuant to Article 11 of the SVS Terms, in the event of a breach of any of the obligations of a shareholder, that shareholder must pay to the Company an amount for each Special Voting Share affected by the relevant breach (the "Compensation Amount"), which amount is the average closing price of an ordinary share on the MTA calculated on the basis of the period of twenty (20) trading days prior to the day of the breach or, if such day is not a business day, the preceding business day, such without prejudice to the Company's right to request specific performance.

Pursuant to Article 12 of the SVS Terms, the SVS Terms may be amended pursuant to a resolution by the Board of Directors, provided, however, that any material, not merely technical amendment will be subject to the approval of the general meeting of shareholders of EXOR, unless such amendment is required to ensure compliance with applicable laws or listing regulations.

Restrictions on the transfer of shares

There are no restrictions on the transfer of EXOR ordinary shares, no limitations on ownership and no clauses requiring acceptance on the part of the Company or of other shareholders upon a transfer of shares.

The above shall not apply to transfers of Special Voting Shares, or Electing Ordinary Shares or Qualifying Ordinary Shares: for such provisions, please refer to Section “Transfer of Electing Ordinary Shares, Qualifying Ordinary Shares and Special Voting Shares; removal from the Loyalty Register” above.

Shareholders

Significant shareholdings

Based on the regulatory filings with the Netherlands Authority for the Financial Markets (*stichting Autoriteit Financiële Markten*, “AFM”) as per 31 December 2016, shareholders who hold more than 3% of the share capital carrying voting rights are:

Shareholder	% of issued capital
Giovanni Agnelli B.V.	52.99%
Harris Associates LP	7.36 %
Southeastern Asset Management, Inc.	4.11%

Giovanni Agnelli B.V. is the largest shareholder of EXOR through its 52.99% shareholding interest in EXOR’s issued capital.

Consequently, Giovanni Agnelli B.V. could strongly influence all matters submitted to a vote of EXOR’s shareholders, including approval of annual dividends, election and removal of directors and approval of extraordinary business combinations.

Employee shareholdings: system for the exercise of voting rights

A specific mechanism for the exercise of voting rights applicable to employees’ shareholdings does not exist. In particular the voting rights on shares deriving from the vesting of shares or from the exercise of option rights under stock option plans or incentive plans – for information on which reference should be made to Section “Remuneration of Directors” – are not subject to any form of restriction and are directly exercisable by the beneficiaries.

Restrictions on voting rights

There are no restrictions on voting rights.

Shareholders agreements

Based on the information available to EXOR, there are no shareholder agreements concerning either the exercise of the rights attaching to the Company’s shares or the transfer of the shares.

Change of control clauses and By-Law provisions relevant to a public offer

Any change in control of the Company³ would entitle subscribers of the following bonds to demand early repayment.

³ The articles of association of the parent company Giovanni Agnelli B.V. include a condition that requires (i) the unanimous vote of directors in function, and (ii) the approval of the general meeting of shareholders by a special majority of more than two thirds of the votes cast representing more than two thirds of the issued and outstanding share capital for any disposal of ordinary shares in EXOR which does not leave at least 51% of the ordinary share capital of EXOR in the full ownership of Giovanni Agnelli B.V.

- Non-convertible bond issue 2007/2017 of Euro 750 million (following cancellation of a nominal amount of Euro 310 million, the residual nominal amount of this issue is now Euro 440 million);
- Non-convertible bond issue 2012/2019 of Euro 150 million;
- Non-convertible bond issue 2013/2020 of Euro 200 million;
- Non-convertible bond issue 2015/2022 of Euro 750 million;
- Non-convertible bond issue 2014/2024 of Euro 650 million;
- Non-convertible bond issue 2012/2025 of Euro 100 million;
- Non-convertible bond issue 2015/2025 of Euro 250 million;
- Non-convertible bond issue 2011/2031 of Yen 10 billion (approx. Euro 69 million).

In addition, three lending banks would have the right to demand the cancellation of four irrevocable lines of credit totaling Euro 325 million, which, however, were unutilized as of 31 December 2016.

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

The Articles of Association do not provide for derogations from the passivity rule or for the application of the breakthrough rule contemplated in the Dutch and Italian legislation on public offers.

RISK MANAGEMENT, RISKS AND CONTROL SYSTEM

EXOR is committed to promoting and maintaining an internal control and risk management systems (hereafter also "System") being the body of rules, procedures and organizational structures whose purpose is to provide an adequate process for the identification, measurement, management and monitoring of the principal risks in order to ensure the reliability, accuracy and timeliness of financial information, the safeguarding of the Company's assets, the efficiency and effectiveness of business processes and the Company's compliance with laws and regulations. An effective internal control and risk management systems contributes to the conduct of the business in a manner consistent with its pre-established objectives and facilitates well-informed decision-making. The System is integrated in the general organization and governance structure adopted by EXOR and is developed giving adequate consideration to the reference models and the best practices available nationally and internationally. The reference model for the System adopted by EXOR is, in fact, based on the standards set out in the Internal Control – Integrated Framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO Report). Within the broader model of the System adopted by the Company the more specific activities of identifying and managing risks are defined by the standards set by the Enterprise Risk Management – Integrated Framework (COSO E.R.M.), as detailed in the dedicate paragraphs.

The responsibility for the institution and maintenance of an effective internal control and risk management systems which is coherent with the business and process objectives and for the correspondence of the risk management method employed with the pre-established containment plan is entrusted to the Director in Charge and to the managers of the functions.

In particular EXOR's internal control and risk management systems operates at three levels of internal control:

- First Level: identification, evaluation and monitoring of applicable risks in the single processes. At this level are located the structures responsible for the individual risks, for their identification, measurement and management, as well as for the performance of the necessary checks.
- Second Level: monitoring of the principal risks to ensure the effectiveness and efficiency of their management and treatment and of the functioning of the controls placed over the principal risks, support to the first level in the definition and implementation of adequate systems for the management of the principal risks and the related controls. The control instruments for coordination and operation of the main control systems operate at this level.
- Third Level: provides an independent and objective assurance of the adequacy and effective operation of the first and second levels of control and in general of the overall mode of managing risks. This activity is carried out by Internal Audit whose activities are directed and guided by internal Guidelines.

The internal control and risk management system is subject to verification and updating annually in order to ensure its constant suitability as an instrument of control over the business's principal areas of risk.

The system of internal control over financial reporting, set in the broader framework of the internal control and risk management system, has the purpose of ensuring the reliability, accuracy and timeliness of the Group's financial information.

The system of internal control over financial reporting put in place by the Company is developed consistently with the 2013 COSO. Framework for internal controls and is focused on the procedures and organizational structures which ensure the reliability, accuracy, completeness and timeliness of financial reporting. The system of internal control over financial reporting aims, in fact, at ensuring the adequacy and effective application of the administrative and accounting procedures designed to guarantee a true and fair representation of the business activities in the financial reports (annual consolidated financial statements, separate company financial statements, shortened half yearly consolidated financial statements) prepared by the Company.

The principal characteristics of the system of internal control over financial reporting are based on the following components and phases:

- Identification and assessment of administrative and accounting risks.
- Identification of the controls responding to the risks identified.
- Verification of the effective application of the controls and evaluation of any problems detected.

The EXOR system of internal control over financial reporting has been developed taking into consideration existing law, the reference regulations as well as the guidelines provided by the competent bodies and is composed of the following documents and procedures:

- *Code of Ethics* – which illustrates the ethical principles and values of the Company.
- *System of Delegated Powers and Proxies* – which identifies the powers of company representation conferred to individual managers.
- *Administrative and Accounting Control Model* – which defines how the administrative and accounting control system should work.
- *Administrative and Accounting procedures* – which establish the responsibilities and rules for the process controls to be applied.
- *Guidelines for testing of administrative and accounting procedures* – which defines methods to be followed when performing periodical sampling of transactions and testing for the verification of the effectiveness of the controls.
- *Risk Assessment Procedure* – which establishes the roles, responsibilities and methodologies, developed in support of the risk assessment activity.
- *Financial reporting instructions and closing timetables* – the documents prepared to communicate to the various corporate functions and to the companies within the consolidation area the detailed operational instructions for the preparation of the reporting package.

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

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

Risk Management

As required by regulatory guidelines and in response to market demands for enhanced transparency and disclosure on the risks associated with company activities, EXOR has adopted its own Enterprise Risk Management (“ERM”) system.

The EXOR risk management system is based on the above mentioned COSO ERM, which defines risk management as a “process effected by the Board of Directors, management and other personnel, applied in setting strategy across the organization and designed to identify potential events that may affect the business, in order to manage the risk within the risk appetite and to provide reasonable assurance regarding the achievement of the business objectives”.

The Framework is integrated within the Company organization and corporate governance, supporting the efficiency and effectiveness of business processes, the reliability of financial information and compliance with laws and regulations. An effective risk management system contributes to the conduct of the business in a manner consistent with its pre-established objectives and facilitates well-informed decision-making.

In this context, the Board of Directors is responsible for the identification of the risks to which EXOR and the “Holdings System” are exposed in relation to business objectives and company characteristics, and for performing an assessment of the possible risk scenarios, considering the effectiveness of the process controls currently in place.

The EXOR risk management system is subject to verification and updating over time in order to ensure its constant suitability as an instrument of control over the business's principal areas of risk.

Risk Appetite

EXOR set its risk appetite within risk taking and risk acceptance parameters, which are driven by applicable laws, the Code of Conduct, core principles and values, Corporate policies and directives.

The Company operates within a moderate overall risk range, inherent to the business of an Investment Company. In this context, EXOR's lowest risk appetite relates to the objectives of defending the Group reputation, of compliance with the rules and regulations and of adequacy of the financial reporting.

At the same time, EXOR operates with a marginally higher risk appetite towards its strategic and operational objectives related to increasing its Net Asset Value (NAV) in the long term, ensuring in any case the compliance with the criteria that direct EXOR investment choices.

Meeting existing legal and regulatory obligations will take priority over other business objectives.

The EXOR ERM system comprises a structured risk management process aimed at addressing individual risk categories, with a defined risk appetite applied to each category as detailed below:

Risk Category	Risk Description	Risk Appetite
Strategic Risks	Strategic risks may affect EXOR long-term strategic performance targets.	Moderate
Operational Risks	Operational risks include adverse, unexpected impacts resulting from internal processes, people and systems, or from external events linked to the performance of the Company's portfolio of businesses.	Low – Moderate
Compliance Risks	Compliance risks cover unanticipated failures to comply with applicable laws, regulations, policies and procedures.	Low
Financial reporting risks	Risks primarily relate to internal controls.	Low
Financial Risks	Financial risks include uncertainty of financial return and the potential for financial loss due to capital structure imbalances, inadequate cash flows and the volatility of financial instruments.	Low – Moderate

EXOR has established the appetite for principal risks, identifying its overall risk capacity and appetite position. Risk metrics for each principal risk have been identified in order to put in place monitoring activity and corrective actions, if needed.

Key Risks and Key trends

As a part of the 2016 risk assessment process, management identified certain risks as significant based on their potential business impact and likelihood of occurrence, as well as existing and/or planned countermeasures (mitigating actions). The risk impact could result in a material direct or indirect adverse effect on its business, operations, financial condition and performance, reputation and/or other interests. The results of this assessment were presented to the Internal Control and Risks Committee on February 9, 2016.

EXOR expects that the implemented controls will mitigate the risks up to the level of the risk appetite.

The sequence in which these risks and mitigating actions are presented does not reflect any order or importance, likelihood or materiality. For further information regarding the risks EXOR faces, refer to the section Risk Factors above.

Risk Event	Risk Description	Mitigation Activities
Financial structure / Availability of Cash	The Company is exposed to the risk associated with definition of financial structure in terms of: (i) correlation between sources and uses (e.g. in terms of timeline), with the potential increase in financial costs; (ii) adequate flexibility to support timely	Appropriate level of credit commitment and investment portfolio composition. Liquidity, financing needs and cash flows are managed in order to optimize the financial structure.

	investment decisions	<p>EXOR established an appropriate level of credit commitment with different time frames that allow the Company to maintain the necessary financial flexibility:</p> <ul style="list-style-type: none"> - Investment portfolio composed of listed assets (“liquid”); - High duration of loans, and efficient differentiation of maturities.
Dividend risk /Cash Flow	Risk of holding shares in companies that do not generate a cash flow of dividends sufficient to manage structural costs and net financial costs	<p>Careful management of cash in / cash out and investment portfolio diversification. EXOR maintains an adequate cash flow performing cash flow analysis, adjusting and monitoring on a regular basis.</p> <p>The Company risk management approach mixes a wide variety of investments within the portfolio. The Company portfolio consists of different kinds of investments, consequently characterized by an overall moderate risk level.</p> <p>The diversification mitigates unsystematic risk events in the portfolio, so the positive performance of some investments neutralizes the negative performance of others.</p>
Downgrading of credit rating	Risk that possible downgrading of Company credit rating, may impact company ability to access the capital market and increase financial costs, with negative consequences on the financial, economic and assets position of the Organization; as well as non-compliance with the covenants bond.	<p>Feedback from rating agencies. The possibility to access capital markets and other financing instruments is connected to the credit rating released by the relevant credit agencies.</p> <p>EXOR’s approach consists of: (i) performing a continuous dialogue with the rating agencies, in order to timely evaluate and share their feedback; (ii) obtain a more balanced credit rating evaluation after the Investment portfolio diversification.</p>
Stock market performance	Risk that fluctuations in the stock market can affect the value of investments	<p>Asset allocation. The Company risk management approach mixes a wide variety of investments within the portfolio. The Company portfolio consists of different kinds of investments, consequently characterized by an overall lower risk level.</p> <p>The diversification mitigates unsystematic risk events in the portfolio, so the positive performance of some investments neutralizes the negative performance of others.</p>

CORPORATE GOVERNANCE

The Company endorses the Dutch Corporate Governance Code's principles and best practice provisions adopted by the Monitoring Committee Corporate Governance Code 2009 (the "Dutch Corporate Governance Code"). The purpose of the Dutch Corporate Governance Code is to facilitate, with or in relation to other laws and regulations, a sound and transparent system of checks and balances within Dutch listed companies and, to that end, to regulate relations between the Board of Directors and shareholders. With respect to financial year 2016, it should be noted that until 11 December 2016 EXOR was an Italian company and was in compliance with the Italian Corporate Governance Code (i.e. the *Codice di Autodisciplina*).

The Dutch Corporate Governance Code became applicable to the Company as of December 11, 2016 (i.e. the effective date of the Merger). It should be noted that the Dutch Corporate Governance Code provisions primarily refer to companies with a two-tier board structure (consisting of a management board and a separate supervisory board), while EXOR has implemented a one-tier board. The best practices reflected in the Dutch Corporate Governance Code for supervisory board members apply by analogy to non-executive directors.

This section provides for the relevant information on the overall corporate governance structure of the Company. EXOR discloses, and intends to disclose any material departure from the best practice provisions of the Dutch Corporate Governance Code in its future board reports.

Compliance with the Dutch Corporate Governance Code

The Company acknowledges the importance of good corporate governance. The Company agrees with the general approach and with the majority of the provisions of the Dutch Corporate Governance Code, except for the best practice provisions listed below:

- a) Best practice provision III.1.1 of the Dutch Corporate Governance Code: *The division of duties within the supervisory board and the procedure of the supervisory board shall be laid down in terms of reference. The supervisory board's terms of reference shall include a paragraph dealing with its relations with the management board, the general meeting and the central works council or works council. The terms of reference shall be posted on the company's website.*

The Board Regulations do not contain any provisions dealing with the relations of the Board of Directors with the general meeting and the works council. The reason the Board Regulations do not contain a paragraph in respect of the latter is that the Company has no works council. As regards the relations with the general meeting, EXOR feels this is sufficiently addressed in the Articles of Association.

- b) Best practice provision III.2.1 of the Dutch Corporate Governance Code: *All supervisory board members, with the exception of not more than one person, shall be independent within the meaning of best practice provision III.2.2.*

The non-executive directors Sergio Marchionne, Alessandro Nasi, Andrea Agnelli, Niccolò Camerana, Ginevra Elkann and Lupo Rattazzi are considered non-independent non-executive directors within the meaning of best practice provision III.2.2 of the Dutch Corporate Governance Code.⁴ Alessandro Nasi, Andrea Agnelli, Niccolò Camerana, Ginevra Elkann and Lupo Rattazzi belong to the Agnelli family, which controls Giovanni Agnelli B.V. In light of the major shareholding of Giovanni Agnelli B.V. the Company feels it is appropriate that more than one member of the Agnelli family has a seat in the Board of Directors as non-executive director.

- c) Best practice provision III.3.6 of the Dutch Corporate Governance Code: *The supervisory board shall draw up a retirement schedule in order to avoid, as far as possible, a situation in which many supervisory board members retire at the same time. The retirement schedule shall be made generally available and shall be posted on the company's website.*

Pursuant to the Articles of Association the term of office of members of the Board of Directors may not exceed a maximum period of four years a time. However, the Company intends to have a one year term of office for each member of the Board of Directors, ending at the closure of the next annual general meeting of shareholder after appointment. In view of the foregoing, EXOR does not feel there is a need to have a retirement schedule in place.

⁴ Check whether these non-executive directors indeed meet one of the criteria as set out in best practice provision III.2.2 of the Dutch Corporate Governance Code 2009. Amend where appropriate.

- d) Principle III.5 of the Dutch Corporate Governance Code: If the supervisory board consists of more than four members, it shall appoint from among its members an audit committee, a remuneration committee and a selection and appointment committee.

The Company has combined the roles of the remuneration committee and selection and appointment committee in one committee, called the Compensation and Nominating Committee. The Board of Directors has maintained the “two committees approach” of its legal predecessor, EXOR S.p.A., as it feels that there would be no benefits to split the Compensation and Nominating Committee as prescribed under the Dutch Corporate Governance Code.

- e) Best practice provision III.5.6 of the Dutch Corporate Governance Code: The audit committee may not be chaired by the chairman of the supervisory board or by a former member of the management board of the company.

The chairman of the Audit Committee is the Company's Senior Non-Executive Director, Mr. Marc Bolland. The Senior Non-Executive Director is the chairman of the Board of Directors as referred to by Dutch law. The Board of Directors' view is that – taking into account the composition of the non-executive directors - Mr. Marc Bolland is the most appropriate person at this moment to chair the Audit Committee.

- f) Best practice provision III.7.1 of the Dutch Corporate Governance Code: A supervisory board member may not be granted any shares and/or rights to shares by way of remuneration.

The Company has maintained the remuneration policy that was adopted by its legal predecessor, EXOR S.p.A. Under this remuneration policy non-executive directors have the opportunity to elect whether their annual cash retainer fee will be paid in shares. Given that the very short period between the effective date of the Merger and 2016 year end in the view of the Board of Directors it was not appropriate to amend the remuneration policy for the financial year 2016 in this respect. However, it is the intention to propose to the annual general meeting of shareholders in 2017 to amend the remuneration policy on this point.

Board of Directors

Pursuant to the Articles of Association, the total number of directors must be at least seven and at most nineteen (the “Directors”). Pursuant to a shareholders' resolution adopted on 24 November 2016 fourteen Directors were appointed effective as of 11 December 2016, until the close of the annual general meeting of shareholders of 2017 for the approval of the 2016 annual accounts. Pursuant to the Articles of Association, the term of office of Directors may not exceed a maximum period of four years at a time. A Director who ceases office in accordance with the previous provisions is immediately eligible for re-appointment.

The Board of Directors is entrusted with the management of the Company. The Board of Directors is composed of one Executive Director (*i.e.*, the Chief Executive Officer and Chairman) and thirteen Non-Executive Directors. The duty of Non-Executive Directors is to supervise the performance of duties by the Executive Director; they are also charged with the duties assigned to them pursuant to the law and the Articles of Association. Each Director is responsible for the general course of affairs of the Company and the business connected with it. Pursuant to Article 19 of the Articles of Association, the general authority to represent the Company shall be vested in the Board of Directors and the Chief Executive Officer solely.

By means of the resolution adopted on 12 December 2016, the Board of Directors appointed the following internal committees: (i) an Audit Committee, and (ii) a Compensation and Nominating Committee.

As indicated below, seven of the thirteen Non-Executive Directors are qualified as independent for the purpose of the Dutch Corporate Governance Code.

The Board of Directors has resolved to grant the following titles:

- John Philip Elkann: Chief Executive Officer and Chairman; and
- Sergio Marchionne and Alessandro Nasi: Vice-Chairman.

The Board of Directors has also resolved to appoint Marc Bolland as the chairman of the Board, as referred to in the Dutch Civil Code. According to Article 18 of the Articles of Association, the chairman of the Board has the title of “Senior Non-Executive Director”.

The following members are independent within the meaning of the Dutch Corporate Governance Code:

- Marc Bolland;
- Anne Marianne Fentener Van Vlissingen;
- Jae Yong Lee;
- Antonio Mota de Sousa Horta Osorio;
- Robert Speyer;
- Michelangelo Volpi; and
- Ruth Wertheimer.

Directors are expected to prepare themselves for and to attend all Board of Directors meetings, the annual general meeting of shareholders and the meetings of the committees on which they serve, with the understanding that, on occasion, a Director may be unable to attend a meeting.

From 11 December 2016 to the year-end, one meeting of the Board of Directors was held on 12 December 2016. The majority of the Directors was present at this meeting.

Given the very short period that the Dutch Corporate Governance Code was applicable to EXOR the non-executive directors have not been able to discuss, without the executive director being present, its own functioning, the functioning of its committees and its individual members, and the conclusions that must be drawn on the basis thereof, as prescribed by the best practice provisions III.1.7 of the Dutch Corporate Governance Code. For the same reason, the non-executive directors have not been able to discuss the corporate strategy and the main risks of the business, the result of the assessment of the design and effectiveness of the internal risk management and control systems, as well as any significant changes thereto, as prescribed by the best practice provisions III.1.8 of the Dutch Corporate Governance Code.

It is expected that one or more meetings will be held in 2017 to discuss the abovementioned matters.

The current composition of the Board of Directors is the following:

John Philip Elkann, Chairman and Chief Executive Officer (executive director) - John Elkann is Chairman of FCA. He was appointed Chairman of Fiat S.p.A. on April 21, 2010 where he previously served as Vice Chairman beginning in 2004 and as a board member beginning December 1997. Mr. Elkann is also Chairman and Managing Director of Giovanni Agnelli B.V. Born in New York in 1976, Mr. Elkann obtained a scientific baccalaureate from the Lycée Victor Duruy in Paris, and graduated in Engineering from Politecnico, the Engineering University of Turin (Italy). While at university, he gained work experience in various companies of the Fiat Group in the UK and Poland (manufacturing) as well as in France (sales and marketing). He started his professional career in 2001 at General Electric as a member of the Corporate Audit Staff, with assignments in Asia, the U.S. and Europe. Mr. Elkann is Chairman of PartnerRe and of Italiana Editrice S.p.A., Vice Chairman of Ferrari N.V. and Ferrari S.p.A. and a board member of The Economist Group. Mr. Elkann is a member of the Museum of Modern Art (MoMA). He also serves as Vice Chairman of the Italian Aspen Institute and of the Giovanni Agnelli Foundation.

Sergio Marchionne, Vice Chairman (non-executive director) - Sergio Marchionne currently serves as Chief Executive Officer of FCA and Chairman and Chief Executive Officer of both FCA US and FCA Italy. In addition, he is also Chairman of CNHI and Chairman and Chief Executive Officer of Ferrari N.V. and Ferrari S.p.A. Born in Chieti (Italy) in 1952, he has dual Canadian and Italian citizenship. He holds a Bachelor of Arts with a major in Philosophy from the University of Toronto and a Bachelor of Laws from Osgoode Hall Law School at York University in Toronto, as well as a Master of Business Administration and a Bachelor of Commerce from the University of Windsor (Canada). Mr. Marchionne is a barrister, solicitor and chartered accountant. Mr. Marchionne began his professional career in Canada. From 1983 to 1985, he worked for Deloitte & Touche. From 1985 to 1988, he was with the Lawson Mardon Group of Toronto. From 1989 to 1990, he served as Executive Vice President of Glenex Industries. From 1990 to 1992, he was Chief Financial Officer at Acklands Ltd. From 1992 to 1994, also in Toronto, he held the position of Vice President of Legal and Corporate Development and Chief Financial Officer of the Lawson Mardon Group. From 1994 to 2000, he covered various positions of increasing responsibility at Algroup, headquartered in Zurich (Switzerland), until becoming its Chief Executive Officer. He then went on to head the Lonza Group Ltd, first as Chief Executive Officer (2000-2001) and then as Chairman (2002). In February 2002, he became Chief Executive Officer of the SGS Group of Geneva. In March 2006, he was appointed Chairman of the company, a position which he continues to hold. From 2008 to April 2010, he also served as non-

executive Vice Chairman and Senior Independent Director of UBS. In 2010, Mr. Marchionne joined the Board of Directors of Exor S.p.A. (now Exor N.V.). As of September 2013, he is also Chairman of CNH Industrial N.V., the company resulting from the mergers of Fiat Industrial S.p.A. and CNH Global N.V. Mr. Marchionne is currently a member of the Board of Philip Morris International Inc. and the Peterson Institute for International Economics, as well as Chairman of the Council for the United States and Italy and member of the J.P. Morgan International Council. Mr. Marchionne is recipient of ad honorem degrees in Industrial Engineering and Management from Polytechnic University in Turin (Italy) and in Economics from the University of Cassino (Italy), a Masters honoris causa in Business Administration from the CUOA Foundation (Italy), an honorary Doctor of Laws from the University of Windsor (Canada) and Walsh College in Troy (Michigan), and honorary doctorates in Business Administration from the University of Toledo (Ohio), in Science from Oakland University in Rochester (Michigan) and in Humane Letters from Indiana University Kokomo (Indiana). Mr. Marchionne also holds the honor of Cavaliere del Lavoro.

Alessandro Nasi, Vice Chairman (non-executive director) - Alessandro Nasi was born in Turin (Italy) in 1974, he grew up in New York and then returned to Italy where he obtained a degree in Economics at the University of Turin. He started his career as a financial analyst in several banks, gaining experience at Europlus Asset Management – a division of Unicredito in Dublin – Pricewaterhouse Coopers in Turin, Merrill Lynch and JP Morgan in New York. He then joined JP Morgan Partners in New York as an Associate in their Private Equity Division. In 2005 he joined Fiat Group as manager of Corporate and Business Development, heading the APAC division. In such role, he was involved in supporting the activities of the Fiat Group sectors in developing their businesses in Asia Pacific area. In 2007 he was appointed Vice President of Business Development and a member of the Steering Committee of Fiat Powertrain Technologies, the Engine and Powertrain division of Fiat Group. At the beginning of 2008 he took over a new responsibility at Case New Holland, the Fiat Group company which manufactures agricultural machinery and construction equipment of which he is Senior Vice President of Business Development. From October 2009 to January 2011 he has also been responsible for Network Development serving as Senior Vice President. From January 2011 he has been appointed Member of the Industrial Executive Council of Fiat Industrial, as Secretary and Responsible for Business Development. From November 2012 he has been appointed Chief Business Development Officer and Executive Coordinator of the Group Executive Council (GEC) of Fiat Industrial. From September 2013 he has been appointed President Specialty Vehicles of CNH Industrial retaining his position of Executive Coordinator of the Group Executive Council (GEC). He is a director of Giovanni Agnelli B.V.

Marc Bolland (non-executive director) - Marc Bolland was born in the Netherlands in 1959 and graduated with an MBA from the University of Groningen in the Netherlands. In November 2011, he was awarded an Honorary Doctorate from the University of York, in the UK. He began his professional career at Heineken N.V. in 1987 as a Management trainee. During his first 14 years he occupied several international management positions. He served as an Executive board member of Heineken N.V. from 2001 to 2006 and as Chief Operating Officer of Heineken N.V. from 2005 to July 2006. In 2006 he was appointed as Chief Executive Officer of WM Morrison Supermarkets plc, where he led the turnaround after the acquisition of Safeway plc until April 2010. In May 2010 he joined the board of Marks and Spencer plc as Chief Executive Officer until April 2016. He led the transformation of Marks and Spencer to become a multi-channel, general merchandise retailer and developed the food business with industry leading growth. In September 2016 he joined Blackstone Group International Partners LLP as Operating Partner and Head of European Portfolio Operations. He is currently a Non-Executive Director of The Coca-Cola company, Atlanta USA and IAG (Parent company of British Airways). He is Vice President at Unicef UK. He is a Trustee on the Board of the Royal Academy of Arts. He was elected Vice Chairman of the Consumer Goods Forum in 2014. He was appointed by HRH Prince Wales his personal National Ambassador and was appointed by the Prime Minister as a British Business Ambassador.

Andrea Agnelli (non-executive director) - Andrea Agnelli has been Chairman of Juventus Football Club S.p.A. since May 2010 and is also Chairman of Lamse S.p.A., a holding company of which he is a founding shareholder. Born in Turin in 1975, he studied at Oxford (St. Clare's International College) and Milan (Università Commerciale Luigi Bocconi). While at university, he gained professional experience both in Italy and abroad, including positions at: Iveco-Ford in London; Piaggio in Milan; Auchan Hypermarché in Lille; Schroder Salomon Smith Barney in London; and, finally, Juventus Football Club S.p.A. in Turin. Mr. Agnelli began his career in 1999 at Ferrari Idea in Lugano, where he was responsible for promoting and developing the Ferrari brand in non-automotive areas. In November 2000, he moved to Paris and assumed responsibility for marketing at Uni Invest SA, a Banque San Paolo company specialized in managed investment products. Mr. Agnelli worked at Philip Morris International in Lausanne from 2001 to 2004, where he initially had responsibility for marketing and sponsorships and, subsequently, corporate communication. In 2005, Mr. Agnelli returned to Turin to work in strategic development for

IFIL Investments S.p.A. (now Exor N.V.) and he joined the Board of Directors of IFI S.p.A. (now Exor N.V.) in May 2006. Mr. Agnelli is a Director of Giovanni Agnelli B.V. and a member of the advisory board of BlueGem Capital Partners LLP. He is also a member of the European Club Association's executive board since 2012. Since July 2014, he has served as a board member of the Serie A National League of Professionals and as board member of the Foundation for the General Mutuality in Professional Team Sports. In September 2015, he was appointed to the UEFA Executive Committee as an ECA representative. Mr. Agnelli was appointed to the Board of Directors of Fiat S.p.A. on May 30, 2004 and became a member of the Board of Directors of FCA on October 12, 2014.

Niccolò Camerana (non-executive director) - Niccolò Camerana was born in Florence (Italy) in 1979 and he grew up in UK where he obtained a degree in International Business Studies at European Business School of London. Between 2003 until 2006 Niccolò worked for Pricewaterhousecoopers in Italy for the Transaction Services and Audit department. He then worked in London for 3 years (2006-2009) for UBS Investment Bank for the Mergers and Acquisitions division, advising different transactions in various sectors. He joined Fiat Chrysler Automobiles in 2010 in the EMEA Business Development department providing support with project assessment and negotiation of related agreements with FCA external partners. Since May 2016 Niccolò is Head of Debt Capital Markets and Investor Relations in FCA Bank, the 50 / 50 joint venture between Fiat Chrysler Automobiles and Crédit Agricole, specialized in car finance and lease companies operating in Europe.

Ginevra Elkann (non-executive director) - Ginevra Elkann was born in London in 1979 and she has lived in the UK, France and Brasil. She graduated in Visual Communication at the American University of Paris and completed a Master in Film Making at the London Film School. She is President of Asmara Films, founded in 2010, and of Good Films, a production/distribution film company, co-founded in 2011. She is a member of Christie's Advisory Board and she is a member of the Acquisition Committee and Executive Committee for the Cartier Foundation of Paris. Since 2013 she has been a member of the Advisory Board of UCCA, Beijing and of the American Academy of Rome. She is since 2006 President of the Pinacoteca Giovanni e Marella Agnelli.

Anne Marianne Fentener van Vlissingen (non-executive director) - Anne Marianne Fentener van Vlissingen is Chairman of the Board of SHV Holdings, a Dutch international family-owned company. SHV is active in exploration and production of oil and gas (Dyas), industrial services (ERIKS), cash and carry wholesale (Makro), heavy lifting and transport solutions (Mammoet), provision of private equity (NPM Capital), trade in and distribution of LPG (SHV Energy) and animal nutrition and fish feed (Nutreco). Born in 1961, after graduating as an MBA, Mrs Fentener van Vlissingen worked as a financial analyst and strategic consultant. Mrs Fentener van Vlissingen is presently on the Supervisory Board of Heineken NV, a Belgian company, Lhoist, Foundation National Park 'De Hoge Veluwe' and on the Advisory Board of Bank of America.

Jae Yong Lee (non-executive director) - Jae Yong Lee was born in 1968. A Korean national, he earned a bachelor's degree in History from Seoul National University in Korea and an MBA from Keio University in Japan. He also attended the doctoral program at Harvard Business School. He began his career with Samsung Electronics in 1991, and became Chief Customer Officer in 2007. From 2009 to 2012, he was Chief Operating Officer, and became Vice Chairman in 2012. He was elected to Samsung's board of directors in 2016. He oversees the alignment of the company's business units spanning both branded electronics products and components, and leads Samsung's outreach in forging strategic industry partnerships and alliances.

Antonio Mota de Sousa Horta Osorio (Non-Executive Director) - António joined the board of Lloyds Banking Group on 17 January 2011 as an Executive Director and became Group Chief Executive on 1 March 2011. Born in 1964, Mr. Horta-Osório is a graduate of management and business administration at Universidade Católica Portuguesa. He has a MBA from INSEAD where he was awarded the Henry Ford II prize – and an AMP from Harvard Business School. He has also been awarded Honorary Doctorates from the University of Edinburgh, the University of Bath, and the University of Warwick. António started his career at Citibank Portugal where he was Head of Capital Markets. At the same time, he was an assistant professor at Universidade Católica Portuguesa. He then worked for Goldman Sachs in New York and London. In 1993, he joined Grupo Santander as Chief Executive of Banco Santander de Negócios Portugal. He was CEO of Banco Santander Brazil 1997-1999 and in 2000 he became CEO of Banco Santander Totta in Portugal and an Executive Vice President of Group Santander, moving to the UK in 2006 to become CEO of Abbey and its successor Santander UK. In 2014 the Government of Portugal awarded António with the Order of Merit Grã-Cruz, which is the highest Order of Civil Merit. Previously a non-executive Director to the Court of the Bank of England, António is currently a non-executive of Fundação Champalimaud in Portugal, Sociedade Francisco Manuel dos Santos and a member of the Board of Stichting

INPAR. In 2015 António was appointed Chairman of the Wallace Collection by the Prime Minister. The Wallace Collection is one of Europe's foremost art collections.

Lupo Rattazzi (non-executive director) - Lupo Rattazzi graduated in 1975 with a B.A. in Economics and Political Sciences at Columbia University of New York. In 1977, he obtained a Master in Public Administration at the Harvard Kennedy School, in Cambridge, Massachusetts and in 2002 a Master for Non-Executive Directors at Borsa Italiana S.p.A. From 1977 to 1978, he was assistant to Chairman Guido Carli for International Monetary Affairs at Centro Studi Confindustria in Rome. In 1978 he joined the Corporate Finance department of Salomon Brothers, and in 1979 he became senior Member of the International Advisory Service of Kuhn Loeb Lehman Brothers in New York. He was a Shareholder-founder as well as Head of M&A and trade finance, from 1981 to 1985, of Pragma Investimenti e Finanza S.p.A.. From 1985 to 1989, he was in charge of M&A at C.F.I. S.p.A.. From 1988 and 2000, he was a Shareholder-founder and Chairman of Air Europe S.p.A.. At present, he is Chairman of the Italian Hospital Group and of Neos S.p.A.; he is a director of Banca Finnat Euramerica, Coe & Clerici and GL Investimenti.

Robert Speyer (non-executive director) - Rob Speyer is the President and Chief Executive Officer of Tishman Speyer. Over the past decade, he has guided Tishman Speyer's growth into a leading global real estate investment management firm. Rob Speyer is currently serving his second term as Chairman of the Real Estate Board of New York (REBNY), the city's premier industry association. He is also Chairman of the Advisory Board of the Mayor's Fund to Advance New York City. Mr. Speyer serves on the Board of Trustees of New York-Presbyterian Hospital and St. Patrick's Cathedral in New York City, where he was Co-Chairman of the Construction Committee overseeing its restoration and renovation. He is also a member of the Shanghai Mayor's International Business Leaders Advisory Council. An emeritus member of the Board of Visitors at Columbia College, Rob Speyer graduated magna cum laude from Columbia in 1992 and was elected to the Phi Beta Kappa Society.

Michelangelo Volpi (non-executive director) - Mike Volpi has been a partner at Index Ventures since 2009. He is focused on investments software infrastructures for enterprises and Internet applications for consumers. Mike led the investment by Index Ventures in Arista Networks (NYSE: ANET), Cloud.com (now part of Citrix) and is currently a director of Sonos, Elastic, Pure Storage (NYSE: PSTG), Big Switch Networks, Zuora, Hortonworks (NASDAQ: HDP), Confluent and Wealthfront. Mike began his career at Hewlett Packard's optoelectronics division. From 1994, Mike performed in various executive roles for 13 years at Cisco Systems. He served as the company's Chief Strategy Officer, where he was responsible for Cisco's corporate strategy as well as business development, strategic alliances, advanced Internet projects, legal services, and government affairs. During this tenure, Mike was instrumental in the creation of the company's acquisition and investment strategies, as Cisco acquired more than 70 companies. He then became Senior Vice President & General Manager of the Routing and Service Provider Technology Group, where he led Cisco's business for the Service Provider market, and was also responsible for all of Cisco's routing products. In 2007, this was an \$11 billion business for Cisco. Prior to Index, Mike was the CEO of Joost – an innovator in the field of premium video services delivered over the Internet. He has master's and bachelor's degrees in mechanical engineering from Stanford University and an M.B.A. from the Stanford Graduate School of Business. Mike services on the board of FCA and is a trustee of the Castilleja School in Palo Alto, CA.

Ruth Wertheimer (non-executive director) - Ruth Wertheimer is the Founder, Owner and Chairwoman of 7-Main, a family office focused on long-term minority partnerships in leading technology-industrial, technologically-led companies with families and private people as long-term anchor shareholders. Its areas of interest include among others: automation, robotics, sensors, photonics, special and diagnostics. Mrs. Wertheimer, born in Israel, is a board member and one of the major shareholders of the Wertheimer Company Ltd., a family holding company and the former anchor shareholder of IMC Metalworking Companies BV (sold to Berkshire Hathaway in two stages during 2006 and 2013), and the Blade Technologies International Group (sold to their partner Pratt & Whitney in 2014). IMC Metalworking Companies, in which Mrs. Wertheimer served as a board member until 2013, is a global leading manufacturer of precision metal working tools. The Blade Technologies International Group is a global leading manufacture of air foils for jet engines.

Composition of the Board of Directors

The Company believes that its Board of Directors has the diversity of experience, expertise and backgrounds, and the appropriate independence and judgment so as to allow the Board of Directors to fulfill its responsibilities and execute its duties appropriately. The Board of Directors has considered the steps to take in order to maintain appropriate balance of experience, knowledge and background among the Directors.

Board Regulations

By means of the resolution approved on 12 December 2016, the Board of Directors adopted its regulations, pursuant to Article 20.8 of the Articles of Association. Such regulations deal with matters that concern the Board of Directors and its committees internally.

The regulations contain provisions concerning the manner in which meetings of the Board of Directors are called and held, including the decision-making process. The regulations provide that Directors may participate in a meeting of the Board of Directors by means of conference call, video conference or by any other means of communication, provided that all Directors participating in such meeting are able to communicate with each other simultaneously.

The Board of Directors can only adopt valid resolutions when the majority of the Directors in office shall be present at the meeting or be represented thereat.

A Director may be represented at a meeting of the Board of Directors only by another Director duly authorized in writing, and such authorization shall constitute presence by proxy at such meeting. A Director may not act as a proxy for more than one other Director.

All resolutions shall be adopted by the favorable vote of the majority of the Directors present or represented at the meeting. Each Director shall have one vote.

Resolutions may be adopted by the Board of Directors without convening a meeting if the proposal is submitted to all Directors and none of them has objected to the relevant manner of adopting resolutions.

The regulations are available on the Company's website at www.exor.com.

Indemnification of Directors

To the extent permissible by law, as prescribed under Article 24 of the Articles of Association, the Company will indemnify and hold harmless each Director, both former members and members currently in office (each of them an "Indemnified Person"), against any and all liabilities, claims, judgments, fines and penalties ("Claims") incurred by the Indemnified Person as a result of any expected, pending or completed action, investigation or other proceeding, whether civil, criminal or administrative (each, a "Legal Action"), initiated by any party other than EXOR itself or a controlled entity of EXOR, in relation to any acts or omissions in or related to his capacity as an Indemnified Person. Claims will include derivative actions of or initiated by the Company or a group company thereof against the Indemnified Person and (recourse) claims by the Company itself or a group company thereof for payments of claims by third parties if the Indemnified Person will be held personally liable therefore.

Conflict of interest

A Director may not participate in deliberating or decision-making within the Board of Directors, if with respect to the matter concerned he has a direct or indirect personal interest that conflicts with the interests of the Company and the business connected with it ("Conflict of Interests"). This prohibition does not apply if the Conflict of Interests exists for all Directors: should this be the case, the Board of Directors shall maintain its power, subject to the approval of the general meeting of shareholders.

A Director having a Conflict of Interests or an interest which may have the appearance of such a Conflict of Interests must declare the nature and extent of that interest to the other Directors.

Amount and Composition of the remuneration of the Board of Directors

Details of the remuneration of the Board of Directors and its committees are set forth under the Section "Remuneration of Directors".

The Audit Committee

The Audit Committee is responsible for assisting and advising the Board of Directors and for acting under authority delegated by the Board of Directors, with respect to (i) the integrity of the Company's financial statements, including any published interim reports; (ii) the Company's policy on tax planning adopted by management; (iii) the Company's financing, (iv) the application by the Company of information and communication technology; (v) the systems of internal controls that management and/or the Board of Directors have established; (vi) the Company's compliance with legal and regulatory requirements; (vii) the Company's compliance with recommendations and

observations of internal and independent auditors; (viii) the Company's policies and procedures for addressing certain actual or perceived conflicts of interest; (ix) the qualifications, independence and remuneration of the Company's independent auditors and any non-audit services provided to the Company by the independent auditors; (x) the functioning of the Company's internal auditors and independent auditors; (xi) risk management guidelines and policies; and (xii) the implementation and effectiveness of the Company's ethics and compliance program.

The Audit Committee currently consists of Mr. Bolland (Chairperson), Ms. Fentener Van Vlissingen and Mr. Rattazzi. As contemplated by the Dutch Corporate Governance Code and Article 2.1 of the Audit Committee Charter, one of the abovementioned members is not independent. The Audit Committee is elected by the Board of Directors and is comprised of at least three non-executive Directors. Each member of the Audit Committee shall, further, (i) neither have a material relationship with the Company, as determined by the Board of Directors nor perform the functions of auditors or accountants for the Company; and (ii) be "financially literate" and have "accounting or selected financial management expertise" as determined by the Board of Directors.

At least one member of the Audit Committee shall be a financial expert with relevant knowledge and experience of financial administration and accounting for listed companies or other large legal entities. No Director of the Company may serve as a member of the Audit Committee if such Director serves on the audit committees of more than four other public companies unless the Board of Directors has determined that such simultaneous service would not impair the ability of such Director to effectively serve on the Audit Committee, and discloses this determination in the Company's board report. The independent auditors will, unless the Audit Committee determines otherwise, attend the meetings of the Audit Committee. The Company's Chief Executive Officer and Chief Financial Officer will be free to attend the meetings of the Audit Committee unless the Audit Committee determines otherwise.

Until 11 December 2016 the Internal Control and Risk Committee, being the predecessor of the Audit Committee, met 6 times and the attendance of its members at those meetings was 100%.

The Compensation and Nominating Committee

The function of the Compensation and Nominating Committee is to assist and advise the Board of Directors and act under authority delegated by the Board of Directors with respect to (i) executive compensation; (ii) the Company's remuneration policy; (iii) compensation of Non-Executive Directors; (iv) remuneration reports; (v) drawing up the selection criteria and appointment procedures for Directors of the Company; (vi) periodic assessment of the size and composition of the Board of Directors and as appropriate making proposals for a profile of composition of the Board of Directors; (vii) periodic assessment of the performance of individual Directors and reporting on this to the Board of Directors; (viii) proposals to the Non-Executive Directors for the nomination and re-nomination of Directors to be elected by the shareholders; (ix) supervision of the policy on the selection and appointment criteria for senior management and on succession planning; and (x) monitoring, evaluating and reporting on the sustainable policies and practices, management standards, strategy, performance and governance globally of the Company and its subsidiaries.

The Compensation and Nominating Committee currently consists of Mr. Volpi (Chairperson), Mr. Nasi and Mr. Speyer. As contemplated by the Dutch Corporate Governance Code and Article 2.1 of the Compensation and Nominating Committee Charter, one of the abovementioned members is not independent. The Compensation and Nominating Committee is elected by the Board of Directors and is comprised of at least three Non-Executive Directors. Until 11 December 2016 the Compensation and Nominating Committee met once and the attendance of its members at those meetings was 100%.

Disclosures pursuant to Decree Article 10 EU-Directive on Takeovers

In accordance with the Dutch *Besluit artikel 10 overnamerichtlijn* (the "Decree"), the Company makes the following disclosures.

- (a) For information on the capital structure of the Company, the composition of the issued share capital and the existence of the two classes of shares, reference is made to the section above Major shareholder and capital structure. For information on the rights attached to the ordinary shares reference is made to the Articles of Association which can be found on the Company's website. To summarize, the rights attached to ordinary shares comprise of pre-emptive rights upon issue of ordinary shares, the right to attend the general meeting of shareholders and to speak and vote at that meeting and the entitlement to distributions of such amount of the Company's profit as remains after allocation to the reserves. For information on the rights

attached to the special voting shares reference made is to the Articles of Association and the SVS Terms which can both be found on the Company's website and more in particular to the section Special Voting Structure above.

- (b) No transfer restrictions apply to ordinary shares. Pursuant to the Articles of Association and the SVS Terms transfer restrictions apply for special voting shares.
- (c) For information on participations in the Company's capital in respect of which pursuant to Sections 5:34, 5:35 and 5:43 of the Dutch Financial Supervision Acts (*Wet op het financieel toezicht*) notification requirements apply reference is made to section " Significant Shareholders" of this board report. This chapter lists the shareholders who hold 3% or more of the issued ordinary shares.
- (d) No special control rights or other rights accrue to shares in the capital of the Company other than the right of holders of ordinary shares to receive special voting shares if and when the terms and conditions as set out in the SVS terms are met.
- (e) A mechanism for verifying compliance with a scheme allowing employees to subscribe for or to acquire shares in the capital of the Company or a subsidiary if the employees do not arrange for such verification directly is not applicable to the Company.
- (f) No restrictions apply to voting rights attached to ordinary shares in the capital of the Company, nor are there any deadlines for exercising voting rights. No depositary receipts for ordinary shares have been issued with the cooperation of the Company.
- (g) The Company is not aware of the existence of any agreements with any shareholder which may result in restrictions on the transfer of shares or limitation of voting rights.
- (h) The rules governing the appointment and dismissal of members of the Board of Directors are stated in the Articles of Association. All members of the Board of Directors are appointed by the general meeting of shareholders. The Board of Directors will nominate a candidate for each vacant seat. A nomination by the Board of Directors will be binding. However, the general meeting of shareholders may deprive the nomination of its binding character by a resolution passed with a two-third majority of the votes cast. If the binding nomination is not deprived of its binding character, the person nominated will be deemed appointed. If the nomination is deprived of its binding character, the Board of Directors will be allowed to make a new binding nomination. The term of office of Directors may not exceed a maximum period of four years at a time. A Director who ceases office in accordance with the previous provisions is immediately eligible for reappointment. The rules governing an amendment of the Articles of Association are stated in the Articles of Association and require a resolution of the general meeting of shareholders which can only be adopted upon a proposal of the Board of Directors.
- (i) The Board of Directors has been designated by the general meeting of shareholders as the competent body to issue ordinary shares and to grant rights to subscribe for shares for a term of five years with effect from 11 December 2016. The Board of Directors will be authorized to increase the share capital with such number of shares for a nominal value up to EUR 5,000,000 and to issue convertible bonds for an aggregate issue price up to EUR 1,000,000,000, and to issue the underlying ordinary shares (or granting of rights to subscribe for such underlying ordinary shares) pursuant to the applicable conversion ratio. This designation can be used for any and all purposes. The Board of Directors is also authorized to limit or exclude pre-emptive rights of shareholders when issuing ordinary shares or granting rights to subscribe for ordinary shares, for a term of five years with effect from 11 December 2016. With respect to Special Voting Shares A the Board of Directors has been designated by the general meeting of shareholders as the competent body to issue Special Voting Shares A and to grant rights to subscribe for Special Voting Shares A for a term of five years with effect from 11 December 2016. The power of the Board of Directors concerns all authorized but un-issued Special Voting Shares A in the Company's share capital from time to time. The Board of Directors has been authorized as well by the general meeting of shareholders with effect from 11 December 2016 to resolve on the acquisition by the Company of its own fully paid-up ordinary shares, up to the maximum number of shares that can be repurchased under Dutch law, and further within the limits of Dutch law and the Articles of Association through a purchase on the stock exchange or otherwise for a term of 18 months at a repurchase price per share, excluding expenses, not higher than 10% above the reference price recorded for the ordinary shares on the MTA on the day before each transaction is made or, in the event of purchases carried out through public purchase or exchange offerings, at price levels not lower than 10% below the reference price recorded by the ordinary shares on the stock exchange on the day before the disclosure to the public and not higher than 10% above the reference price recorded by the ordinary

shares on the stock exchange on the day before the disclosure to the public. The maximum amount to be used for the repurchase of ordinary shares will be EUR 500,000,000.

- (j) The Company is not a party to any significant agreements which will take effect, will be altered or will be terminated upon a change of control of the Company as a result of a public offer within the meaning of Section 5:70 of the Dutch Financial Supervision Acts (*Wet op het financieel toezicht*), provided that certain of the loan agreements entered into by the Company contain clauses that, as is customary for financing agreements of similar type, may require early repayment or termination in the event of a change of control of the Company.
- (k) The Company did not enter into any agreement of the company with a director or employee providing for a payment / distribution upon termination of employment as a result of a public offer within the meaning of article 5:70 of the Dutch Financial Supervision Acts.

General Meeting of Shareholders

Each year, though not later than in the month of June, an annual general meeting of shareholders will be held.

Other general meetings of shareholders will be held whenever the Board of Directors deems such to be necessary, without prejudice to the provisions of Sections 2:108a, 2:110, 2:111 and 2:112 of the Dutch Civil Code.

- a) The agenda of the general meeting will include the following subjects for discussion or voting:
- b) discussion of the board report;
- c) discussion and adoption of the annual accounts;
- d) dividend proposal (if applicable);
- e) appointment of Directors;
- f) appointment of an External Auditor;
- g) other subjects presented for discussion or voting by the Board of Directors and announced with due observance of the provisions of the Articles of Association, as for instance (i) release of Directors from liability; (ii) discussion of the policy on reserves and dividends; (iii) designation of the Board of Directors has authorized to issue shares; and/or (iv) authorization of the Board of Directors to make the Company acquire own shares.

Calling of meetings

Notice of general meetings of shareholders is given by the Board of Directors.

Furthermore, shareholders solely or jointly representing at least ten percent (10%) of the issued share capital may request the Board of Directors, in writing, to call a general meeting of shareholders, stating the matters to be dealt with.

If the Board of Directors fails to call a meeting, then such shareholders may, on their application, be authorized by the court in preliminary relief proceedings (*voorzieningenrechter van de rechtbank*) to convene a general meeting of shareholders. Such application may be rejected if the court is not satisfied that the applicants have previously requested the Board of Directors in writing, stating the exact subjects to be discussed, to convene a general meeting of shareholders.

Notice of the meeting must be given with due observance of the statutory notice period of forty-two (42) days. Further communications which must be made to the general meeting pursuant to the law or the Articles of Association can be made by including such communications either in the notice, or in a document which is deposited at the Company's office for inspection, provided a reference thereto is made in the notice itself.

Notice of general meetings of shareholders will be given in accordance with the requirements of law and the requirements of regulation applicable to the Company pursuant to the listing of its shares on the MTA. The Board of Directors may determine that shareholders and other persons entitled to attend the general meeting of shareholders will be given notice of meetings exclusively by announcement on the website of the Company and/or through other means of electronic public announcement.

The notice of the meeting will state (a) the subjects to be dealt with; (b) venue and time of the meeting; (c) the requirements for admittance to the meeting as described in Articles 35.2 and 35.3 of the Articles of Association, as well as the information referred to in Article 36.3 of the Articles of Association (if applicable); and (d) the address of the Company's website, together with any such other information as may be required by law.

Shareholders and/or other persons entitled to attend the general meeting of shareholders, who, alone or jointly, meet the requirements set forth in section 2:114a subsection 2 of the Dutch Civil Code will have the right to request the Board of Directors to place items on the agenda of the general meeting of shareholders, provided the reasons for the request must be stated therein and the request must be received by the Senior Non-Executive Director or the Chief Executive Officer in writing at least sixty (60) days before the date of the general meeting of shareholders.

For each general meeting of shareholders a statutory record date is applied, in order to determine in which persons voting rights are vested and which persons are entitled to attend the general meeting of shareholders. The record date is the twenty-eighth day before the relevant general meeting. The manner in which persons entitled to attend the general meeting of shareholders can register and exercise their rights will be set out in the notice convening the meeting.

General meetings of shareholders can be held in Amsterdam or Haarlemmermeer (including Schiphol Airport), at the choice of those who call the meeting.

Conduct of the meeting

General meetings of shareholders will be chaired by the Senior Non-Executive Director or his replacement. However, the Board of Directors may also appoint another person to chair the meeting. The chairman of the meeting will have all the powers he may deem required to ensure the proper and orderly functioning of the general meeting of shareholders.

Each shareholder and each other person entitled to attend the general meeting of shareholders is authorised to attend, to speak at, and to the extent applicable, to exercise his voting rights in the general meeting of shareholders. They may be represented by a proxy holder authorised in writing.

A person entitled to attend the general meeting of shareholders or his proxy will only be admitted to the meeting if he has notified the Company of his intention to attend the meeting in writing at the address and by the date specified in the notice of meeting. The proxy is also required to produce written evidence of his mandate.

The Board of Directors is authorised to determine that the voting rights and the right to attend the general meeting of shareholders can be exercised by using an electronic means of communication. If so decided, it will be required that each person entitled to attend the general meeting of shareholders, or his proxy holder, can be identified through the electronic means of communication, follow the discussions in the meeting and, to the extent applicable, exercise the voting right. The Board of Directors may also determine that the electronic means of communication used must allow each person entitled to attend the general meeting of shareholders or his proxy holder to participate in the discussions.

The Board of Directors may determine further conditions to the use of electronic means of communication as referred above, provided such conditions are reasonable and necessary for the identification of persons entitled to attend the general meeting of shareholders and the reliability and safety of the communication. Such further conditions will be set out in the notice of the meeting. The foregoing does, however, not restrict the authority of the chairman of the meeting to take such action as he deems fit in the interest of the meeting being conducted in an orderly fashion. Any non or malfunctioning of the means of electronic communication used is at the risk of the persons entitled to attend the general meeting of shareholders using the same.

The chairman of the meeting will decide upon the admittance to the meeting of persons other than those who are entitled to attend.

The company secretary will arrange for the keeping of an attendance list in respect of each general meeting of shareholders. The attendance list will contain in respect of each person with voting rights present or represented: his name, the number of votes that can be exercised by him and, if applicable, the name of his representative. The chairman of the meeting can decide that also the name and other information about other people present will be recorded in the attendance list.

The Company is authorized to apply such verification procedures as it reasonably deems necessary to establish the identity of the persons entitled to attend the general meeting of shareholders and, where applicable, the identity and authority of representatives.

The Board of Directors shall provide the general meeting of shareholders with all requested information, unless this would be contrary to an overriding interest of the Company.

Each ordinary share confers the right to cast one vote. Each Special Voting Share-A confers the right to cast four votes and each Special Voting Share-B confers the right to cast nine votes.

At the general meeting of shareholders, all resolutions must be adopted by an absolute majority of the votes validly cast, except in those cases in which the law or the Articles of Association require a greater majority. If there is a tie in voting, the proposal will thus be rejected.

The Board of Directors may determine that votes cast prior to the general meeting of shareholders by electronic means of communication or by mail, are equated with votes cast at the time of the general meeting. Such votes may not be cast before the record date referred to above. Without prejudice to the provisions of article 35 of the Articles of Association, the notice convening the general meeting of shareholders must state how shareholders may exercise their rights prior to the meeting.

Blank and invalid votes will be regarded as not having been cast.

The chairman of the meeting will decide whether and to what extent votes are taken orally, in writing, electronically or by acclamation.

When determining how many votes are cast by shareholders, how many shareholders are present or represented, or what portion of the Company's issued capital is represented, no account will be taken of shares for which no votes can be cast by law.

No voting rights shall be exercised in the general meeting of shareholders for shares owned by the Company or by a subsidiary of the Company. Pledgees and usufructuaries of shares owned by the Company and its subsidiaries shall however not be excluded from exercising their voting rights, if the right of pledge or usufruct was created before the shares were owned by the Company or a subsidiary. Neither the Company nor any of its subsidiaries may exercise voting rights for shares in respect of which it holds a right of pledge or usufruct.

Minutes will be kept of the proceedings at the general meeting of shareholders by, or under supervision of, the company secretary, which will be adopted by the chairman of the meeting and the secretary and will be signed by them as evidence thereof.

However, the chairman of the meeting may determine that notarial minutes will be prepared of the proceedings of the meeting. In that case the co-signature of the chairman will be sufficient.

The minutes of the general meeting of shareholders shall be made available, on request, to the shareholders no later than three months after the end of the meeting, after which the shareholders shall have the opportunity to react to the minutes in the following three months. The minutes shall then be adopted in the manner as described in the Articles of Association.

Corporate offices

The Company is incorporated under the laws of the Netherlands. It has its corporate seat at Hoogoorddreef 15, 1101 BA Amsterdam, the Netherlands.

EXOR has elected the Netherlands as home Member State for the purposes of Article 2, paragraph 1, lett. i), Article 20 and Article 21 of the Directive 2004/109/EC of the European Parliament and the Council of 15 December 2004 (the so-called "Transparency Directive").

The Company is registered in the Dutch Commercial Register under number 64236277.

Code of Ethics

By means of the resolution passed on 24 November 2016, the Board of Directors approved and adopted the Code of Ethics (the “Code”), with effect as of 11 December 2016.

The Code sets out the principles and the ethical values which EXOR follows in the conduct of its activities and the rigorous observance of which it requires of all persons in the Company and more generally of all those who work with and are collaborators of the Company in the pursuit of its corporate mission; together with all the other regulations, policies and dispositions issued by the Company, the Code constitutes the foundation necessary for the prevention and detection of any infringement of the law.

The Code includes specific guidelines relating to health and safety, business ethics and anti-corruption, principles for the management of investments, human resource management, respect of human rights, conflicts of interest and abuse of inside information, data privacy, safeguarding on Company’s assets and relationships with public institutions.

The following are required to be familiar with the dispositions of the Code: shareholders; executives, managers, supervisors and staff; all those who have a function of representation, administration and direction, or of management and control in the Company (also *de facto*); all employees, without any exception; collaborators (including, as mere example, consultants, professional advisers, etc.); and whoever enters into a business relationship with the Company.

The Company is committed to assuring the maximum diffusion of this Code of Ethics also by means of appropriate communication methods, also through training and measures to increase awareness of its contents.

EXOR, also, takes steps to ensure that the companies in which it has an investment adopt Codes of Conduct whose principles are based on those of this Code of Ethics and, anyhow, do not in any way conflict with them.

The Code is available on EXOR’s corporate website at www.exor.com.

Insider Trading Policy

The EXOR Insider Trading Policy is intended to make all employees of EXOR aware of the legal and regulatory duties regarding, and the sanctions applicable to, insider dealing and unlawful disclosure of inside information. In addition, the Insider Trading Policy states the notification obligations that have to be fulfilled under Dutch and Italian law by members of the board of directors and persons closely associated with them when dealing in securities of EXOR and its group companies.

With the Insider Trading Policy EXOR makes sure that the requirements of article 18(2) and 19(5) of the Market Abuse Regulation (Regulation 596/2014) will be fulfilled. The amended and restated EXOR Insider Trading Policy is expected to come into force in the course of 2017.

IN CONTROL STATEMENT

Internal Control System

The Board of Directors is responsible for designing, implementing and maintaining internal controls, including proper accounting records and other management information suitable for running the business.

The principal characteristics of the Internal Control System and Internal Control over Financial Reporting adopted by the Company are described in the specific paragraph mentioned above.

Based on the assessment performed, the Board of Directors concluded that, as of December 31, 2016, the Group's and the Company's Internal Control over Financial Reporting is considered effective.

April 5, 2017

John Elkann

Chairman

RESPONSIBILITIES IN RESPECT TO THE ANNUAL REPORT

The Board of Directors is responsible for preparing the Annual Report, inclusive of the Consolidated and Statutory Financial Statements and Report on Operations, in accordance with Dutch law and International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union (EU-IFRS).

In accordance with Section 5:25c, paragraph 2 of the Dutch Financial Supervision Act, the Board of Directors states that, to the best of its knowledge, the Financial Statements prepared in accordance with applicable accounting standards provide a true and fair view of the assets, liabilities, financial position and profit or loss for the year of the Company and its subsidiaries and that the Report on Operations provides a true and a fair view of the performance of the business during the financial year and the position at balance sheet date of the Company and its subsidiaries, together with a description of the principal risks and uncertainties that the Company and the Group face.

April 5, 2017

The Board of Directors:

John Elkann

Sergio Marchionne

Alessandro Nasi

Andrea Agnelli

Niccolò Camerana

Ginevra Elkann

Lupo Rattazzi

Marc Bolland

Anne Marianne Fentener van Vlissingen

Jae Yong Lee (*Not in a position to sign*)

António Mota de Sousa Horta-Osório

Robert Speyer

Michelangelo Volpi

Ruth Wertheimer

ENVIRONMENTAL SUSTAINABILITY

EXOR is an investment holding company, with a very lean structure, which makes long-term investments focused on global companies in diversified sectors.

The companies controlled by EXOR (and thus consolidated, in accordance with IFRS) are committed to sustainability, in particular the most important operating groups such as FCA and CNH Industrial.

For several years, these companies have decided to make specific, measurable commitments with regard to the environment and, more generally, with regard to sustainability. As a result, they have adopted pervading management processes at the level of the various corporate functions (and hierarchical levels) and regularly publish sustainability reports.

Business strategies and aims with regard to sustainable development are pursued and implemented autonomously by these companies, each of which follows its own model of corporate governance. Further details are provided below.

EXOR fully supports its operating companies in the effort that sees them involved in producing regular, carefully compiled sustainability reports, according to international best practices. In our own particular case, however, EXOR does not regard the mass of criteria normally used in this type of analysis as being applicable.

It is important to emphasize that, in general, EXOR considers it fundamental to conduct its affairs responsibly from the social, human and environmental point of view and that it attaches great importance to its links with the local community. In fact, it financially supports and sustains numerous activities in the spheres of social research, education, care and the promotion of culture. The initiatives being promoted and the projects being sustained in these fields are clearly referred to in the designated section of the corporate website (www.exor.com).

More information is contained in the Corporate Governance Report.

FCA

All areas of the FCA Group have a role in addressing the goals and challenges of sustainability. The FCA sustainability management process is based on a model of shared responsibility that begins with the top level of management and involves every area and function within the organization.

Several entities within the organization are responsible for directing and coordinating sustainability activities across the Group's businesses.

Operating responsibly requires ongoing engagement with stakeholders at the local and global levels. FCA has a target to expand and innovate the sustainability dialogue with stakeholders.

Over time, our engagement has evolved and we have developed a variety of channels to communicate with each type of stakeholder.

In 2016 FCA engaged with both internal and external stakeholders worldwide on sustainability topics through an online survey and through engagement events and workshops. This dialogue deepens the understanding of region-specific differences and contributes to new insights for FCA's sustainability initiatives and approach.

The data reported in this section is also included in the FCA 2016 Sustainability Report, that is submitted for assurance by Deloitte & Touche S.p.A. The scope, methodology, limitations and conclusions of the assurance engagement are provided in the Independent Auditors' Report published in the FCA 2016 Sustainability Report.

By managing its business responsibly, FCA can contribute to the transition to a circular economy that seeks to eliminate waste and promote product recovery and reuse. This approach takes on even greater importance in today's increasingly competitive landscape, where market conditions are challenging and customer tastes, trends and preferences are changing rapidly.

FCA's commitment to sustainability has received recognition at the global level from several leading organizations and indices.

In 2016 FCA was included in the prestigious Dow Jones Sustainability Index World for the eighth time and for the fifth consecutive year was recognized by CDP as a leader for its commitment and results in addressing climate change. CDP is a not-for-profit organization that provides a global system for disclosure of environmental impacts. FCA was included in the Climate "A" List in the CDP Climate Change Program 2016.

FCA is also a member of numerous other leading indices. These results place FCA firmly among the world's leading companies in terms of combined economic, environmental and social performance.

CNH INDUSTRIAL

CNH Industrial is committed to operating in an environmentally and socially-responsible manner.

The Governance and Sustainability Committee was assigned responsibility for strategic oversight of sustainability-related issues and reviews the Company's annual Sustainability Report. The sustainability strategic approach is defined by the GEC. The GEC is an operational decision-making body of CNH Industrial that is responsible for reviewing the operating performance of the businesses and making decisions on certain operational matters. It also evaluates the congruity of the commitments of sustainability with business objectives, and is regularly updated on the Group's sustainability performance. On sustainability matters the GEC is advised by the Sustainability Steering Committee ("SSC"). The SSC is chaired by the Chief Sustainability Officer who is also the Chief Financial Officer. The SSC was assigned responsibility to identify sustainability strategies, to integrate sustainability into operating processes, and to provide a forum for communication and benchmarking among the regions. The Regional Chief Operating Officers, Brand Leaders and Heads of Manufacturing, Purchasing, Quality, Human Resources, Corporate Communications, Legal, Compliance, Internal Audit, and Corporate Control and Accounting are permanent members of this committee.

The Sustainability Planning and Reporting department, which operates under the Chief Sustainability Officer's direction, is responsible for coordinating sustainability related governance across the regions and functions, and has operational responsibility for promoting a culture of sustainability throughout the Group. The Sustainability Planning and Reporting department facilitates the process of continuous improvement, promotes the integration of sustainability in day-to-day activities, and contributes to managing risks and strengthening the relationship with and perceptions of stakeholders, in addition to managing sustainability reporting and communication.

The Group also prepares a Sustainability Plan, which reports on the progress of existing projects and new targets to drive continuous improvement in the Group's sustainability performance. It is updated annually to report the status of existing projects and establish new targets to ensure continuous improvement to support long-term growth. The Sustainability Plan is incorporated in the Sustainability Report, which is prepared on a voluntary basis applying the Global Reporting Initiative's guidelines (GRI Standards) and is made available on the Company's website starting from the day of the annual general meeting of shareholders.

FERRARI

Ferrari's efforts relating to sustainability come to fruition in the polluting emissions reduction program, through the improvement of efficiency in the cars themselves and in the production process and through the Formula Uomo project launched in the early Nineties.

This involves seeing the personnel as the cornerstone of the company's activities. The concept of environmental sustainability, a responsibility towards the community that is home to the Maranello campus and to its own workforce, is therefore inextricably linked to the quality and safety of the working environment, a unique formula without parallel in the world.

The quality of the cars cannot be disassociated from the quality of life of those who work at Ferrari. Good lighting, air conditioning, a low environmental impact, safety, noise control, green and restful areas, along with the most advanced technologies, are the stand out features of an organization based on the principles of Formula Uomo. The project was established to allow all employees to best express their talent, creativity and passion.

REMUNERATION OF DIRECTORS

Foreword

EXOR S.p.A. (*società per azioni*), a public limited liability company incorporated under the laws of Italy, was merged with and into EXOR HOLDING N.V., a Dutch wholly-owned subsidiary of EXOR S.p.A. (the “Merger”) and renamed “EXOR N.V.”, effective as of 11 December 2016. As a result of the Merger, EXOR S.p.A. ceased to exist as a standalone entity and the Company (as defined below) has acquired all assets and assumed all liabilities and other legal relationships of EXOR S.p.A. under universal title of succession.

This remuneration paragraph has been prepared pursuant to the relevant Dutch and Italian applicable rules and regulations.

Section I of the Report provides the market with information regarding the remuneration policy (the “Remuneration Policy”) – as approved by means of the resolution adopted by the general meeting of shareholders on 24 November 2016 – applicable to Executive and Non-Executive directors of EXOR N.V. (“EXOR” or the “Company”). Section II of the Report provides an illustration of the compensation paid.

The compensation policy may be subject to amendments or updates by the board of directors of the Company (the “Board of Directors”, and each member thereof a “Director”) in the light of the periodical assessments made by the Compensation and Nominating Committee of the adequacy, overall coherence and effective application of the policy. Amendments to the Remuneration Policy will be submitted for approval to the general meeting of shareholders.

Section II of the Report provides information on the compensation paid (i) to the directors and the members of the board of statutory auditors of EXOR S.p.A. with reference to the period from 1 January 2016 to 10 December 2016 and (ii) to the Directors of the Company with reference to the period from 11 December 2016 (*i.e.* the effective date of the Merger, as defined below) until the end of the financial year (*i.e.* 31 December 2016).

SECTION I

Objectives and principles of the Remuneration Policy

The objective of the Remuneration Policy is to provide a compensation structure that allows the Company to attract and retain the most highly qualified executives and to motivate them to achieve business and financial goals that create value for shareholders in a manner consistent with the Company’s core business and leadership values.

For these objectives to be achieved, the Remuneration Policy is determined considering (i) best practices in compensation policy (in accordance, *inter alia*, with the Dutch Corporate Governance Code); and (ii) the need for sustainable compensation and for the alignment of the interests of management with the medium-to-long-term interests of the shareholders.

The Remuneration Policy aims, further, providing a total compensation opportunity that is competitive compared to the compensation paid by comparable companies and at reinforcing the Company’s performance-driven culture and meritocracy.

All the above – as evidenced in the foreword – is in the context of the specific characteristics of the Company, in particular of the ownership structure and the organizational structure.

The Remuneration Policy is determined to be coherent with the Company’s risk management policy and internal control system.

Remuneration Policy for Executive Directors

The Board of Directors of EXOR determines the compensation for Executive Directors in accordance with the Remuneration Policy. The Remuneration Policy is available on the Company’s website at www.exor.com.

The compensation structure for Executive Directors includes a fixed component and a variable component based on short and long-term performance. The Company believes that its compensation structure promotes the interests of EXOR in the short and the long-term and is designed to encourage Executive Directors to act in the best interests of EXOR. In determining the level and structure of the compensation of Executive Directors, the Non-Executive Directors will take into account, among other things, the Company’s financial and operational results and

other business objectives. The Company establishes target compensation levels using a market-based approach and periodically benchmarks its Executive compensation program against peer companies and monitors compensation levels and trends in the market.

Fixed component

The base salary is the fixed part of the annual cash compensation for Executive Directors. The primary objective is to attract and retain highly qualified senior executives. The Company's policy is to periodically benchmark comparable salaries paid to executives with similar experience by comparable companies.

Variable components

Executive Directors are also eligible to receive variable compensation subject to the achievement of pre-established financial and other identified performance targets. The short and long term components of Executive Directors' variable remuneration are linked to predetermined, assessable targets.

Short-Term Incentives

The primary objective of performance based on short-term variable cash incentives is to incentivize Executive Directors to focus on the business priorities for the current or next year. Executive Directors' variable remuneration is linked to the achievement of short-term (*i.e.* annual) financial and other identified objectives proposed by the Compensation and Nominating Committee and approved by the Non-Executive Directors each year.

To determine Executive Directors' annual performance bonus, the Compensation and Nominating Committee and the Non-Executive Directors:

- approve Executive Directors' targets and maximum allowable bonuses;
- select the appropriate metrics and their weighting;
- set the stretch objectives;
- consider any unusual items in a performance year to determine the appropriate measurement of achievement; and
- approve the final bonus determination.

In addition, upon proposal of the Compensation and Nominating Committee, the Non-Executive Directors have authority to grant periodic bonuses for specific transactions that are deemed exceptional in terms of strategic importance and effect on the Company's results. The form of any such bonus (cash, EXOR ordinary shares or options to purchase ordinary shares) is determined by the Non-Executive Directors from time to time.

Long Term Incentives

The primary objective of performance based on long-term variable incentives is to reward and retain qualified Executive Directors over the longer term while aligning their interests with those of shareholders.

The Company's long-term variable incentives consist of a share-based incentive plan that links a portion of the variable component to the achievement of pre-established performance targets consistent with the Company's long-term business planning. These equity based awards help aligning Executive Directors' interests with shareholder interests by delivering greater value to the Executive Director as shareholder value increases.

Other Benefits

Executive Directors may also be entitled to customary fringe benefits such as personal use of aircraft, company car and driver, personal/home security, medical insurance, accident insurance, tax preparation and financial counseling. The Compensation and Nominating Committee may grant other benefits to the Executive Directors in particular circumstances.

Compensation of the Chief Executive Officer

The Chief Executive Officer's annual compensation is of US\$ 1,000,000 plus a compensation of \$1,000,000, the so-called "cash performance", which will however only be payable if at the end of the year the average change in Net Asset Value (the "NAV") per EXOR share in US\$ in the three preceding years exceeds the average change in the MSCI World Index in the in the three preceding years.

Remuneration Policy for Non-Executive Directors

Remuneration of Non-Executive Directors is approved by the general meeting of shareholders and will be periodically reviewed by the Compensation and Nominating Committee.

The current annual remuneration for the Non-Executive directors is:

- Euro 50,000 for each Non-Executive Director;
- an additional Euro 15,000 for each member of the Audit Committee and Euro 20,000 for the Audit Committee Chairman;
- an additional Euro 7,500 for each member of the Compensation and Nominating Committee and Euro 10,000 for the Compensation and Nominating Committee Chairman.

Non-Executive Directors elect whether their annual cash retainer fee will be converted, on the date payment is made, 100% in ordinary shares of the Company, according to the 2015 Incentive Plan (as defined below), provided that the Company will at all times have the option, in its discretion, to settle any retainer fee entirely in cash; whereas, the committee membership and committee chair fee payments will be made all in cash. Remuneration of Non-Executive Directors is fixed and not dependent on the Company's financial results. Non-Executive Directors are not eligible for variable compensation and do not participate in any incentive plans.

The remuneration of Non-Executive Directors in stock is reviewed by the Board of Directors to align with the best practices under the Dutch Corporate Governance and be adjusted to a cash remuneration only. This will be submitted for approval to the general meeting of shareholders.

Incentive Plans

By means of the resolution adopted by the general meeting of shareholders, the Company resolved to maintain effective all the stock option plans already established by EXOR S.p.A. in order to attract, retain and motivate directors as well as employees and other individuals having business relationships with EXOR S.p.A. and to reward such persons for their loyalty and commitment (the "Stock Option Plans") Stock Options Plans are described as follows.

The EXOR 2008-2019 Stock Option Plan

The compensation of the Chief Executive Officer and Chairman is in part tied to the overall economic performance of the Company, as expressed in the performance of its share price, insofar as he is a beneficiary of the 2008-2019 Stock Option Plan. The beneficiaries of the 2008-2019 Stock option Plan besides the Chief Executive Officer and Chairman are employees of EXOR or former employees as long as they remain employed by companies EXOR controls and who occupy positions of importance in the enterprise and which the Company seeks to retain and also to involve in the development of the results of EXOR and of its group, correlating the economic incentives with the Company's medium-to-long-term shareholder value. The option rights granted vest and thereby became exercisable progressively over a period running from 14 May 2014 to 14 May 2016.

The 2012 Incentive Plan

The general meeting of shareholders approved a further incentive plan in 2012 (the "2012 Incentive Plan"). The objective of the 2012 Incentive Plan, one of the recipients of which is the Chief Executive Officer, is to increase the Company's capacity to incentivize and retain staff occupying key positions in the Company and in the in the companies controlled by EXOR by including in the compensation packages of the Plan's recipients incentive and retention components based on long term objectives aligned to strategic objectives and to the Company's new organizational structure. In 2012, 795.000 stock options were granted.

The 2012 Incentive Plan is in two parts, the first has the form of a stock grant and the second that of a stock option. Under the stock grant part of the plan, which is denominated as the "Long Term Stock Grant", recipients are granted a maximum of 400,000 shares, conditional on the professional relationship with the Company and with companies in the "Holdings System" continuing until the vesting date which has been established as being in 2018. Under the second part, denominated as the "Company Performance Stock Option", a maximum of 3,000,000 options are granted, allowing recipients to purchase a corresponding number of shares, conditional on the achievement of a pre-established performance objective and on the continuation of the professional relationship with the Company and with the companies in the Holdings System.

The performance objective, established by the Board of Directors on the basis of a Compensation and Nominating Committee proposal, will be deemed to have been achieved if the change in EXOR's NAV is greater than the change in the MSCI World Index expressed in Euro in the year preceding the year in which the options vest. The exercise price for the options will be based on the arithmetic average of the official Borsa Italiana list prices of the EXOR ordinary shares in the month preceding the date of the granting of the options to the individual recipients.

The Chief Executive Officer is a recipient only of the "Company Performance Stock Option" and as a result of the approval of the 2012 Incentive Plan by the general meeting of shareholders of EXOR S.p.A. he has been granted automatically 750,000 options giving the right, if the vesting conditions are satisfied, to purchase a corresponding number of the Company's ordinary shares at an exercise price based on the arithmetic average of the official Borsa Italiana list prices of the EXOR ordinary shares in the month preceding the general meeting of shareholders of EXOR S.p.A. held on 29 May 2012.

The plan is serviced exclusively from own shares of the Company, without recourse to the issue of shares and, therefore, will not have a dilutive effect. If so required, the Company will purchase, in compliance with the applicable regulations, a quantity of own shares sufficient to cover the entire plan approved by the shareholders. In connection with the servicing of the plan no other financial instrument will be issued by the Company or by its subsidiary or by thirds parties.

The granted options vest and become effectively exercisable over the vesting period, the years 2014 to 2018, in equal annual tranches from when they vest until the end of 2021.

The 2015 Incentive Plan

The general meeting of shareholders of EXOR S.p.A. held on 29 May 2015 approved an incentive plan (the "2015 Incentive Plan") for the granting to Directors without cash consideration of EXOR ordinary shares.

The objective of the plan is to increase the Company's capacity – based on long-term objectives aligned to the corporate strategic objectives – to retain Directors, providing the possibility for them to choose to join the 2015 Incentive Plan as an alternative to receiving the fee established at the general meeting of shareholders.

The Plan provides for the grant to Directors of the right to receive without cash consideration, subject to their joining the plan and to their remaining Directors of the Company until the maturity date set in 2018, a number of EXOR ordinary shares corresponding to the number of rights allocated.

In the event of termination of the directorship of the Company for any reason before the appointment expiry date (*i.e.* before the date of the meeting convened for the approval of the financial statements for the year 2017) the maturity date of the rights shall be advanced to the date of termination of directorship and the number of rights due will be re-determined on a *pro rata temporis* basis by reference to the period of effective service as a Director.

For each Director who elects to join the plan as an alternative to receiving the monetary fee established at the general meeting of shareholders for the service to the Company, the plan provides for the allocation free of charge of a number of shares in the Company equal to the fee established at the general meeting of shareholders divided by the average price of the shares in the 30 days preceding the allocation. The plan is serviced exclusively from own shares of the Company, without recourse to the issue of shares and, therefore, will not have a dilutive effect. If so required, the Company will purchase, in compliance with the applicable regulations, a quantity of own shares sufficient to cover the entire plan approved by the shareholders. In connection with the servicing of the plan no other financial instrument will be issued by the Company or by its subsidiary or by thirds parties.

The official price of EXOR S.p.A.'s ordinary shares recorded by Borsa Italiana on 14 April 2015 was Euro 43.28 per share; all directors decided to join the plan and, therefore, in 2015 29,032 rights were allocated.

The 2016 Long Term Stock Option Plan

The general meeting of shareholders of EXOR S.p.A. held on 25 May 2016 approved a new stock option plan (the "2016 Long Term Stock Option Plan").

This plan is in line with the most evolved international practice, constitutes a share-based compensation instrument. The plan provides for the granting of a maximum 3,500,000 options which will enable recipients (*i.e.* the Chief Executive Officer and employees of the Company from time to time identified by the Chief Executive Officer as beneficiaries of the plan) to purchase a corresponding number of the Company's shares conditional on the

continuation of the professional relationship with the Company or companies EXOR controls in the period between the grant date and the vesting date.

The options will vest on 30 May each year as follows:

- in five equal annual quotas, from 2017, for options granted prior to 31 December 2016;
- in four equal annual quotas, from 2018, for options granted between 1 January and 31 December 2017;
- in three equal annual quotas, from 2019, for options granted between 1 January and 31 December 2018;
- in two equal annual quotas, from 2020, for options granted between 1 January and 31 December 2019; and
- in a single equal quota, on 30 May 2021, for options granted between 1 January and 31 December 2020.

The vesting of the options as herein described will be definitive. Each option may be exercised since 3 years after the vesting of the options and until 31 December 2026 and recipients who do not exercise their options by that date will cease to have any rights.

The plans will be serviced exclusively through treasury shares of the Company, without recourse to the issue of shares and, therefore, will not have a dilutive effect. If so required, the Company will purchase, in compliance with the applicable regulations, a quantity of own shares sufficient to cover the entire plan approved by the shareholders. In connection with the servicing of the plan no other financial instrument will be issued by the Company or by its subsidiary or by thirds parties.

For greater detail on the EXOR incentive plans, reference shall be made to the related Regulations and tables of information published on the Company's website at www.exor.com in the section of Corporate Governance.

Director and Officer Overlaps

There are overlaps among the directors of Giovanni Agnelli B.V. and directors of the Company.

In particular, John Philip Elkann, Alessandro Nasi and Andrea Agnelli are directors of Giovanni Agnelli B.V. John Philip Elkann has, further, the title of Chairman.

Treatment on cessation of office and non-competition agreements

There are no agreements between the Company and its Directors which provide for indemnities in the event of early interruption of the relationship or for the granting or maintaining of non-monetary benefits for Directors who have left office or for consulting arrangements covering periods after interruption of the relationship or for compensation for non-competition agreements.

SECTION II FIRST PART

There follows an illustration – on an individual basis – of the components of compensation paid in whatever form (i) to the directors and the members of the board of statutory auditors of EXOR S.p.A. with reference to the period from 1 January 2016 to 10 December 2016 and (ii) to the Directors of the Company with reference to the period from 11 December 2016 (*i.e.* the effective date of the Merger) to the end of the financial year (*i.e.* 31 December 2016).

EXOR S.p.A.

Board of directors

The Board of Directors decided to divide equally among its members the annual fee of €750,000 approved by the Shareholders' Meeting.

In addition, pursuant to article 2389 of the Italian Civil Code, the following annual compensation amounts were approved:

- €2,000,000 to the Chairman and Chief Executive Officer John Elkann, together with healthcare cover;
- €50,000 to the Internal Control and Risk Committee (of which €20,000 to the Chairman Giovanni Chiura and €15,000 to each of the other two members Mina Gerowin and Lupo Rattazzi);
- €25,000 to the Compensation and Nominating Committee (of which €10,000 to the Chairman Michelangelo Volpi and €7,500 to each of the other two members Mina Gerowin and Robert Speyer);
- €100,000 to the Secretary to the Board of Directors, Gianluca Ferrero.

Directors also receive reimbursement of out-of-pocket expenses incurred in the performance of the activities associated with the responsibilities assigned. As previously mentioned, the above compensation amounts will be paid according to the 2015 Stock Option Plan.

With specific reference to the overall compensation of the Chairman and Chief Executive Officer, on April 14th, 2016, the Board of Directors, with the favorable opinion of the Compensation and Nominating Committee, resolved to modify his compensation; the Chairman and Chief Executive Officer will see his annual compensation of € 2,000,000 diminish to US\$1,000,000 to which will be added a compensation of \$1,000,000 million, the so-called “cash performance”, which however will only be payable if at the end of the year the average change in NAV per EXOR share in US \$ in the three preceding years exceeds the average change in the MSCI World index in the three preceding years. The Board, has also resolved, upon the proposal of the Compensation and Nominating Committee and the Shareholders’ meeting of 25 May 2016 approved the plan, for the granting to the Chairman and Chief Executive Officer of the Company an amount of options corresponding to a value of \$4.000.000 per year for the duration of the plan (the “2016 long terms stock Option Plan”). The stock options granted to the Chairman and Chief Executive Officer according to the previous incentive plans are still in force and will not be affected by the above.

It should be noted that in EXOR S.p.A. no general managers were appointed and no executives apart from directors were identified as having strategic responsibilities.

Board of statutory auditors

The general meeting of shareholders of EXOR S.p.A. held on 29 May 2015 resolved to appoint the following members of the board of statutory auditors for three financial years and, therefore, for the term ending with the approval of the financial statements at 31 December 2017:

- Enrico Maria Bignami (Chairman);
- Sergio Duca; and
- Nicoletta Paracchini

determining in Euro 62,250 the annual fee of the Chairman and in Euro 41,500 the annual fee of the other two members of the board of statutory auditors.

On 14 January 2016 the regular auditor Sergio Duca resigned in consideration of his appointment as director of Ferrari N.V. and was replaced – by means of the resolution adopted by the general meeting of shareholders of EXOR S.p.A. held on 25 May 2016 – by the alternate auditor Ruggero Tabone.

Accordingly, the board of statutory auditors was composed by Enrico Maria Bignami (Chairman), Nicoletta Paracchini and Ruggero Tabone until the effective date of the Merger, *i.e.* 11 December 2016.

EXOR NV

Board of directors

It should be noted that – as a result of the Merger, and differently from the traditional system adopted by EXOR S.p.A. – the Company has adopted a one-tier governance structure that does not include the board of statutory auditors but, rather, an internal committee within the Board of Directors entrusted with control functions, *i.e.* the Audit Committee. The Merger did not have any impact on the compensation.

SECOND PART

Set out in detail in the tables below are the compensation amounts paid – on whatever basis and in whatever form – by EXOR S.p.A. or by the Company – together with their subsidiaries and associates – in the financial year 2016.

The data in tables relate to assignments in EXOR S.p.A. and in the Company, together with their subsidiaries and associates, both listed and unlisted.

In addition table Share Ownership sets out the number of common shares of EXOR N.V. and its subsidiaries owned by our directors as of at the end of February 2017.

Directors' Compensation

The following table summarizes the remuneration paid to the members of the Board of Directors for the year ended December 31, 2016.

	Office held	In office from/to	Annual fee (€)	Annual Incentive (€) (1)	Other Compensation (€) (2)	Pension & Similar (€) (3)	Total (€)
Directors of EXOR N.V.							
ELKANN John Philipp	Chairman and CEO	01/01/2016 - 12/31/2016	4,791,284 ^{(4) (5)}		1,316,981		6,108,265
MARCHIONNE Sergio	Vice Chairman	01/01/2016 - 12/31/2016	5,035,191 ⁽⁵⁾	6,135,481	1,062,565	899,497	13,132,734
NASI Alessandro	Vice Chairman	01/01/2016 - 12/31/2016	353,238 ⁽⁵⁾	147,100 ⁽⁶⁾	3,050	98,375	601,763
AGNELLI Andrea	Director	01/01/2016 - 12/31/2016	655,911 ^{(5) (7)}		15,281		671,192
CAMERANA Niccolò	Director	12/11/2016 - 12/31/2016	0				0
ELKANN Ginevra	Director	01/01/2016 - 12/31/2016	0 ⁽⁵⁾				0
RATTAZZI Lupo	Director	01/01/2016 - 12/31/2016	15,000 ⁽⁵⁾				15,000
BOLLAND Marc	Director	12/11/2016 - 12/31/2016	0				0
FENTENER VAN VISSLINGEN Annemiek	Director	01/01/2016 - 12/31/2016	50,000 ⁽⁸⁾				50,000
LEE Jae Y	Director	01/01/2016 - 12/31/2016	50,000 ⁽⁸⁾				50,000
MOTA DE SOUSA HORTA-OSORIO Antonio	Director	01/01/2016 - 12/31/2016	50,000 ⁽⁸⁾				50,000
SPEYER Robert	Director	01/01/2016 - 12/31/2016	57,500 ⁽⁸⁾				57,500
VOLPI Michelangelo	Director	01/01/2016 - 12/31/2016	60,000 ⁽⁸⁾				60,000
WERTHEIMER RUTH	Director	01/01/2016 - 12/31/2016	50,000 ⁽⁸⁾				50,000
Former Directors of EXOR S.p.A							
CHIURA Giovanni	Director	01/01/2016 - 12/10/2016	68,859 ⁽⁸⁾				68,859
GEROWIN Mina	Director	01/01/2016 - 12/10/2016	202,212 ⁽⁸⁾			17,630	219,842
AVOGADRO DI COLLOBIANO Vittorio	Director	01/01/2016 - 12/10/2016	0 ⁽⁵⁾				0
Total			11,439,195	6,282,581	2,397,877	1,015,502	21,135,155

(1) The annual incentives are for bonuses accrued for 2016 which will be paid in 2017.

(2) The stated amount refers to the use of transport, insurance premiums, tax preparation and tax equalization.

(3) The amount reflect pension, retirement and similar benefits set aside or accrued for directors of for the year ended December 31, 2016

(4) The amount of the annual fee here reported includes the fair value of the shares Ferrari N.V. received as portion of the fee due as non-executive director of Ferrari.

(5) Directors have waived their right to the emolument of €50,000 resolved by the EXOR Shareholders' Meeting.

(6) The amount reflects the bonus earned for the performance year 2016 which will be paid in 2017. The bonus paid in 2016 for the 2015 performance year was €131,100.

(7) The amount of the annual fee includes the fair value of the shares FCA received as portion of the fee due as non-executive director of FCA.

(8) Non-Executive Directors receive a portion of their annual retainer fee in common shares of EXOR The amount of the annual fee here reported includes the fair value of the shares received.

Stok options Granted to Directors

The following table summarizes outstanding stock options held by EXOR N.V. Directors as of December 31, 2016:

Name/Plan	Grant Date	Exercise price	at January 1, 2016	Granted	Vested	Expired	at December 31, 2016
Directors of EXOR N.V.							
Elkann J / EXOR 2008/2019 Plan	3/28/2011	€19.97	3,000,000 (a)				3,000,000
Elkann J / EXOR Company Performance	5/29/2012	€16.59	450,000				450,000
Elkann J / EXOR 2016 Plan	7/1/2016	€32.38	-	2,013,950			2,013,950
Nasi / CNH EIP 2010	4/30/2010	\$6.82	73,681			73,681	-
Nasi / CNH EIP 2011	4/29/2011	\$10.15	67,541				67,541
Nasi / CNH EIP 2012	9/7/2012	\$8.78	70,929				70,929
Former Directors of EXOR S.p.A.							
Gerwin / CNH DCP	12/8/2013	\$11.33	6,402				6,402
Gerwin / CNH DCP	3/28/2014	\$11.26	6,442				6,442
Gerwin / CNH DCP	6/26/2014	\$10.25	7,073				7,073
Gerwin / CNH DCP	9/24/2014	\$7.82	9,271				9,271
Gerwin / CNH DCP	12/28/2014	\$8.26	8,777				8,777
Gerwin / CNH DCP	4/14/2015	\$8.25	4,394				4,394
Gerwin / CNH DCP	7/13/2015	\$9.52	3,808				3,808

(a) Corresponding to 795,000 common shares exercisable.

The following table gives an overview of the share plans held by EXOR N.V. Directors as of December 31, 2016:

Name/Plan	Grant Date	Vesting Date	Number of shares under award at January 1, 2016	FV on Grant Date	Shares Granted	Shares Vested	Shares Forfeited	Number of shares under award at December 31, 2016
Directors of EXOR N.V.								
Marchionne / FCA LTI awards (1)	4/16/2015	02/2017/ 2018/ 2019 12/31/2016, 12/31/2017,	4,320,000	\$14.84				6,709,200
Marchionne / 2014/2018 CNH RSU	6/9/2014	12/31/2018	1,500,000	\$8.27		600,000		900,000
Agnelli / 2016 FCA Share Grants	01/2016 - 10/2016	01/2016 - 10/2016	-	\$7.36	19,904	19,904		-
Nasi / 2014 CNH PSU	6/5/2014	06/25/2014-02/01/2019 12/31/2016, 12/31/2017,	182,100	\$8.72				182,100
Nasi / 2014/2018 CNH RSU	6/9/2014	12/31/2018	8,067	\$8.27		4,033		4,034
Nasi / 2015 CNH RSU	6/9/2015	6/9/2016, 6/9/2017 6/9/2017, 6/9/2018,	15,200	\$8.35		5,066		10,134
Nasi / 2016 CNH RSU	6/9/2016	6/9/2019		\$7.42	18,800			18,800
Fentener Van Vlissingen / EXOR EIP	5/29/2015	7/1/2018	3,504	\$42.81				3,504
Lee J. / EXOR EIP	5/29/2015	7/1/2018	3,504	\$42.81				3,504
Horta-Osorio / EXOR EIP	5/29/2015	7/1/2018	3,504	\$42.81				3,504
Speyer / EXOR EIP	5/29/2015	7/1/2018	3,504	\$42.81				3,504
Volpi / EXOR EIP	5/29/2015	7/1/2018	3,504	\$42.81				3,504
Wertheimer / EXOR EIP	5/29/2015	7/1/2018	3,504	\$42.81				3,504
Former Directors of EXOR S.p.A.								
Chiura / EXOR EIP	5/29/2015	7/1/2018	3,504	\$42.81		1,800	1,704	-
Gerwin / EXOR EIP	5/29/2015	7/1/2018	3,504	\$42.81		1,800	1,704	-

(1) During 2016, the Compensation Committee, in accordance with the terms of the LTI plan, adjusted the equity awards to make holders of the Company's LTI awards whole for the diminution in value of an FCA share resulting from the Ferrari spin-off. In January 2017, the Compensation Committee, in accordance with the terms of the LTI plan, adjusted the equity awards to make holders of the Company's LTI awards whole for the diminution in value of an FCA share resulting from the distribution of the Company's 16.7 percent ownership interest in RCS Media Group S.p.A. For LTI awards, the actual value of units received will depend on the Company's performance, as described above. Fair value is calculated by multiplying the per unit value of the award by the number of units corresponding to the most probable outcome of the performance conditions as of the grant date. The per unit value is based on the closing price of the Company's stock on the grant date, adjusted to reflect the relative TSR modifiers using a Monte Carlo simulation that includes multiple inputs such as stock price, performance period, volatility and dividend yield.

Event	Number of shares under award	Conversion Factor	Fair value on award date	Dilution Adjustment	Number of adjusted shares
Ferrari Spin-Off	4,320,000	1.544	\$9.61	2,350,080	6,670,080
RCS Media Group S.p.A.	6,670,080	1.005865	\$9.36	39,120	6,709,200

The total cost recognized in 2016 by the Company in connection with the stock options plans and the share plans referenced above was approximately €30,3 million.

Share Ownership

The following table summarizes the number of common shares of EXOR N.V. and its subsidiaries owned by our directors owned as of at the end of February 2017:

	EXOR N.V. common shares	FCA N.V. common shares	CNH Industrial common shares	Ferrari N.V. Common shares	JUVENTUS S.p.A. azioni ordinarie
Directors EXOR N.V.					
ELKANN John Philipp		133,000 (a)		15,003 (a)	
MARCHIONNE Sergio		14,620,000 (a)	11,859,586	1,462,000 (a)	
NASI Alessandro		3,750	269,495	375	
AGNELLI Andrea		33,504 (a)		1,727	38,565
RATTAZZI Lupo		50		5	
MOTA DE SOUSA HORTA-OSORIO Antonio	1,556				

(a) At the end of February 2017.

RISK FACTORS FROM SUBSIDIARIES

The following paragraphs indicate the specific main risks and uncertainties of the companies in consolidation (PartnerRe, FCA, CNH Industrial and Ferrari).

PARTNERRE

Risks Related to the Business, Strategy and Operations

PartnerRe - The volatility of the reinsurance business that PartnerRe underwrites will result in volatility of its earnings.

PartnerRe knowingly exposes itself to significant volatility in its net income. The Group creates shareholder value by assuming risk from the insurance and capital markets. This exposes it to volatile earnings as untoward events happen to its clients and in the capital markets. Examples of potential large loss events include, without limitation:

- natural catastrophes such as hurricane, windstorm, flood, tornado, earthquake, etc.;
- man-made disasters such as terrorism;
- declines in the equity and credit markets;
- systemic increases in the frequency or severity of casualty losses; and
- new mass tort actions or reemergence of old mass torts such as cases related to asbestos.

PartnerRe exposes itself to several very significant risks that are of a size that can impact its financial strength or regulatory capital. PartnerRe believes that the following can be categorized as very significant risks:

- natural catastrophe risk;
- long tail reinsurance risk;
- market risk;
- interest rate risk;
- default and credit spread risk;
- trade credit underwriting risk;
- longevity risk;
- pandemic risk;
- agriculture risk; and
- mortgage reinsurance risk.

Most of these risks can accumulate to the point that they exceed a year's worth of earnings and potentially adversely affect the capital base of PartnerRe.

Catastrophe losses result from events such as windstorms, hurricanes, tsunamis, earthquakes, floods, hailstorms, tornadoes, severe winter weather, fires, drought, explosions and other natural and man-made disasters, the incidence and severity of which are inherently unpredictable. Because catastrophe reinsurance accumulates large aggregate exposures to man-made and natural disasters, PartnerRe's loss experience in this line of business could be characterized as low frequency and high severity. This is likely to result in substantial volatility in its financial results for any fiscal quarter or year, and may limit its ability to make dividend payments and payments on its debt securities.

Notwithstanding PartnerRe's endeavors to manage its exposure to catastrophic and other large losses, the effect of a single catastrophic event or series of events affecting one or more geographic zones, or changes in the relative frequency or severity of catastrophic or other large loss events, could reduce its earnings and limit the funds available to make payments on future claims. The effect of an increase in frequency of mid-sized losses in any one reporting period affecting one or more geographic zones, such as an unusual level of hurricane activity, could also reduce PartnerRe's earnings. Should it incur more than one very large catastrophe loss, PartnerRe's ability to write future business may be adversely impacted if it is unable to replenish its capital.

Examples of large catastrophic losses and large losses which were incurred, to varying extents, as the result of individual or multiple medium and large catastrophic and large loss events include losses related to the wildfire in Fort McMurray in Alberta, Canada and Hurricane Matthew in 2016, losses related to a series of explosions in the Port of Tianjin, China in 2015, losses related to extensive flooding in Alberta, Canada, the hailstorm that affected large parts of Germany and the floods that impacted large areas of Central Europe in 2013, and losses related to Superstorm Sandy and the U.S. drought in 2012.

PartnerRe believes, and recent scientific studies have indicated, that the frequency of Atlantic basin hurricanes has increased and may change further in the future relative to the historical experience over the past 100 years. As a

result of changing climate conditions, such as global warming, there may be increases in the frequency and severity of natural catastrophes and the losses that result from them. PartnerRe monitors and adjusts, as it believes appropriate, its risk management models to reflect its judgment of how to interpret current developments and information, such as these studies. PartnerRe believes that factors including increases in the value and geographic concentration of insured property, particularly along coastal regions, the increasing risk of extreme weather events reflecting changes in climate and ocean temperatures, and the effects of inflation may continue to increase the severity of claims from catastrophic events in the future.

PartnerRe - PartnerRe could face unanticipated losses from man-made catastrophic events and these or other unanticipated losses could impair its financial condition and reduce its profitability

PartnerRe may have substantial exposure to unexpected, large losses resulting from future man-made catastrophic events, such as acts of terrorism, acts of war, nuclear accidents and political instability, or from other perils. Although the Group may attempt to exclude losses from terrorism and certain other similar risks from some coverage which it writes, it may continue to have exposure to such unforeseen or unpredictable events. This may be because, irrespective of the clarity and inclusiveness of policy language, there can be no assurance that a court or arbitration panel will not limit enforceability of policy language or otherwise issue a ruling adverse to PartnerRe.

It is also difficult to predict the timing of such events with statistical certainty, or estimate the amount of loss any given occurrence will generate. Reserves for potential losses associated with man-made or other catastrophic events are established at the time an event that may give rise to such losses occurs. If such an event were to occur, PartnerRe's reported income would decrease in the affected period. In particular, unforeseen large losses could reduce its profitability or impair its financial condition. Political, regulatory, governmental and industry initiatives could adversely affect PartnerRe's business for a summary of relevant U.S. federal initiatives regarding supply of commercial insurance coverage for certain types of terrorist acts in the U.S.

PartnerRe - Given the inherent uncertainty of models, the usefulness of such models as a tool to evaluate risk is subject to a high degree of uncertainty that could result in actual losses that are materially different than PartnerRe's estimates including probable maximum losses (PMLs), and its financial results may be adversely impacted, perhaps significantly

In addition to its own proprietary catastrophe models, PartnerRe uses third party vendor analytic and modeling capabilities to provide an objective risk assessment relating to other risks in its reinsurance portfolio. PartnerRe uses these models to help it control risk accumulation, inform management and other stakeholders of capital requirements and to improve the risk/return profile or minimize the amount of capital required to cover the risks in each reinsurance contract in its overall portfolio of reinsurance contracts. However, given the inherent uncertainty of modeling techniques and the application of such techniques, these models and databases may not accurately address a variety of matters which might be deemed to impact certain of its coverages.

For example, catastrophe models that simulate loss estimates based on a set of assumptions are important tools used by PartnerRe to estimate its PMLs. These assumptions address a number of factors that impact loss potential including, but not limited to, the characteristics of the natural catastrophe event; demand surge resulting from an event; the types, function, location and characteristics of exposed risks; susceptibility of exposed risks to damage from an event with specific characteristics; and the financial and contractual provisions of the (re)insurance contracts that cover losses arising from an event. PartnerRe runs many model simulations in order to understand the impact of these assumptions on its catastrophe loss potential. Furthermore, there are risks associated with catastrophe events, which are either poorly represented or not represented at all by catastrophe models. Each modeling assumption or un-modeled risk introduces uncertainty into PML estimates that management must consider. These uncertainties can include, but are not limited to, the following:

- the models do not address all the possible hazard characteristics of a catastrophe peril (e.g. the precise path and wind speed of a hurricane);
- the models may not accurately reflect the true frequency of events;
- the models may not accurately reflect a risk's vulnerability or susceptibility to damage for a given event characteristic;
- the models may not accurately represent loss potential to reinsurance contract coverage limits, terms and conditions; and
- the models may not accurately reflect the impact on the economy of the area affected or the financial, judicial, political, or regulatory impact on insurance claim payments during or following a catastrophe event.

PartnerRe's PMLs are selected after assessment of multiple third party vendor model output, internally constructed independent models, including PartnerRe's CatFocus[®] suite of models, and other qualitative and quantitative assessments by management, including assessments of exposure not typically modeled in vendor or internal models. PartnerRe's methodology for estimating PMLs may differ from methods used by other companies and external parties given the various assumptions and judgments required to estimate a PML.

As a result of these factors and contingencies, PartnerRe's reliance on assumptions and data used to evaluate its entire reinsurance portfolio and specifically to estimate a PML, is subject to a high degree of uncertainty that could result in actual losses that are materially different from its PML estimates and its financial results may be adversely impacted, perhaps significantly.

PartnerRe - PartnerRe's net income may be volatile because certain Life products expose it to reserve and fair value liability changes that are directly affected by market and other factors and assumptions

PartnerRe's pricing, establishment of Life and health reserves related to future policy benefits and valuation of life insurance and annuity products, including reinsurance programs, are based upon various assumptions, including but not limited to market changes, mortality rates, morbidity rates and policyholder behavior. The process of establishing reserves for future policy benefits relies on the Group's ability to accurately estimate insured events that have not yet occurred but that are expected to occur in future periods. Significant deviations in actual experience from assumptions used for pricing and for reserves for future policy benefits could have an adverse effect on the profitability of PartnerRe's products and its business.

Under reinsurance programs covering variable annuity guarantees PartnerRe assumed the risk of guaranteed minimum death benefit (GMDB). The Group's net income is directly impacted by changes in the reserves calculated in connection with the reinsurance of GMDB liabilities. Reported liabilities for GMDB reinsurance are determined using internal valuation models. Such valuations require considerable judgment and are subject to significant uncertainty. The valuation of these products is subject to fluctuations arising from, among other factors, changes in interest rates, changes in equity markets, changes in credit markets, changes in the allocation of the investments underlying annuitant's account values, and assumptions regarding future policyholder behavior. Significant changes in behavior as a result of policyholder reactions to market or economic conditions could be material. Adverse changes in market factors and policyholder behavior will have an impact on net income. When evaluating these risks, PartnerRe expects to be compensated for taking both the risk of a cumulative long-term economic net loss, as well as the short-term accounting variations caused by these market movements. Therefore, PartnerRe evaluates this business in terms of its long-term economic risk and reward.

PartnerRe - If actual losses exceed its estimated loss reserves, PartnerRe's net income and capital position will be reduced

PartnerRe's success depends upon its ability to accurately assess the risks associated with the businesses that it reinsures. PartnerRe establishes loss reserves to cover its estimated liability for the payment of all losses and loss expenses incurred with respect to premiums earned on the contracts written. Loss reserves are estimates involving actuarial and statistical projections at a given time to reflect the Group's expectation of the costs of the ultimate settlement and administration of claims. Although PartnerRe uses actuarial and computer models as well as historical reinsurance and insurance industry loss statistics, it also relies heavily on management's experience and judgment to assist in the establishment of appropriate claims and claim expense reserves. Because of the many assumptions and estimates involved in establishing reserves, the reserving process is inherently uncertain. PartnerRe's estimates and judgments are based on numerous factors, and may be revised as additional experience and other data become available and are reviewed as new or improved methodologies are developed, as loss trends and claims inflation impact future payments, or as current laws or interpretations thereof change.

Estimates of losses are based on, among other things, a review of potentially exposed contracts, information reported by and discussions with counterparties, and the Group's estimate of losses related to those contracts and are subject to change as more information is reported and becomes available. Losses for casualty and liability lines often take a long time to be reported, and frequently can be impacted by lengthy, unpredictable litigation and by the inflation of loss costs over time. Changes in the level of inflation also result in an increased level of uncertainty in the estimation of loss reserves, particularly for long-tail lines of business. As a consequence, actual losses and loss expenses paid may deviate substantially from the reserve estimates reflected in PartnerRe's financial statements.

Although PartnerRe did not operate prior to 1993, it assumed certain asbestos and environmental exposures through its acquisitions. The Group's non-life reserves include an estimate of its ultimate liability for asbestos and environmental claims for which it cannot estimate the ultimate value using traditional reserving techniques, and for which there are significant uncertainties in estimating the amount of potential losses. These liabilities are especially hard to estimate for many reasons, including the long delays between exposure and manifestation of any bodily injury or property damage, difficulty in identifying the source of the asbestos or environmental contamination, long

reporting delays and difficulty in properly allocating liability for the asbestos or environmental damage. Certain of PartnerRe's subsidiaries have received and continue to receive notices of potential reinsurance claims from ceding insurance companies, which have in turn received claims asserting asbestos and environmental losses under primary insurance policies, in part reinsured by PartnerRe. Such claims notices are often precautionary in nature and are generally unspecific, and the primary insurers often do not attempt to quantify the amount, timing or nature of the exposure. Given the lack of specificity in some of these notices, and the legal and tort environment that affects the development of claims reserves, the uncertainties inherent in valuing asbestos and environmental claims are not likely to be resolved in the near future. In addition, the reserves that the Group has established may be inadequate. If ultimate losses and loss expenses exceed the reserves currently established, PartnerRe will be required to increase loss reserves in the period in which it identifies the deficiency to cover any such claims. As a result, even when losses are identified and reserves are established for any line of business, ultimate losses and loss expenses may deviate, perhaps substantially, from estimates reflected in loss reserves in the financial statements. Variations between the loss reserve estimates and actual emergence of losses could be material and could have a material adverse effect on PartnerRe's results of operations and financial condition.

PartnerRe - Since PartnerRe relies on a few reinsurance brokers for a large percentage of its business, loss of business provided by these brokers could reduce the Group's premium volume and net income

PartnerRe produces its business both through brokers and through direct relationships with insurance company clients. Generally, 70% or more of gross premiums written are produced through brokers and two brokers generally account for more than 40% of gross premiums written. Because broker-produced business is concentrated with a small number of brokers, PartnerRe is exposed to concentration risk. A significant reduction in the business produced by these brokers could potentially reduce PartnerRe's premium volume and net income.

PartnerRe - PartnerRe is exposed to credit risk relating to its reinsurance brokers and cedants

In accordance with industry practice, PartnerRe may pay amounts owed under its policies to brokers, and they in turn pay these amounts to the ceding insurer. In some jurisdictions, if the broker fails to make such an onward payment, PartnerRe might remain liable to the ceding insurer for the deficiency. Conversely, the ceding insurer may pay premiums to the broker, for onward payment to PartnerRe in respect of reinsurance policies issued. In certain jurisdictions, these premiums are considered to have been paid to PartnerRe at the time that payment is made to the broker, and the ceding insurer will no longer be liable to PartnerRe for those amounts, whether or not the Group has actually received the premiums. PartnerRe may not be able to collect all premiums receivable due from any particular broker at any given time. PartnerRe also assumes credit risk by writing business on a funds withheld basis. Under such arrangements, the cedant retains the premium they would otherwise pay to the Group to cover future loss payments.

PartnerRe - If PartnerRe is significantly downgraded by rating agencies, its standing with brokers and customers could be negatively impacted and may adversely impact its results of operations

Third party rating agencies assess and rate the claims paying ability and financial strength of insurers and reinsurers, such as PartnerRe's principal operating subsidiaries. These ratings are based upon criteria established by the rating agencies and have become an important factor in establishing PartnerRe's competitive position in the market. Insured, insurers, ceding insurers and intermediaries use these ratings as one measure by which to assess the financial strength and quality of insurers and reinsurers. They are not an evaluation directed to investors in PartnerRe's common shares, preferred shares or debt securities, and are not a recommendation to buy, sell or hold PartnerRe common shares, preferred shares or debt securities.

PartnerRe's financial strength ratings are subject to periodic review as rating agencies evaluate the Group to confirm that it continues to meet their criteria for ratings assigned to it by them. Such ratings may be revised downward or revoked at the sole discretion of such ratings agencies in response to a variety of factors, including capital adequacy, management strategy, operating earnings and risk profile. In addition, from time to time one or more rating agencies may effect changes in their capital models and rating methodologies that could have a detrimental impact on PartnerRe's ratings. It is also possible that rating agencies may in the future heighten the level of scrutiny they apply when analyzing companies in the industry, may increase the frequency and scope of their reviews, may request additional information from the companies that they rate, and may adjust upward the capital and other requirements employed in their models for maintenance of certain rating levels. PartnerRe can offer no assurances that its ratings will remain at their current levels.

If its ratings were significantly downgraded, PartnerRe's competitive position in the reinsurance industry may suffer, and it could result in a reduction in demand for its products. In addition, certain business that PartnerRe writes

contains terms that give the ceding company or derivative counterparty the right to terminate cover and/or require collateral if its ratings are downgraded significantly.

PartnerRe's current financial strength ratings are as follows:

Standard & Poor's	A+ Stable
Moody's	A1 Stable
A.M. Best	A Stable
Fitch	A+ Stable

The status of any further changes to ratings or outlooks will depend on various factors. PartnerRe can offer no assurances that its ratings will remain at their current levels.

PartnerRe - PartnerRe may require additional capital in the future, which may not be available or may only be available on unfavorable terms

PartnerRe's future capital requirements depend on many factors, including regulatory requirements, the Group's ability to write new business successfully, the frequency and severity of catastrophic events, and its ability to establish premium rates and reserves at levels sufficient to cover losses. PartnerRe may need to raise additional funds through financings or curtail its growth and reduce its assets. Any debt financing, if available at all, may be on terms that are not favorable to PartnerRe. Financial markets in the U.S., Europe and elsewhere have experienced extreme volatility and disruption in recent times, resulting in part from financial stresses affecting the liquidity of the banking system. Continued disruption in the financial markets may limit PartnerRe's ability to access capital required to operate its business and it may be forced to delay raising capital or bear a higher cost of capital, which could decrease its profitability and significantly reduce its financial flexibility. In addition, if PartnerRe experiences a credit rating downgrade, withdrawal or negative watch/outlook in the future, it could incur higher borrowing costs and may have more limited means to access capital. If PartnerRe cannot obtain adequate capital on favorable terms or at all, its business, operating results and financial condition could be adversely affected.

PartnerRe - The exposure of its investments to interest rate and credit risk may limit PartnerRe's net income and may affect the adequacy of its capital

PartnerRe invests the net premiums it receives unless, or until such time as, it pays out losses and/or until they are made available for distribution to common and preferred shareholders, used to pay interest or redeem debt or preferred shares, or otherwise used for general corporate purposes. Investment results comprise a substantial portion of PartnerRe's income, including net investment income and realized and unrealized gains on investments which are recognized through net income for investments at fair value through profit or loss and in other comprehensive income for available-for-sale investments. The majority of PartnerRe's investments are carried at fair value. An increase in interest rates will result in a decrease in the fair value of PartnerRe's investments. A decrease in interest rates would have the opposite effect.

While the PartnerRe Board of Directors has implemented what it believes to be prudent risk management and investment asset allocation practices, the Group is exposed to significant financial and capital market risks, including changes in interest rates, credit spreads, prices, foreign exchange rates, market volatility, the performance of the economy in general and other factors outside its control.

Interest rates are highly sensitive to many factors, including fiscal and monetary policies of major economies, inflation, economic and political conditions and other factors outside PartnerRe's control. Changes in interest rates can negatively affect PartnerRe in two ways. In a declining interest rate environment, PartnerRe will be required to invest its funds at lower rates, which would have a negative impact on investment income. The Group may be forced to liquidate investments prior to maturity at a loss in order to cover liabilities. In a rising interest rate environment, the market value of PartnerRe's fixed income portfolio may decline.

PartnerRe's fixed maturity portfolio is primarily invested in high quality, investment grade securities. The company also invests in other investments such as fixed income type mutual funds, notes receivable, loans receivable, private placement bond investments, derivative exposure assumed and other specialty asset classes. These securities generally pay a higher rate of interest and have a higher degree of credit or default risk. These securities may also be less liquid in times of economic weakness or market disruptions.

PartnerRe invests in preferred and common stocks or equity-like securities. The value of these assets fluctuates with equity markets. In times of economic weakness, the market value and liquidity of these assets may decline,

and may impact net income and capital. The term equity-like investments is used to describe PartnerRe's investments that have market risk characteristics similar to equities and are not investment grade fixed maturity securities. This category includes high yield and convertible fixed maturity investments and private placement equity investments. Fluctuations in the fair value of its equity-like investments may reduce PartnerRe's income in any period or year and cause a reduction in its capital.

PartnerRe - Foreign currency fluctuations may reduce PartnerRe's net income and capital levels

Through its multinational reinsurance operations, PartnerRe conducts business in a variety of foreign (non-U.S.) currencies, the principal exposures being the euro, British pound, Canadian dollar, Swiss Franc and Singapore dollar. Assets and liabilities denominated in foreign currencies are exposed to changes in currency exchange rates, which may be material. PartnerRe's reporting currency is the U.S. dollar, and exchange rate fluctuations relative to the U.S. dollar may materially impact its results and financial position. The Group employs various strategies (including hedging) to manage its exposure to foreign currency exchange risk. To the extent that these exposures are not fully hedged or the hedges are ineffective, PartnerRe's results or equity may be reduced by fluctuations in foreign currency exchange rates. The sovereign debt crisis in Europe and the related financial restructuring efforts, which may cause the value of the euro to deteriorate, may magnify these risks.

PartnerRe - The current state of the global economy and capital markets increases the possibility of adverse effects on PartnerRe's financial position and results of operations. Economic downturns could impair the company's investment portfolio and affect the primary insurance market, which could, in turn, harm its operating results and reduce its volume of new business

Global capital markets in the U.S., Europe and other leading markets continue to experience volatility and certain economies remain in recession. Although conditions may be improving, the longer this economic dislocation persists, the greater the probability that these risks could have an adverse effect on PartnerRe's financial results. This may be evidenced in several ways including, but not limited to, a potential reduction in the company's premium income, financial losses in its investment portfolio and decreases in revenue and net income.

Unfavorable economic conditions also could increase PartnerRe's funding costs, limit its access to the capital markets or result in a decision by lenders not to extend credit to the Group. These events could prevent PartnerRe from increasing its underwriting activities and negatively impact its operating results. In addition, PartnerRe's cedants and other counterparties may be affected by such developments in the financial markets, which could adversely affect their ability to meet their obligations to the Group.

The global sovereign debt crisis had resulted in financial market restructuring efforts. The impact of these efforts is unclear, however, they may cause a further deterioration in the value of various currencies and consequently exacerbate instability in global credit markets and increase credit concerns resulting in the widening of bond yield spreads. In addition, rating agency downgrades on certain sovereign debt and a possible concern of the potential default of government issuers has contributed to this uncertainty. The impact of these developments, while potentially severe, remains extremely difficult to predict. However, should governments default on their obligations, there will be a negative impact on government and non-government issued bonds, government guaranteed corporate bonds and bonds and equities issued by financial institutions and other financial instruments held within the country of default which in turn could adversely impact assets held in PartnerRe's investment portfolio.

PartnerRe - PartnerRe may suffer losses due to defaults by others, including issuers of investment securities, reinsurance and derivative counterparties

Issuers or borrowers whose securities PartnerRe holds, reinsurers, clearing agents, clearing houses, derivative instrument counterparties and other financial intermediaries may default on their obligations to the Group due to bankruptcy, insolvency, lack of liquidity, adverse economic conditions, operational failure, fraud or other reasons. Even if PartnerRe is entitled to collateral when a counterparty defaults, such collateral may be illiquid or proceeds from such collateral when liquidated may not be sufficient to recover the full amount of the obligation. The Group's investment portfolio may include investment securities in the financial services sector that have recently experienced defaults. All or any of these types of default could have a material adverse effect on PartnerRe's results of operations, financial condition and liquidity.

PartnerRe - PartnerRe may be adversely affected if Colisée Re, AXA or their affiliates fail to honor their obligations to Paris Re or its clients

As part of the AXA Acquisition, Paris Re entered into the 2006 Acquisition Agreements. Pursuant to the Quota Share Retrocession Agreement, the benefits and risks of Colisée Re's reinsurance agreements were ceded to Paris Re France (now PartnerRe Europe), but Colisée Re remains both the legal counterparty for all such reinsurance contracts and the legal holder of the assets relating to such reserves.

Under the Run Off Services and Management Agreement, Paris Re France (now PartnerRe Europe) has agreed that AXA Liabilities Managers (AXA LM) will manage claims arising from all reinsurance and retrocession contracts subject to the Reserve Agreement. If AXA LM does not take into account Paris Re France's commercial concerns in the context of Paris Re France's on-going business relations with the relevant ceding companies and retrocessionaires, PartnerRe's ability to renew reinsurance and retrocession contracts with them may be adversely affected.

There can be no assurance that PartnerRe's business activities, financial condition, results or future prospects may not be adversely affected in spite of the existence of the 2006 Acquisition Agreements. In general, if AXA or its affiliates breach or do not satisfy their obligations under the 2006 Acquisition Agreements (potentially as a result of insolvency or inability or unwillingness to make payments under the terms of the 2006 Acquisition Agreements), PartnerRe could be materially adversely affected.

PartnerRe - PartnerRe's debt, credit and International Swap Dealers Association (ISDA) agreements may limit its financial and operational flexibility, which may affect the ability to conduct its business

PartnerRe has incurred indebtedness, and may incur additional indebtedness in the future. Additionally, it has entered into credit facilities and ISDA agreements with various institutions. Under these credit facilities, the institutions provide revolving lines of credit to PartnerRe and its major operating subsidiaries and issue letters of credit to PartnerRe clients in the ordinary course of business.

The agreements relating to PartnerRe's debt, credit facilities and ISDA agreements contain various covenants that may limit its ability, among other things, to borrow money, make particular types of investments or other restricted payments, sell assets, merge or consolidate. Some of these agreements also require PartnerRe to maintain specified ratings and financial ratios, including a minimum net worth covenant. If PartnerRe fails to comply with these covenants or meet required financial ratios, the lenders or counterparties under these agreements could declare a default and demand immediate repayment of all amounts owed to them.

If PartnerRe is in default under the terms of these agreements, then it would also be restricted in its ability to declare or pay any dividends, redeem, purchase or acquire any shares or make a liquidation payment.

PartnerRe - If any one of the financial institutions that it uses in its operations, including those that participate in its credit facilities, fails or is otherwise unable to meet their commitments, PartnerRe could incur substantial losses and reduced liquidity

PartnerRe maintains cash balances significantly in excess of the U.S. Federal Deposit Insurance Corporation insurance limits at various depository institutions. The Group also has funding commitments from a number of banks and financial institutions that participate in its credit facilities. Access to funds under these existing credit facilities is dependent on the ability of the banks that are parties to the facilities to meet their funding requirements. Those banks may not be able to meet their funding requirements if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests within a short period of time and PartnerRe might be forced to replace credit sources in a difficult market. There have also been recent consolidations in the banking industry which could lead to increased reliance on and exposure to a limited number of institutions. If PartnerRe cannot obtain adequate financing or sources of credit on favorable terms, or at all, its business, operating results and financial condition could be adversely impacted.

PartnerRe - Changes in current accounting practices and future pronouncements may materially impact PartnerRe's reported financial results

Developments in accounting practices may require additional time and costs to comply, particularly if PartnerRe is required to prepare information relating to prior periods for comparative purposes or to apply the new requirements retroactively. The impact of changes in current accounting practices and future pronouncements may be significant. The impact may affect the results of PartnerRe's operations, including among other things, the calculation of net income, and may affect its financial position, including among other things, the calculation of unpaid losses and loss expenses, policy benefits for life and annuity contracts and total shareholders' equity. In particular, recent guidance and ongoing projects put in place by standard setters globally have indicated a move away from the current insurance accounting models toward more "fair value" based models which could introduce significant

volatility in the earnings of insurance industry participants for certain significant accounts not already at fair value, such as reserves and debt.

PartnerRe - Operational risks, including human or systems failures, are inherent in PartnerRe's business

Operational risks and losses can result from many sources including fraud, errors by employees, failure to document transactions properly or to obtain proper internal authorization, failure to comply with regulatory requirements or information technology failures.

PartnerRe believes that its modeling, underwriting and information technology and application systems are critical to its business and reputation. Moreover, its technology and applications have been an important part of its underwriting process and its ability to compete successfully. Such technology is and will continue to be a very important part of the Group's underwriting process. PartnerRe has also licensed certain systems and data from third parties. PartnerRe cannot be certain that it will have access to these, or comparable service providers, or that its technology or applications will continue to operate as intended. In addition, PartnerRe cannot be certain that it would be able to replace these service providers or consultants without slowing its underwriting response time. A major defect or failure in its internal controls or information technology and application systems could result in management distraction, harm to its reputation, a loss or delay of revenues or increased expense.

PartnerRe - Cybersecurity events could disrupt business operations, result in the loss of critical and confidential information, and adversely impact PartnerRe's reputation and results of operations

PartnerRe is dependent upon the effective functioning and availability of its information technology and application systems platforms. These platforms include, but are not limited to, PartnerRe's proprietary software programs such as catastrophe models as well as those licensed from third-party vendors including analytic and modeling systems. The Group relies on the security of such platforms for the secure processing, storage and transmission of confidential information. Examples of significant cybersecurity events are unauthorized access, computer viruses, deceptive communications (phishing), malware or other malicious code or cyber-attack, catastrophic events, system failures and disruptions and other events that could have security consequences (each, Cybersecurity Event). A Cybersecurity Event could materially impact PartnerRe's ability to adequately price products and services, establish reserves, provide efficient and secure services to its clients, brokers, vendors and regulators, value its investments and to timely and accurately report its financial results. Although the Group has implemented controls and has taken protective measures to reduce the risk of Cybersecurity Events, it cannot reasonably anticipate or prevent rapidly evolving types of cyber attacks and such measures may be insufficient to prevent a Cybersecurity Event. Cybersecurity Events could expose PartnerRe to a risk of loss or misuse of its information, litigation, reputational damage, violations of applicable privacy and other laws, fines, penalties or losses that are either not insured against or not fully covered by insurance maintained. PartnerRe may be required to expend significant additional resources to modify its protective measures or to investigate and remediate vulnerabilities.

PartnerRe - The loss of key management personnel could adversely affect PartnerRe

PartnerRe's success has depended, and will continue to depend, partly upon its ability to attract and retain executive officers. If any of these executives ceased to continue in his or her present role, the Group could be adversely affected.

PartnerRe believes there are only a limited number of available qualified executives in the business lines in which it competes. The Group's ability to execute its business strategy is dependent on the ability to attract and retain a staff of qualified executive officers, underwriters and other key personnel. The skills, experience and knowledge of the reinsurance industry of the PartnerRe management team constitute important competitive strengths. If some or all of these managers leave their positions, and even if the Group was able to find persons with suitable skills to replace them, its operations could be adversely affected.

PartnerRe - PartnerRe may be adversely impacted by inflation

Deficit spending by governments in its major markets exposes PartnerRe to heightened risk of inflation. PartnerRe monitors the risk that the principal markets in which it operates could experience increased inflationary conditions, which would, among other things, cause loss costs to increase, and impact the performance of its investment portfolio. Inflation related to medical costs, construction costs and tort issues in particular impact the property and casualty industry and broader market inflation has the potential risk of increasing overall loss costs. The impact of inflation on loss costs could be more pronounced for those lines of business that are considered to be long tail in nature, as they require a relatively long period of time to finalize and settle claims. Changes in the level of inflation also result in an increased level of uncertainty in PartnerRe's estimation of loss reserves, particularly for long tail lines of business. The onset, duration and severity of an inflationary period cannot be estimated with precision. The

global sovereign debt crisis and the related financial restructuring efforts have, among other factors, made it more difficult to predict the inflationary environment.

Risks Related to the industry

PartnerRe - PartnerRe's profitability is affected by the cyclical nature of the reinsurance industry

Historically, the reinsurance industry has experienced significant fluctuations in operating results due to competition, levels of available capacity, trends in cash flows and losses, general economic conditions and other factors. Demand for reinsurance is influenced significantly by underwriting results of primary insurers, including catastrophe losses, and prevailing general economic conditions. The supply of reinsurance is related directly to prevailing prices and levels of capacity that, in turn, may fluctuate in response to changes in rates of return on investments being realized in the reinsurance industry. If any of these factors were to result in a decline in the demand for reinsurance or an overall increase in reinsurance capacity, PartnerRe's profitability could be impacted. In recent years, PartnerRe has experienced a generally softening market cycle, with increased competition, surplus underwriting capacity, deteriorating rates and less favorable terms and conditions all having an impact on its ability to write business.

Currently, PartnerRe is facing a challenging and limited growth environment, which is driven by price decreases in most markets and lines of business, reflecting increased competition and excess capacity in the industry, cedants choosing to utilize fewer reinsurers by consolidating their reinsurance panels, relatively low loss experience and a prolonged period of low interest rates, which has impacted the Group's investment portfolio. In addition, PartnerRe may experience increased competition as a result of the consolidation in the (re)insurance industry. These consolidated entities may try to use their enhanced market power to negotiate price reductions for PartnerRe products and services and/or obtain a larger market share through increased line sizes.

PartnerRe anticipates that competition and pricing pressure may adversely affect its profitability and results of operations in future periods, and the impact may be material.

PartnerRe - PartnerRe operates in a highly competitive environment

The reinsurance industry is highly competitive and PartnerRe competes with a number of worldwide reinsurance companies including, Everest Re Group, Ltd., RenaissanceRe Holdings Ltd., Validus Holdings, Ltd., Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft (Munich Re); Swiss Re Ltd., Hannover Rück SE (Hannover Re), SCOR SE, and Reinsurance Group of America, Incorporated.

The lack of strong barriers to entry into the reinsurance business means that PartnerRe also competes with new companies that continue to be formed to enter the insurance and reinsurance markets. In addition, PartnerRe may experience increased competition as a result of the consolidation in the (re)insurance industry. These consolidated entities may try to use their enhanced market power to negotiate price reductions for PartnerRe products and services and/or obtain a larger market share through increased line sizes.

Competition in the types of reinsurance that PartnerRe underwrites is based on many factors, including the perceived and relative financial strength, pricing and other terms and conditions, services provided, ratings assigned by independent rating agencies, speed of claims payment, geographic scope of business, client and broker relationships, reputation and experience in the lines of business to be written. If competitive pressures reduce PartnerRe's prices, it would expect to write less business. In addition, competition for customers would become more intense and the Group could incur additional expenses relating to customer acquisition and retention, further reducing operating margins. Further, insurance-linked securities and derivative and other non-traditional risk transfer mechanisms and alternative vehicles are being developed and offered by other parties, which could impact the demand for traditional insurance or reinsurance. A number of new, proposed or potential industry or legislative developments could further increase competition in the industry. New competition from these developments could cause the demand for reinsurance to fall or the expense of customer acquisition and retention to increase, either of which could have a material adverse effect on PartnerRe's growth and profitability. As a result of new and alternative capital inflows into the industry and cedants retaining more business, there is an excess supply of reinsurance capital which is also driving pricing lower and putting pressure on terms and conditions.

The level of competition is determined by supply of and demand for capacity. Demand is determined by client buying behavior, which varies based on the client's perception of the amount and volatility of risk, its financial capacity to bear it and the cost of risk transfer. Supply is determined by the existing reinsurance companies' level of financial strength and the introduction of capacity from new start-ups or capital markets. Significant new capacity or significant reduction in demand will depress industry profitability until the supply/demand balance is redressed. Extended periods of imbalance could depress industry profitability to a point where PartnerRe would fail to meet its targets.

All of the above factors may adversely affect PartnerRe's profitability and results of operations in future periods, the impact of which may be material, and may adversely affect its ability to successfully execute its strategy as a global diversified reinsurance company.

Legal and Regulatory Risks

PartnerRe - Political, regulatory, governmental and industry initiatives could adversely affect the business

PartnerRe's reinsurance operations are subject to extensive laws and regulations that are administered and enforced by a number of different governmental and non-governmental self-regulatory authorities and associations in each of their respective jurisdictions and internationally. PartnerRe's businesses in each jurisdiction are subject to varying degrees of regulation and supervision. The laws and regulations of the jurisdictions in which its reinsurance subsidiaries are domiciled require, among other things, maintenance of minimum levels of statutory capital, surplus, and liquidity; various solvency standards; and periodic examinations of subsidiaries' financial condition. In some jurisdictions, laws and regulations also restrict payments of dividends and reductions of capital. Applicable statutes, regulations, and policies may also restrict the ability of these subsidiaries to write insurance and reinsurance policies, to make certain investments, and to distribute funds. As a result of the current financial crisis, some of these authorities regularly consider enhanced or new regulatory requirements intended to prevent future crises or otherwise assure the stability of institutions under their supervision. These authorities may also seek to exercise their supervisory authority in new and more robust ways, and new regulators could become authorized to oversee parts of PartnerRe's business.

It is not possible to predict all future impacts of these types of changes but they could affect the way PartnerRe conducts its business and manages its capital, and may require the Group to satisfy increased capital requirements, any of which, in turn, could affect its results of operations, financial condition and liquidity. Regulations relating to each of PartnerRe's material subsidiaries may in effect restrict each of those subsidiaries' ability to write new business, to make certain investments and to distribute funds or assets to PartnerRe.

Recent government intervention and the possibility of future government intervention have created uncertainty in the insurance and reinsurance markets. Government regulators are generally concerned with the protection of policyholders to the exclusion of other interested parties, including shareholders of reinsurers. PartnerRe believes it is likely there will continue to be increased regulation of, and other forms of government participation in, its industry in the future, which could adversely affect its business by, among other things:

- providing reinsurance capacity in markets and to clients that PartnerRe target or requiring its participation in industry pools and guaranty associations;
- further restricting its operational or capital flexibility;
- expanding the scope of coverage under existing policies;
- regulating the terms of reinsurance policies; or
- disproportionately benefiting the companies domiciled in one country over those domiciled in another.

The insurance industry is also affected by political, judicial and legal developments that may create new and expanded theories of liability, which may result in unexpected claim frequency and severity and delays or cancellations of reinsurance products and services which PartnerRe provides, which could adversely affect its business.

PartnerRe - Legal and enforcement activities relating to the insurance industry could affect PartnerRe's business and its industry

The insurance industry has experienced substantial volatility as a result of litigation, investigations and regulatory activity by various insurance, governmental and enforcement authorities concerning certain practices within the insurance industry. These practices include the accounting treatment for finite reinsurance or other non-traditional or loss mitigation insurance and reinsurance products.

These investigations have resulted in changes in the insurance and reinsurance markets and industry business practices. While at this time, none of these changes have caused an adverse effect on PartnerRe's business, it is unable to predict the potential effects, if any, that future investigations may have upon its industry. As noted above, because PartnerRe frequently assumes the credit risk of the counterparties with whom it does business throughout its insurance and reinsurance operations, its results of operations could be adversely affected if the credit quality of these counterparties is severely impacted by investigations in the insurance industry or by changes to industry practices.

PartnerRe - Emerging claim and coverage issues could adversely affect PartnerRe's business

Unanticipated developments in the law, as well as changes in social and environmental conditions could potentially result in unexpected claims for coverage under PartnerRe's insurance, reinsurance and other contracts. These developments and changes may adversely affect the Group's business by either extending coverage beyond its underwriting intent or by increasing the number or size of claims. With respect to PartnerRe's casualty businesses, these legal, social and environmental changes may not become apparent until sometime after their occurrence. The Group's exposure to these uncertainties could be exacerbated by an increase in insurance and reinsurance contract disputes, arbitration and litigation.

The full effects of these and other unforeseen emerging claim and coverage issues are extremely hard to predict. As a result, the full extent of liability under PartnerRe coverages, and in particular, its casualty reinsurance contracts, may not be known for many years after a contract is issued.

The insurance industry is also affected by political, judicial and legal developments that may create new and expanded theories of liability, which may result in unexpected claim frequency and severity and delays or cancellations of products and services which PartnerRe provides, which could adversely affect its business.

PartnerRe - Investors may encounter difficulties in service of process and enforcement of judgments against PartnerRe in the United States

PartnerRe is a Bermuda company and some of its directors and officers are residents of various jurisdictions outside the U.S. All, or a substantial portion, of the assets of PartnerRe's officers and directors and of its own assets are or may be located in jurisdictions outside the U.S. Although PartnerRe has appointed an agent and irrevocably agreed that the agent may be served with process in New York with respect to actions against it arising out of violations of the U.S. Federal securities laws in any Federal or state court in the U.S., it could be difficult for investors to effect service of process within the U.S. on PartnerRe directors and officers who reside outside the U.S. It could also be difficult for investors to enforce against PartnerRe or its directors and officers judgments of a U.S. court predicated upon civil liability provisions of U.S. Federal securities laws.

There is no treaty in force between the U.S. and Bermuda providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. As a result, whether a U.S. judgment would be enforceable in Bermuda against PartnerRe or its directors and officers depends on whether the U.S. court that entered the judgment is recognized by the Bermuda court as having jurisdiction over it or its directors and officers, as determined by reference to Bermuda conflict of law rules. A judgment debt from a U.S. court that is final and for a sum certain based on U.S. Federal securities laws will not be enforceable in Bermuda unless the judgment debtor had submitted to the jurisdiction of the U.S. court, and the issue of submission and jurisdiction is a matter of Bermuda law and not U.S. law.

In addition to and irrespective of jurisdictional issues, Bermuda courts will not enforce a U.S. Federal securities law that is either penal or contrary to public policy. An action brought pursuant to a public or penal law, the purpose of which is the enforcement of a sanction, power or right at the instance of the state in its sovereign capacity will not be entered by a Bermuda court. Certain remedies available under the laws of U.S. jurisdictions, including certain remedies under U.S. Federal securities laws, would not be available under Bermuda law or enforceable in Bermuda court, as they would be contrary to Bermuda public policy. Further, no claim can be brought in Bermuda against PartnerRe or its directors and officers in the first instance for violation of U.S. Federal securities laws because these laws have no extra jurisdictional effect under Bermuda law and do not have force of law in Bermuda. A Bermuda court may, however, impose civil liability on PartnerRe or its directors and officers if the facts alleged in a complaint constitute or give rise to a cause of action under Bermuda law.

PartnerRe - PartnerRe's international business is subject to applicable laws and regulations relating to sanctions and foreign corrupt practices, the violation of which could adversely affect the Group's operations

PartnerRe must comply with all applicable economic sanctions and anti-bribery laws and regulations of the U.S., the European community and other foreign jurisdictions where it operates. U.S. laws and regulations applicable to PartnerRe include the economic trade sanctions laws and regulations administered by the United States Department of the Treasury's Office of Foreign Assets Control as well as certain laws administered by the United States Department of State. In addition, PartnerRe is subject to the Foreign Corrupt Practices Act and other anti-bribery laws such as the U.K. Bribery Act that generally bar corrupt payments or unreasonable gifts to foreign governments or officials. Although the Group has policies and controls in place that are designed to ensure compliance with these laws and regulations, it is possible that an employee or intermediary could fail to comply with applicable laws and regulations. In such event, PartnerRe could be exposed to civil penalties, criminal penalties and other sanctions, including fines or other punitive actions. In addition, such violations could damage its business and/or its reputation.

Such criminal or civil sanctions, penalties, other sanctions, and damage to its business and/or reputation could have a material adverse effect on its financial condition and results of operations.

PartnerRe - PartnerRe's international business is subject to applicable laws and regulations relating to data privacy, the changes or the violation of which could affect its operations

Regulatory authorities around the world are considering a number of legislative and regulatory proposals concerning data protection. In addition, the interpretation and application of data protection laws in the U.S., Europe and elsewhere are often uncertain and in flux. It is possible that these laws may be interpreted and applied in a manner that is inconsistent with PartnerRe's data practices. If so, in addition to the possibility of fines, this could result in an order requiring that PartnerRe changes its data practices, which could have an adverse effect on its business and results of operations. Complying with these various laws could cause the Group to incur substantial costs or require it to change its business practices in a manner adverse to its business.

As a group operating worldwide, PartnerRe strives to comply with all applicable data protection laws and regulations. It is however possible that it fails to comply with applicable laws and regulations. The failure or perceived failure to comply may result in inquiries and other proceedings or actions against PartnerRe by government entities or others, or could cause it to lose clients which could potentially have an adverse effect on its business.

Risks Related to PartnerRe Preferred Shares

PartnerRe - PartnerRe is a holding company, and if its subsidiaries do not make dividend and other payments to it, it may not be able to make payments on preferred shares and other obligations

PartnerRe is a holding company with no operations or significant assets other than the capital stock of its subsidiaries and other intercompany balances. PartnerRe has cash outflows in the form of other expenses and dividends to both common and preferred shareholders. It relies primarily on cash dividends and payments from its subsidiaries to meet its cash outflows. PartnerRe expects future dividends and other permitted payments from its subsidiaries to be the principal source of funds to pay expenses and dividends. The ability of its subsidiaries to pay dividends or to advance or repay funds to it is subject to general economic, financial, competitive, regulatory and other factors beyond its control. In particular, the payment of dividends by PartnerRe's reinsurance subsidiaries is limited under Bermuda and Irish laws and certain statutes of various U.S. states in which its U.S. subsidiaries are licensed to transact business and include minimum solvency and liquidity thresholds. As of December 31, 2016, there were no significant restrictions on the payment of dividends by PartnerRe's subsidiaries that would limit PartnerRe's ability to pay preferred shareholders' dividends and its corporate expenses. However, in 2016, EXOR S.p.A. (EXOR) and the Company agreed, as part of the terms of the preferred share exchange, that the payment of dividends on common shares be restricted to an amount not exceeding 67% of net income until December 31, 2020. In addition, as a condition of the acquisition by Exor N.V., PartnerRe U.S. committed that it would not take any action to pay any dividend for the two year period from March 18, 2016 to March 18, 2018 without the prior approval of the New York State Department of Financial Services. At December 31, 2016, there were no other restrictions on the Company's ability to pay common and preferred shareholders' dividends from its retained earnings, except for the reinsurance subsidiaries' dividend restrictions related to statutory or regulatory restrictions. Because PartnerRe is a holding company, its right, and hence the right of its creditors and shareholders, to participate in any distribution of assets of any of its subsidiaries, upon its liquidation or reorganization or otherwise, is subject to the prior claims of policyholders and creditors of these subsidiaries.

Taxation Risks

PartnerRe - Changes in PartnerRe's effective income tax rate could affect its results of operations

PartnerRe's effective income tax rate could be adversely affected in the future by net income being lower than anticipated in jurisdictions where it has a relatively lower statutory tax rate and net income being higher than anticipated in jurisdictions where it has a relatively higher statutory tax rate, or by changes in corporate tax rates and tax regulations in any of the jurisdictions in which it operates. PartnerRe is subject to regular audit by tax authorities in the various jurisdictions in which it operates. Any adverse outcome of such an audit could have an adverse effect on PartnerRe's net income, effective income tax rate and financial condition.

In addition, the determination of its provisions for income taxes requires significant judgment, and the ultimate tax determination related to certain positions taken is uncertain. Although PartnerRe believes that its provisions are reasonable, the ultimate tax outcome may differ from the amounts recorded in its consolidated financial statements and may materially affect its net income and effective income tax rate in the period such determination is made.

PartnerRe - If PartnerRe's non-U.S. operations become subject to U.S. income taxation, its net income will decrease

PartnerRe believes that the Company and its non-U.S. subsidiaries (other than business sourced by PartnerRe Europe through PartnerRe Miami and PartnerRe Connecticut) have operated, and will continue to operate, their respective businesses in a manner that will not cause them to be viewed as engaged in a trade or business in the U.S. and, on this basis, it does not expect that either PartnerRe or its non-U.S. subsidiaries will be required to pay U.S. corporate income taxes (other than potential withholding taxes on certain types of U.S. source passive income) or branch profits taxes. Because there is considerable uncertainty as to the activities that constitute being engaged in a trade or business within the U.S., the IRS may contend that either PartnerRe or its non-U.S. subsidiaries are engaged in a trade or business in the U.S. In addition, legislation regarding the scope of non-U.S. entities and operations subject to U.S. income tax has been proposed in the past, and may be proposed again in the future. If either PartnerRe or its non-U.S. subsidiaries are subject to U.S. income tax, its shareholders' equity or net assets and net income will be reduced by the amount of such taxes, which might be material.

FCA

Risks related to the business, strategy and operations

FCA – If vehicle shipments volumes deteriorate, particularly shipments of the Group’s pickup trucks and larger sport utility vehicles in the U.S. retail market, the results of operations and financial condition of the Group will suffer

As is typical for an automotive manufacturer, the Group has significant fixed costs and, therefore, changes in vehicle shipment volumes can have a disproportionately large effect on profitability.

Further, profitability in the U.S., Canada, Mexico and Caribbean islands (“NAFTA”), a region which contributed a majority of the profit in 2016, is particularly dependent on demand for the Group’s pickup trucks and larger sport utility vehicles. For example, pickup trucks and larger sport utility vehicles accounted for approximately 60% of the Group’s total US retail vehicle shipments in 2016. A shift in consumer demand away from these vehicles within the NAFTA region, and towards compact and mid-size passenger cars, whether in response to higher fuel prices or other factors, could adversely affect profitability.

The Group’s dependence within the NAFTA region on pickup trucks and larger sport utility vehicles is increasing further as it implements the plan to shift production in that region away from compact and mid-size passenger cars. Moreover, the Group tends to operate with negative working capital as the Group generally receives payments from vehicle sales to dealers within a few days of shipment, whereas there is a lag between the time when parts and materials are received from suppliers and when such parts and materials are paid; therefore, if vehicle shipments decline the Group will suffer a significant negative impact on cash flow and liquidity as it continues to pay suppliers during a period in which the Group receives reduced proceeds from vehicle shipments. If vehicle shipments decline, or if they were to fall short of assumptions, due to recessionary conditions, changes in consumer confidence, geopolitical events, inability to produce sufficient quantities of certain vehicles, limited access to financing or other factors, such decline or shortfall could have a material adverse effect on the Group’s business, financial condition and results of operations.

FCA – The Group’s businesses are affected by global financial markets and general economic and other conditions over which the Group has little or no control

The Group’s results of operations and financial position may be influenced by various macroeconomic factors within the various countries in which it operates including changes in gross domestic product, the level of consumer and business confidence, changes in interest rates for or availability of consumer and business credit, the rate of unemployment and foreign currency exchange rates.

In general, the automotive sector has historically been subject to highly cyclical demand and tends to reflect the overall performance of the economy, often amplifying the effects of economic trends. Given the difficulty in predicting the magnitude and duration of economic cycles, there can be no assurances as to future trends in the demand for products sold by the Group in any of the markets in which the Group operates.

In addition to slow economic growth or recession, other economic circumstances, such as increases in energy prices and fluctuations in prices of raw materials or contractions in infrastructure spending, could have negative consequences for the industry in which the Group operates and, together with the other factors referred to previously, could have a material adverse effect on the Group’s business, financial condition and results of operations.

FCA – The Group is subject to risks relating to international markets and exposure to changes in local conditions and trade policies, as well as economic, geopolitical or other events

The Group is subject to risks inherent to operating globally, including those related to:

- exposure to local economic and political conditions;
- import and/or export restrictions;
- multiple tax regimes, including regulations relating to transfer pricing and withholding and other taxes on remittances and other payments to or from subsidiaries;
- foreign investment and/or trade restrictions or requirements, foreign exchange controls and restrictions on the repatriation of funds; and
- the introduction of more stringent laws and regulations.

Unfavorable developments in any one or a combination of these areas (which may vary from country to country) could have a material adverse effect on the Group’s business, financial condition and results of operations.

With the increasing interconnectedness of global economic and financial systems, a financial crisis, natural disaster, geopolitical crisis, or other significant event in one area of the world can have an immediate and devastating impact on markets around the world. For example, the financial crisis that began in the United States in

2008 quickly spread to other markets; natural disasters in Japan and Thailand during 2011 caused production interruptions and delays not just in Asia Pacific but other regions around the world; and episodes of increased geopolitical tensions or acts of terrorism have at times caused adverse reactions that may spread to economies around the globe.

For instance, in June 2016, a majority of voters in the United Kingdom elected to withdraw from the European Union in a national referendum. The referendum, commonly referred to as “Brexit”, was advisory and the terms of any withdrawal are subject to a negotiation period that could last up to two years after the government of the United Kingdom formally initiates a withdrawal process, or longer if extended by mutual agreement. The referendum has created significant uncertainty about the future relationship between the United Kingdom and the European Union, which is also subject to negotiation, including with respect to the laws and regulations that will apply as the United Kingdom determines which European Union-derived laws to replace or replicate in the event of a withdrawal, and in light of a recent U.K. Supreme Court decision requiring further action of the U.K. Parliament before beginning the process of leaving the European Union. The referendum has also given rise to calls for the governments of other European Union member states to consider withdrawal. If a country within the euro area were to default on its debt or withdraw from the euro currency, or, in a more extreme circumstance, the euro currency were to be dissolved entirely, the impact on markets around the world, and on FCA’s global business, could be immediate and significant.

In the United States, changes in policy positions by the new presidential administration may impact the Group’s business, in particular with respect to production of vehicles outside the U.S. for import into the U.S., particularly from Canada, Mexico and Italy, and potential changes in tax laws that could adversely affect U.S. operations. For example, the Group currently imports heavy-duty pickup trucks into the U.S. which it assembles in Mexico. Any new policies and any steps the Group may take to address such new policies could have a material adverse effect on its business, financial condition and results of operations.

In addition, these developments have introduced an elevated level of economic and policy uncertainty, which could cause financial and capital markets within and outside the U.S. and Europe to constrict, thereby negatively impacting FCA’s ability to finance its business. It also could cause a substantial dip in consumer and business confidence and spending that could negatively impact sales of vehicles. Any one of these impacts could have a material adverse effect on the Group’s business, financial condition and results of operations.

FCA – The Group may be unsuccessful in efforts to expand the international reach of some of the brands that are believed to have global appeal and reach

The growth strategies reflected in the 2014-2018 Business Plan announced in May 2014 and updated in January 2016 (the “Business Plan”) include expanding global sales of the Jeep brand through localized production in Asia and Latin America, the launch of new large utility vehicle models in North America, the reintroduction in North America, and expansion in Europe and Asia, of the Alfa Romeo brand including the development of an all-new platform and new powertrains, as well as the further expansion of the Maserati brand portfolio to include the all-new Levante sport utility vehicle.

These strategies, particularly with respect to the Alfa Romeo brand, have required, and will continue to require, significant investments in products, powertrains, production facilities and distribution networks. If the Group is unable to introduce vehicles that appeal to consumers in these markets and achieve its brand expansion strategies, FCA may be unable to earn a sufficient return on these investments and this could have a material adverse effect on the Group’s business, financial condition and results of operations.

FCA - Laws, regulations and governmental policies, including those regarding increased fuel economy requirements and reduced greenhouse gas emissions, have a significant effect on how the Group does business and may adversely affect the results of operations

In order to comply with government regulations related to fuel economy and emissions standards, the Group must devote significant financial and management resources, as well as vehicle engineering and design attention, to these legal requirements. The Group expects the number and scope of these regulatory requirements, along with the costs associated with compliance, to increase significantly in the future, and these costs could be difficult to pass through to consumers. For example, in December 2016, the U.S. Department of Transportation announced an increase in the penalty for noncompliance with fuel economy requirements, beginning with model year 2019 vehicles that are more than two and a half times the current penalty. This trend will have a material impact on the Group’s existing regulatory planning strategy, may affect the powertrain mix in the vehicles it produces and sells and could have a material adverse impact on the Group’s financial condition and results of operations.

Government and regulatory scrutiny of the automotive industry has also continued to intensify during the course of 2016, and is expected to remain high, particularly in light of recent regulatory actions related to diesel emissions involving a number of automakers. FCA has received inquiries from several regulatory authorities as they examine

the on-road tailpipe emissions of several automakers' vehicles. The Group, when jurisdictionally appropriate, is cooperating with inquiries from several state agencies.

In particular, the Group has been working with the Italian Ministry of Transport ("MIT") and the Dutch Vehicle Regulator ("RDW"), the authorities that certified FCA diesel vehicles for sale in the European Union. The Group also initially responded to inquiries from the German authority, the Kraftfahrt-Bundesamt ("KBA"), regarding emissions test results for FCA vehicles reported by KBA, and discussed the KBA reported test results, the emission control calibrations and the features of the vehicles in question. After these initial discussions, the MIT, which has sole authority for regulatory compliance of the vehicles it has certified, asserted its jurisdiction over the matters raised by the KBA, tested the vehicles, determined that the vehicles complied with applicable European regulations and informed the KBA of its determination. The German Ministry of Transport and Digital Infrastructure ("BMVI") which oversees the KBA then requested a mediation with the MIT under European Commission rules to resolve the differences. That mediation is ongoing. In addition, the French Ministry of Economy announced on February 7, 2017 that the French Consumer Protection Agency has requested the French public prosecutor to conduct a further investigation regarding whether the sale of FCA diesel vehicles violated French consumer protection laws, as it has done for other automakers' diesel vehicles. The results of these inquiries cannot be predicted at this time; however, the intervention by a number of governmental agencies and authorities has required significant management time, which may divert attention from other key aspects of the business plan, or may lead to further enforcement actions as well as obligations to modify or recall vehicles, any of which may have a material adverse effect on the Group's business, results of operations and reputation.

On January 12, 2017, the U.S. Environmental Protection Agency ("EPA") and the California Air Resources Board ("CARB") each issued a notice of violation ("NOV") alleging that FCA US failed to disclose certain emissions control strategies in its application for certificates to permit the sale of model year 2014-2016 Jeep Grand Cherokee and Ram 1500 diesel vehicles. Approximately 104,000 of these vehicles were sold in the United States, of which approximately 14,000 were sold in California. The NOVs also state that the EPA and CARB are continuing to investigate whether any of these emissions control strategies are properly justified under the applicable regulations or constitute a "defeat device" as defined in the Clean Air Act.

Following the issuance of the NOVs, a number of civil lawsuits have been filed. FCA has also received various inquiries, subpoenas and requests for information from a number of governmental authorities, including the U.S. Department of Justice, the SEC and several states' attorneys general. FCA is investigating these matters and intends to cooperate with all valid governmental requests.

FCA is currently unable to predict the outcome of any proceeding or investigation arising out of the NOVs or any related proceedings or investigation nor can it estimate a range of reasonably possible losses for the lawsuits and investigations because these matters involve significant uncertainties at these stages. Such investigations could result in the imposition of damages, fines or civil and criminal penalties. It is possible that the resolution of these matters may adversely affect FCA's reputation with consumers, which may negatively impact demand for Group vehicles and could have a material adverse effect on its business, financial condition and results of operations.

FCA – The Group's success largely depends on the ability of the current management team to operate and manage effectively

The Group's success largely depends on the ability of senior executives and other members of management to effectively manage the Group and individual areas of the business. In particular, the Chief Executive Officer, Sergio Marchionne, is critical to the execution of the strategic direction and implementation of the Business Plan. Although Mr. Marchionne has indicated his intention to remain as Chief Executive Officer through the period of the Business Plan, if the Group were to lose his services or those of any of the other senior executives or key employees it could have a material adverse effect on the Group's business prospects, earnings and financial position. The Group has developed succession plans that it believes are appropriate in the circumstances, although it is difficult to predict with any certainty that the Group will replace these individuals with persons of equivalent experience and capabilities. If the Group is unable to find adequate replacements or to attract, retain and incentivize senior executives, other key employees or new qualified personnel such inability could have a material adverse effect on the Group's business, financial condition and results of operations.

FCA - The FCA Group may be subject to more intensive competition if other manufacturers pursue consolidations

The FCA Group has for some time advocated consolidation in the automotive industry due to the Group's view that the industry is characterized by significant duplication in product development costs, much of which does not drive consumer-perceived value. The FCA Group believes that sharing product development costs among manufacturers, preferably through consolidation, will enable automakers to improve their return on capital

employed for product development and manufacturing and enhance utilization of tooling, machinery and equipment. While the FCA Group continues to implement its Business Plan, and believes that the business will continue to grow and operating margins will continue to improve, if competitors are able to successfully integrate with one another and the FCA Group is not successful with its own efforts to enhance collaboration or adapt effectively to increased competition, the competitors' integration could have a material adverse impact on the Group's business, financial condition and results of operations.

FCA - Product recalls and warranty obligations may result in direct costs, and any resulting loss of vehicle sales could have material adverse effects on the Group's business

FCA, and the U.S. automotive industry in general, have experienced a significant increase in recall activity to address performance, compliance or safety-related issues. FCA's recent costs to recall vehicles have been significant and typically include the cost of replacement parts and labor to remove and replace parts. These costs substantially depend on the nature of the remedy and the number of vehicles affected, and may arise many years after a vehicle's sale.

Product recalls may also harm the Group's reputation, force it to halt the sale of certain vehicles and may cause consumers to question the safety or reliability of the Group's products. Given the sustained high levels in both the cost and frequency of recall campaigns and intense regulatory activity across the automotive industry, ongoing compliance costs are expected to remain high.

Any costs incurred, or lost vehicle sales, resulting from product recalls could materially adversely affect the Group's financial condition and results of operations. Moreover, if the Group is faced with consumer complaints, or receives information from vehicle rating services that calls into question the safety or reliability of one of the Group's vehicles and the Group does not issue a recall, or if the Group does not do so on a timely basis, the Group's reputation may also be harmed and the Group may lose future vehicle sales. The Group is also obligated under the terms of its warranty agreements to make repairs or replace parts in its vehicles at its expense for a specified period of time. Therefore, any failure rate that exceeds the Group's assumptions could have a material adverse effect on the Group's business, financial condition and results of operations.

Compliance with U.S. regulatory requirements for product recalls has also received heightened scrutiny. In connection with the failure in three specified campaigns to provide an effective remedy, and noncompliance with various reporting requirements under the National Traffic and Motor Vehicle Safety Act of 1966 and the Transportation Recall Enhancement, Accountability and Documentation (TREAD) Act, FCA US entered into a consent order with NHTSA in 2015 (the "Consent Order") to pay substantial civil penalties and to engage an independent monitor to review and assess FCA US's compliance with its obligations under the Consent Order. FCA US is obligated to remedy the defects in the vehicles subject to the recalls cited in the Consent Order, and in certain instances, FCA US has been required to buy back vehicles as an additional alternative to a repair remedy. Failure to comply with the terms of the Consent Order may result in additional fines and penalties much of which have been deferred pending the independent monitor's and NHTSA's ongoing assessment of FCA US's compliance with terms of the Consent Order. Further, the monitor's term will continue for the duration of the Consent Order. There can be no assurance that FCA will not be subject to additional regulatory inquiries and consequences in the future.

FCA - Future performance depends on the Group's ability to enrich the product portfolio and offer innovative products

The Group's success depends, among other things, on the ability to develop innovative, high-quality products that are attractive to consumers and provide adequate profitability.

It generally takes two years or more to design and develop a new vehicle, and a number of factors may lengthen that schedule. Because of this product development cycle and the various elements that may contribute to consumers' acceptance of new vehicle designs, including competitors' product introductions, fuel prices, general economic conditions and changes in styling preferences, an initial product concept or design that the Group believes will be attractive may not result in a vehicle that will generate sales in sufficient quantities and at high enough prices to be profitable. A failure to develop and offer innovative products that compare favorably to those of the principal competitors, in terms of price, quality, functionality and features, with particular regard to the upper-end of the product range, or delays in bringing strategic new models to the market, could impair the strategy, which would have a material adverse effect on the Group's financial condition and results of operations. Additionally, the high proportion of fixed costs, both due to the significant investment in property, plant and equipment as well as the requirements of the Group's collective bargaining agreements, which limit its flexibility to adjust personnel costs to changes in demand for its products, may further exacerbate the risks associated with incorrectly assessing demand for the Group's vehicles.

Further, if the Group determines that a safety or emissions defect, a mechanical defect or a non-compliance with regulation exists with respect to a vehicle model prior to the retail launch, the launch of such vehicle could be delayed until the Group remedies the defect or non-compliance. The costs associated with any protracted delay in new model launches necessary to remedy such defect, and the cost of providing a free remedy for such defects or non-compliance in vehicles that have been sold, could be substantial.

In addition, the Group may not be able to effectively compete with other automakers in light of emerging trends in the industry, such as electrification, vehicle connectivity and autonomous driving. In certain cases, the technologies that the Group plans to employ are not yet commercially practical and depend on significant future technological advances by the Group and by suppliers. There can be no assurance that these advances will occur in a timely or feasible manner, that the funds budgeted or expended for these purposes will be adequate or that the Group will be able to obtain rights to use these technologies. Further, competitors and others are pursuing similar technologies and other competing technologies, and there can be no assurance that they will not acquire and implement similar or superior technologies sooner than the Group will or on an exclusive basis or at a significant price advantage.

FCA - The automotive industry is highly competitive and cyclical and the Group may suffer from those factors more than some of the competitors

Substantially all of the Group's revenues are generated in the automotive industry, which is highly competitive, encompassing the production and distribution of passenger cars, light commercial vehicles and components and production systems. The Group faces competition from other international passenger car and light commercial vehicle manufacturers and distributors and components suppliers in Europe, North America, Latin America and the Asia Pacific region. These markets are all highly competitive in terms of product quality, innovation, pricing, fuel economy, reliability, safety, customer service and financial services offered, and many of the Group's competitors are better capitalized with larger market shares.

In the automotive business, sales to consumers are cyclical and subject to changes in the general condition of the economy, the readiness of consumers to buy and their ability to obtain financing, as well as the possible introduction of measures by governments to stimulate demand. The automotive industry is also subject to the constant renewal of product offerings through frequent launches of new models. A negative trend in the automotive industry or the Group's inability to adapt effectively to external market conditions coupled with more limited capital than many of its principal competitors could have a material adverse effect on the Group's business, financial condition and results of operations.

Additionally, global vehicle production capacity significantly exceeds current demand. In the event that industry shipments decrease and overcapacity intensifies, competitors may attempt to make their vehicles more attractive or less expensive to consumers by adding vehicle enhancements, providing subsidized financing or leasing programs, or by reducing vehicle prices whether directly or by offering option package discounts, price rebates or other sales incentives in certain markets. Manufacturers in countries that have lower production costs may choose to export lower-cost automobiles to more established markets. An increase in these actions could have a material adverse impact on the Group's business, financial condition and results of operations.

FCA – The Group may be exposed to shortfalls in its pension plans

Certain of the defined benefit pension plans are currently underfunded. As of December 31, 2016, the defined benefit pension plans were underfunded by approximately €4.7 billion. The Group's pension funding obligations may increase significantly if the investment performance of plan assets does not keep pace with benefit payment obligations. Mandatory funding obligations may increase because of lower than anticipated returns on plan assets, whether as a result of overall weak market performance or particular investment decisions, changes in the level of interest rates used to determine required funding levels, changes in the level of benefits provided for by the plans, or any changes in applicable law related to funding requirements. The Group's defined benefit plans currently hold significant investments in equity and fixed income securities, as well as investments in less liquid instruments such as private equity, real estate and certain hedge funds. Due to the complexity and magnitude of certain investments, additional risks may exist, including significant changes in investment policy, insufficient market capacity to complete a particular investment strategy and an inherent divergence in objectives between the ability to manage risk in the short term and the ability to quickly rebalance illiquid and long-term investments.

To determine the appropriate level of funding and contributions to defined benefit plans, as well as the investment strategy for the plans, the Group is required to make various assumptions, including an expected rate of return on plan assets and a discount rate used to measure the obligations under defined benefit pension plans. Interest rate increases generally will result in a decline in the value of investments in fixed income securities and the present

value of the obligations. Conversely, interest rate decreases will generally increase the value of investments in fixed income securities and the present value of the obligations.

Any reduction in the discount rate or the value of plan assets, or any increase in the present value of obligations, may increase pension expenses and required contributions and, as a result, could constrain liquidity and materially adversely affect the Group's financial condition and results of operations. If the Group fails to make required minimum funding contributions, it could be subject to reportable event disclosure to the U.S. Pension Benefit Guaranty Corporation, as well as interest and excise taxes calculated based upon the amount of any funding deficiency.

FCA – The lack of a captive finance company in certain key markets could place the Group at a competitive disadvantage to other automakers that may be able to offer consumers and dealers financing and leasing on better terms than the Group's consumers and dealers are able to obtain

The Group's dealers enter into wholesale financing arrangements to purchase vehicles from the Group to hold in inventory and facilitate retail sales, and retail consumers use a variety of finance and lease programs to acquire vehicles.

Unlike many of the competitors, the Group does not own and operate a controlled finance company dedicated solely to the mass-market vehicle operations in the U.S. and certain key markets in Europe, Asia and South America. Instead the Group has elected to partner with specialized financial services providers through joint ventures and commercial agreements. The Group's lack of a controlled finance company in these key markets may increase the risk that the Group's dealers and retail consumers will not have access to sufficient financing on acceptable terms which may adversely affect the Group's vehicle sales in the future. Furthermore, many of the competitors are better able to implement financing programs designed to maximize vehicle sales in a manner that optimizes profitability for them and their finance companies on an aggregate basis. Since the Group's ability to compete depends on access to appropriate sources of financing for dealers and retail consumers, lack of a controlled finance company in those markets could have a material adverse effect on the Group's business, financial condition and results of operations.

In other markets, the Group relies on controlled finance companies, joint ventures and commercial relationships with third parties, including third party financial institutions, to provide financing to its dealers and retail consumers. The ability of a finance company to provide financing services at competitive rates is subject to various factors, including:

- the performance of loans and leases in their portfolio, which could be materially affected by delinquencies, defaults or prepayments;
- wholesale auction values of used vehicles;
- higher than expected vehicle return rates and the residual value performance of vehicles they lease; and
- fluctuations in interest rates and currency exchange rates.

Any financial services provider, including the Group's joint ventures and controlled finance companies, will also face other demands on its capital, including the need or desire to satisfy funding requirements for dealers or consumers of competitors as well as liquidity issues relating to other investments. Furthermore, they may be subject to regulatory changes that may increase their costs, which may impair their ability to provide competitive financing products to the Group's dealers and retail consumers.

To the extent that a financial services provider is unable or unwilling to provide sufficient financing at competitive rates to Group dealers and retail consumers, such dealers and retail consumers may not have sufficient access to financing to purchase or lease Group vehicles. As a result, vehicle sales and market share may suffer, which could have a material adverse effect on the Group's business, financial condition and results of operations.

FCA - Vehicle retail sales depend heavily on affordable interest rates for vehicle financing

In certain regions, including NAFTA, financing for new vehicle sales has been available at relatively low interest rates for several years due to, among other things, expansive government monetary policies. As interest rates rise generally, market rates for new vehicle financing are expected to rise as well, which may make the Group's vehicles less affordable to retail consumers or steer consumers to less expensive vehicles that tend to be less profitable for the Group, adversely affecting its financial condition and results of operations. Additionally, if consumer interest rates increase substantially or if financial service providers tighten lending standards or restrict their lending to certain classes of credit, the Group's consumers may not desire to or be able to obtain financing to purchase or lease the Group's vehicles. Furthermore, because the consumers of the Group's vehicles may be relatively more sensitive to changes in the availability and adequacy of financing and macroeconomic conditions, the Group's vehicle sales may be disproportionately affected by changes in financing conditions relative to the vehicle sales of competitors.

FCA - Limitations on the Group's liquidity and access to funding may limit the ability to execute the Business Plan and improve the financial condition and results of operations

The Group's future performance will depend on, among other things, its ability to finance debt repayment obligations and planned investments from operating cash flow, available liquidity, the renewal or refinancing of existing bank loans and/or facilities and possible access to capital markets or other sources of financing. Although the Group has measures in place that are designed to ensure that adequate levels of working capital and liquidity are maintained, declines in sales volumes could have a negative impact on the cash-generating capacity of its operating activities. The Group could, therefore, find itself in the position of having to seek additional financing and/or having to refinance existing debt, including in unfavorable market conditions, with limited availability of funding and a general increase in funding costs. Any limitations on the Group's liquidity, due to a decrease in vehicle shipments, the amount of or restrictions in its existing indebtedness, conditions in the credit markets, general economic conditions or otherwise, may adversely impact the Group's ability to execute its Business Plan and impair the financial condition and results of operations. In addition, any actual or perceived limitations of the Group's liquidity may limit the ability or willingness of counterparties, including dealers, consumers, suppliers, lenders and financial service providers, to do business with the Group, which could have a material adverse effect on the Group's business, financial condition and results of operations.

FCA – The Group's current credit rating is below investment grade and any further deterioration may significantly affect its funding and prospects

The Group's ability to access the capital markets or other forms of financing and the related costs depend, among other things, on its credit ratings and the Group is currently rated below investment grade. The rating agencies review the Group's ratings regularly and, accordingly, new ratings may be assigned to the Group in the future. It is not currently possible to predict the timing or outcome of any ratings review.

Any downgrade may increase the Group's cost of capital and potentially limit its access to sources of financing, which could have a material adverse effect on the Group's business, financial condition and results of operations.

FCA – The Group's ability to achieve cost reductions and to realize production efficiencies is critical to maintaining its competitiveness and long-term profitability

While some productivity improvements are within the Group's control, others depend on external factors, such as commodity prices, supply capacity limitations, or trade regulation. These external factors may make it more difficult to reduce costs as planned, and the Group may sustain larger than expected production expenses, materially affecting the business and results of operations. Furthermore, reducing costs may prove difficult due to the need to introduce new and improved products in order to meet consumer expectations and government regulations.

FCA – The Group's business operations and reputation may be impacted by various types of claims, lawsuits, and other contingent obligations

The Group is involved in various product liability, warranty, product performance, asbestos, personal injury, dealer and supplier disputes, environmental claims and lawsuits, securities law claims, labor, antitrust, intellectual property, tax and other legal proceedings including those that arise in the ordinary course of the its business. The Group estimates such potential claims and contingent liabilities and, where appropriate, records provisions to address these contingent liabilities. The ultimate outcome of the legal matters pending against the Group is uncertain, and although such claims, lawsuits and other legal matters are not expected individually to have a material adverse effect on its financial condition or results of operations, such matters could have, in the aggregate, a material adverse effect on the Group's financial condition or results of operations. Furthermore, additional facts may come to light or the Group could, in the future, be subject to judgments or enter into settlements of lawsuits and claims that could have a material adverse effect on its business, financial condition and results of operations. While the Group maintains insurance coverage with respect to certain claims, not all claims or potential losses can be covered by insurance, and even if claims could be covered by insurance, the Group may not be able to obtain such insurance on acceptable terms in the future, if at all, and any such insurance may not provide adequate coverage against any such claims. Further publicity regarding such investigations and lawsuits, whether or not they have merit, may adversely affect the Group's reputation and the perception of the Group's vehicles with retail customers, which may adversely affect demand for vehicles, and have a material adverse effect on the Group's business, results of operations and cash flows.

FCA - A significant malfunction, disruption or security breach compromising the electronic control systems contained in the Group's vehicles could damage the reputation, disrupt business and adversely impact the Group's ability to compete

The Group's vehicles, as well as vehicles manufactured by other original equipment manufacturers (or "OEMs"), contain interconnected and increasingly complex systems that control various vehicle processes including engine, transmission, safety, steering, brakes, window and door lock functions. Such internal and vehicle systems are susceptible to malfunctions and interruptions due to equipment damage, power outages, and a range of other hardware, software and network problems. These systems are also susceptible to cybercrime, or threats of intentional disruption, which are increasing in terms of sophistication and frequency. A significant malfunction, disruption or security breach compromising the electronic control systems contained in the Group's vehicles could damage the Group's reputation, expose it to significant liability and have a material adverse effect on its business, financial condition and results of operations.

FCA - There can be no assurance that the FCA Group will be able to offset the earnings power lost as a result of the Ferrari separation

In January 2016, FCA completed the previously announced separation of Ferrari N.V., which was intended to, among other things, strengthen the capital base. The separation consisted primarily of the October 2015 initial public offering of 10% of the common shares of Ferrari N.V. and the January 2016 transaction in which holders of FCA common shares and FCA mandatory convertible securities received the remaining 80% interest in Ferrari N.V. The initial public offering and spin-off in the aggregate ultimately had a positive €1.5 billion impact on FCA's Net industrial debt. However, Ferrari N.V. contributed approximately €284 million in net profit in 2015, and was accounted for as a discontinued operation up until the date of its separation. If the improvement in FCA's capital position resulting from the separation of Ferrari N.V. together with improved earnings generation from the rest of the Group's business is not sufficient to offset the related loss of Net profit, such insufficiency could have a material adverse impact on its business, financial condition and results of operations.

FCA - A disruption or security breach in the Group's information technology systems could disrupt business and adversely impact the ability to compete

A significant malfunction, disruption or security breach compromising the operation of the Group's information technology systems could damage the reputation, disrupt the business and adversely impact the ability to compete. The Group's ability to keep the business operating effectively depends on the functional and efficient operation of the information, data processing and telecommunications systems, including the Group's vehicle design, manufacturing, inventory tracking and billing and payment systems. A significant or large-scale malfunction or interruption of any one of the computer or data processing systems could adversely affect the Group's ability to manage and keep its operations running efficiently, and damage its reputation if the Group is unable to track transactions and deliver products to its dealers and consumers. A malfunction or security breach that results in a wider or sustained disruption to the business could have a material adverse effect on the Group's business, financial condition and results of operations.

In addition to supporting operations, the Group uses systems to collect and store confidential and sensitive data, including information about its business, its consumers and its employees. As its technology continues to evolve, the Group anticipates that it will collect and store even more data in the future and that the Group's systems will increasingly use remote communication features that are sensitive to both willful and unintentional security breaches. Much of the Group's value is derived from its confidential business information, including vehicle design, proprietary technology and trade secrets, and to the extent the confidentiality of such information is compromised, the Group may lose its competitive advantage and its vehicle shipments may suffer. The Group also collects, retains and uses personal information, including data gathered from consumers for product development and marketing purposes, and data obtained from employees. In the event of a breach in security that allows third parties access to this personal information, the Group is subject to a variety of ever-changing laws on a global basis that require notification to be provided to the data owners, and that subject the Group to lawsuits, fines and other means of regulatory enforcement. The Group's reputation could suffer in the event of such a data breach, which could cause consumers to purchase their vehicles from competitors. Ultimately, any significant compromise in the integrity of data security could have a material adverse effect on the Group's business, financial condition and results of operations.

FCA - The Group may not be able to adequately protect its intellectual property rights, which may harm its business

The Group's success depends, in part, on its ability to protect its intellectual property rights. If the Group fails to protect intellectual property rights, others may be able to compete against the Group using intellectual property that is the same as or similar to the Group's own. In addition, there can be no guarantee that the intellectual property rights are sufficient to provide the Group with a competitive advantage against others who offer products similar to the Group's products. Despite efforts, the Group may be unable to prevent third parties from infringing its intellectual property and using its technology for their competitive advantage. Any such infringement could have a material adverse effect on the Group's business, financial condition and results of operations.

The laws of some countries in which the Group operates do not offer the same protection of intellectual property rights as do the laws of the U.S. or Europe. In addition, effective intellectual property enforcement may be unavailable or limited in certain countries, making it difficult for the Group to protect intellectual property from misuse or infringement there. The Group's inability to protect its intellectual property rights in some countries could have a material adverse effect on the Group's business, financial condition or results of operations.

FCA - Developments in emerging market countries may adversely affect the Group's business

The Group operates in a number of emerging markets, both directly (e.g., Brazil and Argentina) and through joint ventures and other cooperation agreements (e.g., Turkey, India, China and Russia) and has recently taken steps to expand its manufacturing presence in its South and Central America ("LATAM") region and Asia and Pacific countries ("APAC") region. The Group's exposure to other emerging countries has increased in recent years, as have the number and importance of such joint ventures and cooperation agreements. Economic developments in certain LATAM markets, as well as China, have had and could have in the future material adverse effects on the Group's financial condition and results of operations. Further, in certain markets in which the Group or its joint ventures operate, government approval may be required for certain activities, which may limit the Group's ability to act quickly in making decisions on its operations in those markets.

The automotive market in these emerging markets is highly competitive, with competition from many of the largest global manufacturers as well as numerous smaller domestic manufacturers.

The Group anticipates that additional competitors, both international and domestic, will also seek to enter these markets and that existing market participants will try to aggressively protect or increase their market share. Increased competition may result in price reductions, reduced margins and the inability to gain or hold market share, which could have a material adverse effect on the Group's business, financial condition and results of operations.

FCA – The Group's reliance on joint arrangements in certain emerging markets may adversely affect the development of the Group's business in those regions

The Group intends to expand its presence in emerging markets, including China and India, through partnerships and joint ventures. For instance, GAC FIAT Chrysler Automobiles Co. ("GAC FCA JV") our joint venture with the Guangzhou Automobile Group Co., Ltd has commenced local production of the Jeep Cherokee, Jeep Renegade and the all-new Jeep Compass for the Chinese market, expanding the portfolio of Jeep sport utility vehicles ("SUVs") currently available to Chinese consumers. The Group has also entered into a joint operation with TATA Motors Limited for the production of certain of its vehicles, engines and transmissions in India.

The Group's reliance on joint arrangements to enter or expand its presence in these markets may expose the Group to risk of conflict with its joint arrangement partners and the need to divert management resources to oversee these shareholder arrangements. Further, as these arrangements require cooperation with third party partners, these joint arrangements may not be able to make decisions as quickly as the Group would if the Group was operating on its own or may take actions that are different from what the Group would do on a stand-alone basis in light of the need to consider its partners' interests. As a result, the Group may be less able to respond timely to changes in market dynamics, which could have an adverse effect on the Group's business, financial condition and results of operations.

FCA - The Group depends on its relationships with suppliers

The Group purchases raw materials and components from a large number of suppliers and depends on services and products provided by companies outside the Group. Close collaboration between an OEM and its suppliers is common in the automotive industry, and although this offers economic benefits in terms of cost reduction, it also means that the Group depends on its suppliers and is exposed to the possibility that difficulties, including those of a financial nature, experienced by those suppliers (whether caused by internal or external factors) could have a material adverse effect on the Group's business, financial condition and results of operations.

FCA – The Group faces risks associated with increases in costs, disruptions of supply or shortages of raw materials, parts, components and systems used in its vehicles

The Group uses a variety of raw materials in its business including steel, aluminum, lead, resin and copper, and precious metals such as platinum, palladium and rhodium, as well as energy. The prices for these raw materials fluctuate, and market conditions can affect its ability to manage cost of revenues over the short term. The Group may not be successful in managing its exposure to these risks. Substantial increases in the prices for raw materials would increase its operating costs and could reduce profitability if the increased costs cannot be offset by changes in vehicle prices or countered by productivity gains. In particular, certain raw materials are sourced from a limited number of suppliers and from a limited number of countries. The Group cannot guarantee that it will be able to maintain arrangements with these suppliers that assure access to these raw materials, and in some cases this access may be affected by factors outside of the Group's control and the control of its suppliers. For instance, natural or man-made disasters or civil unrest may have severe and unpredictable effects on the price of certain raw materials in the future.

As with raw materials, the Group is also at risk for supply disruption and shortages in parts and components for use in its vehicles for many reasons including, but not limited to, tight credit markets or other financial distress, natural or man-made disasters, or production difficulties. The Group will continue to work with suppliers to monitor potential disruptions and shortages and to mitigate the effects of any emerging shortages on its production volumes and revenues. However, there can be no assurances that these events will not have an adverse effect on the Group's production in the future, and any such effect may be material.

Any interruption in the supply or any increase in the cost of raw materials, parts, components and systems could negatively impact the Group's ability to achieve its vehicle shipment objectives and profitability. Long-term interruptions in supply of raw materials, parts, components and systems may result in a material impact on vehicle production, vehicle shipment objectives, and profitability. Cost increases which cannot be recouped through increases in vehicle prices, or countered by productivity gains, could have a material adverse effect on the Group's business, financial condition and results of operations.

FCA - Labor laws and collective bargaining agreements with the Group's labor unions could impact its ability to increase the efficiency of operations

Substantially all of the Group's production employees are represented by trade unions, are covered by collective bargaining agreements and/or are protected by applicable labor relations regulations that may restrict the Group's ability to modify operations and reduce costs quickly in response to changes in market conditions. These and other provisions in the Group's collective bargaining agreements may impede its ability to restructure the business successfully to compete more effectively, especially with those automakers whose employees are not represented by trade unions or are subject to less stringent regulations, which could have a material adverse effect on the Group's business, financial condition and results of operations.

FCA – The Group is subject to risks associated with exchange rate fluctuations, interest rate changes, credit risk and other market risks

The Group operates in numerous markets worldwide and is exposed to market risks stemming from fluctuations in currency and interest rates. The exposure to currency risk is mainly linked to the differences in geographic distribution of manufacturing activities and commercial activities, resulting in cash flows from sales being denominated in currencies different from those connected to purchases or production activities. Additionally a significant portion of the Group's operating cash flow is generated in US Dollars and the majority of the Group's indebtedness is denominated in Euro.

The Group uses various forms of financing to cover funding requirements for industrial activities and for providing financing to its dealers and consumers. Moreover, liquidity for industrial activities is also principally invested in variable-rate or short-term financial instruments. The financial services businesses normally operate a matching policy to offset the impact of differences in rates of interest on the financed portfolio and related liabilities. Nevertheless, changes in interest rates can affect Net revenues, finance costs and margins.

In addition, although the Group manages risks associated with fluctuations in currency and interest rates through financial hedging instruments, fluctuations in currency or interest rates could have a material adverse effect on the Group's business, financial condition and results of operations.

Financial services activities of the Group are also subject to the risk of insolvency of dealers and retail consumers, as well as unfavorable economic conditions in markets where these activities are carried out. Despite efforts to mitigate such risks through the credit approval policies applied to dealers and retail consumers, there can be no assurances that the Group will be able to successfully mitigate such risks, particularly with respect to a general change in economic conditions.

FCA - FCA is a Dutch public company with limited liability, and the shareholders may have rights different from those of shareholders of companies organized in the U.S.

The rights of the shareholders of the Group may be different from the rights of shareholders governed by the laws of U.S. jurisdictions. FCA is a Dutch public company with limited liability (*naamloze vennootschap*). Its corporate affairs are governed by the articles of association and by the laws governing companies incorporated in the Netherlands. The rights of shareholders and the responsibilities of members of the board of directors may be different from the rights of shareholders and the responsibilities of members of the board of directors of the Group in companies governed by the laws of other jurisdictions including the U.S. In the performance of its duties, the board of directors is required by Dutch law to consider the interests of the FCA Group and the interests of its shareholders, employees and other stakeholders, in all cases with due observation of the principles of reasonableness and fairness. It is possible that some of these parties will have interests that are different from, or in addition to, the interests of the shareholders.

FCA - It may be difficult to enforce U.S. judgments against FCA

FCA is incorporated under the laws of the Netherlands, and a substantial portion of the assets are outside of the U.S. Most of the directors and senior management and the independent auditors are resident outside the U.S. and all or a substantial portion of their respective assets may be located outside the U.S. As a result, it may be difficult for U.S. investors to effect service of process within the U.S. upon these persons. It may also be difficult for U.S. investors to enforce within the U.S. judgments predicated upon the civil liability provisions of the securities laws of the U.S. or any state thereof. In addition, there is uncertainty as to whether the courts outside the U.S. would recognize or enforce judgments of U.S. courts obtained against FCA or its directors and officers predicated upon the civil liability provisions of the securities laws of the U.S. or any state thereof. Therefore, it may be difficult to enforce U.S. judgments against FCA, its directors and officers and its independent auditors.

FCA – FCA operates so as to be treated as exclusively resident in the United Kingdom for tax purposes, but the relevant tax authorities may treat it as also being tax resident elsewhere

FCA is not a company incorporated in the United Kingdom (“U.K.”). Therefore, whether FCA is resident in the U.K. for tax purposes depends on whether “central management and control” is located (in whole or in part) in the U.K. The test of “central management and control” is largely a question of fact and degree based on all the circumstances, rather than a question of law. Nevertheless, the decisions of the U.K. courts and the published practice of Her Majesty’s Revenue & Customs (“HMRC”), suggest that FCA, a group holding company, is likely to be regarded as having become U.K.-resident on this basis from incorporation and remaining so if, as FCA intends, (i) at least half of the meetings of FCA’s board of directors are held in the U.K. with a majority of directors present in the U.K. for those meetings; (ii) at those meetings there are full discussions of, and decisions are made regarding, the key strategic issues affecting the FCA Group and its subsidiaries; (iii) those meetings are properly minuted; (iv) at least some of FCA’s directors, together with supporting staff, are based in the U.K.; and (v) FCA has permanent staffed office premises in the U.K. HMRC has accepted that “central management and control” of FCA is in the U.K.

Although it has been accepted that FCA “central management and control” is in the U.K., it would nevertheless not be treated as U.K.-resident if (a) it were concurrently resident in another jurisdiction (applying the tax residence rules of that jurisdiction) that has a double tax treaty with the U.K. and (b) there were a tie-breaker provision in that tax treaty which allocated exclusive residence to that other jurisdiction.

FCA’s residence for Italian tax purposes is largely a question of fact based on all circumstances. FCA has set up and thus far maintained, and intends to continue to maintain, a management and organizational structure in such a manner that it should be deemed resident in the U.K. from incorporation for the purposes of the Italy-U.K. tax treaty. The result of this is that FCA should not be regarded as an Italian tax resident either for the purposes of the Italy-U.K. tax treaty or for Italian domestic law purposes. Because this analysis is highly factual and may depend on future changes in FCA’s management and organizational structure, there can be no assurance regarding the final determination of FCA’s tax residence. Should FCA be treated as an Italian tax resident, it would be subject to taxation in Italy on its worldwide income and may be required to comply with withholding tax and/or reporting obligations provided under Italian tax law, which could result in additional costs and expenses.

Although it has been accepted that “central management and control” is in the U.K., FCA will be resident in the Netherlands for Dutch corporate income tax and Dutch dividend withholding tax purposes on the basis that it is incorporated there. Nonetheless, FCA will be regarded as solely resident in either the U.K. or the Netherlands under the Netherlands-U.K. tax treaty if the U.K. and Dutch competent authorities agree that this is the case. FCA has received a ruling from the U.K. and Dutch competent authorities that it should be treated as resident solely in

the U.K. for the purposes of the treaty. If there is a change over time to the facts upon which a ruling issued by the competent authorities is based, the ruling may be withdrawn or cease to apply.

FCA does not expect the June 2016 referendum in which U.K. voters approved an exit from the European Union to affect its tax residency in the U.K.; however it is not possible to predict with certainty whether or not the discussions to implement the referendum will ultimately have an impact on this matter.

FCA - The U.K.'s controlled foreign company taxation rules may reduce net returns to shareholders

On the assumption that FCA is resident for tax purposes in the U.K., it will be subject to the U.K. controlled foreign company ("CFC") rules. The CFC rules can subject U.K.-tax-resident companies (in this case, FCA) to U.K. tax on the profits of certain companies not resident for tax purposes in the U.K. in which they have at least a 25% direct or indirect interest. Interests of connected or associated persons may be aggregated with those of the U.K.-tax-resident company when applying this 25% threshold. For a company to be a CFC, it must be treated as directly or indirectly controlled by persons resident for tax purposes in the U.K. The definition of control is broad (it includes economic rights) and captures some joint ventures.

It is expected however that the Group's principal operating activities should fall within one or more of the exemptions from the CFC rules.

Although FCA does not expect the U.K.'s CFC rules to have an adverse impact on its financial position, the effect of the new CFC rules on FCA is not yet certain. FCA will continue to monitor developments in this regard and seek to mitigate any adverse U.K. tax implications which may arise. However, the possibility cannot be excluded that the CFC rules could have a material adverse impact on the Group's business, financial condition and results of operations.

FCA - If FCA is deemed to not maintain a permanent establishment in Italy, it could experience a material increase in its tax liability

Whether FCA has maintained a permanent establishment in Italy after the Merger (an "Italian P.E.") is largely a question of fact based on all the circumstances. FCA believes that, on the understanding that it should be a U.K.-resident company under the Italy-U.K. tax treaty, it is likely to be treated as maintaining an Italian P.E. because it has maintained and intends to continue to maintain sufficient employees, facilities and activities in Italy to qualify as maintaining an Italian P.E. Should this be the case (i) the embedded gains on FCA's assets connected with the Italian P.E. cannot be taxed as a result of the Merger; (ii) FCA's tax-deferred reserves cannot be taxed, inasmuch as they have been recorded in the Italian P.E.'s financial accounts; and (iii) the Italian fiscal unit that was headed by Fiat before the Merger (the "Fiscal Unit"), continues with respect to the Italian subsidiaries whose shareholdings are part of the Italian P.E.'s net worth.

FCA filed a ruling request with the Italian tax authorities in respect of the continuation of the Fiscal Unit via the Italian P.E. on April 16, 2014. The Italian tax authorities issued the ruling on December 10, 2014 (the "2014 Ruling"), confirming that the Fiscal Unit may continue via the Italian P.E. Moreover, in another ruling issued on October 9, 2015 (the "2015 Ruling"), the Italian tax authorities confirmed that the separation of Ferrari from the Group (including the first demerger of certain assets held through the Italian P.E.) will qualify as a tax-free, neutral transaction from an Italian income tax perspective. Lastly, in a ruling released on October 28, 2016 the Italian tax authorities confirmed that the Italian P.E. could determine its computation base for the purposes of the Italian regime on notional interest deduction (*Aiuto alla Crescita Economica*) without taking into account certain anti-avoidance provisions (the "2016 Ruling" and together with the 2014 Ruling and the 2015 Ruling the "Rulings"). However, the Rulings are not assessments of certain sets of facts and circumstances. Therefore, even though the 2014 Ruling confirms that the Fiscal Unit may continue via the Italian P.E. and the 2015 Ruling and the 2016 Ruling assume such a P.E. to exist, this does not rule out that the Italian tax authorities may in the future verify whether FCA actually has a P.E. in Italy and potentially challenge the existence of such a P.E. Because the analysis is highly factual, there can be no assurance regarding the maintenance of an Italian P.E. after the Merger.

Risks related to the Group's existing indebtedness

FCA – The Group has significant outstanding indebtedness, which may limit its ability to obtain additional funding on competitive terms and limit its financial and operating flexibility

Although the Group has reduced its indebtedness over the past several years, the extent of its indebtedness could still have important consequences on its operations and financial results, including:

- the Group may not be able to secure additional funds for working capital, capital expenditures, debt service requirements or general corporate purposes;

- the Group may need to use a portion of its projected future cash flow from operations to pay principal and interest on the Group's indebtedness, which may reduce the amount of funds available to the Group for other purposes including product development;
- the Group is more financially leveraged than some of its competitors, which may put the Group at a competitive disadvantage; and
- the Group may not be able to adjust rapidly to changing market conditions, which may make it more vulnerable to a downturn in general economic conditions or the business.

These risks may be exacerbated by volatility in the financial markets, particularly those resulting from perceived strains on the finances and creditworthiness of several governments and financial institutions, particularly in the Eurozone.

FCA - Restrictive covenants in the debt agreements could limit the Group's financial and operating flexibility

The indentures governing certain of the Group's outstanding public indebtedness, and other credit agreements to which companies in the Group are a party, contain covenants that restrict the ability of certain companies in the Group to, among other things:

- incur additional debt;
- make certain investments;
- sell certain assets or merge with or into other companies;
- use assets as security in other transactions; and
- enter into sale and leaseback transactions.

FCA - Restrictions arising out of FCA US's Tranche B Term Loans may hinder the Group's ability to manage its operations on a consolidated, global basis

FCA US is party to a tranche B term loan maturing May 24, 2017 (the "Tranche B Term Loan due 2017") and a tranche B term loan maturing December 31, 2018 (the "Tranche B Term Loan due 2018") collectively referred to as the "Tranche B Term Loans". The credit agreements that govern the Tranche B Term Loans include covenants that restrict FCA US's ability to enter into sale and leaseback transactions, purchase or redeem capital stock, prepay other debt, incur or guarantee additional indebtedness, incur liens, transfer and sell assets or engage in certain business combinations or undertake various other business activities.

These restrictive covenants could have an adverse effect on the Group's business by limiting its ability to take advantage of mergers and acquisitions, joint ventures or other corporate opportunities. In particular, the credit agreements that govern the Tranche B Term Loans contain, and future indebtedness may contain, other and more restrictive covenants. These credit agreements require FCA US to maintain borrowing base collateral coverage and a minimum liquidity threshold. A breach of any of these covenants or restrictions could result in an event of default on the indebtedness of FCA US and creditors may foreclose on pledged properties, and could also result in cross-default under certain Group indebtedness.

FCA - Substantially all of the assets of FCA US and its U.S. subsidiary guarantors are unconditionally pledged as security under the credit agreements that govern its Tranche B Term Loans and could become subject to lenders' contractual rights if an event of default were to occur

FCA US is an obligor and several of its U.S. subsidiaries are guarantors of FCA US's Tranche B Term Loans. The obligations under the credit agreements governing the Tranche B Term Loans are secured by senior priority security interests in substantially all of the assets of FCA US and its U.S. subsidiary guarantors. The collateral includes 100% of the equity interests in FCA US's U.S. subsidiaries and 65% of the equity interests in certain of its non-U.S. subsidiaries held directly by FCA US and its U.S. subsidiary guarantors. An event of default under the credit agreements that govern FCA US's Tranche B Term Loans could trigger its lenders' contractual rights to enforce their security interest in these assets.

Risks related to the Group's common shares

FCA – The Group's maintenance of two exchange listings may adversely affect liquidity in the market for its common shares and could result in pricing differentials of its common shares between the two exchanges

The FCA common shares are listed and traded on both the New York Stock Exchange ("NYSE") and the Mercato Telematico Azionario ("MTA") operated by Borsa Italiana. The dual listing of the common shares may split trading between the two markets and may result in limited trading liquidity of the shares in one or both markets, which may adversely affect the development of an active trading market for the common shares on either or both exchanges

and may result in price differentials between the exchanges. Differences in the trading schedules, as well as volatility in the exchange rate of the two trading currencies, among other factors, may result in different trading prices for its common shares on the two exchanges, which may contribute to volatility in the trading of its shares.

FCA - The loyalty voting structure may affect the liquidity of the Group's common shares and reduce the common share price

The loyalty voting structure may limit the liquidity of FCA common shares and adversely affect the trading prices of its common shares. The loyalty voting structure is intended to reward shareholders for maintaining long-term share ownership by granting initial shareholders and persons holding FCA common shares continuously for at least three years at any time following the effectiveness of the Merger the option to elect to receive FCA special voting shares. The special voting shares cannot be traded and, immediately prior to the deregistration of common shares from the FCA Loyalty Register, any corresponding special voting shares shall be transferred to FCA for no consideration (*om nief*). This loyalty voting structure is designed to encourage a stable shareholder base and, conversely, it may deter trading by those shareholders who are interested in gaining or retaining FCA special voting shares. Therefore, the loyalty voting structure may reduce liquidity in FCA common shares and adversely affect their trading price.

FCA - The loyalty voting structure may make it more difficult for shareholders to acquire a controlling interest, change Group management or strategy or otherwise exercise influence over the Group, and the market price of the common shares may be lower as a result

The provisions of the articles of association which establish the loyalty voting structure may make it more difficult for a third party to acquire, or attempt to acquire, control of the company, even if a change of control were considered favorably by shareholders holding a majority of FCA common shares. As a result of the loyalty voting structure, a relatively large proportion of FCA voting power could be concentrated in a relatively small number of shareholders who would have significant influence over the Group. As of February 27, 2017, EXOR which owns 29.41% of FCA common shares, had a voting interest in FCA of approximately 42.60% due to its participation in the loyalty voting structure and as a result will have the ability to exercise significant influence on matters involving FCA shareholders. Such shareholders participating in the loyalty voting structure could effectively prevent change of control transactions that may otherwise benefit FCA shareholders. The loyalty voting structure may also prevent or discourage shareholders' initiatives aimed at changing FCA management or strategy or otherwise exerting influence.

FCA - There may be potential Passive Foreign Investment Company tax considerations for U.S. Shareholders

Shares of the Group's stock held by a U.S. holder would be stock of a passive foreign investment company ("PFIC") for U.S. federal income tax purposes with respect to a U.S. Shareholder if for any taxable year in which such U.S. Shareholder held the Group's common shares, after the application of applicable look-through rules (i) 75% or more of gross income for the taxable year consists of passive income (including dividends, interest, gains from the sale or exchange of investment property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business, as defined in applicable Treasury Regulations), or (ii) at least 50% of its assets for the taxable year (averaged over the year and determined based upon value) produce or are held for the production of passive income. U.S. persons who own shares of a PFIC are subject to a disadvantageous U.S. federal income tax regime with respect to the income derived by the PFIC, the dividends they receive from the PFIC, and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC.

While the Group believes that shares of its stock are not stock of a PFIC for U.S. federal income tax purposes, this conclusion is based on a factual determination made annually and thus is subject to change. Moreover, shares of the Group's stock may become stock of a PFIC in future taxable years if there were to be changes in Group assets, income or operations.

FCA - Tax consequences of the loyalty voting structure are uncertain

No statutory, judicial or administrative authority directly discusses how the receipt, ownership, or disposition of special voting shares should be treated for Italian, U.K. or U.S. tax purposes and as a result, the tax consequences in those jurisdictions are uncertain.

The fair market value of the Group's special voting shares, which may be relevant to the tax consequences, is a factual determination and is not governed by any guidance that directly addresses such a situation. Because, among other things, the special voting shares are not transferable (other than, in very limited circumstances, together with the Group's associated common shares) and a shareholder will receive amounts in respect of the

special voting shares only if the Group is liquidated, the Group believes and intends to take the position that the fair market value of each special voting share is minimal. However, the relevant tax authorities could assert that the value of the special voting shares as determined by the Group is incorrect.

The tax treatment of the loyalty voting structure is unclear and shareholders are urged to consult their tax advisors in respect of the consequences of acquiring, owning and disposing of special voting shares.

FCA - Tax may be required to be withheld from dividend payments

Although the U.K. and Dutch competent authorities have ruled that the Group should be treated as solely resident in the U.K. for the purposes of the Netherlands-U.K. double tax treaty, under Dutch domestic law dividend payments made by the Group to Dutch residents are still subject to Dutch dividend withholding tax and the Group would have no obligation to pay additional amounts in respect of such payments.

Should Dutch or Italian withholding taxes be imposed on future dividends or distributions with respect to the Group's common shares, whether such withholding taxes are creditable against a tax liability to which a shareholder is otherwise subject depends on the laws of such shareholder's jurisdiction and such shareholder's particular circumstances. Shareholders are urged to consult their tax advisors in respect of the consequences of the potential imposition of Dutch and/or Italian withholding taxes.

CNH INDUSTRIAL

Risks related to the business, strategy and operations

CNH Industrial - The Group is exposed to political, economic and other risks beyond its control as a result of operating a global business

The Group manufactures and sells products and offers services in several continents and numerous countries around the world including those experiencing varying degrees of political and economic instability. Given the global nature of the activities, the Group is exposed to risks associated with international business activities that may increase costs, impact the ability to manufacture and sell products and require significant management attention. These risks include:

- changes in laws, regulations and policies that affect, among other things:
 - import and export duties and quotas;
 - currency restrictions;
 - the design, manufacture and sale of the Group's products, including, for example, engine emissions regulations;
 - interest rates and the availability of credit to the Group's dealers and customers;
 - property, contractual rights and intellectual property;
 - where and to whom products may be sold, including new or additional trade or economic sanctions imposed by the U.S., EU or other governmental authorities and supranational organizations (e.g., the United Nations); and
 - taxes;
- regulations from changing world organization initiatives and agreements;
- changes in the dynamics of the industries and markets in which the Group operates;
- varying and unpredictable needs and desires of customers;
- varying and unexpected actions of competitors;
- labor disruptions;
- disruption in the supply of raw materials and components;
- changes in governmental debt relief and subsidy program policies in certain significant markets such as Argentina and Brazil, including the Brazilian government discontinuing programs subsidizing interest rates on equipment loans; and
- war, civil unrest and terrorism.

In recent years, terrorist attacks have occurred around the world, leading to personal safety anxieties and political instability in many countries and, ultimately, an impact on consumers' confidence. More recently, growing populist political movements in several major developed countries and other unanticipated changes to the previous geopolitical order (e.g. Turkey, Ukraine) may have negative effects on the global economy.

Additionally, U.S. tax and trade policies are currently undergoing a thorough review by the newly elected federal government in that country and significant changes may result from such review. To the extent any such policy changes lead to a realignment of established global trading patterns and practices, the implications for the Group's business could be wide ranging.

There can be no guarantee that the Group will be able to quickly and completely adapt its business model to changes that could result from the foregoing, and any such changes may have an adverse effect on the Group's business, financial condition and results of operations.

CNH Industrial - Difficulty in obtaining financing or refinancing existing debt could impact the Group's financial performance

The Group's future performance will depend on, among other things, its ability to finance debt repayment obligations and planned investments from operating cash flow, available liquidity, the renewal or refinancing of existing bank loans and/or facilities and access to capital markets or other sources of financing. A decline in revenues could have a negative impact on the cash-generating capacity of operating activities. Consequently the Group could find itself in the position of having to seek additional financing and/or having to refinance existing debt, including in unfavorable market conditions with limited availability of funding and a general increase in funding costs. Instability in global capital markets, including market disruptions, limited liquidity and interest rate and exchange rate volatility, could reduce the Group's access to capital markets or increase the cost of short and long-term financing. Any difficulty in obtaining financing could have a material adverse effect on the Group's business prospects, results of operations and/or financial position.

The Group's ability to access the capital markets or other forms of financing and related costs are highly dependent on, among other things, the credit ratings of CNH Industrial N.V., its subsidiaries, asset-backed securities ("ABS")

and other debt instruments. Rating agencies may review and revise their ratings from time to time, and any downgrade or other negative action with respect to credit ratings by one or more rating agencies may increase the cost of capital, potentially limit access to sources of financing and have a material adverse effect on the Group's business prospects, results of operations and/or financial position.

CNH Industrial – The Group is subject to exchange rate fluctuations, interest rate changes and other market risks

The Group operates in numerous markets worldwide, and is exposed to market risks stemming from fluctuations in currency and interest rates, including as a result of changes in monetary or fiscal policies of governmental authorities from time to time. The Group is subject to currency exchange risk to the extent that costs are denominated in currencies other than those in which it earns revenues. In addition, the reporting currency for the consolidated financial statements is the U.S. Dollar. Certain of the assets, liabilities, expenses and revenues are denominated in other currencies. Those assets, liabilities, expenses and revenues are translated into the U.S. Dollar at the applicable exchange rates to prepare the consolidated financial statements. Therefore, increases or decreases in exchange rates between the U.S. dollar and those other currencies affect the value of those items reflected in the consolidated financial statements, even if their value remains unchanged in their original currency. Changes in currency exchange rates between the U.S. Dollar and other currencies have had, and will continue to have, an impact on the Group's results of operations and/or financial position.

The Group uses various forms of financing to cover the funding requirements of Industrial Activities and for financing offered to customers and dealers. Financial Services normally implements a matching policy to offset the impact of differences in interest rates on the financed portfolio and related liabilities. Nevertheless, any future changes in interest rates can result in increases or decreases in revenues, finance costs and margins.

Although the Group seeks to manage currency risk and interest rate risk, including through hedging activities, there can be no assurance that it will be able to do so successfully, and the Group's business, results of operations and financial position could be adversely affected. In addition, by utilizing these instruments, the Group potentially foregoes the benefits that may result from favorable fluctuations in currency exchange and interest rates.

The Group also faces risks from currency devaluations. Currency devaluations result in a diminished value of funds denominated in the currency of the country instituting the devaluation.

CNH Industrial – The Group faces risks associated with employment relationships

In many countries where the Group operates, employees are protected by various laws and/or collective labor agreements that guarantee them, through local and national representatives, the right of consultation on specific matters, including downsizing or closure of production facilities, activities and reductions in personnel. Laws and/or collective labor agreements applicable to the Group could impair the flexibility in reshaping and/or strategically repositioning business activities. Therefore, the ability to reduce personnel or implement other permanent or temporary redundancy measures is subject to government approvals and/or the agreement of labor unions where such laws and agreements are applicable. Furthermore, the Group is at greater risk of work interruptions or stoppages than non-unionized companies, and any work interruption or stoppage could significantly impact the volume of products the Group manufactures and sells.

CNH Industrial - Reduced demand for equipment would reduce the Group's sales and profitability

The performance of the agricultural equipment market is influenced, in particular, by factors such as:

- the price of agricultural commodities and the relative level of new and used inventories;
- the profitability of agricultural enterprises, farmers' income and their capitalization;
- the demand for food products; and
- agricultural policies, including aid and subsidies to agricultural enterprises provided by governments and/or supranational organizations as well as alternative fuel mandates.

In addition, unfavorable climatic conditions, especially during the spring, a particularly important period for generating sales orders, could have a negative impact on decisions to buy agricultural equipment and, consequently, on the Group's revenues.

The performance of the construction equipment market is influenced, in particular, by factors such as:

- public infrastructure spending; and
- new residential and non-residential construction; and
- capital spending in oil and gas and, to a lesser extent, in mining.

The performance of the commercial vehicles market is influenced, in particular, by factors such as:

- changes in global market conditions, including changes in the level of interest rates;
- changes in levels of business investment, including timing of fleet renewals; and
- public infrastructure spending.

The above factors can significantly influence the demand for agricultural and construction equipment, as well as for commercial vehicles, and consequently, the Group's financial results. Additionally, if demand for products is less than expected, the Group may experience excess inventories and be forced to incur additional charges and profitability will suffer, including higher fixed costs associated with lower production levels at the Group's plants. Business may be negatively impacted if the Group experiences excess inventories or is unable to adjust production schedules or purchases from suppliers to reflect changes in customer demand and market fluctuations on a timely basis.

CNH Industrial – The Group depends on suppliers for raw materials, parts and components

The Group relies upon suppliers for raw materials, parts and components that are required to manufacture its products. The Group cannot guarantee that it will be able to maintain access to raw materials, parts and components, and in some cases, this access may be affected by factors outside of the Group's control and the control of the suppliers. Certain components and parts used in products are available from a single supplier and cannot be sourced quickly otherwise. Supply chain disruptions, including those due to supplier financial distress, capacity constraints, business continuity, delivery or disruptions due to weather-related or natural disaster events, could negatively impact the Group's operations and the profitability of its businesses.

The Group uses a variety of raw materials in its businesses, including steel, aluminum, lead, resin and copper, and precious metals such as platinum, palladium and rhodium. The prices of these raw materials fluctuate, and while the Group seeks to manage this exposure, it may not be successful in mitigating these risks. Further, increases in the prices for raw materials can significantly increase costs of production, which could have a material adverse effect on the profitability of the Group's businesses, particularly if the Group is unable to recover the increased costs from customers.

CNH Industrial - Competitive activity, or failure by the Group to respond to actions by its competitors, could adversely affect its results of operations

The Group operates in highly competitive global and regional markets. Depending on the particular country, the Group competes with other international, regional and local manufacturers and distributors of agricultural and construction equipment, commercial vehicles, and powertrains. Certain of the global competitors have substantial resources and may be able to provide products and services at little or no profit or even at a loss to compete with certain of the Group's product offerings. The Group competes on the basis of product performance, innovation, quality, distribution, customer service and price. Aggressive pricing or other strategies pursued by competitors, unanticipated product or manufacturing delays or failure to price products competitively could adversely affect the Group's business, results of operations and financial position. Additionally, there has been a trend towards consolidation in the trucks and construction equipment industries that has resulted in larger and potentially stronger competitors in those markets. The markets in which the Group competes are highly competitive in terms of product quality, innovation, pricing, fuel economy, reliability, safety, customer service and financial services offered. Competition, particularly on pricing, has increased significantly in the markets in which the Group competes in recent years. Should the Group be unable to adapt effectively to market conditions, this could have an adverse effect on the Group's business prospects, results of operations and/or financial position.

CNH Industrial - Costs of ongoing compliance with, or failure to comply with, increasingly stringent environmental, health and safety laws could have an adverse effect on the Group's results of operations

The Group is subject to comprehensive and constantly evolving laws, regulations and policies in numerous jurisdictions around the world. The Group expects the extent of legal requirements affecting businesses and costs of compliance to continue to increase in the future. Such laws govern, among other things, products – with requirements on emissions of polluting gases and particulate matter, increased fuel efficiency and safety becoming increasingly strict – and industrial plants – with requirements for reduced emissions, treatment of waste and water and prohibitions on soil contamination also becoming increasingly strict. To comply with such laws, the Group invests considerable research and development resources and expects to continue to incur substantial costs in the future. Failure to comply with such laws could limit or prohibit the Group's ability to sell its goods in a particular jurisdiction, expose the Group to penalties or clean-up costs, civil or criminal liability and sanctions on certain of its activities, as well as damage to property or natural resources. Liabilities, sanctions, damages and remediation efforts related to any non-compliance with such laws, including those that may be adopted or imposed in the future, could negatively impact the Group's ability to conduct operations and its financial position and results of operations. In addition, there can be no assurances that the Group will not be adversely affected by costs, liabilities or claims with respect to any subsequently acquired operations.

Further, environmental, health and safety regulations change from time to time, as may related interpretations and other guidance. For example, changes in environmental and climate change laws, including laws relating to engine

and vehicle emissions, safety regulations, fuel requirements, restricted substances or greenhouse gas emissions, could lead to new or additional investments in product designs and could increase environmental compliance expenditures. If these laws are either changed or adopted and impose significant operational restrictions and compliance requirements on the Group or its products, they could mandate higher capital expenditures and negatively impact the Group's business, results of operations, financial position and competitive position.

CNH Industrial - A decrease in government incentives may adversely affect the Group' results

Government initiatives that are intended to stimulate demand for products sold by the Group, such as changes in tax treatment or purchase incentives for new equipment, can substantially influence the timing and level of the Group's revenues. The terms, size and duration of such government actions are unpredictable and outside of the Group's control. Any adverse change in government policy relating to those initiatives could have a material adverse effect on the Group's business prospects, operating results and/or financial position.

CNH Industrial – The Group's future performance depends on the Group's ability to innovate and on market acceptance of new or existing products

The success of the Group's businesses depends on its ability to maintain or increase market share in existing markets and to expand into new markets through the development of innovative, high-quality products that provide adequate profitability. In particular, the failure to develop and offer innovative products that compare favorably to those of the principal competitors in terms of price, quality, functionality and features, or delays in bringing strategic new products to market, or the inability to adequately protect the Group's intellectual property rights or supply products that meet regulatory requirements, including engine emissions requirements, could result in reduced market share, which could have a material adverse effect on the Group's business prospects, results of operations and/or financial position.

CNH Industrial – The Group's existing operations and expansion plans in emerging markets could entail significant risks

The Group's ability to grow its businesses depends to an increasing degree on its ability to increase market share and operate profitably worldwide and in particular in emerging market countries, such as Brazil, Russia, India, China, Argentina, Turkey, Venezuela and South Africa. In addition, the Group could increase its use of suppliers located in such countries. The Group's implementation of these strategies will involve a significant investment of capital and other resources and exposes it to multiple and potentially conflicting cultural practices, business practices and legal requirements that are subject to change, including those related to tariffs, trade barriers, investments, property ownership rights, taxation and sanction requirements. For example, the Group may encounter difficulties in obtaining necessary governmental approvals in a timely manner. In addition, the Group may experience delays and incur significant costs in constructing facilities, establishing supply channels, and commencing manufacturing operations. Further, customers in these markets may not readily accept the Group's products as opposed to products manufactured and commercialized by competitors. The emerging market countries may also be subject to a greater degree of economic and political volatility that could adversely affect the Group's financial position, results of operations and cash flows. Many emerging market economies have experienced slower growth and other economic challenges in recent periods and may be subject to a further slowdown in gross domestic product expansion and/or be impacted by domestic political or currency volatility, potential hyperinflationary conditions and/or increase of public debt.

CNH Industrial – The Group is subject to extensive anti-corruption and antitrust laws and regulations

The Group's global operations are subject to a number of laws and regulations that apply to its operations around the world, including the U.S. Foreign Corrupt Practices Act (FCPA) and the U.K. Bribery Act, as well as a range of national anti-corruption and antitrust or competition laws that apply to conduct in a particular jurisdiction. These anti-corruption laws prohibit improper payments in cash or anything of value to improperly influence government officials or other persons to obtain or retain business or gain a business advantage. These laws tend to apply whether or not those practices are legal or culturally acceptable in a particular jurisdiction. Over the past several years there has been a substantial increase in the enforcement of anti-corruption and antitrust or competition laws both globally and in particular jurisdictions and the Group has from time to time been subject to investigations and charges claiming violations of anti-corruption or antitrust or competition laws including the recently settled EU anti-trust investigation announced on July 19, 2016. As a result of this settlement, in the future the Group could be subject to follow-on private litigation in various jurisdictions, the extent and outcome of which cannot be predicted at this time. The Group is committed to operating in compliance with all applicable laws, in particular anti-corruption and antitrust or competition laws. The Group has implemented a program to promote compliance with these laws and to identify and minimize the risk of any violations. The Group's compliance program, however, may not in every

instance protect it from acts committed by employees, agents, contractors, or collaborators that may violate the applicable laws or regulations of the jurisdictions in which the Group operates. Such improper actions could subject the Group to civil or criminal investigations and monetary, injunctive and other penalties as well as damage claims. Investigations of alleged violations of these laws tend to be expensive and require significant management time and attention, and these investigations of any violations, as well as any publicity regarding potential violations, could harm the Group's reputation and have a material adverse effect on the Group's business, results of operations and financial position.

CNH Industrial – The Group may be adversely affected by the UK vote to leave the European Union (Brexit)

In a June 23, 2016 referendum, the United Kingdom (“U.K.”) voted to terminate the U.K.’s membership in the European Union (“Brexit”). Negotiations will determine the terms of the U.K.’s future relationship with the European Union and its member states, including the terms of trade. The terms of trade between the U.K. and non-EU member states may also be affected. The timing of negotiations is currently unclear. Any effect of Brexit is expected to depend on the agreements negotiated between the U.K. and the EU with respect to reciprocal market access and other matters, either during a transitional period or more permanently.

Brexit could adversely affect European or worldwide economic and market conditions more broadly and could contribute to instability in global financial markets. The Group has operations in the U.K., but does not believe that its global operations would be affected materially by Brexit. However, any adverse effect of Brexit on the Group or on global or regional economic or market conditions could adversely affect our business, results of operations, and financial condition as customers may reduce or delay spending decisions with respect to Group products. Any uncertainty related to Brexit could also affect trading in CNH Industrial shares.

CNH Industrial is organized as a Dutch company but is considered resident in the U.K. for U.K. tax purposes. This determination is based on the U.K. as the location of management and control and has been confirmed through a mutual agreement procedure with the relevant tax authorities (as to which see “Other Risks – CNH Industrial operates and will continue to operate, as a company that is resident in the U.K. for tax purposes; other tax authorities may treat CNH Industrial as being tax resident elsewhere.”). CNH Industrial does not expect that Brexit will affect its tax residency in the U.K.; however, it is not possible to predict with certainty whether the discussions to implement Brexit will ultimately have any impact on this matter.

CNH Industrial – The Group may be exposed to shortfalls in its pension plans

At December 31, 2016, the funded status for the Group's defined benefit pension, and other post-employment benefits was an underfunded status of \$2,189 million that is included in the consolidated statement of financial position. The funded status is the balance between the present value of the defined benefit obligation and the fair value of related assets, in case of funded plans (plans managed by a separate fund, “trust”). Consequently, the funded status is subject to many factors.

To the extent that the Group's obligations under a plan are unfunded or underfunded, the Group will have to use cash flows from operations and other sources to pay its obligations as they become due. In addition, since the assets that currently fund these obligations are primarily invested in debt instruments and equity securities, the value of these assets is subject to changes due to market fluctuations. In recent years, these fluctuations have been significant and adverse and there is no assurance that they will not be significant and adverse in the future.

CNH Industrial - Dealer equipment sourcing and inventory management decisions could adversely affect the Group's sales

The Group sells products primarily through independent dealer networks and directly to OEMs and is subject to risks relating to their inventory management decisions and operating and sourcing practices. The Group's dealers carry inventories of finished products and parts as part of ongoing operations and adjust those inventories based on their assessment of future sales opportunities. Dealers who carry other products that compete with the Group's products may focus their inventory purchases and sales efforts on goods provided by other suppliers due to industry demand or profitability. Such inventory adjustments and sourcing decisions can adversely impact the Group's sales, financial position and results of operations.

CNH Industrial - Adverse economic conditions could place a financial strain on the Group's dealers and adversely affect the Group's operating results

Global economic conditions continue to place financial stress on many of the Group's dealers. Dealer financial difficulties may impact their equipment sourcing and inventory management decisions, as well as their ability to provide services to their customers purchasing the Group's equipment. The Group is also subject to the risk of insolvency of dealers and customers, in part due to unfavorable economic conditions in markets where their

activities are carried out, and laws and government actions may, among other things, prevent the Group from enforcing legal rights and remedies in dealer or customer insolvency proceedings. Accordingly, additional financial strains on members of the Group's dealer network resulting from current or future economic conditions could adversely impact the Group's sales, financial position and results of operations.

CNH Industrial - The Group may not be able to realize anticipated benefits from any acquisitions and, further, challenges associated with strategic alliances may have an adverse impact on the Group's results of operations

The Group has engaged in the past, and may engage in the future, in mergers and acquisitions or enter into, expand or exit from strategic alliances and joint ventures that could involve risks that could prevent the Group from realizing the expected benefits of the transactions or the achievement of strategic objectives or could divert management's time and attention. Such risks, many of which are outside the Group's control, include:

- technological and product synergies, economies of scale and cost reductions not occurring as expected;
- unexpected liabilities;
- incompatibility of operating, information or other systems;
- unexpected changes in laws;
- inability to retain key employees;
- protecting intellectual property rights;
- inability to source certain products or components;
- increased financing costs and inability to fund such costs;
- significant costs associated with terminating or modifying alliances; and
- problems in retaining customers and integrating operations, services, personnel, and customer bases.

If problems or issues were to arise among the parties to one or more strategic alliances for managerial, financial, or other reasons, or if such strategic alliances or other relationships were terminated, the Group's product lines, businesses, financial position, and results of operations could be adversely affected.

CNH Industrial – The Group's business operations may be impacted by various types of claims, lawsuits and other contingent obligations

The Group is involved in pending litigation and investigations on a wide range of topics, including dealer and supplier litigation, intellectual property right disputes, product warranty and defective product claims, product performance, asbestos, personal injury, emissions and/or fuel economy regulatory and contractual issues and environmental claims that arise in the ordinary course of its business. The industries in which the Group operates are also periodically reviewed or investigated by regulators, which could lead to enforcement actions, fines and penalties or the assertion of private litigation claims. The ultimate outcome of these legal matters pending against the Group is uncertain, and although such legal matters are not expected individually to have a material adverse effect on the financial position or profitability, such legal matters could, in the aggregate, in the event of unfavorable resolutions thereof, have a material adverse effect on the Group's consolidated financial position, cash flows, and results of operations. Furthermore, the Group could in the future be subject to judgments or enter into settlements of lawsuits and claims that could have a material adverse effect on its results of operations in any particular period. In addition, while the Group maintains insurance coverage with respect to certain claims, the Group may not be able to obtain such insurance on acceptable terms in the future, if at all, and any such insurance may not provide adequate coverage against any such claims. The Group establishes reserves based on its assessment of contingencies, including contingencies related to legal claims asserted against it. Subsequent developments in legal proceedings may affect the Group's assessment and estimates of the loss contingency recorded as a reserve and require the Group to make payments in excess of its reserves, which could have a material adverse effect on the Group's results of operations and/or financial position.

CNH Industrial - The agricultural equipment industry is highly seasonal, which causes the Group's results of operations and levels of working capital to fluctuate significantly

Farmers traditionally purchase agricultural equipment in the spring and fall, the main planting and harvesting seasons. The Group's agricultural equipment business net sales and results of operations have historically been highest in the second quarter, reflecting the spring selling season in the Northern hemisphere, and lowest in the third quarter, when many of the Group's production facilities experience summer shut-down periods, especially in Europe. The Group's agricultural equipment production levels are based upon estimated retail demand. These estimates take into account the timing of dealer shipments which occur in advance of retail demand, dealer inventory levels, the need to retool manufacturing facilities to produce new or different models and the efficient use

of manpower and facilities. However, because the Group spreads its production and wholesale shipments throughout the year, wholesale sales of agricultural equipment products in any given period may not necessarily reflect the timing of dealer orders and retail demand in that period.

Estimated retail demand may exceed or be exceeded by actual production capacity in any given calendar quarter because the Group spreads production throughout the year. If retail demand is expected to exceed production capacity for a quarter, the Group may schedule higher production in anticipation of the expected retail demand. Often, the Group anticipates that spring selling season demand may exceed production capacity in that period and schedules higher production, and anticipates higher inventories and wholesale shipments to dealers in the first quarter of the year. As a result, the Group's working capital and dealer inventories are generally at their highest levels during the February to May period and decline towards the end of the year, as both the Group's and the Group's dealers' inventories are typically reduced.

To the extent production levels (and timing) do not correspond to retail demand, the Group may have too much or too little inventory, which could have an adverse effect on the Group's financial position and results of operations.

CNH Industrial – The Group has significant outstanding indebtedness, which may limit its ability to obtain additional funding and may limit its financial and operating flexibility

As of December 31, 2016, the Group had an aggregate of \$25,434 million (including \$19,104 million relating to Financial Services activities) of consolidated gross indebtedness, and equity was \$6,634 million, including non-controlling interests. The extent of its indebtedness could have important consequences on the Group's operations and financial results, including:

- the Group may not be able to secure additional funds for working capital, capital expenditures, debt service requirements or general corporate purposes;
- the Group may need to use a portion of its projected future cash flow from operations to pay principal and interest on its indebtedness, which may reduce the amount of funds available to the Group for other purposes;
- the Group may be more financially leveraged than some of its competitors, which could put the Group at a competitive disadvantage;
- the Group may not be able to invest in the development of new products or new business opportunities;
- the Group may not be able to adjust rapidly to changing market conditions, which may make the Group more vulnerable to a downturn in general economic conditions; and
- the Group may not be able to access the capital markets on favorable terms, which may adversely affect its ability to provide competitive retail and wholesale financing programs.

These risks are exacerbated by the ongoing volatility in the financial markets, in part resulting from perceived strains on the finances and creditworthiness of several governments and financial institutions, particularly in the Eurozone and Latin America, and from continued concerns about global economic growth, particularly in the emerging markets.

CNH Industrial - Restrictive covenants in debt agreements could limit the Group's financial and operating flexibility

The indentures or other agreements governing the Group's outstanding debt securities and other credit agreements to which the Group is a party from time to time contain, or may contain, covenants that restrict its ability to, among other things

- incur additional indebtedness;
- make certain investments;
- enter into certain types of transactions with affiliates;
- sell or acquire certain assets or merge with or into other companies;
- use assets as security in other transactions; and/or
- enter into sale and leaseback transactions.

Although the Group does not believe any of these covenants materially restrict its operations currently, a breach of one or more of the covenants could result in adverse consequences that could negatively impact its businesses, results of operations and financial position. These consequences may include the acceleration of amounts outstanding under certain of the Group's credit facilities, triggering an obligation to redeem certain debt securities, termination of existing unused commitments by its lenders, refusal by its lenders to extend further credit under one or more of the facilities or to enter into new facilities or the lowering or modification of CNH Industrial's credit ratings or those of one or more of its subsidiaries.

CNH Industrial - Increased information technology security threats, more sophisticated computer crime and changes in privacy laws could disrupt the Group's business

The Group relies upon information technology systems and networks in connection with a variety of business activities, some of which are managed by third parties, to operate the business, and the Group collects and stores sensitive data. Operating these information technology systems and networks, and processing and maintaining this data, in a secure manner, are critical to the Group's business operations and strategy. Additionally, increased information technology security threats and more sophisticated computer crime pose a risk to the security of the systems and networks and the confidentiality, availability and integrity of the Group's data. Cybersecurity attacks could also include attacks targeting the security, integrity and/or reliability of the hardware and software installed in our products.

While the Group actively manages information technology security risks within its control, there can be no assurance that such actions will be sufficient to mitigate all potential risks to the Group's systems, networks and data.

A failure or breach in security could expose the Group and its customers, dealers and suppliers to risks of misuse of information or systems, the compromising of confidential information, loss of financial resources, manipulation and destruction of data, defective products, production downtimes and operations disruptions, which in turn could adversely affect the Group's reputation, competitive position, businesses and results of operations. Security breaches could also result in litigation, regulatory action, unauthorized release of confidential or otherwise protected information and corruption of data, as well as higher operational and other costs of implementing further data protection measures. In addition, as security threats continue to evolve the Group may need to invest additional resources to protect the security of its systems.

Further, the regulatory framework for privacy and security issues worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. In May 2016, the European Union adopted the General Data Protection Regulation ("GDPR") that will impose more stringent data protection requirements and will provide for greater penalties for noncompliance beginning in May 2018. The Group may be required to incur significant costs to comply with privacy and data security laws, rules and regulations, including the GDPR. Any inability to adequately address privacy and security concerns or comply with applicable privacy and data security laws, rules and regulations could have an adverse effect on the Group's business prospects, results of operations and/or financial position.

CNH Industrial - The loss of members of senior management could have an adverse effect on the Group's business

The Group's success largely depends on the ability of its senior executives and other members of management to effectively manage the organization and individual areas of its businesses. The Group has developed succession plans that it believes are appropriate in the circumstances, although it is difficult to predict with any certainty that it will be able to replace these individuals with persons of equivalent experience and capabilities quickly. The loss of any senior executive, manager or other key employee without an adequate replacement, or the inability to attract and retain new, qualified personnel could therefore have an adverse effect on the Group's business prospects, results of operations and/or financial position.

CNH Industrial – The Group's business may be affected by unfavorable weather conditions, climate change or natural disasters

Poor, severe or unusual weather conditions caused by climate change or other factors, particularly during the planting and early growing season, can significantly affect the purchasing decisions of the Group's agricultural equipment customers. The timing and quantity of rainfall are two of the most important factors in agricultural production. Insufficient levels of rain prevent farmers from planting crops or may cause growing crops to die, resulting in lower yields. Excessive rain or flooding can also prevent planting or harvesting from occurring at optimal times and may cause crop loss through increased disease or mold growth. Temperature affects the rate of growth, crop maturity, crop quality and yield. Temperatures outside normal ranges can cause crop failure or decreased yields, and may also affect disease incidence. Natural disasters such as floods, hurricanes, storms and droughts can have a negative impact on agricultural production. The resulting negative impact on farm income can strongly affect demand for the Group's agricultural equipment in any given period.

In addition, natural disasters, pandemic illness, equipment failures, power outages, disruptions to the Group's information technology systems and networks or other unexpected events could result in physical damage to and complete or partial closure of one or more of the manufacturing facilities or distribution centers, temporary or long-term disruption in the supply of parts or component products from some local and international suppliers, disruption in the transport of products to dealers and customers and delay in delivery of products to distribution centers. In the event such events occur, the Group's financial results might be negatively impacted. The Group's existing

insurance arrangements may not protect against all costs that may arise from such events. Furthermore, the potential physical impacts of climate change on the Group's facilities, suppliers and customers and therefore on the Group's operations are highly uncertain and will be particular to the circumstances developing in various geographical regions. These may include long-term changes in temperature levels and water availability. These potential physical effects may adversely impact the demand for the Group's products and the cost, production, sales and financial performance of its operations.

CNH Industrial - Changes in demand for food and alternative energy sources could impact the Group's revenues

Changing worldwide demand for farm outputs to meet the world's growing food and alternative energy demands, driven in part by government policies and a growing world population, are likely to result in fluctuating agricultural commodity prices, which affect sales of agricultural equipment. While higher commodity prices will benefit crop producing agricultural equipment customers, higher commodity prices also result in greater feed costs for livestock and poultry producers, which in turn may result in lower levels of equipment purchased by these customers. Lower commodity prices directly affect farm income, which could negatively affect sales of agricultural equipment. Moreover, changing alternative energy demands may cause farmers to change the types or quantities of the crops they grow, with corresponding changes in equipment demands. Finally, changes in governmental policies regulating bio-fuel utilization could affect demand for the Group's equipment and result in higher research and development costs related to equipment fuel standards.

CNH Industrial - International trade policies may impact demand for the Group's products and its competitive position

Government policies on international trade and investment such as sanctions, import quotas, capital controls or tariffs, whether adopted by non-governmental bodies, individual governments or addressed by regional trade blocs, may affect the demand for the Group's products and services, impact the competitive position of its products or prevent the Group from being able to sell products in certain countries. The implementation of more restrictive trade policies, such as more detailed inspections, higher tariffs, or new barriers to entry, in countries where the Group sells products and provides services could negatively impact the Group's business, results of operations and financial position. For example, a government's adoption of trade sanctions or "buy national" policies or retaliation by another government against such policies could have a negative impact on the Group's results of operations.

Risks related to financial services

The Group offers a wide range of financial services and products to Agricultural Equipment, Construction Equipment and Commercial Vehicles dealers and customers including retail financing for the purchase or lease of new and used equipment and vehicles and wholesale financing to dealers.

In light of the above, the following risks associated with the financial services offered by the Group should be considered.

CNH Industrial - Credit risk

Fundamental to any organization that extends credit is the credit risk associated with its customers/borrowers. The creditworthiness of each customer, rates of delinquency and default, repossessions and net losses on loans to customers are impacted by many factors, including:

- relevant industry and general economic conditions;
- the availability of capital;
- the terms and conditions applicable to extensions of credit;
- interest rates (and changes in the applicable interest rates);
- the experience and skills of the customer's management team;
- commodity prices;
- political events;
- the weather; and
- the value of the collateral securing the extension of credit.

Deterioration in the quality of the Group's financial assets, an increase in delinquencies or defaults, or a reduction in collateral recovery rates could have an adverse impact on the performance of the Group's Financial Services business and on the Group's earnings and cash flows. These risks become more acute in an economic slowdown or recession due to decreased demand for (or availability of) credit, declining asset values, changes in government subsidies, reductions in collateral to loan balance ratios, and an increase in delinquencies, defaults, insolvencies, foreclosures and losses. In such circumstances, the Group's loan servicing and litigation costs may also increase. In addition, governments may pass laws, or implement regulations, that modify rights and obligations under existing

agreements, or which prohibit or limit the exercise of contractual rights.

When a borrower defaults on a loan and the Group repossesses collateral securing the repayment of the loan, the Group's ability to recover or mitigate losses by selling the collateral is subject to the current market value of such collateral. Those values are affected by levels of new and used inventory of agricultural and construction equipment, as well as commercial vehicles, on the market. They are also dependent upon the strength or weakness of market demand for new and used agricultural and construction equipment, as well as for commercial vehicles, which is affected by the strength of the general economy. In addition, repossessed collateral may be in poor condition, which would reduce its value. Finally, relative pricing of used equipment, compared with new equipment, can affect levels of market demand and the resale of repossessed equipment. An industry-wide decrease in demand for agricultural or construction equipment, as well as for commercial vehicles, could result in lower resale values for repossessed equipment, which could increase losses on loans and leases, adversely affecting the Group's financial position and results of operations.

CNH Industrial – Funding risk

The Group's Financial Services business has traditionally relied upon the ABS market and committed asset-backed facilities as a primary source of funding and liquidity. A significant reduction in liquidity in the secondary market for ABS transactions could adversely affect the Group's ability to sell receivables on a favorable or timely basis. Such conditions could have an adverse impact on the Group's access to funding, financial position and results of operations. As Financial Services finances a significant portion of sales of the Group's equipment, to the extent Financial Services is unable to access funding on acceptable terms, the Group's sales of equipment would be negatively impacted.

CNH Industrial – Repurchase risk

In connection with ABS transactions, the Group makes customary representations and warranties regarding the assets being securitized, as disclosed in the relevant offering documents. While no recourse provisions exist that allow holders of asset-backed securities issued by the Group's ABS trusts to require the Group to repurchase those securities, a breach of these representations and warranties could give rise to an obligation to repurchase non-conforming receivables from the trusts. Any obligation to make future repurchases could have an adverse effect on the Group's financial position, results of operations and cash flows.

CNH Industrial - Regulatory risk

The operations of the Group's Financial Services business are subject to extensive, complex and frequently changing rules, regulations and legal interpretations from various governmental authorities which, among other things:

- regulate credit granting activities, including establishing licensing requirements;
- establish maximum interest rates, finance and other charges;
- regulate customers' insurance coverage;
- require disclosures to customers;
- govern secured and unsecured transactions;
- set collection, foreclosure, repossession and claims handling procedures and other trade practices;
- prohibit discrimination in the extension of credit and administration of loans; and
- regulate the use and reporting of information related to applicants and borrowers.

As applicable laws are amended or construed differently, new laws are adopted to expand the scope of regulation imposed upon such financial services businesses, or existing laws prohibit interest rates the Group charges from rising to a level commensurate with risk and market conditions, such events could adversely affect Financial Services and the Group's financial position and results of operations.

CNH Industrial - Potential Impact of the Dodd-Frank Act and other regulations

The various requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank Act"), including its many implementing regulations, may substantially affect the origination, servicing and securitization programs of the Group's Financial Services business. For example, the Dodd-Frank Act strengthens the regulatory oversight of these securities and capital market activities by the SEC and increases the regulation of the ABS markets through, among other things, a mandated risk retention requirement for securitizers and a direction to regulate credit rating agencies. Other future regulations may affect the Group's ability to engage in funding these capital market activities or increase the effective cost of such transactions, which could adversely affect the financial position, results of operations and cash flows.

Other risks

CNH Industrial operates and will continue to operate, as a company that is resident in the U.K. for tax purposes; other tax authorities may treat CNH Industrial as being tax resident elsewhere

CNH Industrial is not incorporated in the U.K.; therefore, in order to be resident in the U.K. for tax purposes, CNH Industrial's central management and control must be located (in whole or in part) in the U.K. The test of central management and control is largely a question of fact based on all the circumstances. The decisions of the U.K. courts and the published practice of Her Majesty's Revenue & Customs, or HMRC, suggest that CNH Industrial is likely to be regarded as having become U.K.-resident on this basis from the date of its incorporation. The competent authority ruling referred to below supports this analysis. Even if CNH Industrial's "central management and control" is in the U.K., it would not be treated as U.K.-resident if (a) CNH Industrial were concurrently resident in another jurisdiction (applying the tax residence rules of that jurisdiction) which has a double tax treaty with the U.K.; and (b) that tax treaty allocates exclusive residence to that other jurisdiction.

Although CNH Industrial's central management and control is in the U.K., CNH Industrial is considered to be resident in the Netherlands for Dutch corporate income tax and Dutch dividend withholding tax purposes because CNH Industrial is incorporated in the Netherlands. The U.K. and Dutch competent authorities have agreed, following a mutual agreement procedure (as contemplated by the Netherlands-U.K. tax treaty), that CNH Industrial will be regarded as solely resident in the U.K. for purposes of the application of the Netherlands-U.K. tax treaty provided that CNH Industrial operates as planned and provides appropriate required evidence to the U.K. and Dutch competent tax authorities. If the facts upon which the competent authorities issued this ruling change over time, this ruling may be withdrawn, and in that case the Netherlands may levy corporate income tax on CNH Industrial and impose withholding taxes on dividends distributed by CNH Industrial.

CNH Industrial does not expect Brexit to affect its tax residence in the UK; however it is not possible to predict with certainty whether the discussions to implement Brexit will ultimately have any impact on this matter.

CNH Industrial's residence for Italian tax purposes is also largely a question of fact based on all the circumstances. For Italian tax purposes, a rebuttable presumption of CNH Industrial's residence in Italy may apply under Italian legislation. However, CNH Industrial has a management and organizational structure such that CNH Industrial should be deemed resident in the U.K. from the date of its incorporation for purposes of the Italy-U.K. tax treaty. Because this analysis is highly factual and may depend on future changes in CNH Industrial's management and organizational structure, there can be no assurance that CNH Industrial's determination of its tax residence will be respected by all relevant tax authorities. Should CNH Industrial be treated as an Italian tax resident, CNH Industrial would be subject to corporate income tax in Italy on its worldwide income and may be required to comply with withholding tax on dividends and other distributions and/or reporting obligations under Italian law, which could result in additional costs and expenses.

CNH Industrial – Tax may be required to be withheld from dividend payments

Although the U.K. and Dutch competent authorities have ruled that CNH Industrial should be treated as solely resident in the U.K. for the purposes of the Netherlands-U.K. double tax treaty, under Dutch domestic law dividend payments made to Dutch residents are still subject to Dutch dividend withholding tax and CNH Industrial would have no obligation to pay additional amounts in respect of such payments.

Should withholding taxes be imposed on future dividends or distributions with respect to CNH Industrial common shares, whether such withholding taxes are creditable against a tax liability to which a shareholder is otherwise subject depends on the laws of such shareholder's jurisdiction and such shareholder's particular circumstances. Shareholders are urged to consult their tax advisors in respect of the consequences of the potential imposition of withholding taxes.

See "CNH Industrial operates and will continue to operate, as a company that is resident in the U.K. for tax purposes; other tax authorities may treat CNH Industrial as being tax resident elsewhere" above.

CNH Industrial – The Group may incur additional tax expense or become subject to additional tax exposure

The Group is subject to income taxes in many jurisdictions around the world. Its tax liabilities are dependent upon the location of earnings among these different jurisdictions. The Group's future results of operations could be adversely affected by changes in the effective tax rate as a result of a change in the mix of earnings in countries with differing statutory tax rates, changes in its overall profitability, changes in tax legislation and rates, changes in generally accepted accounting principles and changes in the valuation of deferred tax assets and liabilities. If the Group's effective tax rates were to increase, or if the ultimate determination of the taxes owed is for an amount in excess of amounts previously accrued or paid, the Group's operating results, cash flows and financial position could be adversely affected.

CNH Industrial - CNH Industrial, as successor to Fiat Industrial, is jointly liable with FCA for certain obligations

CNH Industrial is successor to Fiat Industrial, a company formed as a result of the demerger of Fiat S.p.A. (which, effective October 12, 2014, was merged into FCA). As such, CNH Industrial continues to be liable jointly with FCA for the liabilities of FCA that arose prior to the effective date of the Demerger (January 1, 2011) and were still outstanding at that date (the “Liabilities”). This statutory provision is limited to the value of the net assets transferred to Fiat Industrial in the Demerger and survives until the Liabilities are satisfied in full. Furthermore, CNH Industrial may be responsible jointly with FCA in relation to tax liabilities, even if such tax liabilities exceed the value of the net assets transferred to Fiat Industrial in the Demerger. At December 31, 2016, the outstanding Liabilities amounted to approximately \$1.3 billion (of which \$1.1 billion consisted of bonds guaranteed by FCA). CNH Industrial evaluated as extremely remote the risk of FCA’s insolvency and therefore no specific provision has been accrued in respect of the above-mentioned potential joint liability.

CNH Industrial – The Group’s maintenance of two exchange listings may adversely affect liquidity in the market for the common shares and could result in pricing differentials of the common shares between the two exchanges

The dual listing of the Group’s common shares on the NYSE and the MTA may split trading between the two markets and adversely affect the liquidity of the shares in one or both markets and the development of an active trading market for the Group’s common shares on the NYSE, and may result in price differentials between the exchanges. Differences in the trading schedules, trading volume and investor bases, as well as volatility in the exchange rate between the two trading currencies, among other factors, may result in different trading prices for the Group’s common shares on the two exchanges or otherwise adversely affect liquidity and trading prices of the Group’s shares.

CNH Industrial - The loyalty voting structure may concentrate voting power in a small number of the Group’s shareholders and such concentration may increase over time

A relatively large proportion of the voting power of CNH Industrial could be concentrated in a relatively small number of shareholders who would have significant influence. As of December 31, 2016, EXOR NV (the holding company of the EXOR Group following the completion of the cross-border merger of EXOR S.p.A with and into EXOR N.V. on December 11, 2016) had a voting interest in CNH Industrial of approximately 41.4%.

CNH Industrial - The loyalty voting structure may affect the liquidity of the Group’s common shares and reduce the share price

CNH Industrial’s loyalty voting structure is intended to reward shareholders for maintaining long-term share ownership by granting initial shareholders and persons holding shares continuously for at least three years at any time following the effectiveness of the Merger the option to elect to receive special voting shares. Special voting shares cannot be traded and, immediately prior to the transfer of common shares from the CNH Industrial Loyalty Register, any corresponding special voting shares shall be transferred to CNH Industrial for no consideration (*om nief*). This loyalty voting structure is designed to encourage a stable shareholder base and, conversely, it may deter trading by those shareholders who are interested in gaining or retaining special voting shares. Therefore, the loyalty voting structure may reduce liquidity in common shares and adversely affect their trading price.

CNH Industrial - The loyalty voting structure may prevent or frustrate attempts by the Group’s shareholders to change management and hinder efforts to acquire a controlling interest in the Group, and the market price of the Group’s common shares may be lower as a result

The provisions of the Articles of Association establishing the loyalty voting structure may make it more difficult for a third party to acquire, or attempt to acquire, control of the Group, even if a change of control is considered favorably by shareholders holding a majority of the common shares. As a result of the loyalty voting structure, a relatively large proportion of the voting power of the common shares could be concentrated in a relatively small number of shareholders who would have significant influence over the Group. As of December 31, 2016, EXOR N.V. had a voting interest in CNH Industrial of approximately 41.4%. Such shareholders participating in the loyalty voting structure could effectively prevent change of control transactions that may otherwise benefit the shareholders.

The loyalty voting structure may also prevent or discourage shareholders’ initiatives aimed at changes in management.

FERRARI

Risks Related to Ferrari's Business, Strategy and Operations

Ferrari - Ferrari may not succeed in preserving and enhancing the value of its brand, on which it depends to drive demand and revenues

Ferrari's financial performance is influenced by the perception and recognition of the Ferrari brand, which, in turn, depends on many factors such as the design, performance, quality and image of its cars, the appeal of its dealerships and stores, the success of its promotional activities including public relations and marketing, as well as its general profile, including the brand's image of exclusivity. The value of its brand and its ability to achieve premium pricing for Ferrari-branded products may decline if the Group is unable to maintain the value and image of the Ferrari brand, including, in particular, its aura of exclusivity. Maintaining the value of its brand will depend significantly on Ferrari's ability to continue to produce luxury performance cars of the highest quality. The market for luxury goods generally and for luxury automobiles in particular is intensely competitive, and Ferrari may not be successful in maintaining and strengthening the appeal of its brand. Client preferences, particularly among luxury goods, can vary over time, sometimes rapidly. Ferrari is therefore exposed to changing perceptions of its brand image, particularly as it seeks to attract new generations of clients and, to that end, renovates and expands its models range. The gradual expansion of hybrid engine technology will also introduce a notable change in the overall driver experience compared to the combustion engine cars of the Ferrari range models to date. Any failure to preserve and enhance the value of its brand may materially and adversely affect Ferrari's ability to sell its cars, to maintain premium pricing, and to extend the value of its brand into other activities profitably or at all.

Ferrari selectively licenses the Ferrari brand to third parties that produce and sell Ferrari-branded luxury goods and therefore it relies on its licensing partners to preserve and enhance the value of its brand. If Ferrari licensees or the manufacturers of these products do not maintain the standards of quality and exclusivity that Ferrari believes are consistent with its brand, or if such licensees or manufacturers otherwise misuse its brand, Ferrari's reputation and the integrity and value of its brand may be damaged and its business, operating results and financial condition may be materially and adversely affected.

Ferrari - Ferrari's brand image depends in part on the success of its Formula 1 racing team

The prestige, identity, and appeal of the Ferrari brand depend on the continued success of the Scuderia Ferrari racing team in the Formula 1 World Championship. The racing team is a key component of Ferrari's marketing strategy and may be perceived by Ferrari's clients as a demonstration of the technological capabilities of its Sports and GT cars which also supports the appeal of other Ferrari-branded luxury goods. The success of the Formula 1 racing team has declined over the past several years as Ferrari's most recent driver's championship and constructors' championship were in 2007 and 2008, respectively. As a result, Ferrari is enhancing its focus on Formula 1 activities with the goal of improving racing results and restoring its historical position as the premier racing team in Formula 1. If it is unable to attract and retain the necessary talent to succeed in international competitions or devote the capital necessary to fund successful racing activities, the value of the Ferrari brand and the appeal of its cars and other luxury goods may suffer. Even if Ferrari is able to attract such talent and adequately fund its racing activities, there is no assurance that this will lead to competitive success for its racing team.

The success of its racing team depends in particular on Ferrari's ability to attract and retain top drivers and racing management and engineering talent. Its primary Formula 1 drivers, team managers and other key employees of Scuderia Ferrari are critical to the success of its racing team and if it were to lose their services, this could have a material adverse effect on the success of its racing team and correspondingly the Ferrari brand. If it is unable to find adequate replacements or to attract, retain and incentivize drivers and team managers, other key employees or new qualified personnel, the success of its racing team may suffer. As the success of its racing team forms a large part of its brand identity, a sustained period without racing success could detract from the Ferrari brand and, as a result, potential clients' enthusiasm for the Ferrari brand and their perception of its cars, which could have an adverse effect on its business, results of operations and financial condition.

Ferrari - If Ferrari is unable to keep up with advances in high performance car technology, its competitive position may suffer

Performance cars are characterized by leading-edge technology which is constantly evolving. In particular, advances in racing technology often lead to improved technology in road cars. Although Ferrari invests heavily in research and development, it may be unable to maintain its leading position in high performance car technology and, as a result, its competitive position may suffer. As technologies change, Ferrari plans to upgrade or adapt its cars and introduce new models in order to continue to provide cars with the latest technology. However, its cars may not compete effectively with its competitors' cars if it is not able to develop, source and integrate the latest technology into its cars. For example, luxury performance cars will in the next few years begin to transition to hybrid

technology, albeit at a slower pace compared to mass market vehicles. While Ferrari already produces hybrid cars, such as LaFerrari and LaFerrari Aperta, the integration of such technology more broadly into its car portfolio over time may present challenges and costs.

Developing and applying new automotive technologies is costly, and may become even more costly in the future as available technology advances and competition in the industry increases. If Ferrari's research and development efforts do not lead to improvements in car performance relative to the competition, or if it is required to spend more to achieve comparable results, sales of its cars or its profitability may suffer.

Ferrari - If Ferrari's car designs do not appeal to clients, its brand and competitive position may suffer

Design and styling are an integral component of Ferrari models and its brand. Its cars have historically been characterized by distinctive designs combining the aerodynamics of a sports car with powerful, elegant lines. Ferrari believes its clients purchase its cars for their appearance as well as their performance. However, Ferrari will need to renew over time the style of its cars to differentiate the new models it produces from older models, and to reflect the broader evolution of aesthetics in its markets. Ferrari devotes great efforts to the design of its cars and most of its current models are designed by Ferrari Design Centre, its in-house design team. If the design of its future models fails to meet the evolving tastes and preferences of its clients and prospective clients, or the appreciation of the wider public, Ferrari's brand may suffer and its sales may be adversely affected.

Ferrari - The value of the Ferrari brand depends in part on the automobile collector and enthusiast community

An important factor in the connection of clients to the Ferrari brand is the strong relationship with the global community of automotive collectors and enthusiasts, particularly collectors and enthusiasts of Ferrari automobiles. This is influenced by Ferrari's close ties to the automotive collectors' community and its support of related events (such as car shows and driving events), at its headquarters in Maranello and through its dealers, the Ferrari museum and affiliations with regional Ferrari clubs. The support of this community also depends upon the perception of Ferrari cars as collectibles, which the Company also supports through Ferrari Classiche services, and the active resale market for its automobiles which encourages interest over the long term.

If there is a change in collector appetite or damage to the Ferrari brand, its ties to and the support it receives from this community may be diminished. Such a loss of enthusiasm for its cars from the automotive collectors' community could harm the perception of the Ferrari brand and adversely impact its sales and profitability.

Ferrari - Demand for Ferrari's luxury goods, including luxury performance cars, is volatile, which may adversely affect its operating results

Volatility of demand for luxury goods, in particular luxury performance cars, may adversely affect Ferrari's business, operating results and financial condition. The markets in which Ferrari sells its cars have been subject to volatility in demand in recent periods. Demand for luxury automobiles depends to a large extent on general, economic, political and social conditions in a given market as well as the introduction of new vehicles and technologies. As a luxury performance car manufacturer and low volume producer, Ferrari competes with larger automobile manufacturers many of which have greater financial resources in order to withstand changes in the market and disruptions in demand. Demand for its cars may also be affected by factors directly impacting automobile prices or the cost of purchasing and operating automobiles, such as the availability and cost of financing, prices of raw materials and parts and components, fuel costs and governmental regulations, including tariffs, import regulation and other taxes, including taxes on luxury goods, resulting in limitations to the use of high performance sports cars or luxury goods more generally. Volatility in demand may lead to lower car unit sales, which may result in further downward price pressure and adversely affect Ferrari's business, operating results and financial condition. These effects may have a more pronounced impact on Ferrari given its low volume strategy and relatively smaller scale as compared to large global mass-market automobile manufacturers.

Ferrari - Ferrari's low volume strategy may limit potential profits

A key to the appeal of the Ferrari brand and its marketing strategy is the aura of exclusivity and the sense of luxury which its brand conveys. A central facet to this exclusivity is the limited number of models and cars it produces and its strategy of maintaining its car waiting lists to reach the optimal combination of exclusivity and client service. Ferrari's low volume strategy is also an important factor in the prices that its clients are willing to pay for its cars. Regulation also affects Ferrari's potential for volume growth because it is eligible for certain exemptions from fuel economy and emissions requirements provided it sells less than 10,000 road cars worldwide per year. See "—New laws, regulations, or policies of governmental organizations regarding increased fuel economy requirements, reduced greenhouse gas or pollutant emissions, or vehicle safety, or changes in existing laws, may have a significant effect on Ferrari's costs of operation and/or how it does business."

While important to Ferrari's current marketing strategy, its focus on maintaining low volumes and exclusivity limits its potential sales growth and profitability. Ferrari may from time to time face investor and market pressure to demonstrate growth including by increasing the volume of cars it sells. Notwithstanding any such pressure, Ferrari intends to continue to pursue a low volume strategy in order to maintain its reputation for exclusivity, while growing volume in a controlled way to respond to growth in emerging markets and demographic changes.

Conversely, if it was to change its strategy and increase production of its cars more aggressively, it may be unable to maintain the exclusivity of the Ferrari brand. If it is unable to balance brand exclusivity with increased production, it may erode the desirability and ultimately the consumer demand for its cars. As a result, if it is unable to increase car production meaningfully or introduce new car models without eroding the image of exclusivity in its brand it may be unable to significantly increase revenues.

Ferrari - Ferrari's revenues from Formula 1 activities may decline and its related expenses may grow

Revenues from Ferrari's Formula 1 activities depend principally on the income from its sponsorship agreements and on its share of Formula 1 revenues from broadcasting and other sources. If it is unable to renew its existing sponsorship agreements or if it enters into new or renewed sponsorship agreements with less favorable terms, Ferrari's revenues would decline. In addition, its share of Formula 1 results may decline if either its team's performance worsens compared to other competing teams, or if the overall Formula 1 business suffers. Furthermore, in order to compete effectively on track Ferrari has been investing significant resources in research and development and to competitively compensate the best available drivers and other racing team members. These expenses also vary based on changes in Formula 1 regulations that require modification to Ferrari's racing engines and cars. These expenses are expected to continue, and may grow further, including as a result of any changes in Formula 1 regulations, which would negatively affect results of operations. In addition the company that owns the Formula 1 business was recently acquired by new owners and it is uncertain whether and how the arrangements relating to the participation of Ferrari and the other competing teams in the championship may change in the future.

Ferrari - The small number of car models which Ferrari produces and sells may result in greater volatility in its financial results

Ferrari currently depends on the sales of six range models, one special series and one limited edition supercar to generate its revenues. While it anticipates expanding its car offerings, it expects that a limited number of models will continue to account for a large portion of its revenues at any given time in the foreseeable future. Therefore, Ferrari's future operating results depend upon the continued market acceptance of each model in its line-up. There can be no assurance that its cars will continue to be successful in the market. On average it takes about 40 months (approximately 33 months for M models) from the beginning of the development phase to start of production for a new model and the car development process is capital intensive. As a result, Ferrari would likely be unable to replace quickly the revenue lost from one of its main car models if it does not achieve market acceptance. Furthermore, volatility in its revenues and profits is also affected by its "special series" and limited edition cars that it launches from time to time and that are typically priced higher than its range models. There can be no assurance that Ferrari will be successful in developing, producing and marketing additional new cars that will sustain sales growth in the future.

Ferrari - Engine production revenues are dependent on Maserati's ability to sell its cars

Ferrari produces V8 and V6 engines for Maserati. In particular, it has a multi-year arrangement with Maserati to provide V6 engines through 2020, which may be followed by further production runs in future periods. In 2016 Ferrari recorded net revenues of €238 million from sales to Maserati. While Maserati is required to compensate it for certain costs it may incur, such as penalties from its suppliers, in the event that the sales of Maserati cars decline, or do not increase at the expected rate, such an event would adversely affect Ferrari's revenues from the sale of engines.

Ferrari - Ferrari's business is subject to changes in client preferences and trends in the automotive and luxury industry

Ferrari's continued success depends in part on its ability to originate and define product and trends in the automotive and luxury industry, as well as to anticipate and respond promptly to changing consumer demands and automotive trends in the design, styling, technology, production, merchandising and pricing of its products. Its products must appeal to a client base whose preferences cannot be predicted with certainty and are subject to rapid change. Evaluating and responding to client preferences has become even more complex in recent years, due to Ferrari's expansion in new geographical markets. If it misjudges the market for its products, Ferrari and its dealers may be faced with excess inventories for some cars and missed opportunities with others. In addition, there

can be no assurance that it will be able to produce, distribute and market new products efficiently or that any product category that it may expand or introduce will achieve sales levels sufficient to generate profits. This risk is particularly pronounced as Ferrari expands in accordance with its strategy into adjacent segments of the luxury industry, where it does not have a level of experience and market presence comparable to the one it has in the automotive industry. Any of these risks could have a material adverse effect on Ferrari's business, results of operations and financial condition.

Ferrari - Global economic conditions may adversely affect Ferrari

Ferrari's sales volumes and revenues may be affected by overall general economic conditions. Deteriorating general economic conditions may affect disposable incomes and reduce consumer wealth impacting client demand, particularly for luxury goods which may negatively impact Ferrari's profitability and put downward pressure on its prices and volumes. Furthermore, during recessionary periods, social acceptability of luxury purchases may decrease and higher taxes may be more likely to be imposed on certain luxury goods including Ferrari cars, which may affect its sales. Adverse economic conditions may also affect the financial health and performance of Ferrari's dealers in a manner that will affect sales of its cars or the dealers' ability to meet their commitments to Ferrari.

Many factors affect the level of consumer spending in the luxury performance car industry, including the state of the economy as a whole, stock market performance, interest and exchange rates, inflation, political uncertainty, the availability of consumer credit, tax rates, unemployment levels and other matters that influence consumer confidence. In general, although Ferrari's sales have historically been comparatively resilient in periods of economic turmoil, sales of luxury goods tend to decline during recessionary periods when the level of disposable income tends to be lower or when consumer confidence is low.

Ferrari distributes its products internationally and it may be affected by downturns in general economic conditions or uncertainties regarding future economic prospects that may impact the countries in which it sells a significant portion of its products. In particular, the majority of Ferrari's current sales are in the EU and in the United States; if it is unable to expand in emerging markets, a downturn in mature economies such as the EU and the United States may negatively affect its financial performance. In the EU, in particular, despite measures taken by several governments and monetary authorities to provide financial assistance to certain Eurozone countries and to avoid default on sovereign debt obligations, concerns persist regarding the debt burden of several countries. These concerns, along with the significant fiscal adjustments carried out in several countries, intended to manage actual or perceived sovereign credit risk, have led to further pressure on economic growth and may lead to new periods of recession. In addition, uncertainties regarding future trade arrangements and industrial policies in various countries, such as in the United Kingdom following the referendum to leave the European Union and in the United States under the incoming administration, create additional macroeconomic risk. In the United States, changes in policy positions by the new presidential administration may impact Ferrari's business, in particular its production of vehicles outside the U.S. for import into the U.S., and potential changes in tax laws, could adversely affect Ferrari's operations. Any new policies and any steps it may take to address such new policies may have an adverse effect on Ferrari's business, financial condition and results of operations.

A significant decline in the EU or the global economy or in the specific economies of Ferrari's markets, or in consumers' confidence could have a material adverse effect on its business.

Ferrari - New laws, regulations, or policies of governmental organizations regarding increased fuel economy requirements, reduced greenhouse gas or pollutant emissions, or vehicle safety, or changes in existing laws, may have a significant effect on Ferrari's costs of operation and/or how it does business

Ferrari is subject throughout the world to comprehensive and constantly evolving laws, regulations and policies. It expects the extent of the legal and regulatory requirements affecting its business and its costs of compliance to continue to increase significantly in the future. In Europe and the United States, for example, significant governmental regulation is driven by environmental, fuel economy, vehicle safety and noise emission concerns. Evolving regulatory requirements could significantly affect Ferrari's product development plans and may limit the number and types of cars it sells and where it sells them, which may affect its revenue. Governmental regulations may increase the costs Ferrari incurs to design, develop and produce its cars and may affect its product portfolio. Regulation may also result in a change in the character or performance characteristics of Ferrari cars which may render them less appealing to its clients. Ferrari anticipates that the number and extent of these regulations, and their effect on its cost structure and product line-up, will increase significantly in the future.

Current European legislation limits fleet average greenhouse gas emissions for new passenger cars, and new targets have been set in 2014 with more stringent emission targets applicable to the 2017-2021 period. Due to its small volume manufacturer ("SVM") status Ferrari benefits from a derogation from the existing emissions requirement and is instead required to meet, by 2021, alternative targets for its fleet of EU-registered vehicles.

In the United States, the U.S. Environmental Protection Agency (“EPA”) and the National Highway Traffic Safety Administration (“NHTSA”) have set the federal standards for passenger cars and light trucks to meet certain combined average fuel economy (“CAFE”) levels and more stringent standards have been prescribed for model years 2017 through 2025. As a SVM that is able to demonstrate its operational independence from FCA, Ferrari expects to benefit from a derogation from currently applicable standards. Ferrari has also petitioned the EPA for alternative standards for the 2017-2021 model years, which are aligned to its technical and economic capabilities, and it expects to receive feedback on this proposal by the end of 2017. In September 2016 Ferrari petitioned NHTSA for recognition as an independent manufacturer of less than 10,000 vehicles produced globally and proposed alternative CAFE standards for Model Years 2017, 2018 and 2019.

In addition, Ferrari is subject to legislation relating to the emission of other air pollutants such as, among others, the “Tier 3” Motor Vehicle Emission and Fuel Standards issued by the EPA, and the Zero Emission Vehicle regulation in California, which are subject to similar derogations for SVMs, as well as vehicle safety legislation. NHTSA also recently published guidelines for driver distraction, and the associated compliance costs may be substantial.

Other governments around the world, such as those in Canada, South Korea, China and certain Middle Eastern countries are also creating new policies to address these issues which could be even more stringent than the U.S. or European requirements. As in the United States and Europe, these government policies if applied to Ferrari could significantly affect its product development plans. In China, for example, Stage III fuel consumption regulations target a national average fuel consumption of 6.9L/100km by 2015 and Stage IV targets a national average fuel consumption of 5.0L/100km by 2021.

In response to severe air quality issues in Beijing and other major Chinese cities, in 2016 the Chinese government published a more stringent emissions program (National 6), providing two different levels of stringency effective starting from 2020. Moreover autonomous Chinese regions and municipalities are allowed to implement these more stringent requirements in advance of 2020. If local Chinese regions and municipalities will implement such requirements before 2020 this could lead Ferrari to revise its product development and production plans in China, incur significant costs and change marketing strategies in China, which may affect its profits.

Ferrari could lose its status as a SVM in the EU, the United States and other countries if it does not continue to meet all of the necessary eligibility criteria under applicable regulations as they evolve. In order to meet these criteria the Company may need to modify its growth plans or other operations. Furthermore, even if it continues to benefit from derogations as a SVM, it will be subject to alternative standards that the regulators deem appropriate for its technical and economic capabilities and such alternative standards may be significantly more stringent than those currently applicable to it.

Under these existing regulations, as well as new or stricter rules or policies, Ferrari could be subject to sizable civil penalties or have to restrict or modify product offerings drastically to remain in compliance. It may have to incur substantial capital expenditures and research and development expenditures to upgrade products and manufacturing facilities, which would have an impact on its cost of production and results of operations.

Ferrari - Ferrari’s growth strategy exposes it to risks

The Company’s growth strategy includes a controlled expansion of its sales and operations, including the launching of new car models and expanding sales and dealer operations in targeted growth regions internationally. In particular, the growth strategy requires it to expand operations in regions that it has identified as having relatively high growth potential. Ferrari may encounter difficulties, including more significant competition in entering and establishing itself in these markets.

Ferrari’s growth depends on the continued success of its existing cars, as well as the successful design and introduction of new cars. Its ability to create new cars and to sustain existing car models is affected by whether it can successfully anticipate and respond to consumer preferences and car trends. The failure to develop and launch successful new cars could hinder the growth of its business. Also, any delay in the development or launch of a new product could result in others bringing new products and technology to market first, which could compromise the Company’s competitive position. As part of its growth strategy, Ferrari plans to broaden the range of its models to capture additional customer demand for different types of vehicles and modes of utilization. In addition, it will gradually expand the use of hybrid technology in its road cars, consistent with customer preferences and broader industry trends. While it will seek to ensure that these changes remain fully consistent with the Ferrari car identity, the Company cannot be certain that they will prove profitable and commercially successful.

Ferrari’s growth strategy may expose it to new business risks that it may not have the expertise, capability or the systems to manage. This strategy will also place significant demands on the Company by requiring it to continuously evolve and improve its operational, financial and internal controls. Continued expansion also increases the challenges involved in maintaining high levels of quality, management and client satisfaction, recruiting, training and retaining sufficient skilled management, technical and marketing personnel. If it is unable to

manage these risks or meet these demands, Ferrari's growth prospects and its business, results of operation and financial condition could be adversely affected.

It is currently planned to open additional dealerships and Ferrari stores in various international markets. The Company does not yet have significant experience directly operating in many of these markets, and in many of them it faces established competitors. Many of these countries have different operational characteristics, including but not limited to employment and labor, transportation, logistics, real estate, environmental regulations and local reporting or legal requirements.

Consumer demand and behavior, as well as tastes and purchasing trends may differ in these markets, and as a result, sales of Ferrari products may not be successful, or the margins on those sales may not be in line with those currently anticipated. Furthermore, such markets will have upfront short-term investment costs that may not be accompanied by sufficient revenues to achieve typical or expected operational and financial performance and therefore may be dilutive to Ferrari in the short-term. In many of these countries, there is significant competition to attract and retain experienced and talented employees.

Consequently, if Ferrari's international expansion plans are unsuccessful, its business, results of operation and financial condition could be materially adversely affected.

Ferrari - Ferrari's indebtedness could adversely affect its operations and it may face difficulties in servicing or refinancing its debt

As of December 31, 2016, Ferrari's total consolidated debt was approximately €1,848 million (which includes its financial services), including €800 million outstanding under a term loan facility (the "Term Loan") and €500 million aggregate principal amount of 1.500% notes due 2023. Its current and long-term debt requires it to dedicate a portion of its cash flow to service interest and principal payments and, if interest rates rise, this amount may increase. In addition, its existing debt may limit its ability to raise further capital to execute its growth strategy or otherwise may place it at a competitive disadvantage relative to competitors that have less debt. The agreements governing Ferrari's indebtedness do not prohibit the incurrence of additional indebtedness. To the extent that Ferrari becomes more leveraged, the risks described above would increase. The Company may also have difficulty refinancing its existing debt or incurring new debt on terms that it would consider to be commercially reasonable, if at all.

Ferrari - Ferrari faces competition in the luxury performance car industry

Ferrari faces competition in all product categories and markets in which it operates. It competes with other international luxury performance car manufacturers which own and operate well-known brands of high-quality cars, some of which form part of larger automotive groups and may have greater financial resources and bargaining power with suppliers than Ferrari does, particularly in light of its policy to maintain low volumes in order to preserve and enhance the exclusivity of its cars. Ferrari believes that it competes primarily on the basis of its brand image, the performance and design of its cars and its reputation for quality. If it is unable to compete successfully, its business, results of operations and financial condition could be adversely affected.

Ferrari - Developments in emerging markets may adversely affect Ferrari's business

Ferrari operates in a number of emerging markets, both directly and through its dealers and it has experienced increasing demand in China and the Middle East.

The Company's strategy contemplates expanding its sales in the Middle East and Asia regions, recognizing the increasing personal wealth in these markets. While demand in these markets has increased in recent years due to sustained economic growth and growth in personal income and wealth, it is not possible to foresee the extent to which economic growth in these emerging markets will be sustained. For example, rising geopolitical tensions and potential slowdowns in the rate of growth there and in other emerging markets could limit the opportunity for Ferrari to increase unit sales and revenues in those regions in the near term.

Ferrari's exposure to emerging countries is likely to increase, as it pursues expanded sales in such countries. Economic and political developments in emerging markets, including economic crises or political instability, have had and could have in the future material adverse effects on the Company's results of operations and financial condition. Further, in certain markets in which Ferrari or its dealers operate, required government approvals may limit its ability to act quickly in making decisions on its operations in those markets. Other government actions may also impact the market for luxury goods in these markets, such as tax changes or the active discouragement of luxury purchases.

Maintaining and strengthening Ferrari's position in these emerging markets is a key component of its global growth strategy. However, initiatives from several global luxury automotive manufacturers have increased competitive pressures for luxury cars in several emerging markets. As these markets continue to grow, Ferrari anticipates that additional competitors, both international and domestic, will seek to enter these markets and that existing market

participants will try to aggressively protect or increase their market share. Increased competition may result in pricing pressures, reduced margins and the Company's inability to gain or hold market share, which could have a material adverse effect on its results of operations and financial condition.

Ferrari - Ferrari's success depends largely on the ability of its current management team to operate and manage effectively

Ferrari's success depends on the ability of its senior executives and other members of management to effectively manage the business as a whole and individual areas of the business. The management team particularly benefits from the leadership of the CEO and Chairman, Sergio Marchionne, who engineered the operating and financial turnaround of Fiat and Chrysler and the global expansion of FCA into the eighth largest automaker in the world (based on 2016 vehicle sales worldwide). Ferrari's employees, particularly in its production facilities in and around Maranello, Italy include many highly skilled engineers, technicians and artisans. If Ferrari were to lose the services of any of these senior executives or key employees, this could have a material adverse effect on its business, operating results and financial condition. It has developed succession plans that it believes are appropriate in the circumstances, although it is difficult to predict with any certainty that it will replace these individuals with persons of equivalent experience and capabilities. If it is unable to find adequate replacements or to attract, retain and incentivize senior executives, other key employees or new qualified personnel, Ferrari's business, results of operations and financial condition may suffer.

Ferrari - Ferrari relies on its dealer network to provide sales and services

Ferrari does not own its Ferrari dealers and virtually all sales are made through its network of dealerships located throughout the world. If its dealers are unable to provide sales or service quality that its clients expect or do not otherwise adequately project the Ferrari image and its aura of luxury and exclusivity, the Ferrari brand may be negatively affected. Ferrari depends on the quality of its dealership network and its business, operating results and financial condition could be adversely affected if its dealers suffer financial difficulties or otherwise are unable to perform to expectations. Furthermore, Ferrari may experience disagreements or disputes in the course of its relationship with its dealers or upon termination which may lead to financial costs, disruptions and reputational harm.

Ferrari's growth strategy also depends on its ability to attract a sufficient number of quality new dealers to sell its products in new areas. It may face competition from other luxury performance car manufacturers in attracting quality new dealers, based on, among other things, dealer margin, incentives and the performance of other dealers in the region. If Ferrari is unable to attract a sufficient number of new dealers in targeted growth areas, its prospects could be materially adversely affected.

Ferrari - Ferrari depends on its suppliers, many of which are single source suppliers; if these suppliers fail to deliver necessary raw materials, systems, components and parts of appropriate quality in a timely manner its operations may be disrupted

Ferrari's business depends on a significant number of suppliers which provide the raw materials, components, parts and systems it requires to manufacture cars and parts and to operate its business. The Company uses a variety of raw materials in its business including aluminum, and precious metals such as palladium and rhodium. It sources materials from a limited number of suppliers. It cannot guarantee that it will be able to maintain access to these raw materials, and in some cases this access may be affected by factors outside of its control and the control of its suppliers. In addition, prices for these raw materials fluctuate and while the Company seeks to manage this exposure, it may not be successful in mitigating these risks.

As with raw materials, Ferrari is also at risk of supply disruption and shortages in parts and components which it purchases for use in its cars. It sources a variety of key components from third parties, including transmissions, brakes, driving-safety systems, navigation systems, mechanical, electrical and electronic parts, plastic components as well as castings and tires, which makes it dependent upon the suppliers of such components. In future, it will also require greater number of batteries as it introduces hybrid engines in its range model offering, and it expects producers of batteries will be called to increase the levels of demand as the shift to hybrid or electric technology gathers pace in the industry. While it obtains components from multiple sources whenever possible, similar to other small volume car manufacturers, most of the key components it uses in its cars are purchased from single source suppliers. The Company generally does not qualify alternative sources for most of the single-sourced components used in its cars and it does not maintain long-term agreements with a number of its suppliers. Furthermore, it has limited ability to monitor the financial stability of its suppliers.

While Ferrari believes that it may be able to establish alternate supply relationships and can obtain or engineer replacement components for its single-sourced components, it may be unable to do so in the short term, or at all, at prices or costs that it believes are reasonable. Qualifying alternate suppliers or developing its own replacements for

certain highly customized components of its cars may be time consuming, costly and may force the company to make costly modifications to the designs of its cars. For example, Takata is currently the principal supplier of the airbags installed in Ferrari cars. Defective airbags manufactured by Takata have led to widespread recalls by several automotive manufacturers starting in 2015 and Takata may be unable to meet the financial liabilities associated with such recalls. Any failure by Takata to continue the supply of airbags may cause significant disruption to Ferrari's operations.

In the past, Ferrari has replaced certain suppliers because they have failed to provide components that met its quality control standards. The loss of any single or limited source supplier or the disruption in the supply of components from these suppliers could lead to delays in car deliveries to its clients, which could adversely affect its relationships with its clients and also materially and adversely affect its operating results and financial condition. Supply of raw materials, parts and components may also be disrupted or interrupted by natural disasters, as was the case in 2012 following the earthquake in the Emilia Romagna region of Italy.

Changes in its supply chain have in the past resulted and may in the future result in increased costs and delays in car production. Ferrari has also experienced cost increases from certain suppliers in order to meet its quality targets and development timelines and because of design changes that it has made. Ferrari may experience similar cost increases in the future. Additionally, it is negotiating with existing suppliers for cost reductions, seeking new and less expensive suppliers for certain parts, and attempting to redesign certain parts to make them less expensive to produce. If it is unsuccessful in its efforts to control and reduce supplier costs while maintaining a stable source of high quality supplies, its operating results will suffer. Additionally, cost reduction efforts may disrupt Ferrari's normal production processes, thereby harming the quality or volume of its production.

Furthermore, if its suppliers fail to provide components in a timely manner or at the level of quality necessary to manufacture its cars, its clients may face longer waiting periods which could result in negative publicity, harm its reputation and relationship with clients and have a material adverse effect on its business, operating results and financial condition.

Ferrari - Ferrari depends on its manufacturing facilities in Maranello and Modena

Ferrari assembles all of the cars that it sells and manufactures all of the engines it uses in its cars and sells to Maserati at its production facility in Maranello, Italy, where it also has its corporate headquarters. Ferrari manufactures all of its car chassis in a nearby facility in Modena, Italy. Its Maranello or Modena plants could become unavailable either permanently or temporarily for a number of reasons, including contamination, power shortage or labor unrest. Alternatively, changes in law and regulation, including export, tax and employment laws and regulations, or economic conditions, including wage inflation, could make it uneconomic for Ferrari to continue manufacturing its cars in Italy. In the event that it were unable to continue production at either of these facilities or it became uneconomic to continue to do so, it would need to seek alternative manufacturing arrangements which would take time and reduce its ability to produce sufficient cars to meet demand. Moving manufacturing to other locations may also affect the perception of its brand and car quality among its clients. Such a transfer would materially reduce Ferrari's revenues and could require significant investment, which as a result could have a material adverse effect on its business, results of operations and financial condition.

Maranello and Modena are located in the Emilia-Romagna region of Italy which has the potential for seismic activity. For instance, in 2012 a major earthquake struck the region, causing production at the facilities to be temporarily suspended for a day. If major disasters such as earthquakes, fires, floods, hurricanes, wars, terrorist attacks, pandemics or other events occur, Ferrari's headquarters and production facilities may be seriously damaged, or it may have to stop or delay production and shipment of its cars. As such, damages from disasters or unpredictable events could have a material adverse impact on its business, results from operations and financial condition.

Ferrari - Car sales depend in part on the availability of affordable financing.

In certain regions, financing for new car sales has been available at relatively low interest rates for several years due to, among other things, expansive government monetary policies. Recent pronouncements of governments and central banks point to a change in the policy environment that may lead to a gradual contraction of monetary policies in coming periods. To the extent that interest rates rise generally, market rates for new car financing are expected to rise as well, which may make Ferrari's cars less affordable to clients or cause consumers to purchase less expensive cars, adversely affecting the Company's results of operations and financial condition. Additionally, if consumer interest rates increase substantially or if financial service providers tighten lending standards or restrict their lending to certain classes of credit, Ferrari's clients may not desire to or be able to obtain financing to purchase its cars.

Ferrari - Ferrari may not be able to provide adequate access to financing for its dealers and clients, and its financial services operations may be disrupted

Ferrari's dealers enter into wholesale financing arrangements to purchase cars from the Company to hold in inventory or to use in showrooms and facilitate retail sales, and retail clients use a variety of finance and lease programs to acquire cars.

In most markets, Ferrari relies on controlled finance companies and commercial relationships with third parties, including third party financial institutions, to provide financing to its dealers and retail clients. Finance companies are subject to various risks that could negatively affect their ability to provide financing services at competitive rates, including:

- the performance of loans and leases in their portfolio, which could be materially affected by delinquencies or defaults;
- higher than expected car return rates and the residual value performance of cars they lease; and
- fluctuations in interest rates and currency exchange rates.

Furthermore, to help funding its retail and wholesale financing business, Ferrari's financial services companies also access forms of funding available from the banking system in each market, including sales or securitization of receivables either in negotiated sales or through securitization programs. For example, in 2016, Ferrari Financial Services Inc. carried out revolving securitizations raising an aggregate of \$481 million of initial proceeds. Should the Company lose the ability to access the securitization market at advantageous terms or at all, the funding of its wholesale financing business would become more difficult and expensive and its financial condition may be adversely affected.

Any financial services provider, including Ferrari's controlled finance companies, will face other demands on its capital, as well as liquidity issues relating to other investments or to developments in the credit markets. Furthermore, they may be subject to regulatory changes that may increase their costs, which may impair their ability to provide competitive financing products to Ferrari's dealers and retail clients. To the extent that a financial services provider is unable or unwilling to provide sufficient financing at competitive rates to Ferrari's dealers and retail clients, such dealers and retail clients may not have sufficient access to financing to purchase or lease its cars. As a result, its car sales and market share may suffer, which would adversely affect its results of operations and financial condition.

Ferrari's dealer and retail customer financing in Europe is mainly provided through its partnership with FCA Bank S.p.A. ("FCA Bank"), a joint venture between FCA Italy S.p.A. and Crédit Agricole Consumer Finance S.A. ("CACF"). If Ferrari fails to maintain its partnership with FCA Bank or in the event of a termination of the joint venture or change of control of one of its joint venture partners, the Company may not be able to find a suitable alternative partner with similar resources and experience and continue to offer financing services to support the sales of Ferrari cars in key European markets, which could adversely affect its results of operations and financial condition.

Ferrari - Ferrari relies on its licensing and franchising partners to preserve the value of its licenses and the failure to maintain such partners could harm its business

Ferrari currently has multi-year agreements with licensing partners for various Ferrari-branded products in the sports, lifestyle and luxury retail segments. It also has multi-year agreements with franchising partners for the Ferrari stores and theme park. In the future, the Company may enter into additional licensing or franchising arrangements. Many of the risks associated with its own products also apply to its licensed products and franchised stores. In addition, there are unique problems that its licensing or franchising partners may experience, including risks associated with each licensing partner's ability to obtain capital, manage its labor relations, maintain relationships with its suppliers, manage its credit and bankruptcy risks, and maintain client relationships. While Ferrari maintains significant control over the products produced for it by its licensing partners and the franchisees running the Ferrari stores and theme park, any of the foregoing risks, or the inability of any of its licensing or franchising partners to execute on the expected design and quality of the licensed products, Ferrari stores and theme park, or otherwise exercise operational and financial control over its business, may result in loss of revenue and competitive harm to its operations in the product categories where it has entered into such licensing or franchising arrangements. While the Company selects its licensing and franchising partners with care, any negative publicity surrounding such partners could have a negative effect on licensed products, the Ferrari stores and theme parks or the Ferrari brand. Further, while it believes that it could replace its existing licensing or franchising partners

if required, its inability to do so for any period of time could materially adversely affect its revenues and harm its business.

Ferrari - Ferrari depends on the strength of its trademarks and other intellectual property rights

Ferrari believes that its trademarks and other intellectual property rights are fundamental to its success and market position. Therefore, its business depends on its ability to protect and promote its trademarks and other intellectual property rights. Accordingly, it devotes substantial efforts to the establishment and protection of its trademarks and other intellectual property rights such as registered designs and patents on a worldwide basis. Ferrari believes that its trademarks and other intellectual property rights are adequately supported by applications for registrations, existing registrations and other legal protections in its principal markets. However, it cannot exclude the possibility that its intellectual property rights may be challenged by others, or that it may be unable to register its trademarks or otherwise adequately protect them in some jurisdictions. If a third party were to register its trademarks, or similar trademarks, in a country where Ferrari has not successfully registered such trademarks, it could create a barrier to its commencing trade under those marks in that country.

Ferrari - Third parties may claim that Ferrari infringes their intellectual property rights

Ferrari believes that it holds all the rights required for its business operations (including intellectual property rights and third-party licenses). However, it is exposed to potential claims from third parties alleging that it infringes their intellectual property rights, since many competitors and suppliers also submit patent applications for their inventions and secure patent protection or other intellectual property rights. If Ferrari is unsuccessful defending against any such claim, it may be required to pay damages or comply with injunctions which may disrupt its operations. It may also as a result be forced to enter into royalty or licensing agreements on unfavorable terms or to redesign products to comply with third parties' intellectual property rights.

Ferrari - If Ferrari's cars do not perform as expected its ability to develop, market and sell its cars could be harmed

Ferrari's cars may contain defects in design and manufacture that may cause them not to perform as expected or that may require repair. There can be no assurance that the Company will be able to detect and fix any defects in the cars prior to their sale to consumers. Our cars may not perform in line with its clients' evolving expectations or in a manner that equals or exceeds the performance characteristics of other cars currently available. For example, its newer cars may not have the durability or longevity of current cars, and may not be as easy to repair as other cars currently on the market. Any product defects or any other failure of its performance cars to perform as expected could harm Ferrari's reputation and result in adverse publicity, lost revenue, delivery delays, product recalls, product liability claims, harm to its brand and reputation, and significant warranty and other expenses, and could have a material adverse impact on its business, operating results and financial condition.

Ferrari - Car recalls may be costly and may harm Ferrari's reputation

Ferrari has in the past and may from time to time in the future be required to recall its products to address performance, compliance or safety-related issues. It may incur costs for these recalls, including replacement parts and labor to remove and replace the defective parts. For example, in the course of 2015 and 2016, the Company has issued a series of recalls relating to defective air bags manufactured by Takata and installed on certain of the Ferrari models. Also in light of uncertainties in its ability to recover the recall costs from Takata, the Company has increased its provision regarding this matter to €37 million as of December 31, 2016. In addition, regulatory oversight of recalls, particularly in vehicle safety, has increased recently. Any product recalls can harm Ferrari's reputation with clients, particularly if consumers call into question the safety, reliability or performance of its cars. Any such recalls could harm its reputation and result in adverse publicity, lost revenue, delivery delays, product liability claims and other expenses, and could have a material adverse impact on its business, operating results and financial condition.

Ferrari - Ferrari may become subject to product liability claims, which could harm its financial condition and liquidity if it is unable to successfully defend or insure against such claims

Ferrari may become subject to product liability claims, which could harm its business, operating results and financial condition. The automobile industry experiences significant product liability claims and the Company has inherent risk of exposure to claims in the event its cars do not perform as expected or malfunction resulting in personal injury or death. A successful product liability claim against the Company could require it to pay a substantial monetary award. Moreover, a product liability claim could generate substantial negative publicity about Ferrari cars and business, adversely affecting its reputation and inhibiting or preventing commercialization of future cars which could have a material adverse effect on its brand, business, operating results and financial condition.

While Ferrari seeks to insure against product liability risks, insurance may be insufficient to protect against any monetary claims it may face and will not mitigate any reputational harm. Any lawsuit seeking significant monetary damages may have a material adverse effect on Ferrari's reputation, business and financial condition. The Company may not be able to secure additional product liability insurance coverage on commercially acceptable terms or at reasonable costs when needed, particularly if it faces liability for its products and is forced to make a claim under such a policy.

Ferrari - Ferrari is exposed to risks in connection with product warranties as well as the provision of services

A number of Ferrari's contractual and legal requirements oblige it to provide extensive warranties to its clients, dealers and national distributors. There is a risk that, relative to the guarantees and warranties granted, the calculated product prices and the provisions for guarantee and warranty risks have been set or will in the future be set too low. There is also a risk that Ferrari will be required to extend the guarantee or warranty originally granted in certain markets for legal reasons, or provide services as a courtesy or for reasons of reputation where it is not legally obliged to do so, and for which it will generally not be able to recover from suppliers or insurers.

Ferrari - If Ferrari were to lose its Authorized Economic Operator certificate, it may be required to modify its current business practices and to incur increased costs, as well as experience shipment delays

Because Ferrari ships and sells its cars in numerous countries, the customs regulations of various jurisdictions are important to its business and operations. To expedite customs procedure, the Company applied for, and currently holds, the European Union's Authorized Economic Operator (AEO) certificate. The AEO certificate is granted to operators that meet certain requirements regarding supply chain security and the safety and compliance with law of the operator's customs controls and procedures. Operators are audited periodically for continued compliance with the requirements. The AEO certificate allows Ferrari to benefit from special expedited customs treatment, which significantly facilitates the shipment of its cars in the various markets where it operates. The AEO certificate is subject to mandatory audit review by May 1st, 2019 according to the new European Customs Legislation and therefore the Company will need to implement all necessary organization changes in order to comply with the new requirements. If it were to lose the AEO status, including for failure to meet one of the certification's requirements, Ferrari would be required to change its business practices and to adopt standard customs procedures for the shipment of its cars. This could result in increased costs and shipment delays, which, in turn, could negatively affect its results of operations.

Ferrari - Labor laws and collective bargaining agreements with Ferrari's labor unions could impact its ability to operate efficiently

All of the Company's production employees are represented by trade unions, are covered by collective bargaining agreements and/or are protected by applicable labor relations regulations that may restrict its ability to modify operations and reduce costs quickly in response to changes in market conditions. These regulations and the provisions in collective bargaining agreements may impede Ferrari's ability to restructure its business successfully to compete more efficiently and effectively, especially with those automakers whose employees are not represented by trade unions or are subject to less stringent regulations, which could have a material adverse effect on its results of operations and financial condition.

Ferrari - Ferrari is subject to risks associated with exchange rate fluctuations, interest rate changes, credit risk and other market risks

Ferrari operates in numerous markets worldwide and is exposed to market risks stemming from fluctuations in currency and interest rates. The exposure to currency risk is mainly linked to the differences in geographic distribution of the Company's sourcing and manufacturing activities from those of its commercial activities, as a result of which its cash flows from sales are denominated in currencies different from those connected to purchases or production activities. For example, Ferrari incurs a large portion of its capital and operating expenses in euros while it receives the majority of its revenues in currencies other than Euro. In addition, foreign exchange movements might also negatively affect the relative purchasing power of Ferrari's clients which could also have an adverse effect on its results of operations. In the second half of 2016, the foreign exchange markets have been subject to a high degree of volatility and the US Dollar appreciated significantly against the euro while the pound sterling depreciated significantly against both the US Dollar and the Euro.

Ferrari seeks to manage risks associated with fluctuations in currency through financial hedging instruments. Although it seeks to manage its foreign currency risk in order to minimize any negative effects caused by rate fluctuations, including through hedging activities, there can be no assurance that it will be able to do so

successfully, and its business, results of operations and financial condition could nevertheless be adversely affected by fluctuations in market rates, particularly if these conditions persist.

Ferrari's financial services activities are also subject to the risk of insolvency of dealers and retail clients, as well as unfavorable economic conditions in markets where these activities are carried out. Despite the Company's efforts to mitigate such risks through the credit approval policies applied to dealers and retail clients, there can be no assurances that it will be able to successfully mitigate such risks, particularly with respect to a general change in economic conditions.

Ferrari - Changes in tax, tariff or fiscal policies could adversely affect demand for Ferrari's products

Imposition of any additional taxes and levies designed to limit the use of automobiles could adversely affect the demand for Ferrari's vehicles and its results of operations. Changes in corporate and other taxation policies as well as changes in export and other incentives given by various governments or import or tariff policies could also adversely affect the company's results of operations. For example, the Chinese government has recently imposed various measures intended to curb consumption of luxury goods, including, among other things, a tax specifically applicable to the purchase of luxury cars. While Ferrari is managing its product development and production operations on a global basis to reduce costs and lead times, unique national or regional standards can result in additional costs for product development, testing, and manufacturing. Governments often require the implementation of new requirements during the middle of a product cycle, which can be substantially more expensive than accommodating these requirements during the design of a new product. The imposition of any additional taxes and levies or change in government policy designed to limit the use of high performance sports cars or automobiles more generally could also adversely affect the demand for Ferrari's cars. The occurrence of the above may have a material adverse effect on its business, results of operations and financial condition.

Ferrari - Ferrari may be adversely affected by the U.K. determination to leave the European Union (Brexit)

In a June 23, 2016, referendum, the United Kingdom voted to terminate the UK's membership in the European Union ("Brexit"). As a result, negotiations are expected to take place to determine the future terms of the UK's relationship with the European Union, including the terms of trade between the UK and the member states in the EU. Any effect of Brexit is expected to depend on the agreements, if any, that may be negotiated between the UK and the EU with respect to reciprocal market access, either during a transitional period or more permanently. Brexit could adversely affect European or worldwide economic or market conditions and could contribute to instability in global financial markets. While Ferrari sells approximately 20% of its cars in the UK, it does not have other operations in the UK and it does not believe that its global operations would be affected materially by Brexit; however, any adverse effect of Brexit on Ferrari or on global or regional economic or market conditions could adversely affect its business, results of operations and financial condition as customers may reduce or delay spending decisions on Ferrari products. Any uncertainty related to Brexit could also affect trading in Ferrari shares.

Ferrari - Ferrari faces risks associated with its international operations, including unfavorable regulatory, political, tax and labor conditions and establishing itself in new markets, all of which could harm its business

Ferrari currently has international operations and subsidiaries in various countries and jurisdictions in Europe, North America and Asia that are subject to the legal, political, regulatory, tax and social requirements and economic conditions in these jurisdictions. Additionally, as part of its growth strategy, Ferrari will continue to expand its sales, maintenance, and repair services internationally. However, such expansion requires the Company to make significant expenditures, including the establishment of local operating entities, hiring of local employees and establishing facilities in advance of generating any revenue. Ferrari is subject to a number of risks associated with international business activities that may increase its costs, impact its ability to sell its cars and require significant management attention. These risks include:

- conforming Ferrari's cars to various international regulatory and safety requirements where its cars are sold, or homologation;
- difficulty in establishing, staffing and managing foreign operations;
- difficulties attracting clients in new jurisdictions;
- foreign government taxes, regulations and permit requirements, including foreign taxes that we may not be able to be offset against taxes imposed in Italy;
- fluctuations in foreign currency exchange rates and interest rates, including risks related to any interest rate swap or other hedging activities undertaken;
- ability to enforce its contractual and intellectual property rights, especially in those foreign countries that do not respect and protect intellectual property rights to the same extent as do the United States, Japan and European countries, which increases the risk of unauthorized, and uncompensated, use of its technology;

- European Union and foreign government trade restrictions, customs regulations, tariffs and price or exchange controls;
- foreign labor laws, regulations and restrictions;
- preferences of foreign nations for domestically produced cars;
- changes in diplomatic and trade relationships;
- political instability, natural disasters, war or events of terrorism; and
- the strength of international economies.

If Ferrari fails to successfully address these risks, many of which it cannot control, its business, operating results and financial condition could be materially harmed.

Ferrari - Improper conduct of employees, agents, or other representatives could adversely affect Ferrari's reputation and its business, operating results, and financial condition

Ferrari's compliance controls, policies, and procedures may not in every instance protect it from acts committed by its employees, agents, contractors, or collaborators that would violate the laws or regulations of the jurisdictions in which it operates, including employment, foreign corrupt practices, environmental, competition, and other laws and regulations. Such improper actions could subject Ferrari to civil or criminal investigations, and monetary and injunctive penalties. In particular, Ferrari's business activities may be subject to anti-corruption laws, regulations or rules of other countries in which it operates. Failure to comply with any of these regulations could adversely impact its operating results and its financial condition. In addition, actual or alleged violations could damage Ferrari's reputation and its ability to conduct business. Furthermore, detecting, investigating, and resolving any actual or alleged violation is expensive and can consume significant time and attention of executive management.

Ferrari - Ferrari's insurance coverage may not be adequate to protect it against all potential losses to which it may be subject, which could have a material adverse effect on its business

Ferrari maintains insurance coverage that it believes is adequate to cover normal risks associated with the operation of its business. However, there can be no assurance that any claim under its insurance policies will be honored fully or timely, its insurance coverage will be sufficient in any respect or its insurance premiums will not increase substantially. Accordingly, to the extent that Ferrari suffers loss or damage that is not covered by insurance or which exceeds its insurance coverage, or has to pay higher insurance premiums, its financial condition may be affected.

Ferrari - A disruption in information technology could compromise confidential and sensitive information

Ferrari depends on its information technology and data processing systems to operate its business, and a significant malfunction or disruption in the operation of its systems, or a security breach that compromises the confidential and sensitive information stored in those systems, could disrupt its business and adversely impact its ability to compete. Ferrari's ability to keep its business operating effectively depends on the functional and efficient operation of its information, data processing and telecommunications systems, including its car design, manufacturing, inventory tracking and billing and payment systems. It relies on these systems to enable a number of business processes and help it make a variety of day-to-day business decisions as well as to track transactions, billings, payments and inventory. Such systems are susceptible to malfunctions and interruptions due to equipment damage, power outages, and a range of other hardware, software and network problems. Those systems are also susceptible to cybercrime, or threats of intentional disruption, which are increasing in terms of sophistication and frequency. For any of these reasons, the Company may experience systems malfunctions or interruptions. Although its systems are diversified, including multiple server locations and a range of software applications for different regions and functions, and it is currently undergoing an effort to assess and ameliorate risks to its systems, a significant or large scale malfunction or interruption of any one of its computer or data processing systems could adversely affect its ability to manage and keep its operations running efficiently, and damage its reputation if the Company is unable to track transactions and deliver products to its dealers and clients. A malfunction that results in a wider or sustained disruption to Ferrari's business could have a material adverse effect on its business, results of operations and financial condition. In addition to supporting its operations, Ferrari uses its systems to collect and store confidential and sensitive data, including information about its business, its clients and its employees. As its technology continues to evolve, Ferrari anticipates that it will collect and store even more data in the future, and that its systems will increasingly use remote communication features that are sensitive to both willful and unintentional security breaches. Much of Ferrari's value is derived from its confidential business information, including car design, proprietary technology and trade secrets, and to the extent the confidentiality of such information is compromised, the Company may lose its competitive advantage and its car sales may suffer. Ferrari also collects, retains and uses certain personal information, including data it gathers from clients for product development and marketing purposes, and data it obtains from employees. In the event of a breach in security that

allows third parties access to this personal information, the Company is subject to a variety of ever-changing laws on a global basis that require it to provide notification to the data owners, and that subject it to lawsuits, fines and other means of regulatory enforcement. Ferrari's reputation could suffer in the event of such a data breach, which could cause consumers to purchase their cars from its competitors. Ultimately, any significant compromise in the integrity of the Company's data security could have a material adverse effect on its business.

Risks Related to the Ferrari Common Shares

Ferrari - The market price and trading volume of Ferrari common shares may be volatile, which could result in rapid and substantial losses for its shareholders

The market price of the Ferrari common shares may be highly volatile and could be subject to wide fluctuations. In addition, the trading volume of its common shares may fluctuate and cause significant price variations to occur. If the market price of its common shares declines significantly, a shareholder may be unable to sell the common shares at or above purchase price, if at all. The market price of the Ferrari common shares may fluctuate or decline significantly in the future. Some of the factors that could negatively affect the price of its common shares, or result in fluctuations in the price or trading volume of its common shares, include:

- variations in operating results, or failure to meet the market's earnings expectations;
- publication of research reports about Ferrari, the automotive industry or the luxury industry, or the failure of securities analysts to cover the Ferrari common shares;
- departures of any members of the management team or additions or departures of other key personnel;
- adverse market reaction to any indebtedness Ferrari may incur or securities it may issue in the future;
- actions by shareholders;
- changes in market valuations of similar companies;
- changes or proposed changes in laws or regulations, or differing interpretations thereof, affecting Ferrari's business, or enforcement of these laws and regulations, or announcements relating to these matters;
- adverse publicity about the automotive industry or the luxury industry generally, or particularly scandals relating to those industries, specifically;
- litigation and governmental investigations; and
- general market and economic conditions.

Ferrari - The loyalty voting program may affect the liquidity of the Ferrari common shares and reduce the common share price.

The implementation of the loyalty voting program could reduce the trading liquidity and adversely affect the trading prices of Ferrari common shares. The loyalty voting program is intended to reward Ferrari shareholders for maintaining long-term share ownership by granting initial shareholders and persons holding its common shares continuously for at least three years the option to elect to receive special voting shares. Special voting shares cannot be traded and, if common shares participating in the loyalty voting program are sold they must be deregistered from the loyalty register and any corresponding special voting shares transferred to Ferrari for no consideration (om niet). This loyalty voting program is designed to encourage a stable shareholder base and, conversely, it may deter trading by shareholders that may be interested in participating in the loyalty voting program. Therefore, the loyalty voting program may reduce liquidity in Ferrari common shares and adversely affect their trading price.

Ferrari - The interests of Ferrari's largest shareholders may differ from the interests of other shareholders

Exor N.V. is Ferrari's largest shareholder, holding approximately 23.5% of its outstanding common shares and approximately 33.4% of its voting power. Therefore, Exor has a significant influence over matters submitted to a vote of shareholders, including matters such as adoption of the annual financial statements, declarations of annual dividends, the election and removal of the members of Ferrari's Board, capital increases and amendments to its articles of association. In addition, Piero Ferrari, the Vice Chairman of Ferrari, holds approximately 10% of outstanding common shares and approximately 15.4% of voting interest in Ferrari. As a result, he also has influence in matters submitted to a vote of the shareholders. Exor and Piero Ferrari informed the Company that they have entered into a shareholder agreement pursuant to which they have undertaken to consult for the purpose of forming, where possible, a common view on the items on the agenda of shareholders' meetings. The interests of Exor and Piero Ferrari may in certain cases differ from those of other shareholders. In addition, the sale of substantial amounts of Ferrari common shares in the public market by Piero Ferrari or the perception that such a sale could occur could adversely affect the prevailing market price of the common shares.

Ferrari - Ferrari may have potential conflicts of interest with FCA and Exor and its related companies

Questions relating to conflicts of interest may arise between Ferrari and FCA, the former largest shareholder in Ferrari prior to the Separation, in a number of areas relating to common shareholdings and management, as well as to past and ongoing relationships. Even after the Separation overlaps remain among the directors and officers of Ferrari and FCA. For example, Mr. Sergio Marchionne, Ferrari's Chairman and Chief Executive Officer, is the Chief Executive Officer of FCA, Mr. Marchionne and certain of our other directors and officers of Ferrari may also be directors or officers of FCA or Exor, the Company's and FCA's largest shareholder, including Mr. John Elkann, who is one of Ferrari's Vice-Chairman, the Chairman of FCA and Chairman and Chief Executive Officer of Exor. These individuals owe duties both to Ferrari and to the other companies that they serve as officers and/or directors. This may raise conflicts as, for example, these individuals review opportunities that may be appropriate or suitable for both Ferrari and such other companies, or Ferrari pursues business transactions in which both it and such other companies have an interest, such as Ferrari's arrangement to supply engines for Maserati cars. Exor holds approximately 23.5% of Ferrari's outstanding common shares and approximately 33.4% of the voting power in Ferrari, while it holds approximately 29.4% of the common shares and 42.6% of the voting power in FCA. Exor also owns a controlling interest in CNH Industrial N.V., which was part of the FCA group before its spin-off several years ago. These ownership interests could create actual, perceived or potential conflicts of interest when these parties or the common directors and officers are faced with decisions that could have different implications for Ferrari and FCA or Exor, as applicable.

Ferrari - The loyalty voting program may make it more difficult for shareholders to acquire a controlling interest in Ferrari, change its management or strategy or otherwise exercise influence over it, which may affect the market price of its common shares

The provisions of Ferrari's articles of association which establish the loyalty voting program may make it more difficult for a third party to acquire, or attempt to acquire, control of the Company, even if a change of control were considered favorably by shareholders holding a majority of the common shares. As a result of the loyalty voting program, a relatively large proportion of the voting power of Ferrari could be concentrated in a relatively small number of shareholders who would have significant influence over the Company. Exor has approximately 23.5% of Ferrari outstanding common shares and a voting interest in Ferrari of approximately 33.4%. Piero Ferrari holds approximately 10% of Ferrari outstanding common shares and, as a result of the loyalty voting mechanism, has approximately 15.4% of the voting power in its shares. In addition, Exor and Piero Ferrari informed the Company that they have entered into a shareholder agreement. As a result, Exor and Piero Ferrari may exercise significant influence on matters involving Ferrari shareholders. Exor and Piero Ferrari and other shareholders participating in the loyalty voting program may have the power effectively to prevent or delay change of control or other transactions that may otherwise benefit Ferrari shareholders. The loyalty voting program may also prevent or discourage shareholder initiatives aimed at changing Ferrari's management or strategy or otherwise exerting influence over Ferrari.

Ferrari - Ferrari is a Dutch public company with limited liability, and its shareholders may have rights different to those of shareholders of companies organized in the United States

The rights of Ferrari shareholders may be different from the rights of shareholders governed by the laws of U.S. jurisdictions. Ferrari is a Dutch public company with limited liability (*naamloze vennootschap*). Its corporate affairs are governed by its articles of association and by the laws governing companies incorporated in the Netherlands. The rights of shareholders and the responsibilities of members of its board of directors may be different from the rights of shareholders and the responsibilities of members of its board of directors in companies governed by the laws of other jurisdictions including the United States. In the performance of its duties, the Ferrari board of directors is required by Dutch law to consider the Company's interests and the interests of its shareholders, its employees and other stakeholders, in all cases with due observation of the principles of reasonableness and fairness. It is possible that some of these parties will have interests that are different from, or in addition to, the interests of a Ferrari shareholder.

Ferrari expects to maintain its status as a "foreign private issuer" under the rules and regulations of the SEC and, thus, be exempt from a number of rules under the Exchange Act of 1934 and be permitted to file less information with the SEC than a company incorporated in the United States

As a "foreign private issuer," Ferrari is exempt from rules under the Exchange Act of 1934, as amended ("the Exchange Act") that impose certain disclosure and procedural requirements for proxy solicitations under Section 14 of the Exchange Act. In addition, Ferrari's officers, directors and principal shareholders are exempt from the reporting and "short-swing" profit recovery provisions of Section 16 of the Exchange Act and the rules under the Exchange Act with respect to their purchases and sales of Ferrari common shares. Moreover, the Company is not

required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act, nor is it required to comply with Regulation FD, which restricts the selective disclosure of material information. Accordingly, there may be less publicly available information concerning Ferrari than there is for U.S. public companies.

Ferrari - Ferrari's ability to pay dividends on its common shares may be limited and the level of future dividends is subject to change

The payment of dividends on Ferrari's common shares in the future will be subject to business conditions, financial conditions, earnings, cash balances, commitments, strategic plans and other factors that the Ferrari board of directors may deem relevant at the time it recommends approval of the dividend. The Company's dividend policy is subject to change in the future based on changes in statutory requirements, market trends, strategic developments, capital requirements and a number of other factors. In addition, under its articles of association and Dutch law, dividends may be declared on common shares only if the amount of equity exceeds the paid up and called up capital plus the reserves that have to be maintained pursuant to Dutch law or the articles of association. Further, even if the Company is permitted under its articles of association and Dutch law to pay cash dividends on its common shares, The Company may not have sufficient cash to pay dividends in cash on its common shares.

Ferrari - Ferrari's maintenance of two exchange listings may adversely affect liquidity in the market for its common shares and could result in pricing differentials of its common shares between the two exchanges.

Ferrari's shares are listed on both the NYSE and the Mercato Telematico Azionario ("MTA"). The dual listing of its common shares may split trading between the NYSE and the MTA, adversely affect the liquidity of the shares and the development of an active trading market for the common shares in one or both markets and may result in price differentials between the exchanges. Differences in the trading schedules, as well as volatility in the exchange rate of the two trading currencies, among other factors, may result in different trading prices for Ferrari common shares on the two exchanges.

Ferrari - It may be difficult to enforce U.S. judgments against Ferrari

Ferrari is organized under the laws of the Netherlands, and a substantial portion of its assets are outside of the United States. Most of Ferrari's directors and senior management and its independent auditors are resident outside the United States and all or a substantial portion of their respective assets may be located outside the United States. As a result, it may be difficult for U.S. investors to effect service of process within the United States upon these persons. It may also be difficult for U.S. investors to enforce within the United States judgments against Ferrari predicated upon the civil liability provisions of the securities laws of the United States or any state thereof. In addition, there is uncertainty as to whether the courts outside the United States would recognize or enforce judgments of U.S. courts obtained against Ferrari or its directors and officers predicated upon the civil liability provisions of the securities laws of the United States or any state thereof. Therefore, it may be difficult to enforce U.S. judgments against the Company, its directors and officers and its independent auditors.

Ferrari - FCA creditors may seek to hold Ferrari liable for certain FCA obligations

One step of the separation from FCA included a demerger from FCA of the Ferrari common shares previously held by FCA. In connection with a demerger under Dutch law, the demerged company may continue to be liable for certain obligations of the demerging company that exist at the time of the demerger, but only to the extent that the demerging company fails to satisfy such liabilities. Based on other actions taken as part of the Separation, Ferrari does not believe it retains any liability for obligations of FCA existing at the time of the Separation. Nevertheless, in the event that FCA fails to satisfy obligations to its creditors existing at the time of the demerger, it is possible that those creditors may seek to recover from Ferrari, claiming that the Company remains liable to satisfy such obligations. While Ferrari believes that it would prevail against any such claim, litigation is inherently costly and uncertain and could have an adverse effect.

Risks Related to Taxation

Ferrari - As a result of the demergers and the merger in connection with the Separation, Ferrari might be jointly and severally liable with FCA for certain tax liabilities arisen in the hands of FCA

Although the Italian tax authorities confirmed in a positive advance tax ruling issued on October 9, 2015 that the demergers and the Merger that was carried out in connection with the Separation would be respected as tax-free, neutral transactions from an Italian income tax perspective, under Italian tax law Ferrari may still be held jointly and severally liable, as a result of the combined application of the rules governing the allocation of tax liabilities in case of demergers and mergers, with FCA for taxes, penalties, interest and any other tax liability arising in the actions of FCA because of violations of its tax obligations related to tax years prior to the two Demergers.

Ferrari - There may be potential “Passive Foreign Investment Company” tax considerations for U.S. holders

Shares of Ferrari stock would be stock of a “passive foreign investment company,” or a PFIC, for U.S. federal income tax purposes with respect to a U.S. holder if for any taxable year in which such U.S. holder held shares of Ferrari stock, after the application of applicable “look-through rules” (i) 75% or more of its gross income for the taxable year consists of “passive income” (including dividends, interest, gains from the sale or exchange of investment property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business, as defined in applicable Treasury Regulations), or (ii) at least 50% of its assets for the taxable year (averaged over the year and determined based upon value) produce or are held for the production of “passive income.” U.S. persons who own shares of a PFIC are subject to a disadvantageous U.S. federal income tax regime with respect to the income derived by the PFIC, the dividends they receive from the PFIC, and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC.

While Ferrari believes that shares of its stock are not stock of a PFIC for U.S. federal income tax purposes, this conclusion is based on a factual determination made annually and thus is subject to change. Moreover, Ferrari common shares may become stock of a PFIC in future taxable years if there were to be changes in its assets, income or operations.

Ferrari - The consequences of the loyalty voting program are uncertain

No statutory, judicial or administrative authority directly discusses how the receipt, ownership, or disposition of special voting shares should be treated for Italian or U.S. tax purposes and as a result, the tax consequences in those jurisdictions are uncertain.

The fair market value of the special voting shares, which may be relevant to the tax consequences, is a factual determination and is not governed by any guidance that directly addresses such a situation. Because, among other things, the Ferrari special voting shares are not transferable (other than, in very limited circumstances, together with the associated common shares) and a shareholder will receive amounts in respect of the special voting shares only if it is liquidated, Ferrari believes and intends to take the position that the fair market value of each special voting share is minimal. However, the relevant tax authorities could assert that the value of the special voting shares as determined by Ferrari is incorrect.

The tax treatment of the loyalty voting program is unclear and shareholders are urged to consult their tax advisors in respect of the consequences of acquiring, owning and disposing of special voting shares.

Ferrari - Ferrari currently benefits or seeks to benefit from certain special tax regimes, which may not be available in the future

Ferrari currently calculates taxes due in Italy based, among other things, on certain tax deductions recognized by Italian Tax regulations for R&D expenses and for the investments in manufacturing equipment, which result in a significant tax saving. A change in regulations or interpretation might adversely affect the availability of such exemptions and result in higher tax charges.

The 2015 Italian Finance Bill introduced a new optional patent box regime in the Italian tax system. The Patent Box is a tax exemption related to the use of intellectual property assets. Business income derived from the use of each qualified intangible assets is partially exempted from taxation for both Italian corporate income tax (IRES) and Italian regional tax (IRAP) purposes. The application of such patent box regime may reduce Ferrari’s tax expenses and it is currently seeking to avail itself of such regime. However, this exemption is subject to a mandatory ruling by the Italian Tax Authorities and the outcome of the ruling procedure is not certain. In the event of a negative response from the Italian Tax Authorities, Ferrari will not be able to benefit from this exemption.

The Exor logo consists of the word "Exor" in a white, serif font, centered within a dark blue square.

**Consolidated Financial Statements
at December 31, 2016**

CONSOLIDATED INCOME STATEMENT

€ million	Note	2016	2015
Net revenues	1	140,068	136,360
Cost of sales	2	(117,771)	(118,403)
Selling, general and administrative costs	3	(10,851)	(9,962)
Research and development costs	4	(4,809)	(3,869)
Other income (expenses)		95	(385)
Result from investments:			
- Share of the profit (loss) of equity method investees	5	360	306
- Other income (expenses) from investments	5	14	22
Result from investments		374	328
Gains (losses) on disposal of investments		48	76
Restructuring costs	6	(167)	(125)
Financial income (expenses)	7	(2,719)	(2,966)
		Profit before taxes	1,054
Tax expense	8	(1,954)	(711)
		Profit from continuing operations	343
		Profit from discontinued operations, net of tax	522
		Profit for the year	865
		Profit attributable to non-controlling interests	121
		Profit attributable to owners of the parent	744
Profit attributable to owners of the parent per ordinary share	10		
Basic earnings per share from continuing operations (€)		2.515	1.000
Basic earnings per share from discontinued operations (€)		(0.003)	2.330
Diluted earnings per share from continuing operations (€)		2.495	0.990
Diluted earnings per share from discontinued operations (€)		(0.023)	2.330

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ million	Note	2016	2015
PROFIT FOR THE YEAR (A)	24	2,313	865
Items that will not be reclassified to the income statement in subsequent periods:			
Gains (losses) on remeasurement of defined benefit plans		467	821
Share of gains (losses) on remeasurement of defined benefit plans for equity method investees		(5)	(6)
Related tax effect		(255)	(226)
Items relating to C&W Group, net of tax			1
Total Other comprehensive income that will not be reclassified to the income statement in subsequent periods, net of tax (B1)		207	590
Items that may be reclassified to the income statement in subsequent periods			
Gains (losses) on cash flow hedging instruments		(284)	382
Gains (losses) on available-for-sale financial assets		(201)	77
Exchange differences on translating foreign operations		1,285	1,118
Share of other comprehensive income (loss) of investments accounted for using the equity method		(338)	(13)
Related tax effect		72	(85)
Items relating to C&W Group, net of tax			47
Total Other comprehensive income that may be reclassified to the income statement in subsequent periods, net of tax (B2)		534	1,526
Total Other comprehensive income, net of tax (B) = (B1) + (B2)		741	2,116
TOTAL COMPREHENSIVE INCOME (A)+(B)		3,054	2,981
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent		779	1,468
Non-controlling interests		2,275	1,513

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ million	Note	12/31/2016	12/31/2015 (a)	1/1/2015 (a)
Assets				
Goodwill and intangible assets with indefinite useful lives	11	19,463	18,110	17,009
Other intangible assets	11	15,408	13,184	11,777
Property, plant and equipment	12	37,224	34,133	32,198
Leased assets under operating leasing	13	1,810	1,686	1,251
Investments accounted for using the equity method	14	3,021	3,163	2,274
Other investments and other financial assets	15	2,026	3,529	3,250
Deferred tax assets	8	4,792	5,331	5,555
Inventories	16	19,410	18,849	18,343
Trade receivables	17	3,198	3,273	3,757
Investments of reinsurance companies	18	14,623		
Receivables from financing activities	19	21,047	20,632	21,524
Receivables from reinsurance activities		2,679		
Other assets	20	6,518	5,044	4,937
Assets held for sale	22	148	87	30
Cash and cash equivalents	23	25,161	30,587	29,243
Total Assets		176,528	157,608	151,148
Equity				
Equity attributable to owners of the parent	24	10,982	10,346	8,182
Non-controlling interests	24	19,238	16,481	14,778
Total Equity		30,220	26,827	22,960
Liabilities				
Provisions for employee benefits	26	12,509	12,436	12,074
Other provisions	27	19,265	17,231	13,735
Technical reserves reinsurance companies	28	11,947		
Deferred tax liabilities	8	527	550	604
Financial debt	29	55,817	57,280	60,189
Other financial liabilities	30	1,000	832	987
Trade payables	31	28,214	26,663	24,884
Tax payables		470	403	534
Other liabilities	32	16,455	15,386	15,181
Liabilities held for sale	23	104		
Total Liabilities		146,308	130,781	128,188
Total Equity and Liabilities		176,528	157,608	151,148

(a) Refer to Note Basis of Preparation, for additional information on reclassifications and an adjustment to prior year balances.

CONSOLIDATED STATEMENT OF CASH FLOWS

€ million	2016	2015
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	30,587	29,243
B) CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES DURING THE PERIOD		
Profit for the period	2,313	865
Amortization and depreciation	7,826	7,160
(Gains) losses on disposal of non-current assets	9	(632)
Other non-cash items	177	1,402
Dividends received	180	208
Change in provisions	1,203	2,992
Change in deferred taxes	692	(118)
Change in items due to buy-back commitments	(13)	89
Change in operating lease items	(114)	(360)
Change in working capital	346	237
Cash flows from (used in) operating activities of discontinued operations	0	(94)
TOTAL	12,618	11,749
C) CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Investments in property, plant and equipment and intangible assets	(10,082)	(10,310)
Investments made by consolidated operating subsidiaries	(2)	(271)
Investments in financial assets made by EXOR and by subsidiaries in the Holdings System	(106)	(1,107)
Cash and cash equivalents from the consolidation of PartnerRe, net of the consideration paid to acquire the 100%	(3,950)	
Net change in Investments of Reinsurance companies (PartnerRe Group)	453	
Proceeds from sale of non-current assets by consolidated operating subsidiaries	183	100
Proceeds from disposal of financial assets by EXOR and by subsidiaries in the Holdings System	150	1,376
Net change in financial receivables	358	917
Net change in securities	381	574
Other changes	(125)	144
Cash flows from (used in) investing activities of discontinued operations		(31)
TOTAL	(12,740)	(8,608)
D) CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
Issuance of notes	4,749	5,012
Repayment of notes	(4,121)	(8,932)
Net change in other long-term debt	(4,870)	(59)
Net change in short-term debt and other financial assets/liabilities	(888)	692
Increases in share capital of subsidiaries	2	32
Sale of treasury stock	0	509
(Purchase) sale of interests in subsidiaries	0	858
Redemption of Serie D and E preferred shares PartnerRe	(135)	
Dividends paid by EXOR S.p.A.	(82)	(78)
Dividends paid by subsidiaries	(215)	(510)
Other changes	(4)	(9)
Cash flows from (used in) financing activities of discontinued operations		74
TOTAL	(5,564)	(2,411)
Translation exchange differences	259	614
E) TOTAL CHANGE IN CASH AND CASH EQUIVALENTS	(5,426)	1,344
F) CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	25,161	30,587
Cash and cash equivalents included in Assets held for sale and discontinued operations	1	
G) CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	25,162	30,587

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ million	Share capital	Treasury stock	Capital reserves	Earnings reserves	Cash flow hedge reserve	Cumulative translation adjustment reserve	Available-for-sale financial assets reserve	Defined benefit plans remeasurement reserve	Cumulative share of OCI of investments accounted for using the equity method	Total Owners of the parent	Non-controlling interests	Total
Equity at December 31, 2014	246	(344)	125	8,140	(71)	488	203	(584)	(21)	8,182	14,778	22,960
Changes in equity for 2015												
Share-based payments				39						39	77	116
Capital increase by subsidiaries										0	42	42
Sale of treasury stock		173		336						509		509
Dividends paid				(78)						(78)	(491)	(569)
Total comprehensive income for the year				744	117	371	65	172	(1)	1,468	1,513	2,981
Effect of the change in the percentage ownership of consolidated companies (a)				(29)		21		2		(6)	33	27
Disposal of interest in Ferrari N.V.				254	2	(1)				255	664	919
Sale of C&W Group				41		(56)		15		0	(53)	(53)
Equity method measurement of The Economist Group				(24)					24	0		0
Other changes				(23)						(23)	(82)	(105)
Total changes	0	173	0	1,260	119	335	65	189	23	2,164	1,703	3,867
Equity at December 31, 2015	246	(171)	125	9,400	48	823	268	(395)	2	10,346	16,481	26,827

(a) Of which -€12 million relates to the FCA Group, -€7 million to the C&W Group and -€10 million to the CNH Industrial Group.

€ million	Share capital	Treasury stock	Capital reserves	Earnings reserves	Cash flow hedge reserve	Cumulative translation adjustment reserve	Available-for-sale financial assets reserve	Defined benefit plans remeasurement reserve	Cumulative share of OCI of investments accounted for using the equity method	Total Owners of the parent	Non-controlling interests	Total
Equity at December 31, 2015	246	(171)	125	9,400	48	823	268	(395)	2	10,346	16,481	26,827
Change in equity for 2016:												
Share-based payments				33						33	64	97
Cancellation of treasury shares		75		(75)						0		0
Merger of EXOR S.p.A. into EXOR N.V.	(244)	96	148							0		0
Capital increase by subsidiaries										0	24	24
Dividends paid				(82)						(82)	(207)	(289)
Total comprehensive income for the year				589	(39)	596	(187)	65	(245)	779	2,275	3,054
Acquisition of PartnerRe										0	818	818
Effect of the spin-offs of RCS/Ferrari				0						0	(32)	(32)
Effect of the change in the percentage ownership of companies valued under equity method (a)				(136)						(136)		(136)
Redemption of Series D and E preferred shares PartnerRe										0	(135)	(135)
Other changes				42						42	(50)	(8)
Total changes	(244)	171	148	371	(39)	596	(187)	65	(245)	636	2,757	3,393
Equity at December 31, 2016	2	0	273	9,771	9	1,419	81	(330)	(243)	10,982	19,238	30,220

(a) Of which -€33 million relates to Almacantar and -€103 million relates to The Economist.

EXOR GROUP - NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION ON THE ACTIVITIES OF THE GROUP

EXOR N.V. (EXOR), formerly known as EXOR Holding N.V., (the “Company” and together with its subsidiaries the “EXOR Group” or the “Group”) was incorporated as a public limited company (naamloze vennootschap) under the laws of the Netherlands on September 30, 2015 and in 2016 was designated to act as a holding company for EXOR Group following the cross-border merger with EXOR S.p.A. (the “Merger”).

For further details on the Merger, reference should be made to the Company’s financial statements.

From an accounting point of view, in accordance with IFRS (IAS 27.13), the Merger is recognized in EXOR’s consolidated financial statements from January 1, 2016, while in the company financial statements the recognition is from December 11, 2016. As the Merger is a transaction in which all of the combining entities are controlled ultimately by the same party both before and after the transaction, and based on the fact that the control is not transitory, the Merger was deemed to be a transaction of entities under common control and therefore outside the scope of IFRS 3 -Business combinations.

The merged company EXOR S.p.A. was taxable for IRES and IRAP purposes up until the legally effective date of the Merger. In accordance with Italian tax regulations, considering that EXOR has not maintained a permanent organization in Italy after the Merger, all the components of EXOR S.p.A (including investments in companies, financial liabilities and its tax-suspended reserves) have been treated as having been realized at fair value, resulting in the crystallization of taxable surpluses (“EXIT gains”) in the financial position at the December 10, 2016 merger date.

On the basis of the information available and the estimates made, a €217 million provision has been recognized for taxation on the excess of the surpluses arising on the “Exit” over the operating losses brought forward, reduced by a tax credit of €47 million for substitute tax paid in past years. The netting of such amounts is not possible since the legal enforceable right to set-off the recognized amounts is not under the control of the Company. The final amount of the Italian exit tax will be defined within the end of the first half in the context of the preparation of the tax return.

EXOR is one of Europe’s leading investment companies and is controlled by Giovanni Agnelli B.V. (formerly Giovanni Agnelli e C. S.a.p.az.) which holds 52.99% of its share capital.

EXOR and its subsidiaries (the “Group”) operate in the reinsurance sector, automotive industry, agricultural equipment and construction equipment, commercial vehicles and professional football.

BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Authorization of Consolidated Financial Statements and Compliance with International Financial Reporting Standards

The consolidated financial statements, together with notes thereto, of EXOR at December 31, 2016 were authorized for issuance on April 5, 2017 and have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU-IFRS”) and Part 9 of Book 2 of the Dutch Civil Code. The designation “IFRS” also includes International Accounting Standards (“IAS”) as well as all interpretations of the IFRS Interpretations Committee (“IFRIC”).

Basis of preparation

The consolidated financial statements are prepared on the going concern assumption under the historical cost convention, except where the use of fair value is required for the measurement of available-for-sale financial instruments and those held for trading. In this respect, the Group’s assessment is that no material uncertainties (as defined in paragraph 25 of IAS 1- Presentation of Financial Statements) exist about its ability to continue as a going concern.

The Group’s presentation currency is Euro, which is also the functional currency of the Company, and unless otherwise stated information is presented in millions of Euro.

The EXOR Group presents the income statement using a classification based on the function of expenses (otherwise known as the “cost of sales” method), rather than a presentation based on the nature of expenses, as it is more representative of the format used for internal reporting and management purposes by the principal subsidiaries, the FCA, CNH Industrial and Ferrari Groups, and is consistent with international practice in the automotive and capital goods sectors.

The statement of cash flows is presented using the indirect method.

The other subsidiaries have prepared their data for purposes of the EXOR Group’s consolidated financial statements consistently with the classification and presentation indicated above.

Reclassifications and adjustment

As permitted by IAS 1 paragraph 60, the Group’s statement of financial position was previously presented using a mixed format for the presentation of current and non-current assets and liabilities. The investment portfolio of the financial services companies of FCA and CNH Industrial groups were included within current assets as the investments were realized in their normal operating cycle. However, the financial services structure of such group did not allow for the separation of liabilities funding the financial services operations and those funding the industrial operations and as a result, the liabilities at EXOR consolidated level were not classified as current or non-current.

After the acquisition of PartnerRe Group in 2016, management made an assessment to verify whether the application of the mixed format was still the best solution. The financial activities, previously related to the financial services companies part of FCA and CNH Industrial, are now even more important, and include also the companies that conduct reinsurance activities following the first-time consolidation of the PartnerRe Group.

While a separate classification of current and non-current in the statement of financial position provides useful information for an industrial business, for the entities that have diverse operations and for which the financial activities are significant, a presentation of assets and liabilities in increasing or decreasing order of liquidity provides information that is reliable and more relevant.

On this basis, the statement of financial position at December 31, 2016 is presented in decreasing order of liquidity and all prior period balances have been reclassified to conform to this presentation.

In addition, the first line-by-line consolidation of the PartnerRe Group resulted in the inclusion of two new specific line items in the statement of financial position: Investments of reinsurance companies under assets and Technical reinsurance reserves under liabilities.

Furthermore, certain line items within the prior periods’ statements of financial position have been reclassified to other line items. These reclassifications had no effect on the Group’s consolidated results of operations, financial position or cash flows.

Additionally, during 2016, the FCA Group recorded an adjustment to the amount of historical deferred tax assets, originated in connection with its 2013 adoption of IAS 19 - Employee Benefits as revised. This adjustment resulted in a €329 million increase in deferred tax assets and retained earnings as of December 31, 2013 and an additional €242 million increase in deferred tax assets and retained earnings in 2014 in connection with the acquisition of the remaining Non-controlling interest of FCA US. As the underlying deferred tax assets are denominated in U.S. Dollars, the subsequent amounts in the consolidated statements of financial position fluctuate due to exchange differences. This adjustment had no effect on the consolidated income statement and consolidated statement of cash flows for any of the periods presented.

The tables below summarize all changes from the prior period to the current period's presentation (amount is €/million).

At December 31 2015 (as previously reported)	Adjustment	Reclass in other assets	Reclass in other investments and other financial assets	Other reclass	At December 31 2015 (as adjusted)
Assets					Assets
Goodwill and intangible assets with indefinite useful lives				18,110	18,110 Goodwill and intangible assets with indefinite useful lives
Other intangible assets	31,294			(18,110)	13,184 Other intangible assets
Property, plant and equipment	34,133			1,686	34,133 Property, plant and equipment
					1,686 Leased assets under operating leasing
Investments accounted for using the equity method	3,163				3,163 Investments accounted for using the equity method
Other investments and other financial assets	1,872		1,657		3,529 Other investments and other financial assets
Leased assets under operating leasing	1,686			(1,686)	0
Defined benefit plan assets	182		(182)		0
Deferred tax assets	4,618	713			5,331 Deferred tax assets
Other non-current assets	54		(54)		0
Total non-current assets	77,002				
Inventories	18,849				18,849 Inventories
Trade receivables	3,273				3,273 Trade receivables
Receivables from financing activities	20,632				20,632 Receivables from financing activities
Tax receivables	762		(762)		0
Other current assets	4,046		(4,046)		0
Current financial assets:					
- Investments and securities	610			(610)	0
- Other financial assets	1,047			(1,047)	0
Total current financial assets	1,657		5,044		5,044 Other assets
Cash and cash equivalents	30,587			87	87 Assets held for sale
Assets held for sale	87			(87)	30,587 Cash and cash equivalents
Total current assets	79,893				0
Total Assets	156,895	713	0	0	157,608 Total Assets
Equity and liabilities					Equity and liabilities
Equity attributable to owners of the parent	10,138	208			10,346 Equity attributable to owners of the parent
Non-controlling interests	15,976	505			16,481 Non-controlling interests
Total Equity	26,114	713	0	0	26,827 Total Equity
Provisions for employee benefits	12,436				12,436 Provisions for employee benefits
Other provisions	17,231				17,231 Other provisions
Deferred tax liabilities	550				550 Deferred tax liabilities
Financial debt	57,280				57,280 Financial debt
Other financial liabilities	832				832 Other financial liabilities
Trade payables	26,663				26,663 Trade payables
Tax payables	403				403 Tax payables
Other liabilities	15,386				15,386 Other liabilities
Liabilities held for sale					0 Liabilities held for sale
Total liabilities	130,781				130,781 Total liabilities
Total Equity and Liabilities	156,895	713	0	0	157,608 Total Equity and Liabilities

At January 1, 2015 (as previously reported)	Adjustment	Reclass in other assets	Reclass in other investments and other financial assets	Other Reclass	At January 1, 2015 (as adjusted)
Assets					Assets
Goodwill and intangible assets with indefinite useful lives				17,009	17,009 Goodwill and intangible assets with indefinite useful lives
Other intangible assets	28,786			(17,009)	11,777 Other intangible assets
Property, plant and equipment	32,198				32,198 Property, plant and equipment
Investments accounted for using the equity method	2,274			1,251	1,251 Leased assets under operating leasing
Other investments and other financial assets	1,385		1,865		2,274 Investments accounted for using the equity method
Leased assets under operating leasing	1,251			(1,251)	3,250 Other investments and other financial assets
Defined benefit plan assets	131		(131)		0
Deferred tax assets	4,916	639			5,555 Deferred tax assets
Other non-current assets	96		(96)		0
Total non-current assets	71,037				
Inventories	18,343				18,343 Inventories
Trade receivables	3,757				3,757 Trade receivables
Receivables from financing activities	21,524				21,524 Receivables from financing activities
Tax receivables	615		(615)		0
Other current assets	4,095		(4,095)		0
Current financial assets:					
- Investments and securities	1,181			(1,181)	0
- Other financial assets	684			(684)	0
Total current financial assets	1,865				
			4,937		4,937 Other assets
Cash and cash equivalents	29,243			30	30 Assets held for sale
Assets held for sale	30			(30)	29,243 Cash and cash equivalents
Total current assets	79,472				0
Total Assets	150,509	639	0	0	151,148 Total Assets
Equity and liabilities					Equity and liabilities
Equity attributable to owners of the parent	7,995	187			8,182 Equity attributable to owners of the parent
Non-controlling interests	14,326	452			14,778 Non-controlling interests
Total Equity	22,321	639	0	0	22,960 Total Equity
Provisions for employee benefits	12,074				12,074 Provisions for employee benefits
Other provisions	13,735				13,735 Other provisions
Deferred tax liabilities	604				604 Deferred tax liabilities
Financial debt	60,189				60,189 Financial debt
Other financial liabilities	987				987 Other financial liabilities
Trade payables	24,884				24,884 Trade payables
Tax payables	534				534 Tax payables
Other liabilities	15,181				15,181 Other liabilities
Liabilities held for sale					0 Liabilities held for sale
Total Equity and Liabilities	150,509	639	0	0	151,148 Total Liabilities

New standards and amendments effective from January 1, 2016

The following new standards and amendments, which were effective from January 1, 2016, were adopted by the Group. The adoption of these amendments had no effect on the consolidated financial statements:

- Amendments to IFRS 11 – Joint arrangements: Accounting for acquisitions of interests in joint operations which clarify the accounting for acquisitions of an interest in a joint operation that constitutes a business.
- Amendments to IAS 16 – Property, Plant and Equipment and to IAS 38 – Intangible Assets, which clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. In addition, the amendments clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.
- Annual Improvements to IFRSs 2012-2014 cycle, a series of amendments to IFRSs in response to issues raised mainly on IFRS 5 – Non-current assets Held for Sale and Discontinued Operations related to the changes of method of disposal of an asset (or disposal group), on IFRS 7 – Financial Instruments: Disclosures related to clarification when servicing contracts are deemed to constitute continuing involvement for disclosure purposes, on IAS 19 – Employee Benefits related to discount rate determination and on IAS 34 – Interim Financial Reporting related to paragraph 16A and the clarification of the meaning of disclosure of information elsewhere in the interim financial report.
- Amendments to IAS 1 – Presentation of Financial Statements, which were a part of the IASB's initiative to improve presentation and disclosure in financial reports. The amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.

New standards, amendments and interpretations not yet effective

The following new standards and amendments were issued by IASB. The Group will comply with the relevant guidance no later than their respective effective dates.

- In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers, which requires a company to recognize revenue upon transfer of control of goods or services to a customer at an amount that reflects the consideration it expects to receive. This new revenue recognition model defines a five step process to achieve this objective. The updated guidance also requires additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. On September 11, 2015, the IASB issued an amendment to this standard, formalizing the deferral of the effective date for periods beginning January 1, 2018. In April 2016, the IASB issued further amendments to the standard, which do not change the underlying principles of the standard, but clarify how those principles should be applied. The amendments clarify how to identify a performance obligation in a contract, determine whether a company is a principal or an agent, determine whether the revenue from granting a license should be recognized at a point in time or over time and provide two additional reliefs to reduce cost and complexity. The standard and amendments are effective from January 1, 2018, with earlier adoption permitted. The Group is currently quantifying the impact of adoption, however based on currently available information, the Group does not expect a material impact on its consolidated financial statements from the adoption of this standard and related amendments.
- In July 2014, the IASB issued IFRS 9 – Financial Instruments. The improvements introduced by the new standard include a logical approach for classification and measurement of financial instruments driven by cash flow characteristics and the business model in which an asset is held, a single “expected loss” impairment model for financial assets and a substantially reformed approach for hedge accounting. The standard is effective, retrospectively with limited exceptions, for annual periods beginning on or after January 1, 2018 with earlier adoption permitted. The Group is currently evaluating the implementation and the impact of adoption of this standard in 2018 on its consolidated financial statements.
- In January 2016, the IASB issued IFRS 16 – Leases which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract and replaces the previous leases standard, IAS 17 – Leases. IFRS 16, which is not applicable to service contracts, but only applicable to leases or lease components of a contract, defines a lease as a contract that conveys to the customer (lessee) the right to use an asset for a period of time in exchange for consideration. IFRS 16 eliminates the classification of leases for the lessee as either operating leases or finance leases as required by IAS 17 and instead, introduces a single lessee accounting model whereby a lessee is required to recognize assets and liabilities for all leases with a term that is greater than 12 months, unless the underlying asset is of low value, and to recognize depreciation of lease assets separately from interest on lease liabilities in the income statement. As IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, a lessor will continue to classify its leases as operating leases or finance leases and to account for those two types of leases differently. IFRS 16 is effective from January 1, 2019 and the Group is currently evaluating the implementation and the impact of adoption of this standard on its consolidated financial statements.
- In January 2016, the IASB issued amendments to IAS 12 – Income Taxes that clarify how to account for deferred tax assets related to debt instruments measured at fair value. These amendments are effective for annual periods beginning on or after January 1, 2017. The Group does not expect a material impact to its consolidated financial statements or disclosures upon adoption of the amendments.
- In January 2016, the IASB issued amendments to IAS 7 – Statement of Cash Flows introducing additional disclosures that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective from January 1, 2017.
- In June 2016, the IASB issued amendments to IFRS 2 – Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments, which were developed through IFRIC, provide requirements on the accounting for (i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, (ii) share-based payment transactions with a net settlement feature for withholding tax obligations and (iii) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are effective prospectively from January 1, 2018, with earlier or retrospective application permitted. The Group does not expect a material impact to its consolidated financial statements or disclosures upon adoption of the amendments.

- In September 2016, the IASB published “Applying IFRS 9, Financial Instruments with IFRS 4, Insurance Contracts” (Amendments to IFRS 4). The amendments provide two options for entities that issue insurance contracts within the scope of IFRS 4: (i) an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets (the “overlay approach”) and (ii) an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4 (the “deferral approach”). An entity would apply the overlay approach retrospectively to qualifying financial assets when it first applies IFRS 9. An entity would apply the deferral approach for annual periods beginning on or after January 1, 2018. The deferral can only be used for the three years following January 1, 2018. The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied. The Group is currently evaluating the implementation method and the effect of adoption on its consolidated financial statements.
- In December 2016, the IASB issued Annual Improvements to IFRS Standards 2014–2016 Cycle which has amendments to three Standards: IFRS 12 – Disclosure of Interests in Other Entities (effective date of January 1, 2017), IFRS 1 – First-time Adoption of International Financial Reporting Standards (effective date of January 1, 2018) and IAS 28 – Investments in Associates and Joint Ventures (effective date of January 1, 2018). The amendments clarify, correct or remove redundant wording in the related IFRS Standard and are not expected to have a material impact to the consolidated financial statements or disclosures upon adoption of the amendments.
- In December 2016, the IASB issued IFRIC Interpretation 22 – Foreign Currency Transactions and Advance Consideration which addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency. The interpretation is effective January 1, 2018. The Group is currently evaluating the implementation method and the effect of adoption on its consolidated financial statements.

Scope of consolidation

The consolidated financial statements include the companies over which EXOR exercises control, and from which, directly or indirectly, EXOR is able to derive benefit by virtue of its power to govern their corporate financial and operating policies.

The companies/groups included in the scope of consolidation at December 31, 2016 are the following:

		12/31/2016	
		Percentage of consolidation	
Company/Group	Country	Group's ownership interest	Non-controlling interest's ownership interest
<i>Operating subsidiaries:</i>			
FCA Group	The Netherlands	29.16%	70.84%
CNH Industrial Group	The Netherlands	27.28%	72.72%
Ferrari Group	The Netherlands	23.52%	76.48%
PartnerRe Group	Bermuda	100.00%	-
Juventus Football Club S.p.A.	Italy	63.77%	36.23%
<i>Companies in the Holdings System:</i>			
EXOR S.A.	Luxembourg	100%	-
EXOR Capital Dac	Ireland	100%	-
EXOR SN LLC	USA	100%	-
EXOR Nederland N.V.	The Netherlands	100%	-
EXOR Investments Limited	United Kingdom	100%	-
Ancom USA Inc.	USA	100%	-

At December 31, 2016 the EXOR Group includes more than 500 subsidiaries consolidated line-by-line by the FCA, CNH Industrial, Ferrari and PartnerRe Groups. A complete list of the companies of the Group is provided in the List of EXOR Group Companies at December, 31 2016.

Certain minor subsidiaries are excluded from consolidation on a line-by-line basis and are accounted for using the equity method or at cost. Their aggregate assets and revenues represent less than 1% of the Group's total assets and revenues in these consolidated financial statements.

Non-controlling interests

Non-controlling interests at December 31, 2016 amount to €19,239 million (€15,976 million at December 31, 2015) and are detailed in note 25.

Acquisition of PartnerRe

The acquisition of PartnerRe was completed on March 18, 2016 (closing or Acquisition Date) after having received all necessary approvals.

The total payment made by EXOR at the closing was \$6,108 million (€5,415 million), of which \$6,065 million (€5,377 million) was paid to common shareholders and \$43 million (€38 million) to preferred shareholders, as immediate economic value in lieu of the higher dividend rate. Considering also the common shares previously purchased by EXOR and measured at fair value at the Acquisition Date (\$137.50 per share) the cash consideration amounted to \$6,758 million.

Pursuant to the terms of the Merger Agreement, the transaction was effected by the merger of Pillar Ltd (a vehicle company wholly owned by EXOR Nederland N.V.) with and into PartnerRe. Specifically, the treasury stock held by PartnerRe and the common shares held by EXOR S.p.A. and EXOR S.A. were cancelled without consideration, while those held by third parties received the consideration agreed in the merger agreement. As of the closing date EXOR became owner of 100% of the common shares of PartnerRe. The acquisition did not include the preferred shares issued by PartnerRe, which continue to be traded on the New York Stock Exchange.

The transaction that led to the acquisition of control starting from March 18, 2016 was accounted for in accordance with IFRS 3 by applying the acquisition method on the basis of the interim financial statements prepared in accordance with IFRS at that date. The interest previously held by EXOR in PartnerRe (9.9% of common share capital) was measured at fair value at the Acquisition Date and the cumulative positive fair value of €22.9 million was credited to the income statement in the first half of 2016.

The total purchase price, fair value of net assets acquired and the determination of goodwill as of the Acquisition Date, are calculated as follows:

	€ million (*)	\$ million
Shares purchased		
PartnerRe common shares held by EXOR immediately prior to the Acquisition Date	4,725,726	4,725,726
PartnerRe common shares held by other parties	43,429,180	43,429,180
PartnerRe common shares-based awards outstanding vested upon acquisition	683,295	683,295
Total common shares and common shares equivalents outstanding of PartnerRe	48,838,201	48,838,201
Purchase price per share \$	\$137.5	\$137.5
Purchase price of common shares	5,954	6,715
Payment to PartnerRe preferred shareholders	38	43
Total purchase price	A	5,992
Fair value of preferred shares	B	818
Fair value of net assets acquired		
Intangible assets	1,293	1,458
Investments of reinsurance companies and cash and cash equivalents	15,255	17,207
Receivables and recoverables from reinsurance activity	2,705	3,051
Other assets	193	218
Total assets	C	19,446
Technical reinsurance reserves	11,825	13,338
Other reinsurance balances payable	217	245
Financial payables	797	899
Other liabilities	383	432
Total liabilities	D	13,222
Total identifiable net assets acquired at fair value	E=C-D	6,224
Goodwill	F=A+B-E	586

(*) At the Acquisition Date exchange rate: \$/€ 1.1279.

The fair value of non-controlling interests as of the Acquisition Date was determined based on the closing market price of PartnerRe's preferred shares as of the same date.

The goodwill of \$660 million represents the excess of the purchase price paid over of the fair value of the net assets acquired and was allocated to the PartnerRe CGU.

The consolidated financial statements of the EXOR Group include the profit of PartnerRe for the period March 18, to December 31, 2016. As from the Acquisition Date PartnerRe contributed €3,827 million (\$4,236 million) to consolidated revenues and €168 million (\$186 million) to profit attributable to owners of the parent. If the acquisition had taken place at January 1, 2016, consolidated revenues and consolidated profit attributable to owners of the parent would have amounted respectively to €141,128 million and € 760 million.

Consolidation of Ferrari

Following the transaction for the spin-off of Ferrari from FCA, completed on January 3, 2016, Ferrari is controlled directly by EXOR N.V.; therefore at December 31, 2016, Ferrari is consolidated line-by-line directly by EXOR.

RCS spin-off

On April 15, 2016, the shareholders' meeting of FCA approved the distribution of the 16.7% ownership interest in RCS to holders of FCA common shares in an exchange ratio of 0.067746 ordinary shares of RCS for each common share of FCA held. EXOR received 25,459,208 RCS shares that were later sold on the market.

Basis of consolidation

Subsidiaries

Subsidiaries are entities over which the Group has control. Control is achieved when the Group has power over the investee, when it is exposed to, or has rights to, variable returns from its involvement with the investee, and has the ability to use its power over the investee to affect the amount of the investor's returns.

The Group considers all the facts and circumstances in determining whether it controls an entity when it owns less than the majority of the voting rights or similar rights of the entity.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control, as indicated in paragraph 7 of IFRS 10.

Subsidiaries are consolidated on a line-by-line basis from the date on which control is achieved by the Group until the date that control ceases. Equity attributable to non-controlling interests and non-controlling interests in the profit (loss) of consolidated subsidiaries are presented separately from the interests of the owners of the parent in the statement of financial position and income statement respectively. Losses applicable to non-controlling interests that exceed the minority's interests in the subsidiary's equity are allocated against the non-controlling interests.

Changes in the Group's ownership interests in a subsidiary that do not result in the Group losing control over the subsidiary are accounted for as an equity transaction. The carrying amounts of the equity attributable to owners of the parent and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the carrying amount of the non-controlling interests and the fair value of the consideration paid or received in the transaction is recognized directly in the equity attributable to the owners of the parent.

If the Group loses control of a subsidiary, a gain or loss is recognized in the income statement and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. Any gains or losses recognized in other comprehensive income in respect of the measurement of the assets of the subsidiary are accounted for as if the subsidiary had been sold (i.e. reclassified to the income statement or transferred directly to retained earnings as required by other IFRS).

The fair value of any investment retained in the former subsidiary at the date when control is lost shall be regarded as the fair value on initial recognition of a financial asset in accordance with IAS 39 – Financial instruments: recognition and measurement or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture.

Joint ventures

Joint ventures are entities in which the Group has contractually agreed sharing of control of an arrangement or whereby a contractual arrangement exists whereby two or more parties undertake an economic activity that is subject to joint control. Investments in joint ventures are accounted for using the equity method from the date that joint control commences until the date that joint control ceases.

Interests in Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

When the Group undertakes its activities under joint operations, it recognizes its related interest in the joint operation including: (i) its assets, including its share of any assets held jointly, (ii) its liabilities, including its share of any liabilities incurred jointly, (iii) its revenue from the sale of its share of the output arising from the joint operation, (iv) its share of the revenue from the sale of the output by the joint operation and (v) its expenses, including its share of any expenses incurred jointly.

Associates

Associates are entities over which the Group has significant influence, as defined in IAS 28 – Investments in Associates and Joint Ventures, but not control or joint control over the financial and operating policies. Investments in associates are accounted for using the equity method from the date that significant influence commences until the date it ceases. When the Group's share of losses of an associate, if any, exceeds the carrying amount of the associate in the Group's statement of financial position, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates.

Investments in other companies

Investments in other companies that are available-for-sale financial assets are measured at fair value, when this can be reliably determined. Gains or losses arising from changes in fair value are recognized directly in other comprehensive income until the assets are sold or impaired; at that time the cumulative other comprehensive income is recognized in the income statement.

Investments in other companies for which fair value is not available are stated at cost less any impairment losses. Dividends received from investment in other companies are included in other income (expenses) from investments.

Transactions eliminated in consolidation

All significant intragroup balances and transactions and any unrealized gains and losses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Unrealized gains and losses arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest in those entities.

Foreign currency transactions

The functional currency of the Group's entities is the currency of their primary economic environment. In individual companies, transactions in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate prevailing at that date. Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period or in previous financial statements, are recognized in the income statement.

Consolidation of foreign entities

All assets and liabilities of foreign consolidated companies with a functional currency other than the Euro are translated using the closing rates at the date of the statement of financial position. Income and expenses are translated into Euro at the average exchange rate for the year. Translation differences resulting from the application of this method are classified as equity until the disposal of the investment. Average exchange rates for the year are used to translate the cash flows of foreign subsidiaries in preparing the statement of cash flows.

Goodwill, assets acquired and liabilities assumed arising from the acquisition of entities with a functional currency other than the Euro are recognized in the consolidated financial statements in the functional currency and translated at the exchange rate at the acquisition date. These amounts are translated at subsequent balance sheet dates at the exchange rate at the end of the period.

The principal exchange rates used in 2016, 2015 and 2014 to translate the foreign currency financial statements of foreign entities into Euro are the following:

	At December 31, 2016		At December 31, 2015	
	Average	At 12/31/2016	Average	At 12/31/2015
U.S. dollar	1.107	1.054	1.109	1.089
Brazilian real	3.857	3.431	3.699	4.312
Chinese renmimbi	7.352	7.320	6.972	7.061
Polish zloty	4.363	4.410	4.184	4.264
Argentine peso	16.327	16.707	10.271	14.136
British pound	0.819	0.856	0.726	0.734
Swiss franc	1.090	1.074	1.068	1.084
Mexican peso	20.664	21.772	17.611	18.915
Canadian dollar	1.466	1.419	1.418	1.512

Date of reference

The investments are consolidated using the financial statements as of December 31, EXOR's year-end closing date, which covers a 12-month period, or accounting data prepared as of the same date (whenever the closing date is different from EXOR's), adjusted, where necessary, to conform with the accounting principles of the Group. The Economist Group, whose financial year closes on March 31 of each year, has been consolidated using the equity method on the basis of the most recent data available (September 30, 2016). At December 31, 2016 there were no significant variations compared to the data used for the purposes of these consolidated financial statements.

Business combinations

Business combinations are accounted for by applying the acquisition method of accounting in accordance with IFRS 3 - Business Combinations.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and any resulting gain or loss is recognized in the income statement under gains (losses) on the disposal of investments. Changes in the equity interest in the acquiree that have been recognized in other comprehensive income in prior reporting periods are reclassified to the income statement as if the equity interest had been disposed.

Intangible assets

Purchased and internally-generated intangible assets are recognized as assets where it is probable that the use of the asset will generate future economic benefits and where the costs of the asset can be determined reliably.

Intangible assets are initially recognized at purchase or manufacturing cost. Purchase cost is represented by the fair value of consideration given to acquire the asset and any direct cost incurred to make the asset available for use.

Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives consist principally of brands which have no legal, contractual, competitive, economic, or other factors that limit their useful lives. Goodwill arising on business combinations is initially measured at cost as established at the acquisition date. Goodwill is not amortized, but is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

On the loss of control of a previously acquired entity, any outstanding goodwill balance is included in the determination of the gain or loss on disposal.

Brands with indefinite useful lives are not amortized, but are tested for impairment annually or more frequently whenever there is an indication that the asset may be impaired by comparing the carrying amount with the recoverable amount.

Intangible assets with a finite useful life

Intangible assets with a finite useful life are recognized at purchase or production cost less amortization and cumulative impairment losses. Amortization is calculated on a systematic basis over the asset's useful life and begins when the asset is available for use.

- Development costs are recognized as an asset when the development costs can be measured reliably and the technical feasibility of the product, volumes and pricing support the view that the development expenditure will generate future economic benefits. Capitalized development costs include all direct and indirect costs that may be directly attributed to the development process. Capitalized development costs are amortized on a straight-line basis from the start of production over the expected life cycle of the product, and on average as follows:

	Automobiles	Trucks and buses	Agricultural and Construction Equipment	Powertrain
Number of years	5-6	4-8	5	8-12

Research and all other development costs which do not meet the above criteria are expensed as incurred.

- Players' registration rights are recognized at cost, including auxiliary expenses, and discounted to present value. They are amortized on a straight-line basis over the duration of the contracts the company has signed with the individual football players.
- Other intangible assets with a finite useful life are recorded at purchase or production cost and amortized on a straight-line basis over their estimate useful lives. Other intangible assets recognized subsequent to the acquisition of a company are recorded separately from goodwill if their fair value can be measured reliably.

Whenever necessary, intangible assets with a finite useful life are tested for impairment.

Property, plant and equipment

Cost

Property, plant and equipment is initially recognized at cost which comprises the purchase price, any costs directly attributable to bringing the assets to the location and condition necessary to be capable of operating in the manner intended by management and any initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Self-constructed assets are initially recognized at production cost. Subsequent expenditures and the cost of replacing parts of an asset are capitalized only if they increase the future economic benefits embodied in that asset. All other expenditures are expensed as incurred. When such replacement costs are capitalized, the carrying amount of the parts that are replaced is recognized in the income statement.

Borrowing costs that are directly attributable to the acquisition, construction or production of property, plant or equipment or an intangible asset that is deemed to be a qualifying asset are capitalized. All other borrowing costs are expensed when incurred.

Assets held under finance leases, which provide the Group with substantially all the risks and rewards of ownership, are recognized as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of position within financial debt. The assets are depreciated by the method and at the rates indicated below depending on the nature of the leased assets.

Leases under which the lessor retains substantially all the risks and rewards of ownership of the leased assets are classified as operating leases. Operating lease expenditures are expensed on a straight-line basis over the lease terms.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Buildings	Plant, machinery and equipment	Other assets
Depreciation rate	2.5%-10%	3%-33%	3%-33%

Land is not depreciated.

Impairment of assets

Goodwill and intangible assets with indefinite useful lives are tested for impairment annually or more frequently, if there is an indication that an asset may be impaired. The Group assesses at the end of each reporting period whether there is any indication that its intangible assets (including development costs) and its property, plant and equipment may be impaired.

If indications of impairment are present, the carrying amount of the asset is reduced to its recoverable amount, that is, the higher of fair value less costs of disposal and its value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. In assessing the value in use of an asset, the estimated future cash flows are discounted to their present value using a discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized if the recoverable amount is lower than the carrying amount.

Impairment of property plant and equipment and intangible assets arising from transactions that are only incidentally related to the ordinary activities of the Group and that are not expected to occur frequently, are recognized under other income (expenses).

Where an impairment loss for assets, other than goodwill, subsequently no longer exists or has decreased, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but not in excess of the carrying amount that would have been recorded had no impairment loss been recognized. The reversal of an impairment loss is recognized in the income statement immediately.

Financial instruments

Presentation

Financial instruments held by the Group are presented in the consolidated financial statements as described in the following paragraphs.

Investments and other non-current financial assets comprise investments in unconsolidated companies and other non-current financial assets (held-to-maturity securities, non-current loans and receivables and other non-current available-for-sale financial assets).

Current financial assets, as defined in IAS 39 include trade receivables, receivables from financing activities (retail financing, dealer financing, lease financing and other current loans to third parties), current securities and other financial assets (which include derivative financial instruments stated at fair value), as well as cash and cash equivalents.

In particular, cash and cash equivalents include cash at banks, units in money market funds and other money market securities that are readily convertible into cash and are subject to an insignificant risk of changes in value.

Current securities include short-term or marketable securities which represent temporary investments of available funds and do not satisfy the requirements for being classified as cash equivalents. Current securities include both available-for-sale and held-for-trading securities.

Financial liabilities refer to debt, which includes asset-backed financing, and other financial liabilities (which include derivative financial instruments stated at fair value), trade payables and other payables.

Measurement

Trade receivables and trade payables

Receivables are recognized at amortized cost using the effective interest method and measured at net realizable value, that is, less the provision for impairment of amounts considered uncollectible. The original carrying amount of the receivables is reinstated in subsequent years if the reasons for impairment no longer exist.

Payables are recognized at amortized cost.

Receivables and payables in foreign currency, originally recorded at the transaction date exchange rate, are adjusted to the year-end rate and the resulting gain or loss is recognized in the income statement.

Financial assets and financial liabilities

Financial assets other than investments, as well as financial liabilities, are accounted for in accordance with IAS 39. The classification of financial assets in the following categories determines the subsequent measurement which is the following:

- financial assets held for trading - HFT;
- held-to-maturity investments – HTM;
- loans and receivables – L&R;
- available-for-sale financial assets – AFS.

Financial assets held for trading are measured at fair value. Gains and losses arising from changes in the fair value of held-for-trading financial instruments are included in the income statement for the period.

Held-to-maturity investments are assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity. They are recognized on the basis of the settlement date and, on initial recognition, are measured at acquisition cost, including transaction costs. They are subsequently measured at amortized cost, using the effective interest method, the rate that exactly discounts future cash flows for estimated collections (including transaction costs paid) over the expected life of the financial instrument or, if appropriate, over a shorter period.

Financial assets cannot be classified as held-to-maturity if, during the course of the current year or during the two preceding years, other than an insignificant amount of such investments has been sold or reclassified before their maturity, except sales or reclassifications that:

- are so close to maturity or to the call option date of the financial asset that changes in the market rate of interest would not have a significant effect on the fair value of the financial asset;
- occur after the Group has received substantially all of the financial asset's original principal through ordinary scheduled payments or prepayments;
- are attributable to an isolated event that is beyond the Group's control, is non-recurring and could not have been reasonably anticipated by the Group.

Loans and receivables which are not held by the Group for trading (loans and receivables originating in the ordinary course of business), held-to-maturity securities and equity investments whose fair value cannot be determined reliably, are measured, to the extent that they have a fixed term, at amortized cost, using the effective interest method. When the financial assets do not have a fixed term, they are measured at acquisition cost. Receivables with maturities of over one year which bear no interest or an interest rate significantly lower than market rates are discounted using market rates.

Available-for-sale financial assets are measured at fair value. When market prices are not available, the fair value of available-for-sale financial assets is measured using appropriate valuation techniques (e.g. discounted cash flow analysis based on market information available at the balance sheet date).

Gains and losses on available-for-sale financial assets are recognized directly in other comprehensive income until the financial asset is disposed of or impaired; when the asset is disposed of, the cumulative gains or losses, including those previously recognized in other comprehensive income, are reclassified to the income statement for the period in financial income and expenses; when the asset is impaired, accumulated losses are recognized in the income statement.

Assessments are made regularly as to whether there is any objective evidence that a financial asset or group of assets may be impaired. If any such evidence exists, any impairment loss is included in the income statement for the period.

Except for derivative instruments, loans and other financial payables are recognized initially at cost, represented by fair value net of incidental charges.

Loans and financial payables are subsequently measured at amortized cost using the effective interest method, taking into account the costs of issue and every discount or premium, if any, on settlement of the instrument.

Financial assets and liabilities hedged against changes in fair value (fair value hedges) are measured in accordance with hedge accounting principles (see next paragraph): gains and losses arising from remeasurement at fair value, due to changes in the respective hedged risk, are recognized in the income statement and are offset by the effective portion of the loss or gain arising from remeasurement at fair value of the hedging instrument.

Investments at fair value of Reinsurance companies

Investments at fair value of reinsurance companies represent investments held by PartnerRe and include fixed income securities, short term investments, equities, accrued interest, non-foreign exchange derivatives, other invested assets and funds held by reinsurance companies. PartnerRe classifies the majority of its reinsurance investments as financial assets at fair value through profit or loss (FVTPL). Upon initial recognition these investments are designated as FVTPL because they are managed and their performance is evaluated on a fair value basis. Derivative assets and liabilities are classified as held for trading.

Certain investments are classified as available-for-sale financial assets and are measured at fair value. When market prices are not available, the fair value of available-for-sale financial assets is measured using appropriate valuation techniques (e.g. discounted cash flow analysis based on market information available at the balance sheet date). Gains and losses on available-for-sale financial assets are recognized directly in other comprehensive income until the financial asset is disposed of or impaired; when the asset is disposed of, the cumulative gains or losses, including those previously recognized in other comprehensive income, are reclassified to the income

statement for the period in financial income and expenses; when the asset is impaired, accumulated losses are recognized in the income statement. Assessments are made regularly as to whether there is any objective evidence that a financial asset or group of assets may be impaired. If any such evidence exists, any impairment loss is included in the income statement for the period. Certain other funds held by reinsurance companies are classified as loans and receivables and are measured at amortized cost.

The fair value of financial instruments is measured in accordance with a fair value hierarchy that prioritizes the information used to measure fair value into three broad levels. Transfers between the hierarchy levels are recognized at the beginning of the period.

Gains and losses arising from the changes in the fair value of reinsurance investments classified as FVTPL or held for trading are included in the income statement in the period in which they arise. Net investment income for the reinsurance investments includes interest and dividend income, amortization of premiums and discounts on fixed maturities and short-term investments and investment income on funds held by reinsurance companies, and is net of investment expenses and withholding taxes. Investment income is recognized when earned. Realized gains and losses on the disposal of investments are determined on a first-in, first-out basis. Investment purchases and sales are recorded on a trade-date basis.

Derivative financial instruments

Derivative financial instruments are used for economic hedging purposes, in order to reduce currency, interest rate and market price risks (primarily related to commodities and securities). In accordance with IAS 39, all derivative financial instruments are measured at fair value.

Derivative financial instruments qualify for hedge accounting only when there is formal designation and documentation of the hedging relationship at the inception of the hedge, the hedge is expected to be highly effective, its effectiveness can be reliably measured and it is highly effective throughout the financial reporting periods for which it is designated.

When derivative financial instruments qualify for hedge accounting, the following accounting treatments apply:

- *Fair value hedge* (hedge of the exposure to changes in fair value) in which the effects of the hedge are recognized in the income statement;
- *Cash flow hedge* (hedge of the exposure to variability in future cash flows) in which the effective portion of a gain or loss in fair value is recognized directly in other comprehensive income and the ineffective portion is recognized immediately in the income statement. When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss realized to the point of termination remains in other comprehensive income and is recognized in the income statement at the same time as the underlying transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealized gain or loss held in other comprehensive income is recognized in the income statement immediately;
- *Hedge of a net investment* (hedges of a net investment in a foreign operation) in which the effective portion of the gain or loss on the derivative financial instrument is recognized in other comprehensive income and the ineffective portion is recorded in the income statement.

If hedge accounting cannot be applied, the gains or losses from the fair value measurement of derivative financial instruments are recognized immediately in the consolidated income statement.

Transfer of financial assets

The Group derecognizes financial assets when, and only when, the contractual rights to the cash flows arising from the asset are no longer held or if it transfers the financial asset. In case of a transfer of financial asset:

- if the Group transfers substantially all the risks and rewards of ownership of the financial asset, it derecognizes the financial asset and recognizes separately as assets or liabilities any rights and obligations created or retained in the transfer;
- if the Group retains substantially all the risks and rewards of ownership of the financial asset, it continues to recognize the financial asset;
- if the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it determines whether it has retained control of the financial asset. In this case:
 - if it has not maintained control, it derecognizes the financial asset and recognizes separately as assets and liabilities any rights and obligations created or retained in the transfer;
 - if it has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the financial asset.

On derecognition of financial assets, the difference between the carrying amount of the asset and the consideration received or receivable for the transfer of the asset is recognized in the income statement.

Inventories

Inventories of raw materials, semi-finished products and finished goods (including assets sold with a buy-back commitment) are stated at the lower of cost and net realizable value, cost being determined on a first in-first-out (FIFO) basis. The measurement of inventories includes the direct costs of materials, labor and indirect costs (variable and fixed). A provision is made for obsolete and slow-moving raw materials, finished goods, spare parts and other supplies based on their expected future use and realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs for sale and distribution.

The measurement of production systems construction contracts is based on the stage of completion determined as the proportion of cost incurred at the balance sheet date to the estimated total contract cost. These items are presented net of progress billings received from customers. Any losses on such contracts are fully recorded in the income statement when they are known.

Employee benefits

Defined contribution plans

Costs arising from defined contribution plans are expensed as incurred.

Defined benefit plans

The Group's net obligations are determined separately for each plan by estimating the present value of future benefits that employees have earned in the current and prior periods, and deducting the fair value of any plan assets. The present value of the defined benefit obligation is measured using actuarial techniques and actuarial assumptions that are unbiased and mutually compatible and attributes benefits to periods in which the obligation to provide post-employment benefits arise by using the Projected Unit Credit Method. Plan assets are recognized and measured at fair value.

When the net obligation is a potential asset, the recognized amount is limited to the present value of any economic benefits available in the form of future refunds or reductions in future contributions to the plan (asset ceiling).

The components of the defined benefit cost are recognized as follows:

- the service costs are recognized in the income statement by function and presented in the relevant line items (cost of sales, selling, general and administrative costs, research and development costs, etc.);
- the net interest on the defined benefit liability or asset is recognized in the income statement as financial income (expenses), and is determined by multiplying the net liability (asset) by the discount rate used to discount obligations taking into account the effect of contributions and benefit payments made during the year;
- the remeasurement components of the net obligations, which comprise actuarial gains and losses, the return on plan assets (excluding interest income recognized in the income statement) and any change in the effect of the asset ceiling are recognized immediately in other comprehensive income. These remeasurement components are not reclassified in the income statement in a subsequent period.

Past service costs arising from plan amendments and curtailments are recognized immediately in the income statement within other unusual income (expenses). Gains and losses on the settlement of a plan are recognized in the income statement within other unusual income (expenses) when the settlement occurs.

Other long-term employee benefits

The Group's obligations represent the present value of future benefits that employees have earned in return for their service during the current and prior periods. Remeasurement components on other long-term employee benefits are recognized in the income statement in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of i) when the Group can no longer withdraw the offer of those benefits and ii) when the Group recognizes costs for a restructuring.

Post-employment plans other than pensions

The Group provides certain post-employment defined benefits, mainly healthcare plans. The method of accounting and the frequency of valuations are similar to those used for defined benefit pension plans.

Share-based compensation

Share-based compensation plans that are to be settled by the delivery of shares are measured at fair value at the grant date. This fair value is expensed over the vesting period of the plan with a corresponding increase in equity.

Periodically, the Group reviews its estimate of the benefits expected to vest through the plan and recognizes any difference in estimate in the income statement, with a corresponding increase or decrease in equity.

Share-based compensation plans that are to be settled in cash or by the delivery of other financial assets are recognized as a liability and measured at fair value at the end of each reporting period and when settled. Any subsequent changes in fair value are recognized in the income statement.

Provisions

Provisions are recognized when the Group has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Changes in estimates of provisions are reflected in the income statement in the period in which the change occurs.

Technical reinsurance reserves

Non-life and health technical reinsurance reserves include amounts determined from loss reports on individual treaties (case reserves), additional case reserves when PartnerRe's loss estimate is higher than reported by the cedants (ACRs) and amounts for losses incurred but not yet reported to PartnerRe (IBNR). Such reserves are estimated by Management based upon reports received from ceding companies, supplemented by PartnerRe's own actuarial estimates of reserves for which ceding company reports have not been received, and based on PartnerRe's own historical experience. To the extent that PartnerRe's own historical experience is inadequate for estimating reserves, such estimates may be determined based upon industry experience and Management's judgment. The estimates are continually reviewed and the ultimate liability may be in excess of, or less than, the amounts provided. Any adjustments are reflected in the periods in which they are determined, which may affect PartnerRe's operating results in future periods.

Technical reinsurance reserves for life policies have been established based upon information reported by ceding companies, supplemented by PartnerRe's actuarial estimates of mortality, critical illness, persistency and future investment income, with appropriate provision to reflect uncertainty.

PartnerRe purchases retrocessional contracts to reduce its exposure to risk of losses on reinsurance assumed. Reinsurance recoverable on paid and unpaid losses involves actuarial estimates consistent with those used to establish the associated technical reinsurance reserves.

Reinsurance Acquisition Costs

Reinsurance acquisition costs for non-life and health contracts comprised of incremental brokerage fees, commissions and excise taxes which vary directly with, and are related to, the acquisition of reinsurance contracts, are capitalized and charged to expense as the related premium is earned. All other acquisition related costs, including all indirect costs, are expensed as incurred.

Acquisition costs related to life contracts are deferred and amortized over the premium-paying periods in proportion to anticipated premium income, allowing for lapses, terminations and anticipated investment income.

Actual and anticipated losses and loss expenses, other costs and investment income related to underlying premiums are considered in determining the recoverability of deferred acquisition costs related to PartnerRe's Non-life business. Actual and anticipated loss experience, together with the present value of future gross premiums, the present value of future benefits, settlement and maintenance costs are considered in determining the recoverability of deferred acquisition costs related to PartnerRe's Life business.

Treasury stock

The cost of any treasury stock purchased and/or held, also through subsidiaries, as a result of specific shareholder resolutions are recognized as a deduction from equity. Therefore, the reserve offsetting treasury stock in portfolio is not shown separately. The proceeds from any subsequent sale are recognized in equity.

Revenue recognition

Revenue is recognized if it is probable that the economic benefits associated with a transaction will flow to the Group and the revenue can be reliably measured.

Revenue from sale of vehicles and service parts is recognized when the risks and rewards of ownership are transferred to the customer, the sales price is agreed or determinable and collectability is reasonably assured. For vehicles, this generally corresponds to the date when the vehicles are made available to dealers not belonging to the Group, or when the vehicle is released to the carrier responsible for transporting vehicles to dealers.

Revenues are recognized net of discounts, allowances and returns, as well as costs for sales incentive programs and customer bonuses, determined on the basis of historical costs, country by country, and charged against profit

for the period in which the corresponding sales are recognized. The Group's sales incentive programs include incentives offered to dealers and retail customers, and granting of retail financing at a significant discount to market interest rates. These costs are recognized at the time of sale of the vehicle.

New vehicle sales made with a buy-back commitment, or through the Guaranteed Depreciation Program ("GDP") under which the Group guarantees the residual value or otherwise assumes responsibility for the minimum resale value of the vehicle, are not recognized at the time of delivery but are accounted for similar to an operating lease when it is probable that the vehicle will be bought back. Vehicles sold with a buy-back commitment are accounted for as inventories if the agreements usually have a short-term buy-back commitment; they are accounted for as property, plant and equipment if agreements usually have a long-term buy-back commitment.

The difference between the carrying value (corresponding to the manufacturing cost) and the estimated resale value (net of refurbishing costs) at the end of the buy-back period is depreciated on a straight-line basis over the same agreement period. The initial sale price received is recognized in liabilities as a down payment.

The difference between the initial sale price and the buy-back price is recognized as rental revenue on a straight-line basis over the term of the operating lease.

Assets sold under a buy-back commitment that are initially recognized in property, plant and equipment are reclassified to inventories at the end of the agreement term if they are held for sale. The proceeds from the sale of such assets are recognized as revenues.

Revenues from services and from construction contracts are recognized by reference to the stage of completion.

Revenues also include lease rentals recognized over the contractual term of the lease on a straight-line basis as well as interest income from financial services companies.

Revenues from services (contracts for extended warranties, maintenance, sponsorships) are recognized over the period during which the service is provided. In particular, revenues for real estate services are recognized when persuasive evidence of an arrangement exists, services have been rendered, the amount is fixed or determinable and collectability is reasonably assured unless there are contingencies that impact revenue recognition. The existence of any significant future contingencies results in the delay of revenue recognition for the contingent amounts until such contingencies are satisfied. Certain reimbursements (primarily employment costs and other charges) in connection with facilities and property management operations are recognized as revenues when the underlying reimbursable costs are incurred.

Revenues from matches, radio and television rights, media revenues and season ticket sales are recognized on an accrual basis, that is, when the relative match is played.

Reinsurance Premiums

Non-life and health net premiums written and earned are based upon reports received from ceding companies, supplemented by PartnerRe's own estimates of premiums for which ceding company reports have not been received. The determination of premium estimates requires a review of PartnerRe's experience with cedants, familiarity with each market, an understanding of the characteristics of each line of business and Management's assessment of the impact of various other factors on the volume of business written and ceded to PartnerRe. Premium estimates are updated as new information is received from cedants and differences between such estimates and actual amounts are recorded in the period in which the estimates are changed or the actual amounts are determined. Net premiums written and earned are presented net of ceded premiums, which represent the cost of retrocessional protection purchased by PartnerRe. Premiums are earned on a basis that is consistent with the risks covered under the terms of the reinsurance contracts, which is generally one to two years. For U.S. and European wind and certain other risks, premiums are earned commensurate with the seasonality of the underlying exposure. Reinstatement premiums are recognized as written and earned at the time a loss event occurs, where coverage limits for the remaining life of the contract are reinstated under pre-defined contract terms. The accrual of reinstatement premiums is based on Management's estimate of losses and loss expenses associated with the loss event. Unearned premiums represent the portion of premiums written which is applicable to the unexpired risks under contracts in force.

Premiums related to life business are earned over the premium-paying period on the underlying policies.

Cost of sales

The costs are recognized on the accruals basis.

Cost of sales comprises:

- the cost of manufacturing products and the acquisition cost of purchased merchandise which has been sold. It includes all directly attributable material and production costs and all overheads directly related to production and/or the performance of services. These include the depreciation of property, plant and equipment and the amortization of intangible assets relating to production and writedowns of inventories, freight and insurance costs relating to deliveries to dealers and agency fees in the case of direct sales and provisions made to cover the estimated cost of product warranties;
 - expenses which are directly attributable to the financial services businesses, including the interest expenses related to their financing as a whole and provisions for risks and writedowns of assets;
 - expenses that are directly attributable to the generation of revenue for real estate services including employment costs for employees who perform the underlying services that ultimately generate revenues and reimbursed costs relating to managed properties, in addition to costs for players' wages and technical staff, amortization and impairment losses on players' registration rights, operating and maintenance costs of sports facilities as well as all the costs incurred for sports events;
- reinsurance acquisition costs for non-life and health contracts comprised of incremental brokerage fees, commissions and excise taxes which vary directly with, and are related to, the acquisition of reinsurance contracts, are capitalized and charged to expense as the related premium is earned. All other acquisition related costs, including all indirect costs, are expensed as incurred. Acquisition costs related to life contracts are deferred and amortized over the premium-paying periods in proportion to anticipated premium income, allowing for lapses, terminations and anticipated investment income. Actual and anticipated losses and loss expenses, other costs and investment income related to underlying premiums are considered in determining the recoverability of deferred acquisition costs related to PartnerRe's Non-life business. Actual and anticipated loss experience, together with the present value of future gross premiums, the present value of future benefits, settlement and maintenance costs are considered in determining the recoverability of deferred acquisition costs related to PartnerRe's Life business.

Government grants

Government grants are recognized in the financial statements when there is reasonable assurance of the Company's compliance with the conditions for receiving such grants and that the grants will be received. Government grants are recognized as income over the periods necessary to match them with the related costs which they are intended to offset.

The benefit of a government loan at a below-market rate of interest is treated for accounting purposes as a government grant. The benefit of the below-market rate of interest is measured as the difference between the initial carrying amount of the loan (fair value plus transaction costs) and the proceeds received, and it is accounted for in accordance with the policies used for the recognition of government grants.

Taxes

Income taxes include all taxes based upon the taxable profits of the Group. Income taxes are provided by each consolidated company on the basis of a reasonable estimate of the definition of taxable income for tax purposes, in accordance with existing laws in the individual countries in which the Group operates and takes into account tax credit entitlement.

Current and deferred taxes are recognized as income or expense and included in the income statement for the period, except tax arising from a business combination or a transaction or event which is recognized, in the same or a different period, either in other comprehensive income or directly in equity.

Deferred taxes are accounted for under the full liability method.

Deferred tax liabilities are recognized for all taxable temporary differences between the carrying amounts of assets or liabilities and their tax base, except to the extent that the deferred tax liabilities arise from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit, or for differences related to investments in subsidiaries where reversal will not take place in the foreseeable future.

Deferred tax assets and liabilities are measured at the substantively enacted tax rates in the respective jurisdictions in which the Group operates that are expected to apply to the period when the asset is realized or liability is settled.

Deferred tax assets relating to the carry-forward of unused tax losses and tax credits, as well as those arising from temporary differences, are recognized to the extent that it is probable that future profits will be available against which they can be utilized.

The Group recognizes deferred tax assets associated with the deductible temporary differences on investments in subsidiaries only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Provisions for income taxes that could arise on the distribution of a subsidiary's undistributed profits are only made where there is a current intention to distribute such profits.

The Group recognizes deferred tax liabilities associated with the existence of a subsidiary's undistributed profits, except when it is able to control the timing of the reversal of the temporary difference and it is probable that this temporary difference will not reverse in the foreseeable future.

The Group reassesses unrecognized deferred tax assets at the end of each year and recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current income taxes and deferred taxes are offset when they relate to the same taxation authority and there is a legally enforceable right of offset.

Other taxes not based on income, such as property taxes and capital taxes, are included in other income (expenses).

Dividends

Dividends payable by the Group are reported as a movement in equity in the year in which they are approved by the shareholders' meeting.

Earnings per share

Basic earnings per share are calculated by dividing the profit (loss) attributable to owners of the parent entity by the weighted average number of shares outstanding during the year. For diluted earnings per share, the weighted average number of shares outstanding is adjusted assuming conversion of all shares having a potential dilutive effect.

Segment reporting

The EXOR Group, through its subsidiaries, is present in a diversified range of sectors, particularly Automotive (FCA), Agricultural Equipment, Construction Equipment and Commercial Vehicles (CNH Industrial), Ferrari brand, an icon of luxury, style and speed, reinsurance services (PartnerRe) and professional football (Juventus Football Club). EXOR and the subsidiaries of the Holdings System primarily carry out activities regarding equity investments and financial market investments.

For this reason the EXOR Group has chosen to disclose its information by segment, according to IFRS 8 – *Operating Segments*, which coincides with the consolidated data of each subsidiary holding company, every one of which represents an investment in a major business segment: FCA, CNH Industrial, Ferrari, PartnerRe, Juventus Football Club and the Holdings System. These companies, in turn, in preparing their financial statements in accordance with IAS/IFRS, present, if applicable, operating segment disclosure which best reflects their respective characteristics.

Details on segment reporting are reported in note 33.

Use of estimates

The consolidated financial statements and the relative notes are prepared in accordance with IFRS which require the use of estimates, judgments and assumptions that affect the carrying amount of assets and liabilities, the disclosures relating to contingent assets and liabilities and the amounts of income and expense reported for the period. The estimates and associated assumptions are based on elements that are known when the financial statements are prepared, on historical experience of the Group and on any other factors that are considered to be relevant.

The estimates and underlying assumptions are reviewed periodically and if the items subject to estimates do not perform as assumed then the actual results could differ from the estimates, which would require adjustment accordingly.

The effects of any changes in estimate are recognized in the income statement in the period in which the adjustment is made, or also in future periods if the revision affects both current and future periods.

The following are the critical measurement processes and key assumptions and estimates which may have significant effects on the amounts recognized in the consolidated financial statements or for which there is a risk that a significant difference may arise in respect to the carrying amounts of assets and liabilities in the future:

- measurement of identifiable assets and liabilities acquired in a business combination;
- recoverable amount of non-current assets: specifically, non-current assets include property, plant and equipment, goodwill and other intangible assets with indefinite useful lives, other intangible assets, equity investments and other financial assets. The Group periodically reviews the carrying amount of non-current assets held and used and that of assets held for sale when events and circumstances warrant such a review. For goodwill and intangible assets with indefinite useful lives such analysis is carried out at least annually and when events and circumstances warrant such a review. The analysis of the recoverable amount of non-current assets is usually performed using estimates of future expected cash flows from the use or disposal of the asset and a suitable discount rate in order to calculate present value. When the carrying amount of a non-current asset is impaired, the Group records an impairment loss for the amount by which the carrying amount of the asset exceeds its estimated recoverable amount from use or disposal determined by reference to the cash flows included in its most recent business forecasts. The estimates and assumptions described reflect the Group's current available knowledge as to the expected future development of the businesses and are based on an assessment of the future development of the markets and the automotive industry, which remain subject to a high degree of uncertainty due to the continuation of the economic difficulties in most countries of the Eurozone and its effects on the industry;
- the recoverability of deferred tax assets which takes into consideration future taxable income arising on the most recent budgets and plans, prepared by using the same criteria described for testing the impairment of assets and goodwill. Moreover, the Group estimates the impact of the reversal of taxable temporary differences on earnings and it also considers the period over which these assets could be recovered. These estimates and assumptions are subject to a high degree of uncertainty, in particular with regard to the future performance in the Eurozone. Therefore changes in current estimates due to unanticipated events could have a significant impact on the Group's consolidated financial statements;
- pension plans and other post-retirement benefits are measured on an actuarial basis which takes into consideration parameters of a financial nature such as the discount rate and the return on plan assets, the rates of salary increases and the rates of healthcare cost increases and the likelihood of potential future events estimated by using demographic assumptions such as mortality rates, dismissal and retirement rates. The discount rates used refer to high-quality corporate bonds in the respective market of reference. The return on plan assets is given by interest, dividends and other revenue derived from the plan assets, together with realized and unrealized gains or losses on the plan assets, less any costs of administering the plan and less any tax payable by the plan itself (other than those included in the actuarial assumptions used to measure the defined benefit obligation). Rates of salary increases reflect the Group's long-term actual expectation in the reference market and inflation trends. Trends in healthcare costs are developed on the basis of historical experience, the near-term outlook for costs and likely long-term trends;
- allowance accounts adjusting assets (receivables and inventories);
- dealer and customers incentives offered for the purchase of vehicles;
- estimated costs for product warranties;
- measurement of share-based compensation;
- residual values of assets leased out under operating lease arrangements or sold with a buy-back commitment;
- contingent liabilities particularly referring to disputes and legal proceedings;
- measurement of investments and certain financial assets whose fair value is determined on the basis of appraisals by independent experts;
- technical reinsurance reserves which are estimates involving actuarial and statistical projections at a given time to reflect PartnerRe Management's expectations of the costs of the ultimate settlement and administration of claims. Estimates of ultimate liabilities are contingent on many future events and the eventual outcome of these

events may be different from the assumptions underlying the reserve estimates. In the event that the business environment and social trends diverge from historical trends, PartnerRe may have to adjust its loss reserves to amounts falling significantly outside its current estimate. The estimates are regularly reviewed and the ultimate liability may be in excess of, or less than, the amounts provided, for which any adjustments will be reflected in the period in which the need for an adjustment is determined. For reserves relating to the life reinsurance business, PartnerRe makes a number of critical accounting estimates regarding mortality, longevity, morbidity, lapses, surrenders and future investment income and expenses;

- net reinsurance premiums written and earned and acquisition costs involve significant estimation as in most cases cedants seek protection for business that they have not yet written at the time they enter into reinsurance agreements and have to estimate the volume of premiums they will cede to PartnerRe. Reporting delays are inherent in the reinsurance industry and vary in length by reinsurance market (country of cedant) and type of treaty. As reporting delays can vary from a few weeks to a year or sometimes longer, PartnerRe produces accounting estimates to report premiums and acquisition costs until it receives the cedants' actual results. Estimates for premiums and acquisition costs are updated continuously as new information is received from cedants. The recovery of deferred policy acquisition costs is dependent upon the future profitability of the related business. Deferred policy acquisition costs recoverability testing is performed periodically together with the reserve adequacy test, based on the latest best estimate assumptions by line of business;
- Italian Exit tax.

1. Net revenues

Net revenues amount to €140,068 million in 2016 (€136,360 million in 2015). The composition is as follows:

€ million	2016		2015		Change
		%		%	
Sales of goods	129,483	92.4%	129,847	95.2%	(364)
Contract revenues	753	0.5%	1,334	1.0%	(581)
Other services	3,063	2.2%	2,705	2.0%	358
Net premium earned of insurance and reinsurance companies	3,606	2.6%			3,606
Interest income of financial services activities	885	0.6%	1,020	0.7%	(135)
Investment income and net realized and unrealized investments gains of insurance and reinsurance companies	221	0.2%			221
Lease installments from assets under operating leases and buy-backs	999	0.7%	902	0.7%	97
Television and radio rights and media revenues	206	0.1%	199	0.1%	7
Sponsorships and advertising	52	0.0%	45	0.0%	7
Season tickets and ticket office sales	51	0.0%	51	0.0%	0
Other	749	0.5%	257	0.2%	492
Total net revenues	140,068	100.0%	136,360	100.0%	3,708

In 2016 net revenues include €111.018 million referring to the FCA Group (€113,191 million in 2015), €22,882 million to the CNH Industrial Group (€23,785 million in 2015), €3,105 million to the Ferrari Group (included in FCA Group in 2015), €3,827 million to the PartnerRe Group and €498 million to Juventus Football Club (€379 million in 2015).

The contribution by segment is presented in note 34.

The analysis by geographical area is presented in note 35.

2. Cost of sales

In 2016 the cost of sales amounts to €117,771 million (€118,403 million in 2015) and includes the following:

€ million	2016	2015	Change
Cost of sales	114,312	117,672	(3,360)
Interest cost and other financial expenses from financial services companies	564	731	(167)
Losses and loss expenses and life policy benefits	2,395		2,395
Reinsurance acquisitions costs	500		500
Total cost of sales	117,771	118,403	(632)

In 2016 cost of sales includes €451 million of charges recognized for the additional estimated costs associated with the recall campaigns related to an industry wide recall of airbag inflators resulting from parts manufactured by Takata and €132 million of estimated net costs recognized associated with a recall for which costs are being contested with a supplier.

In 2015 Cost of sales included €658 million recorded by the FCA Group, of which €422 million of writeoffs to realign a portion of the productive capacity in NAFTA to better meet market demand for RAM pickup trucks and Jeep vehicles within the Group's existing infrastructure, and €236 million related to the payment of supplemental unemployment benefits due to extended downtime at certain plants associated with the implementation of the new manufacturing plan. The 2015 figures included also an adjustment of €761 million recognized for the United States and Canada in relation to the change in estimate of future recall campaign costs for vehicles sold in periods prior to the third quarter of 2015 and to additional warranty costs recorded in the second half of 2015 related to the increase in the accrual rate per vehicle.

3. Selling, general and administrative expenses

Selling, general and administrative expenses amount to €10,851 million in 2016 (€9,962 in 2015).

Selling expenses mainly consist of marketing, advertising, and sales personnel expenses.

General and administrative expenses mainly consist of administration expenses which are not attributable to the sales, manufacturing or research and development functions.

4. Research and development costs

The composition of research and development costs is as follows:

€ million	2016	2015	Change
Research and development costs expensed during the year	2,643	1,946	697
Amortization of capitalized development costs	2,045	1,702	343
Impairment and write-off of costs previously capitalized	121	221	(100)
Total research and development costs	4,809	3,869	940

In 2016 the impairment and write-offs of costs previously capitalized mainly referred to the FCA Group's capacity realignment to SUV production in China, which resulted in an impairment charge of €90 million for the locally produced Fiat Viaggio and Ottimo vehicles.

In 2015 the impairment and writeoffs of costs previously capitalized mainly referred to the FCA Group's plan to realign a portion of its manufacturing capacity in NAFTA to better meet demand for Ram pickup trucks and Jeep vehicles within the Group's existing plant infrastructure, which resulted in an impairment charge of €176 million for capitalized development costs that had no future economic benefit.

5. Result from investments

The composition is as follows:

€ million	2016	2015	Change
Share of the profit (loss) of equity method investees	360	306	54
Other income (expenses) from investments			
Dividends from investments	28	22	6
Impairment reversals (losses)	(8)	(2)	(6)
Other income and (accruals) to provisions on investments	(6)	2	(8)
Total other income (expenses) from investments	14	22	(8)
Total result from investments	374	328	46

6. Restructuring costs

Restructuring costs amount to €167 million in 2016 (€125 million in 2015) and mainly include restructuring costs recorded by the CNH Industrial Group of €39 million (€71 million in 2015), by the FCA Group of €88 million (€53 million in 2015) and by the PartnerRe Group of €40 million.

In 2016, restructuring cost of CNH Industrial, refers to the actions to reduce selling, general and administrative expenses, business support costs, costs related to the completion of manufacturing product specialization programs and footprint rationalization actions included in the Efficiency Program of the Group. In 2015 restructuring costs of the CNH Industrial Group included \$76 million, or €69 million for actions put into place to reduce selling, general and administrative expenses and business support costs and costs related to the completion of manufacturing product specialization programs and the efficiency program launched in July 2014.

Restructuring costs of the PartnerRe Group referred to the severance expenses associated with the restructuring of PartnerRe's business units, certain changes to PartnerRe's investment operations and executive changes part of the formation of a new organizational structure in which PartnerRe's business units were restructured into three worldwide business units comprised of P&C, Specialty and Life and Health.

7. Financial income (expenses)

The analysis of financial income (expenses) presented below includes amounts reported in specific lines of the consolidated income statement under financial income (expenses), as well as interest income from financial services activities recognized under net revenues of €885 million in 2016 (€1,020 million in 2015), and interest and other financial expenses from financial services companies recognized in costs of sales €564 million in 2016 (€731 million in 2015).

Details are as follows:

€ million	2016	2015	Change
Interest income from banks	155	197	(42)
Interest income from securities	15	19	(4)
Other interest income and financial income	154	221	(67)
<i>Total Interest and other financial income</i>	324	437	(113)
Interest income from customers and other financial income of financial services companies	885	1,020	(135)
Gains on disposal of securities	13	39	(26)
Total financial income	1,222	1,496	(274)
Less: Interest income from customers and other financial income of financial services companies	(885)	(1,020)	135
Financial income, excluding financial services companies	337	476	(139)
Interest expenses on bonds	1,398	1,644	(246)
Interest expenses from banks	693	752	(59)
Commission expenses	7	28	(21)
Other interest expenses and other financial expenses	540	807	(267)
<i>Total Interest and other financial expenses</i>	2,638	3,231	(593)
Writedowns of financial assets	211	176	35
Losses on disposal of securities	6	35	(29)
Net interest expenses on employee benefits provisions	399	412	(13)
Total interest and other financial expenses	3,254	3,854	(600)
Net (income) expenses from derivative financial instruments and exchange rate differences	366	319	47
Total financial expenses	3,620	4,173	(553)
Less: interest expenses and other financial expenses of financial services companies	(564)	(731)	167
Financial expenses, excluding financial services companies	3,056	3,442	(386)
Net financial income (expenses), excluding financial services companies	(2,719)	(2,966)	247

Other interest expenses and other financial expenses for the year ended December 31, 2016 included a loss on extinguishment of debt totaling €10 million related to the U.S.\$2.0 billion (€1.8 billion) voluntary prepayment of principal at par, of FCA US's tranche B term loan maturing on May 24, 2017 and FCA US's tranche B term loan maturing on December 31, 2018. This item also included a loss on extinguishment of debt for €8 million related to the prepayment by FCA of all scheduled payments due on the Canada Health Care Trust ("HCT") Tranche C Note (refer to note 31, Debt) and the charge of €54 million (\$60 million) related to the repurchase of portions of the Case New Holland Industrial Inc. 7.875% Notes due 2017, as well as the non-recurring charge of €31 million (\$34 million) due to the re-measurement and impairment of certain assets in our Venezuelan subsidiary.

Other interest expenses and other financial expenses for the year ended December 31, 2015 included a loss on extinguishment of debt totaling €168 million related to the prepayment of the secured senior notes of FCA US due in 2019 and 2021 (refer to note 31, Debt). Other interest cost and financial expenses included interest expense of €29 million, €41 million, and €50 million, related to the Canada HCT Notes (refer to note 31, Debt) for the years ended December 31, 2016, 2015 and 2014, respectively.

In 2015 Net financial expenses (excluding those of Financial Services) included also a pre-tax charge of €135 million (\$150 million) related to the re-measurement of the net monetary assets of the Venezuelan subsidiary, as well as a charge of €36 million (\$40 million) due to the re-measurement of net monetary assets of Argentinian subsidiaries.

8. Tax expense

Tax expense recognized in the consolidated income statement consist of the following:

€ million	2016	2015	Change
Italian Exit tax	170		170
Current tax expense	1,328	846	482
Deferred tax expense (benefit)	446	(133)	579
Tax expense (benefit) relating to prior periods	10	(2)	12
Total tax expense	1,954	711	1,243

The reconciliation between the income tax expense recognized in the consolidated financial statements and the theoretical income tax expense, calculated on the basis of the theoretical tax rate in effect in the Netherlands, is as follows:

€ million	2016	2015
Theoretical tax expense	1,066	681
Tax effect on:		
Recognition and utilization of previously unrecognized deferred tax assets	(3)	(80)
Permanent differences	(507)	(264)
Deferred tax assets not recognized and writedowns	635	362
Differences between foreign tax rates and the theoretical applicable tax rate and tax holidays	1,340	55
Taxes relating to prior years	10	(2)
Italian Exit tax	170	
Other differences	(853)	(98)
Total tax expense, excluding IRAP	1,859	655
	Effective tax rate	41.6%
IRAP (current and deferred)	95	56
Total tax expense	1,954	711

The applicable tax rate used to determine the theoretical income taxes was 25 percent in 2016, which is the tax rate applicable in 2016 in the Netherlands as compared to 27.5 percent in 2015, which was the tax rate in Italy (IRES at 27.5% in 2015) to the profit before taxes the tax jurisdiction in which EXOR was resident.

The 2016 effective tax rate was impacted by the estimate of the Italian Exit tax of €170 million incurred as consequence of the cross-merger of EXOR S.p.A. into EXOR N.V. The merged company EXOR S.p.A was taxable for IRES and IRAP purposes up until the legally effective date of the Merger. For Italian tax purposes the Merger qualifies as an intra-community cross-border merger as defined by the Italian tax regulations which have implemented E.U. Council Directive 1990/434 dated July 23, 1990 on the common system of taxation to be applied to mergers, de-mergers, transfers of assets and share exchanges involving companies of differing Member States (consolidated in E.U. Council Directive 2009/133 dated October 19, 2009, the “Merger Directive”).

The Italian tax regulations provide for the fiscal neutrality of the intra-community merger with respect to assets and liabilities which remain connected with a permanent organization in Italy, providing, conversely, that elements which do not remain connected with a permanent organization in Italy are deemed to be realized at fair value. Considering that EXOR N.V. has not maintained a permanent organization in Italy after the Merger, all the components of EXOR S.p.A. (including investments in companies, financial liabilities and its tax-suspended reserves) have been treated as having been realized at fair value, resulting in the crystallization of taxable surpluses (“EXIT gains”) in the financial position at the December 10, 2016 merger date.

On the basis of the information available and the estimates made, a €217 million provision has been recognized for taxation on the excess of the surpluses arising on the “Exit” over the operating losses brought forward reduced by a tax credit of €47 million for substitute tax paid in past years.

During December 2016, CNH Industrial completed a corporate reorganization of its Latin American operations, resulting in a \$74 million charge to tax expense, comprised of \$56 million related to changes in valuation

allowances booked against deferred tax assets in Brazil and Argentina and \$18 million related to certain other basis adjustments.

At December 31, 2016 the deferred tax asset balance consists of deferred tax assets less deferred tax liabilities of the individual consolidated companies, where these may be offset.

The amounts recognized are as follows:

€ million	12/31/2016	12/31/2015	Change
Deferred tax assets	4,792	5,331	(539)
Deferred tax liabilities	(527)	(550)	23
Total	4,265	4,781	(516)

The decrease in net deferred tax assets at December 31, 2016 from December 31, 2015 mainly related to FCA Group and in particular (i) a €769 million decrease related to the utilization of U.S. tax credit carryforwards by the US companies and reductions to other U.S. deferred tax assets and (ii) a €79 million decrease to EMEA deferred tax assets, which were partially offset by (iii) a €430 million increase to Brazil deferred tax assets due to additional tax loss carryforwards and positive foreign currency translation effects.

The components of deferred tax assets and liabilities in 2016 are as follows:

€ million	12/31/2015	Recognized in income statement	Recognized in Other comprehensive income	Changes due to acquisition of PartnerRe Group	Translation differences and other changes	12/31/2016
Deferred tax assets arising from:						
- Provisions	6,899	(39)		175	172	7,207
- Provision for employee benefits	3,399	(26)	(262)	14	271	3,395
- Intangible assets	273	(17)		11	(17)	251
- Inventories	483	(10)			8	481
- Allowances for doubtful accounts	260	26			21	308
- Impairment of financial assets	232	(18)			18	232
- Other	1,018	(254)	47	197	(117)	891
Total deferred tax assets	12,564	(337)	(215)	396	357	12,765
Deferred tax liabilities arising from:						
- Accelerated depreciation	(3,312)	(75)			10	(3,378)
- Capitalization of development costs	(2,881)	(273)			(63)	(3,216)
- Other intangible assets and intangible assets with indefinite useful lives	(1,432)	82		(168)	(105)	(1,624)
- Provision for employee benefits	(50)	1	3	(1)	2	(45)
- Other	(733)	138	24	(232)	(15)	(818)
Total deferred tax liabilities	(8,408)	(127)	27	(401)	(172)	(9,081)
Deferred tax assets arising on tax loss carry-forwards	4,651	586		26	103	5,366
Unrecognized deferred tax assets	(4,026)	(561)	(1)	(99)	(100)	(4,785)
Net deferred tax assets	4,781	(439)	(189)	(78)	190	4,265

The components of deferred tax assets and liabilities in 2015 are as follows:

€ million	12/31/2014	Recognized in income statement	Recognized in Other comprehensive income	Changes due to sale of C&W Group	Translation differences and other changes	12/31/2015
Deferred tax assets arising from:						
- Provisions	5,442	1,213		(5)	249	6,899
- Provision for employee benefits	2,538	383	12	(16)	482	3,399
- Intangible assets	461	(171)			(17)	273
- Inventories	512	(41)			12	483
- Allowances for doubtful accounts	276	8			(24)	260
- Impairment of financial assets	232	(18)			18	232
- Other	2,167	(1,933)	(16)	(61)	861	1,018
Total deferred tax assets	11,628	(559)	(4)	(82)	1,581	12,564
Deferred tax liabilities arising from:						
- Accelerated depreciation	(3,170)	151		3	(296)	(3,312)
- Capitalization of development costs	(2,387)	(165)			(329)	(2,881)
- Brands, trademarks and other intangibles	(1,412)	42		111	(173)	(1,432)
- Provision for employee benefits	(29)	4	(240)		215	(50)
- Other	(1,023)	358	(69)	(2)	3	(733)
Total deferred tax liabilities	(8,021)	390	(309)	112	(580)	(8,408)
Deferred tax assets arising on tax loss carryforwards	5,755	102		(31)	(1,175)	4,651
Unrecognized deferred tax assets	(4,411)	201	1	35	148	(4,026)
Net deferred tax assets	4,951	134	(312)	34	(26)	4,781

The decision to recognize deferred tax assets is made for each company by critically assessing whether conditions exist for the future recoverability of such assets by taking into account recent forecasts from budgets and plans.

At December 31, 2016, the Group has deferred tax assets on deductible temporary differences of €12,765 million (€12,564 million at December 31, 2015) of which €894 million is not recognized (€778 million at December 31, 2015). At December 31, 2016, the Group also has deferred tax assets on tax loss carryforwards of €5,366 million (€4,651 million at December 31, 2015) of which €3,891 million is unrecognized (€3,248 million at December 31, 2015). At December 31, 2016 net deferred tax assets include the amount of €1,475 million in respect of benefits on unused tax loss carryforwards (€1,403 million at December 31, 2015).

As of December 31, 2016, the FCA Group had total deferred tax assets of €2,902 million in Italy (€2,706 million at December 31, 2015) primarily attributable to Italian tax loss carry-forwards that can be carried forward indefinitely. The FCA Group has determined that it is probable that sufficient Italian taxable income will be generated in future periods that will allow the realization of €750 million of the Italian deferred tax assets (€764 million at December 31, 2015). As a result, €2,152 million of deferred tax assets in Italy were not recognized as of December 31, 2016 (€1,942 million at December 31, 2015).

As of December 31, 2016, the FCA Group had total deferred tax assets of €1,276 million in Brazil (€571 million at December 31, 2015) primarily attributable to Brazilian tax loss carry-forwards which can be carried forward indefinitely. As a result of the continued macroeconomic weakness and uncertainty in Brazil in 2016, a portion of the deferred tax assets in Brazil totaling approximately €300 million, which include Brazil tax losses, was not recognized as the Group concluded that there was no longer sufficient evidence to indicate that full utilization was probable. These unrecognized deferred tax assets will be monitored and assessed at each reporting date. The FCA Group continues to recognize Brazilian deferred tax assets of €976 million (€571 million at December 31, 2015) as the Group considers it probable that it will have sufficient taxable income in the future to allow the realization of these deferred tax assets.

Deferred taxes have not been provided on the undistributed earnings of subsidiaries since the Group is able to control the timing of the distribution of these reserves and it is probable that they will not be distributed in the foreseeable future.

Total deductible and taxable temporary differences and accumulated tax losses at December 31, 2016, together with the amounts for which deferred tax assets have not been recognized, analyzed by year of expiration, are as follows:

€ million	Total at 12/31/2016	Year of expiration					
		2017	2018	2019	2020	Beyond 2020	Unlimited / Indeterminable
Temporary differences and tax losses							
- Deductible temporary differences	65,272	12,546	8,597	8,467	8,801	21,074	5,787
- Taxable temporary differences	(48,115)	(5,815)	(5,980)	(5,905)	(5,774)	(12,675)	(11,966)
- Tax losses	24,981	228	314	364	535	2,277	21,262
- Temporary differences and tax losses for which deferred tax assets have not been recognized	(22,471)	(1,075)	(456)	(420)	(608)	(2,609)	(17,303)
Temporary differences and tax losses	19,667	5,884	2,475	2,506	2,954	8,067	(2,220)

9. Other information by nature

In 2016 personnel costs for the Group amounted to €17,007 million (€15,496 million in 2015) which includes costs that were capitalized mainly in connection with product development activities.

The Group had an average number of employees of 302,562 in 2016 (303,247 employees in 2015).

10. Earnings per share

		2016	2015
Average number of ordinary shares outstanding		234,367,763	223,845,904
Profit attributable to owners of the parent	€ million	589	744
- basic earnings per share	€	2.512	3.329
- diluted earnings per share	€	2.472	3.325
Profit from continuing operations attributable to owners of the parent	€ million	590	222
- basic earnings per share	€	2.515	0.997
- diluted earnings per share	€	2.495	0.992
Profit from discontinued operations attributable to owners of the parent	€ million	(1)	522
- basic earnings per share	€	(0.003)	2.332
- diluted earnings per share	€	(0.023)	2.331

In order to calculate the diluted earnings per share, the profit attributable to owners of the parent was adjusted to take into account the dilutive effects arising from the theoretical exercise of the stock option plans granted by the subsidiaries of the Group using their own equity instruments.

11. Intangible assets

The composition is as follows:

€ million	12/31/2016	12/31/2015	Change
Goodwill, brands, trademarks and other intangible assets with an indefinite useful life	19,463	18,110	1,353
Other intangible assets	15,408	13,184	2,224
Total intangible assets	34,871	31,294	3,577

Goodwill, brands, trademarks and other intangible assets with an indefinite useful life

Changes during 2016 are the following:

€ million	12/31/2015	Change in the scope of consolidation	Acquisition of PartnerRe	Translation differences and other changes	12/31/2016
Goodwill					
Original cost	15,634	(2)	586	458	16,676
Accumulated impairment losses	(1,063)	0		(22)	(1,085)
Net carrying amount	14,571	(2)	586	436	15,591
Brands, trademarks and other intangible assets with an indefinite useful life					
Original cost	3,595	0	207	193	3,995
Accumulated impairment losses	(56)	0		(67)	(123)
Net carrying amount	3,539	0	207	126	3,872
Goodwill, brands, trademarks and other intangible assets with an indefinite useful life	18,110	(2)	793	562	19,463

At December 31, 2016 goodwill related to the acquisition of PartnerRe amounts to \$660 million, equal to €626 million (€586 million at the acquisition date).

In 2016 translation differences total €602 million and refer mainly to changes in the U.S. dollar/Euro rate.

Changes during 2015 were the following:

€ million	12/31/2014	Change in the scope of consolidation	Translation differences and other changes	12/31/2015
Goodwill				
Original cost	14,652	(471)	1,453	15,634
Accumulated impairment losses	(1,033)	48	(78)	(1,063)
Net carrying amount	13,619	(423)	1,375	14,571
Brands, trademarks and other intangible assets with an indefinite useful life				
Original cost	3,442	(214)	367	3,595
Accumulated impairment losses	(52)	1	(5)	(56)
Net carrying amount	3,390	(213)	362	3,539
Goodwill, brands, trademarks and other intangible assets with an indefinite useful life	17,009	(636)	1,737	18,110

The change in the scope of consolidation referred mainly to the sale of C&W Group for €465 million of goodwill and €213 million of brands, trademarks and other intangible assets with an indefinite useful life.

In 2015 translation differences totalled €1,375 million and refer mainly to changes in the U.S. dollar/Euro rate.

Goodwill

Goodwill and other assets are allocated to individual cash-generating units by the subsidiaries and associates on the basis of their procedures, methods and assumptions in accordance with IAS 36. This allocation, presented in the following table, is considered representative also for the consolidated financial statements.

€ million	12/31/2016	12/31/2015	Change
NAFTA	9,618	9,312	306
APAC	1,250	1,210	40
LATAM	602	583	19
EMEA	285	276	9
Ferrari		786	(786)
Components	62	62	0
Other activities		54	(54)
FCA Group	11,817	12,283	(466)
Agricultural Equipment	1,603	1,550	53
Construction Equipment	550	533	17
Commercial Vehicles	52	52	0
Powertrain	2	2	(0)
Financial Services	121	118	3
CNH Industrial Group	2,329	2,255	74
Ferrari Group	786		786
PartenerRe Group	626		626
FCA N.V.	14	14	0
CNH Industrial N.V.	19	19	0
Holdings System	33	33	0
Total goodwill	15,591	14,571	1,020

FCA Group

Goodwill mainly includes the goodwill on the acquisition of FCA US of €11,731 million (€11,359 million at December 31, 2015). At December 31, 2016, €54 million of goodwill was classified within Assets held for sale as a result of ltedi meeting the held for sale criteria.

Goodwill is allocated to reporting segments or to CGUs within the reporting segments as appropriate.

In accordance with IAS 36 - Impairment of Assets, goodwill and intangible assets with indefinite useful lives are not amortized and are tested for impairment annually or more frequently if facts or circumstances indicate that the asset may be impaired.

Goodwill and intangible assets with indefinite useful lives are allocated to operating segments or to CGUs within the operating segments. The impairment test is performed by comparing the carrying amount (which mainly comprises property, plant and equipment, goodwill, brands and capitalized development expenditures) and the recoverable amount of each CGU or group of CGUs to which goodwill has been allocated. The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use. The balance of goodwill and intangible assets with indefinite useful lives recognized by the Group primarily relates to the acquisition of FCA US. Goodwill has been allocated to the NAFTA, EMEA, APAC and LATAM operating segments.

The assumptions used in the impairment test represent management's best estimate for the period under consideration. The estimate of the recoverable amount, for purposes of performing the annual impairment test for each of the operating segments, was determined using fair value less cost to sell for the year ended December 31, 2016 and was based on the following assumptions:

- The expected future cash flows covering the period from 2017 through 2020. These expected cash flows have been derived from the Group's 2014-2018 business plan presented on May 6, 2014, which was subsequently updated. The remaining years of the Group's business plan were updated to reflect current expectations regarding economic conditions and market trends as well as to extend the discrete projections beyond 2018 to 2020. These cash flows relate to the respective CGUs in their condition when preparing the financial statements and exclude the estimated cash flows that might arise from restructuring plans or other structural changes. Volumes and sales mix used for estimating the future cash flow are based on assumptions that are considered reasonable and sustainable and represent the

best estimate of expected conditions regarding market trends and segment, brand and model share for the respective operating segment over the period considered. With regards to the LATAM operating segment, expected future cash flows also include the extension of tax benefits and other government grants to the extent such events are considered probable.

- The expected future cash flows include a normalized terminal period to estimate the future result beyond the time period explicitly considered which incorporates a long-term growth rate assumption of 2 percent.
- Post-tax cash flows have been discounted using a post-tax discount rate which reflects the current market assessment of the time value of money for the period being considered and the risks specific to the operating segment and cash flows under consideration. The Weighted Average Cost of Capital ("WACC") ranged from approximately 15 percent to approximately 20 percent. The WACC was calculated using the Capital Asset Pricing Model technique.

The value estimated as described above was determined to be in excess of the book value of the net capital employed for each operating segment to which goodwill has been allocated. As such, no impairment charges were recognized for goodwill and Intangible assets with indefinite useful lives for the year ended December 31, 2016.

CNH Industrial Group

The vast majority of goodwill, representing approximately 98% of the total, as of December 31, 2016 related to Agricultural Equipment (69%) to Construction Equipment (24%) and to Financial Services (5%), where the cash-generating units considered for the testing of the recoverability of the goodwill are the segments.

CNH Industrial determines the recoverable amount of these cash-generating units using multiple valuation methodologies, relying largely on an income approach but also incorporating value indicators from a market approach.

Under the income approach, CNH Industrial calculates the recoverable amount of a cash-generating unit based on the present value of estimated future cash flows. The income approach is dependent on several critical management assumptions, including estimates of future sales, gross margins, operating costs, income tax rates, terminal value growth rates, capital expenditures, changes in working capital requirements and the weighted average cost of capital (discount rate). Discount rate assumptions include an assessment of the risk inherent in the future cash flows of the respective cash-generating units.

Discount rates ranged from 13.3 percent to 14.1 percent for Construction and Agricultural Equipment (from 13.4 percent to 17.8 percent in 2015). The discount rate for Financial services was 21.6 percent in 2016 (21.3 percent in 2015).

Expected cash flows used under the income approach are developed in conjunction with the CNH Industrial budgeting and forecasting processes. CNH Industrial uses nine years of expected cash flows for the Agricultural Equipment and Construction Equipment cash-generating units and four years of expected cash flows for the Financial Services cash-generating unit as management believes that these periods generally reflect the underlying market cycles for its businesses. Under the market approach, CNH Industrial estimates the recoverable amount of the Agricultural Equipment and Construction Equipment cash-generating units using revenue and EBITDA multiples and estimates the recoverable amount of the Financial Services cash-generating unit using book value, tangible book value and interest margin multiples. The multiples are derived from comparable publicly-traded companies with similar operating and investment characteristics as the respective cash-generating units. The guideline company method makes use of market price data of corporations whose stock is actively traded in a public, free and open market, either on an exchange or over-the counter basis. Although it is clear that no two companies are entirely alike, the corporations selected as guideline companies must be engaged in the same, or a similar, line of business or be subject to similar financial and business risks, including the opportunity for growth.

A terminal value is included at the end of the projection period used in the discounted cash flow analyses in order to reflect the remaining value that each cash-generating unit is expected to generate. The terminal value represents the present value in the last year of the projection period of all subsequent cash flows into perpetuity. The terminal value growth rate is a key assumption used in determining the terminal value as it represents the annual growth of all subsequent cash flows into perpetuity. The terminal value growth rate for the Agricultural Equipment cash-generating unit was 1.0% in 2016 and 2015, and for Construction Equipment was 3.0% in 2016 and 2015. The terminal value growth rate for Financial Services was 1.5% in 2016 and 2015.

As of December 31, 2016 the estimated recoverable amounts, calculated using the above method, of the Agricultural Equipment and Financial Services cash-generating units exceeded the carrying values by approximately 51% and 28%, respectively. The Construction Equipment cash generating unit had an excess of estimated recoverable amounts over carrying value of approximately 14%. Although the excess of estimated recoverable amounts over carrying value is over 10%, the Construction Equipment cash generating unit is considered to be at higher risk of impairment in future reporting periods, due primarily to declines in market demand for construction equipment. Holding all other assumptions constant, an increase of 2.1 p.p. in the discount rate could result in an impairment loss in future reporting periods.

The results obtained for the Commercial Vehicles and related sensitivity analyses confirmed the absence of an impairment loss.

The sum of the recoverable amounts of CNH Industrial's cash generating units was in excess of CNH Industrial's market capitalization. CNH Industrial believes that the difference between the recoverable amount and market capitalization is reasonable (in the context of assessing whether any asset impairment exists) when market-based control premiums are taken into consideration.

Finally, the estimates and budget data to which the above mentioned parameters have been applied are those determined by management based on past performance and expectations of developments in the markets in which the Group operates. Estimating the recoverable amount of cash generating units requires discretion and the use of estimates by management. The Group cannot guarantee that there will be no goodwill impairment in future periods. Circumstances and events, which could potentially cause further impairment losses, are constantly monitored by the Group.

Ferrari Group

At December 31, 2016 goodwill amounted to €786 million (€786 million in 2015 included in FCA Group). In accordance with IAS 36, goodwill is not amortized and is tested for impairment annually, or more frequently if facts or circumstances indicate that the asset may be impaired. Impairment testing is performed by comparing the carrying amount and the recoverable amount of the CGU. The recoverable amount of the CGU is the higher of its fair value less costs to sell and its value in use.

The assumptions used in this process represent management's best estimate for the period under consideration. The estimate of the value in use of the CGU for purposes of performing the annual impairment test was based on the following assumptions:

- The expected future cash flows covering the period from 2017 through 2020 have been derived from the Ferrari business plan. In particular the estimate considers expected EBITDA adjusted to reflect the expected capital expenditure. These cash flows relate to the CGU in its condition when preparing the financial statements and exclude the estimated cash flows that might arise from restructuring plans or other structural changes. Volumes and sales mix used for estimating the future cash flows are based on assumptions that are considered reasonable and sustainable and represent the best estimate of expected conditions regarding market trends for the CGU over the period considered.
- The expected future cash flows include a normalized terminal period used to estimate the future results beyond the time period explicitly considered, which were calculated by using the specific medium/long-term growth rate for the sector equal to 2.0 percent (2.1 percent in 2015 and 1.0 percent in 2014).
- The expected future cash flows have been estimated in Euro, and discounted using a post-tax discount rate appropriate for that currency, determined by using a base WACC of 7.0 percent (7.6 percent in 2015 and 8.2 percent in 2014). The WACC used reflects the current market assessment of the time value of money for the period being considered and the risks specific to the CGU under consideration.

The recoverable amount of the CGU was significantly higher than its carrying amount. Furthermore, the exclusivity of the business, its historical profitability and its future earnings prospects indicate that the carrying amount of the goodwill will continue to be recoverable, even in the event of difficult economic and market conditions.

PartnerRe Group

For goodwill and indefinite life intangible assets impairment testing PartnerRe is treated as a single cash generating unit. PartnerRe tests goodwill and indefinite life intangible assets for impairment on at least an annual basis at December 31. The recoverable amount is based on the fair value and is determined as a sum of the parts of the three operating segment: Property & Casualty, Specialty, Life & Health.

The fair value is based on a weighted average of industry accepted valuation methods, including: price-to-earnings multiples of comparable companies, price-to-tangible book value multiples of comparable companies and a discounted cash flow projection.

In the discounted cash flow projection the premium growth was assumed to be 1%. The discount rate applied was 10%. Cash flows are projected for an initial 5 year period plus a terminal valuation. The fair value calculation is categorised as a Level 3 valuation, as per the fair value hierarchy, as it utilises both observable and unobservable inputs. A reasonably possible change in one of the assumptions would not result in the fair value being less than the carrying value.

Brands, trademarks and other intangible assets with indefinite useful lives

The composition by reporting segment is as follows:

€ million	12/31/2016	12/31/2015	Change
FCA Group	3,405	3,293	112
CNH Group	221	215	6
PartnerRe Group	215		215
Juventus F.C.	31	31	0
Intangible assets with indefinite useful lives	3,872	3,539	333

Brands of the FCA Group are composed of the Chrysler, Jeep, Dodge, Ram and Mopar brands which resulted from the acquisition of FCA US. These rights are protected legally through registration with government agencies and through the continuous use in commerce. As these rights have no legal, contractual, competitive or economic term that limits their useful lives, they are classified as intangible assets with indefinite useful lives, and are therefore not amortized but are instead tested annually for impairment.

For the purpose of impairment testing, the carrying value of Brands, which is allocated to the NAFTA segment, is tested jointly with the goodwill allocated to the NAFTA segment.

With regard to the CNH Industrial Group, Trademarks and Other intangible assets with indefinite useful lives are mainly attributable to Agricultural Equipment and Construction Equipment and consist of acquired trademarks and similar rights which have no legal, contractual, competitive or economic factors that limit their useful lives. For the purposes of impairment testing, these assets were attributed to the respective cash-generating units. No impairment loss was recognized.

The indefinite-lived intangible assets of PartnerRe Group have no legal, contractual, competitive or economic term that limit their useful lives, and are therefore not amortized. For indefinite life intangible assets impairment testing PartnerRe is treated as a single cash generating unit using the same assumptions as the impairment test on goodwill.

Other intangible assets

Change in 2016 are the following:

€ million	Development costs externally acquired	Development costs internally generated	Patents, concessions and licenses externally acquired	Other intangible assets externally acquired	Players' registration rights	Total
Balance at December 31, 2015						
Original cost	11,577	10,483	4,055	1,559	385	28,059
Accumulated amortization and impairment	(5,734)	(5,584)	(2,401)	(972)	(184)	(14,875)
Net carrying amount	5,843	4,899	1,654	587	201	13,184
Changes during the year (original cost)						
Additions	1,771	1,265	516	134	180	3,866
Disposals	(1)	(49)	(80)	(7)	(95)	(232)
Acquisition of PartnerRe			7	1,125		1,132
Change in the scope of consolidation	0	(5)	(5)	3	0	(7)
Translation differences and other changes	(70)	647	51	77	0	705
Total	1,700	1,858	489	1,332	85	5,464
Changes during the year (accumulated amortization and impairment)						
Amortization	(1,159)	(887)	(258)	(566)	(72)	(2,942)
Impairment losses	(29)	(92)	0	(1)	(1)	(123)
Disposals	(1)	37	21	6	57	120
Change in the scope of consolidation	0	4	3	(1)	0	6
Translation differences and other changes	148	(386)	(44)	(19)	0	(301)
Total	(1,041)	(1,324)	(278)	(581)	(16)	(3,240)
Balance at December 31, 2016						
Original cost	13,277	12,341	4,544	2,891	470	33,523
Accumulated amortization and impairment	(6,775)	(6,908)	(2,679)	(1,553)	(200)	(18,115)
Net carrying amount	6,502	5,433	1,865	1,338	270	15,408

In 2016 new development costs were capitalized for €3,036 million, of which €2,558 million (€2,659 million in 2015) by FCA Group consisting primarily of material costs and personnel related expenses relating to engineering, design and development focused on content enhancement of existing vehicles, new models and powertrain programs.

Impairment losses include €90 million write-offs related to the locally produced Fiat Viaggio and Ottimo vehicles.

The positive translation differences of €377 million primarily related to foreign currency translation of the U.S. Dollar to the Euro.

Changes in 2015 were the following:

€ million	Development costs externally acquired	Development costs internally generated	Patents, concessions and licenses externally acquired	Other intangible assets externally acquired	Players' registration rights	Total
Balance at December 31, 2014						
Original cost	9,510	9,195	3,603	1,709	318	24,335
Accumulated amortization and impairment	(4,295)	(4,960)	(1,982)	(1,137)	(184)	(12,558)
Net carrying amount	5,215	4,235	1,621	572	134	11,777
Changes during the year (original cost)						
Additions	1,544	1,529	255	207	165	3,700
Disposals	1	(53)	(14)	(35)	(98)	(199)
Change in the scope of consolidation	0	0	(6)	(309)	0	(315)
Translation differences and other changes	522	(188)	217	(13)	0	538
Total	2,067	1,288	452	(150)	67	3,724
Changes during the year (accumulated amortization and impairment)						
Amortization	(936)	(813)	(338)	(106)	0	(2,193)
Impairment losses	(187)	(34)	0	(2)	0	(223)
Disposals	0	37	12	30	0	79
Change in the scope of consolidation	0	0	5	211	0	216
Translation differences and other changes	(316)	186	(98)	32	0	(196)
Total	(1,439)	(624)	(419)	165	0	(2,317)
Balance at December 31, 2015						
Original cost	11,577	10,483	4,055	1,559	385	28,059
Accumulated amortization and impairment	(5,734)	(5,584)	(2,401)	(972)	(184)	(14,875)
Net carrying amount	5,843	4,899	1,654	587	201	13,184

In 2015 new development costs were capitalized for €3,073 million, of which €2,659 million by FCA Group consisting primarily of material costs and personnel related expenses relating to engineering, design and development focused on content enhancement of existing vehicles, new models and powertrain programs, as well as the investment for the development of Alfa Romeo vehicles.

To reflect changes in its product strategy, the FCA Group recorded impairment losses of €176 million in 2015 mainly to realign a portion of its manufacturing capacity in NAFTA to better meet market demand for Ram pickups and Jeep vehicles.

Positive translation differences principally reflect foreign exchange gains of €491 million included in translation differences and other changes that relate to the strengthening of the U.S. dollar against the Euro.

The amortization of development costs is reported in the income statement in Research and Development costs.

12. Property, plant and equipment

Changes in property, plant and equipment in 2016 are the following:

€ million	Land	Industrial buildings	Plant, machinery and equipment	Assets sold with a buy-back commitment	Other tangible assets	Advances and tangible assets in progress	Total
Balance at December 31, 2015							
Original cost	1,187	11,148	52,864	2,389	3,619	4,310	75,517
Accumulated depreciation and impairment	(47)	(4,252)	(34,453)	(484)	(2,134)	(14)	(41,384)
Net carrying amount	1,140	6,896	18,411	1,905	1,485	4,296	34,133
Changes during the year (original cost)							
Additions	6	335	3,630	787	485	1,801	7,044
Disposals	(11)	(23)	(741)	0	(78)	(18)	(871)
Change in the scope of consolidation	(6)	(22)	17	0	3	7	(1)
Translation differences	59	490	1,887	(35)	137	226	2,764
Other changes	(6)	157	2,100	(452)	(52)	(2,460)	(713)
Total	42	937	6,893	300	495	(444)	8,223
Changes during the year (accumulated depreciation and impairment)							
Depreciation	0	(425)	(4,097)	(252)	(359)	0	(5,133)
Impairment losses	(1)	(61)	(25)	(24)	(1)	(4)	(116)
Disposals	5	13	710	0	69	1	798
Change in the scope of consolidation	0	2	6	0	2	0	10
Translation differences	(1)	(117)	(959)	10	(75)	(1)	(1,143)
Other changes	0	16	205	186	44	1	452
Total	3	(572)	(4,160)	(80)	(320)	(3)	(5,132)
Balance at December 31, 2016							
Original cost	1,229	12,085	59,757	2,689	4,114	3,866	83,740
Accumulated depreciation and impairment	(44)	(4,824)	(38,613)	(564)	(2,454)	(17)	(46,516)
Net carrying amount	1,185	7,261	21,144	2,125	1,660	3,849	37,224
<i>of which leased under finance leases</i>	<i>5</i>	<i>326</i>	<i>653</i>		<i>2</i>		<i>986</i>

The net carrying amount of assets leased under finance lease agreements includes assets that are legally owned by suppliers but are recognized in the Consolidated Financial Statements in accordance with IFRIC 4 - Determining Whether an Arrangement Contains a Lease, with the corresponding recognition of a financial lease payable.

Additions total €7,044 million in 2016 and mainly refer to the FCA Group for €5,709 million and the CNH Industrial Group for €1,223 million.

For the year ended December 31, 2016, the Group recognized a total of €116 million of impairment losses and asset write-offs, of which €43 million related to certain of FCA Venezuela's assets due to the continued deterioration of the economic conditions in Venezuela. This impairment charge was recognized within Selling, general and administrative cost and other expenses.

In 2016, translation differences of €1,621 million primarily reflected the strengthening of the Brazilian Real and the U.S. Dollar against the Euro.

Changes in property, plant and equipment in 2015 are the following:

€ million	Land	Industrial buildings	Plant, machinery and equipment	Assets sold with a buy-back commitment	Other tangible assets	Advances and tangible assets in progress	Total
Balance at December 31, 2014							
Original cost	1,202	10,655	49,405	2,093	3,412	3,089	69,856
Accumulated depreciation and impairment	(11)	(3,899)	(31,273)	(486)	(1,973)	(16)	(37,658)
Net carrying amount	1,191	6,756	18,132	1,607	1,439	3,073	32,198
Changes during the year (original cost)							
Additions	6	590	3,497	784	328	2,229	7,434
Disposals	(11)	(65)	(1,234)	(71)	(76)	(24)	(1,481)
Change in the scope of consolidation	3	4	(6)	0	(180)	(1)	(180)
Translation differences	(21)	(36)	246	6	124	(121)	198
Other changes	8	0	956	(423)	11	(862)	(310)
Total	(15)	493	3,459	296	207	1,221	5,661
Changes during the year (accumulated depreciation and impairment)							
Depreciation	0	(405)	(3,854)	(209)	(306)	0	(4,774)
Impairment losses	(1)	(12)	(475)	(18)	(3)	(2)	(511)
Disposals	1	46	1,204	40	65	2	1,358
Change in the scope of consolidation	(3)	(3)	5	0	111	0	110
Translation differences	1	(3)	(15)	1	(34)	1	(49)
Other changes	(34)	24	(45)	188	6	1	140
Total	(36)	(353)	(3,180)	2	(161)	2	(3,726)
Balance at December 31, 2015							
Original cost	1,187	11,148	52,864	2,389	3,619	4,310	75,517
Accumulated depreciation and impairment	(47)	(4,252)	(34,453)	(484)	(2,134)	(14)	(41,384)
Net carrying amount	1,140	6,896	18,411	1,905	1,485	4,296	34,133
<i>of which leased under finance leases</i>	<i>8</i>	<i>322</i>	<i>623</i>		<i>1</i>		<i>954</i>

Additions totalled €7,434 million in 2015 and mainly referred to the FCA Group for €6,148 million and the CNH Industrial Group for €1,511 million.

In 2015 impairment losses amounted to €511 million, of which €422 million referred to the FCA Group mainly in relation to the realignment of a portion of the Group's manufacturing capacity in NAFTA to better meet market demand.

Positive translation differences of €149 million in 2015 mainly reflect the strengthening of the U.S. dollar against the Euro.

In 2015 other changes primarily consisted of the reclassification of prior year balances for advances and tangible assets in progress to the respective categories when the assets were acquired and entered service, as well as the reclassification to inventory of assets sold with a buy-back commitment that are held for sale at the agreement expiry date.

At December 31, 2016 property, plant and equipment of the FCA Group, excluding FCA US, pledged as security for debt and other commitments, mainly refer to assets that are legally owned by suppliers but are recognized in the consolidated financial statements in accordance with IFRIC 4 with the simultaneous recognition of a finance lease payable. The composition is as follows:

€ million	12/31/2016	12/31/2015	Change
Land and industrial buildings pledged as security for debt	1,239	934	305
Plant and machinery pledged as security for debt and other commitments	698	462	236
Other assets pledged as security for debt and other commitments	3	4	(1)
Property plant and equipment pledged as security for debt	1,940	1,400	540

At December 31, 2016, land and industrial buildings of the Group pledged as security for debt amounted to €97 million (€74 million at December 31, 2015); plant, machinery and equipment pledged as security for debt and other commitments amounted to €51 million (€81 million at December 31, 2015); these relate to suppliers' assets recognized in the Consolidated Financial Statements in accordance with IFRIC 4 – Determining whether an arrangement contains a lease, with the simultaneous recognition of a financial lease payable.

Moreover, at December 31, 2016 real estate mortgaged as security for a loan from the Istituto per il Credito Sportivo to Juventus FC for the construction of the new stadium and for the renovation of premises in the east section, amounts to a maximum amount of €140 million.

At December 31, 2016 the Group has contractual commitments for the acquisition of property, plant and equipment amounting €1,063 million (€1,846 million at December 31, 2015).

Recoverability of non-current assets of the FCA Group

Non-current assets with definite useful lives include property, plant and equipment, intangible assets and assets held for sale. Intangible assets with definite useful lives mainly consist of capitalized development expenditures related to the NAFTA and EMEA segments. The Group periodically reviews the carrying amount of non-current assets with definite useful lives when events or circumstances indicate that an asset may be impaired.

During the year ended December 31, 2016, impairment losses totaling €195 million were recognized. The most significant component of this impairment loss related to the impairment of capitalized development expenditures for the locally produced Fiat Viaggio and Ottimo vehicles as a result of the Group's capacity realignment to SUV production in China. The impairment test compared the carrying amount of the assets included in the respective cash generating units (comprising property, plant and equipment and capitalized development expenditures) to the assets' value in use, which was determined not to be materially different from their fair value, and was determined using a discounted cash flow methodology. The value in use of the cash generating units ("CGUs"), which was based primarily on unobservable inputs, was determined using pre-tax estimated future cash flows attributable to the CGUs that were discounted using a pre-tax discount rate reflecting current market assessments of the time value of money and the risks specific to the CGUs. As a result of completing the impairment test, it was determined that the carrying amount of the CGUs exceeded the capitalized development expenditures' value in use which resulted in an impairment charge of €90 million. In addition, due to the continued deterioration of the economic conditions in Venezuela, an impairment test which compared the carrying amount of certain of FCA Venezuela's assets to their fair value using a market approach, resulted in an impairment charge of €43 million.

During the year ended December 31, 2015, impairment losses totaling €713 million were recognized. The most significant component of this impairment loss related to the decision taken by the Group during the fourth quarter of 2015 to realign a portion of its manufacturing capacity in the NAFTA region, as part of the plan to improve NAFTA margins and to better meet market demand for Ram pickup trucks and Jeep vehicles within the Group's existing plant infrastructure. The approval of this plan was deemed to be an indicator of impairment for certain of our vehicle platform CGUs due to the significant changes to the extent to which the assets are expected to be used. The impairment test compared the carrying amount of the assets included in the respective CGUs (comprising property, plant and equipment and capitalized development expenditures) to their value in use, which was determined not to be materially different from their fair value, and was determined using a discounted cash flow methodology. The value in use of the CGUs, which was based primarily on unobservable inputs, was determined using pre-tax estimated future cash flows attributable to the CGU that were discounted using a pre-tax discount rate reflecting current market assessments of the time value of money and the risks specific to the CGUs. As a result of completing the impairment test, it was determined that the carrying amount of the CGUs exceeded their value in use and an impairment charge of €598 million was recorded for the year ended December 31, 2015, of which €422 million related to tangible asset impairments and €176 million related to the impairment of capitalized development expenditures.

13. Leased assets under operating leases

Changes in leased assets under operating leases in 2016 and 2015 are the following:

€ million	12/31/2015	Additions	Depreciation	Translation differences	Disposals and other changes	12/31/2016
Gross carrying amount	1,955	686	0	75	(578)	2,138
Depreciation and impairment	(269)	0	(242)	(11)	194	(328)
Net carrying amount of assets leased under operating leases	1,686	686	(242)	64	(384)	1,810

€ million	12/31/2014	Additions	Depreciation	Translation differences	Disposals and other changes	12/31/2015
Gross carrying amount	1,495	882	0	115	(537)	1,955
Depreciation and impairment	(244)	(1)	(193)	(11)	180	(269)
Net carrying amount of assets leased under operating leases	1,251	881	(193)	104	(357)	1,686

14. Investments accounted for using the equity method

Details are as follows:

€ million	12/31/2016	12/31/2015	Change
Investments in joint ventures	2,027	1,915	112
Investments in associates	943	1,196	(253)
Investments in unconsolidated subsidiaries	51	52	(1)
Equity method investments	3,021	3,163	(142)

During the 2016 FCA distributed its interest in RCS (16.7%) to its shareholders in a ratio of 0.067746 ordinary shares of RCS for each FCA common share held. EXOR received 25,459,208 shares of RCS that were later sold on the market.

Investments in joint ventures

Changes in 2016 and 2015 are the following:

€ million	12/31/2015	Revaluations (Impairment losses)	Acquisitions and capitalizations	Change in the scope of consolidation	Translation differences	Other changes	12/31/2016
Investments in joint ventures	1,915	308	89	0	(105)	(180)	2,027

€ million	12/31/2014	Revaluations (Impairment losses)	Acquisitions and capitalizations	Change in the scope of consolidation	Translation differences	Other changes	12/31/2015
Investments in joint ventures	1,732	177	178	0	(3)	(169)	1,915

The composition of investments in joint ventures is as follows:

€ million	12/31/2016	12/31/2015	Change
Investments in joint ventures			
FCA Bank	50.00% 1,044	50.00% 985	59
Tofas - Turk Otomobil Fabrikasi A.S.	37.90% 302	37.90% 305	(3)
GAC FIAT Chrysler Automobiles Co.	50.00% 237	50.00% 145	92
Naveco (Nanjing Iveco Motor Co.) Ltd.	50.00% 170	50.00% 197	(27)
Turk Traktor Ve Ziraat Makineleri A.S.	37.50% 69	37.50% 73	(4)
Other	205	210	(5)
Total Investments in joint ventures	2,027	1,915	112

FCA Bank S.p.A. ("FCA Bank"), which is a joint venture with Crédit Agricole Consumer Finance S.A. operates in Europe including Italy, France, Germany, UK and Spain. In July 2013, the Group reached an agreement with Crédit Agricole to extend the term of the joint venture through to December 31, 2021. Under the agreement, FCA Bank will continue to benefit from the financial support of the Crédit Agricole Group while continuing to strengthen its position as an active player in the securitization and debt markets. FCA Bank provides retail and dealer financing and long-term rental services in the automotive sector.

Tofas-Turk Otomobil Fabrikasi A.S. ("Tofas"), which is registered with the Turkish Capital Market Board, is listed on the İstanbul Stock Exchange. At December 31, 2016, the fair value of the Group's interest in Tofas was €1,258 million (€1,129 million at December 31, 2015).

GAC Fiat Chrysler Automobiles Co. ("GAC FCA JV") is a joint venture with Guangzhou Automobile Group Co., Ltd. which locally produces Jeep vehicles for the Chinese market.

Naveco (Nanjing Iveco Motor Co.) Ltd is a 50/50 joint venture between Iveco S.p.A. and Nanjing Automotive Corporation, a subsidiary of the SAIC Group which designs, produces and sells the Daily model and light trucks.

Turk Traktor Ve Ziraat Makineleri A.S. is a listed company (37.5% by CNH Industrial and 37.5% by Koc Holding) for the production of tractors under the Case IH Agriculture and New Holland Agriculture brands, and the import and distribution of agricultural equipment in Turkey. At December 31, 2016 the fair value of CNH Industrial's interest in Turk Traktor is \$427 million, or €405 million (\$477 million or €438 million at December 31, 2015).

Investments in associates

The composition is as follows:

€ million		12/31/2016		12/31/2015		Change
Investments in associates						
Almacantar Group	35.70%	394	38.30%	533		(139)
The Economist Group	43.40%	280	34.72%	466		(186)
CNH Capital Europe S.a.s.	49.90%	123	49.90%	104		19
RCS MediaGroup S.p.A.		-	16.73%	51		(51)
Other		146		42		104
Total investments in associates		943		1,196		(253)

The main income statement and statement of financial position data for the years 2016 and 2015 of Almacantar are as follows:

	12/31/2016		12/31/2015	
	£ million	€ million	£ million	€ million
Non-current assets	1,234.3	1,442	1,424.0	1,940
Current assets	559.8	654	360.1	491
Payables	814.6	951	762.7	1,039
Other liabilities	0.5	1	0.5	1
Net revenues	11.5	14	16.6	23
Profit before taxes	(38.9)	(47)	248.8	343
Comprehensive income	(37.7)	(46)	248.1	342

The main income statement and statement of financial position data for the years 2016 and 2015 of The Economist are as follows:

	9/30/2016		9/30/2015	
	£ million	€ million	£ million	€ million
Net revenues	161.9	197.6	158.0	217.7
Operating profit	17.2	21.0	25.2	34.7
Profit for the period	12.9	15.7	19.4	26.7
Equity	(153.0)	(178.7)	(22.1)	(30.1)
Profit for the period 10/1/2015 - 9/30/2016	144.6	176.5		

15. Other investments and other financial assets

Details are as follows:

€ million	12.31.2016	12.31.2015	Change
Investments at fair value with changes in other comprehensive income	501	1,182	(681)
Investments at cost	82	91	(9)
Non-current financial receivables	359	305	54
Other securities	438	904	(466)
Other financial assets	646	1,047	(401)
Total other investments and other financial assets	2,026	3,529	(1,503)

Investments accounted for at fair value with changes in other comprehensive income

Details are as follows:

€ million		12/31/2016		12/31/2015	Change
Investments at fair value with changes in other comprehensive income:					
Black Ant Value Fund		355		374	(19)
Banca Leonardo	16.51%	42	16.51%	59	(17)
PartnerRe (a)		-	9.90%	607	(607)
Other		104		142	(38)
Total investments at fair value with changes in other comprehensive income		501		1,182	(681)

(a) Consolidated line by line in 2016.

The change in investments at fair value is mainly due to the reclassification of the 9.9% interest in PartnerRe to investments consolidated line-by-line following acquisition of control by EXOR with 100% of common share capital.

The net decrease in The Black Ant Value Fund is due to the redemption of 128,606 shares, in accordance with signed agreements and considering the positive performance recorded during 2015, for a total equivalent amount of €18.7 million, partially offset by the negative fair value adjustment of €0.3 million. The redemption resulted in a net gain of €5.8 million from the realization of a portion of the fair value reserve. At December 31, 2016 a positive fair value adjustment of €110.8 million was recognized in equity.

Non-current financial receivables

Non-current financial receivables mainly consist of amounts held on deposit or otherwise pledged to secure obligations under various commercial agreements, as well as letters of credit and other agreements.

Other securities

Details are as follows:

€ million	12.31.2016	12.31.2015	Change
Bonds held to maturity	28	51	(23)
Bonds available for sale	38	269	(231)
Bonds and mutual funds held for trading	212	242	(30)
Other non current securities	160	342	(182)
Total other securities	438	904	(466)

Bonds are issued by leading counterparties, listed on active and open markets, and also include the current portion of bonds due within 12 months held-to-maturity. The decrease reflects the Group's strategy as regard the management of the securities portfolio and the investment of cash resources.

Other financial assets

Other financial assets represent the fair value of derivative financial instruments analyzed in note 30.

16. Inventories

The composition of inventories is as follows:

€ million	12/31/2016	12/31/2015	Change
Raw materials, supplies and finished goods	17,704	16,709	995
Assets sold with a buy-back commitment and GDP vehicles	1,650	1,984	(334)
Gross amount due from customers for contract work	56	156	(100)
Total inventories	19,410	18,849	561

Inventories refer to the FCA Group for €13,654 million (€13,524 million at December 31, 2015) the CNH Industrial Group for €5,438 million (€5,326 million at December 31, 2015), the Ferrari Group for €324 million (included in the FCA Group in 2015) net of intercompany eliminations of €6 million (€1 million at December 31, 2015).

At December 31, 2016 net inventories of the CNH Industrial Group include assets which are no longer subject to operating lease arrangements or buy-back commitments for €312 million (€260 million at December 31, 2015).

In 2016 the amount of inventory writedowns recognized as an expense is €637 million (€683 million in 2015), while amounts recognized as income from the reversal of writedowns on items sold during the year are not significant.

Construction contracts, net of advances, are as follows:

€ million	12/31/2016	12/31/2015	Change
Gross amount due from customers for contract work, as an asset	56	156	(100)
Less: Amount due to customers for contract work, as a liability	(227)	(222)	(5)
Construction contracts, net of advances on contract work	(171)	(66)	(105)

17. Trade receivables

Trade receivables amount to €3,198 million at December 31, 2016 (€3,273 million at December 31, 2015). An analysis of trade receivables by due date is as follows:

€ million	12/31/2016	12/31/2015	Change
Due within one year	3,196	3,251	(55)
Due between one and five years	2	21	(19)
Due beyond five years	0	1	(1)
Total trade receivables	3,198	3,273	(75)

Trade receivables at December 31, 2016 are shown net of allowances for doubtful accounts of €394 million (€464 million at December 31, 2015).

Changes in these allowances, which are calculated on the basis of historical losses on receivables, are as follows in 2016 and 2015:

€ million	12/31/2015	Provision	Use and other changes	12/31/2016
Allowances for doubtful accounts	464	83	(153)	394

€ million	12/31/2014	Provision	Use and other changes	12/31/2015
Allowances for doubtful accounts	503	76	(115)	464

18. Investments of reinsurance companies

Details are as follows:

€ million	12/31/2016	12/31/2015	Change
Fixed maturities, at fair value	12,743		12,743
Short-term investments, at fair value	21		21
Equities, at fair value	37		37
Other invested assets (a)	581		581
Funds held directly managed (b)	485		485
Accrued investment income, at fair value	107		107
Funds held by reinsured companies	650		650
Total investments of reinsurance companies	14,623	0	14,623

(a) Include €362 million designated as fair value through profit or loss and €220 million designated as available for sale.

(b) Includes €412 million of assets measured at fair value through profit or loss and €73 million at amortized cost.

At December 31, 2016, approximately €149 million (\$157 million) of cash and cash equivalents and approximately €2,126 million (\$2,241 million), respectively, of securities were deposited, pledged or held in escrow accounts in favor of ceding companies and other counterparties or government authorities to comply with reinsurance contract provisions and insurance laws.

Net realized and unrealized losses, of €31 million, on investments designated as fair value through profit or loss, were recognized in the Consolidated Income Statement during 2016. Unrealized gains of €9 million on investments designated as available-for-sale were recognized directly in other comprehensive income during the year.

19. Receivables from financing activities

Receivables from financing activities amount to €21,047 million at December 31, 2016 (€20,632 million at December 31, 2015) and include the following:

€ million	12/31/2016	12/31/2015	Change
Dealer financing	10,262	9,613	649
Retail financing	9,863	10,005	(142)
Finance leases	623	858	(235)
Other	299	156	143
Total receivables from financing activities	21,047	20,632	415

Receivables from financing activities are shown net of allowances for doubtful accounts determined on the basis of specific insolvency risks. At December 31, 2016, the allowance accounts total €617 million (€566 million at December 31, 2015).

Changes in the allowance accounts in 2016 and 2015 are the following:

€ million	12/31/2015	Provision	Use and other changes	12/31/2016
Allowances for receivables from financing activities	566	174	(123)	617

€ million	12/31/2014	Provision	Use and other changes	12/31/2015
Allowances for receivables from financing activities	611	160	(205)	566

Receivables from financing activities may be analyzed by due date as follows:

€ million	12/31/2016	12/31/2015	Change
Due within one year	13,194	12,591	603
Due between one and five years	7,625	7,729	(104)
Due beyond five years	228	312	(84)
Total receivables from financing activities	21,047	20,632	415

Receivables for dealer financing are typically generated by sales of vehicles, and are generally managed under dealer network financing programs as a component of the portfolio of the financial services companies. These receivables are interest bearing, with the exception of an initial limited, non-interest bearing period. The contractual terms governing the relationships with the dealer networks vary from segment to segment and country to country, although payment terms range from two to six months.

Receivables for retail financing by the CNH Industrial Group amount to €9,075 million, by the Ferrari Group to €502 million and by the FCA Group €286 million.

Finance lease receivables refer to vehicles leased out under finance lease arrangements, mainly by the FCA Group's Ferrari and Maserati segments and by the CNH Industrial Group's Commercial Vehicles, Agricultural Equipment and Construction Equipment. The interest rate implicit in the lease is determined at the commencement of the lease for the whole lease term and is in line with prevailing market interest rates.

Finance lease receivables, gross of an allowance of €156 million at December 31, 2016 (€185 million at December 31, 2015), may be analyzed as follows:

€ million	Due within one year	Due between one and five years	Due beyond five years	Total
Receivables for future minimum lease payments	319	469	2	790
Less: unrealized interest income	(6)	(7)	0	(13)
Present value of future minimum lease payments at December 31, 2016	313	462	2	777
Receivables for future minimum lease payments	558	665	41	1,264
Less: unrealized interest income	(91)	(126)	(6)	(223)
Present value of future minimum lease payments at December 31, 2015	467	539	35	1,041

No contingent rents were recognized as finance lease income during 2016 or 2015 and unguaranteed residual values at December 31, 2016 and 2015 are not significant.

20. Other assets

Details are as follows:

	12/31/2016	12/31/2015	Change
Defined benefit plan assets	363	182	181
Other non current assets	454	55	399
Tax receivables	860	762	98
Other current assets:			
Accrued income and prepaid expenses	899	844	55
Other current assets	3,942	3,202	740
Total other current assets	4,841	4,046	795
Total other assets	6,518	5,045	1,473

Tax receivables include €47 million related to the substitute tax paid in past years by EXOR S.p.A. that has been recognized in 2016 in the context of Italian exit tax.

The analysis by due date of the current tax receivables is the following:

€ million	12/31/2016	12/31/2015	Change
Due within one year	736	625	111
Due between one and five years	95	70	25
Due beyond five years	29	67	(38)
Total current tax receivables	860	762	98

The analysis by due date of the other current assets is the following:

€ million	12/31/2016	12/31/2015	Change
Due within one year	3,470	2,866	604
Due between one and five years	328	275	53
Due beyond five years	144	61	83
Total other current assets	3,942	3,202	740

21. Transfers of financial assets

The FCA Group transfers certain of its financial, trade and tax receivables, mainly through factoring transactions.

At December 31, 2016, the carrying amount of transferred financial assets not derecognized and the related liabilities are as follows:

€ million	Trade receivables	Receivables from financing activities	Current tax receivables	Total
At December 31, 2016				
Carrying amount of the assets transferred and not derecognized	34	376	0	410
Carrying amount of the related liabilities	(34)	(376)	0	(410)
At December 31, 2015				
Carrying amount of the assets transferred and not derecognized	22	184	0	206
Carrying amount of the related liabilities	(22)	(184)	0	(206)

At December 31, 2016, the FCA Group had receivables due after that date which had been transferred without recourse and which were derecognized in accordance with IAS 39 – Financial Instruments: Recognition and Measurement, amounting to €6,573 million (€4,950 million at December 31, 2015). The transfers related to trade receivables and other receivables for €5,467 million (€4,165 million at December 31, 2015) and receivables from financing activities for €1,106 million (€785 million at December 31, 2015). These amounts included receivables of €4,077 million (€3,022 million at December 31, 2015), mainly due from the sales network, transferred to jointly controlled financial services companies (FCA Bank).

The CNH Industrial Group transfers a number of its financial and trade receivables under securitization programs or factoring transactions. At December 31, 2016, the carrying amount of such transferred financial assets and the related liability and the respective fair values are as follows:

€ million	Trade receivables	Receivables from financing activities	Other financial assets	Total
At December 31, 2016				
Carrying amount of assets	8	12,888	837	13,733
Carrying amount of the related liabilities	(8)	(10,322)	(850)	(11,180)
Liabilities for which the counterparty has the right to obtain relief on the transferred assets:				
Fair value of the assets	8	12,874	837	13,718
Fair value of the liabilities	(8)	(10,322)	(834)	(11,163)
Net position	0	2,552	3	2,555
At December 31, 2015				
Carrying amount of assets	6	11,990	851	12,847
Carrying amount of the related liabilities	(6)	(11,080)	(851)	(11,937)
Liabilities for which the counterparty has the right to obtain relief on the transferred assets:				
Fair value of the assets	6	11,999	851	12,856
Fair value of the liabilities	(6)	(11,071)	(851)	(11,927)
Net position	(0)	1,464	(0)	1,464

Other financial assets also include cash with a pre-determined use restricted to the repayment of securitization debt.

The CNH Industrial Group discounted receivables without recourse having due dates after December 31, 2016 amounting to €537 million (€522 million at December 31, 2015), of which €523 million (€490 million at December 31, 2015) relates to trade receivables and other receivables and €14 million (€32 million at December 31, 2015) refers to receivables from financing activities.

22. Assets and liabilities held for sale and discontinued operations

Assets and liabilities held for sale relate mainly to Itedi. On August 1, 2016, FCA announced the signing of a framework agreement which sets out the terms of the proposed integration through a merger between FCA's consolidated media and publishing subsidiary, Italiana Editrice S.p.A ("Itedi"), in which FCA has a 77 percent ownership interest, and the Italian media group, Gruppo Editoriale L'Espresso S.p.A. ("GELE"). This transaction, which is subject to certain conditions precedent that are customary for this type of transaction as well as to the receipt of necessary regulatory approvals from Italian state authorities that regulate the publishing and media sectors, is expected to be effective in the first half of 2017 and will result in the creation of an Italian publishing business with potential for significant revenue and synergies.

Under the framework agreement, FCA and Itedi's non-controlling shareholder, Ital Press Holding S.p.A. ("Ital Press"), will transfer 100 percent of the shares of Itedi to GELE in exchange for newly-issued shares. Upon completion of the transaction, CIR S.p.A., the controlling shareholder of GELE, will hold a 43.4 percent ownership interest in GELE, FCA will hold 14.63 percent and Ital Press will hold 4.37 percent. As soon as practicable following completion of the Merger, FCA will distribute its entire interest in GELE to holders of FCA common stock. At December 31, 2016, certain regulatory approvals have been obtained for the consummation of this transaction and although the remaining regulatory approvals are expected to be received in the first quarter of 2017, all the steps necessary to complete this transaction have been taken and the Group does not expect any significant changes or a withdrawal from the framework agreement.

As a result, the Group concluded that the criteria for classification of Itedi as an asset held for sale were met at December 31, 2016. Itedi is not classified as a discontinued operation as it does not represent a separate major line of business or geographical area of operations for the Group, or a part of it.

€ million	Itedi	Other assets	Total
Goodwill	54		54
Other intangible assets	7		7
Property, plant and equipment	17	27	44
Trade receivables	25	1	26
Other	17		17
Total assets held for sale	120	28	148
Provisions	38		38
Trade payables	19	1	20
Debt and other	40	6	46
Total liabilities held for sale	97	7	104

23. Cash and cash equivalents

The composition is the following:

€ million	12/31/2016	12/31/2015	Change
Cash in hand and at banks and post offices	12,805	17,678	(4,873)
Restricted cash	845	855	(10)
Money market securities	11,511	12,054	(543)
Total cash and cash equivalents	25,161	30,587	(5,426)

Cash and cash equivalents include cash at banks, units in money market funds and other money market securities that are readily convertible into cash. Cash and cash equivalents are subject to an insignificant risk of changes in value, and consist of balances spread across various primary national and international banking institutions, liquid funds and other money market instruments.

In addition, cash and cash equivalents held in certain foreign countries (primarily, China and Argentina) are subject to local exchange control regulations providing for restrictions on the amount of cash other than dividends that can leave the country.

At December 31, 2016 the CNH Industrial Group has approximately €794 million (€851 million at December 31, 2015) of restricted cash which may be used exclusively for the repayment of the debt relating to securitizations.

24. Equity

Share capital

EXOR S.p.A. before the Merger held no. 10,080 shares of EXOR Holding N.V., with a nominal value of Euro 100 each. As per the Merger became effective, the 10,080 shares issued were split into 100,800,000 EXOR N.V. ordinary shares with a nominal value of Euro 0.01 each, no. 94,168,104 shares were cancelled in accordance with Section 2:325(3) DCC and no. 6,631,896 shares were held as treasury shares.

In connection with the Merger, no. 234,368,104 EXOR N.V. ordinary shares were issued for allotment to EXOR shareholders on the basis of the exchange ratio of one EXOR N.V. ordinary share for each EXOR S.p.A. ordinary shares outstanding. Therefore the total issued capital of EXOR N.V. was equal to Euro 2,410,000, divided into no. 241,000,000 shares with a nominal value of Euro 0.01.

There were no differences between the date of the merger and December 31, 2015.

In accordance with IFRS, the Merger is recognized in EXOR's consolidated financial statements from January 1, 2016, while in the company financial statements it is recognized from December 11, 2016. As the Merger is a transaction in which all of the combining entities are controlled ultimately by the same party both before and after the transaction, and based on the fact that the control is not transitory, the transition was deemed to be a transaction of entity under common control and therefore outside the scope of IFRS 3 - Business Combinations. As a result, the Merger was accounted for without adjusting carrying amounts of assets and liabilities involved in the transaction and did not have an impact on the consolidated financial statements.

EXOR N.V. adopts a loyalty voting structure designed to incentivize long-term share ownership, on the basis of which for each EXOR N.V. ordinary share held without interruption for a period of five years, shareholders will be entitled to five voting rights at the end of that period, and for each EXOR N.V. ordinary share held without interruption for a period of ten years, shareholders will be entitled to ten voting rights at the end of that period. No special voting shares had been issued at the Merger date and non are outstanding at December 31, 2016.

Treasury stock

At December 31, 2016 EXOR holds 6,473,037 shares of treasury stock (2,69% of the class) for a total amount of €65 thousand. Changes in the treasury stock in 2016 are the following:

	number of ordinary shares	% of share capital
At December 31, 2015	11,883,746	4.83%
Cancellation of EXOR S.p.A. ordinary shares	(5,229,850)	-2.12%
Disposal of treasury shares	(22,000)	-0.01%
At December 10, 2016	6,631,896	2.69%
Movements from the merger of EXOR S.p.A. into EXOR N.V.:		
Cancellation of EXOR S.p.A. ordinary shares	(6,631,896)	-2.69%
Conversion of EXOR Holding N.V. held by EXOR S.p.A. as treasury shares	6,631,896	2.75%
Payment to standby investors	(158,859)	-0.07%
At December 31, 2016	6,473,037	2.69%

Other comprehensive income

The composition of other comprehensive income in the statement of comprehensive income is as follows:

€ million	12/31/2016	12/31/2015
<i>Items that will not be reclassified to the income statement in subsequent periods:</i>		
Gains (losses) on re-measurement of defined benefit plans	467	821
Share of gains (losses) on remeasurement of defined benefit plans relating to investments accounted for using the equity method	(5)	(6)
Items relating to C&W Group, net of tax effect		1
Total Other comprehensive income that will not be reclassified to the income statement in subsequent periods, net of tax (B1)	462	816
<i>Items that may be reclassified to the income statement in subsequent periods</i>		
Gains (losses) on cash flow hedging instruments arising during the period	(89)	(100)
Gains (losses) on cash flow hedging instrument reclassified to the income statement	(195)	482
Gains (losses) on cash flow hedges	(284)	382
Gains (losses) on remeasurement of available-for-sale financial assets arising during the year	(107)	190
Gains (losses) on fair value of available-for-sale financial assets reclassified to the income statement	(94)	(113)
Gains (losses) on fair value of available-for-sale financial assets	(201)	77
Exchange differences on translating foreign operations arising during the year	1,285	1,118
Exchange differences on translating foreign operations reclassified to the income statement		
Items relating to C&W Group, net of tax effect		47
Exchange differences on translating foreign operations	1,285	1,165
Share of other comprehensive income of investments accounted for using the equity method arising during the year	(333)	(14)
Share of other comprehensive income of investments accounted for using the equity method reclassified to the income statement	(5)	1
Share of other comprehensive income of investments accounted for using the equity method	(338)	(13)
Total Other comprehensive income that may be reclassified to the income statement in subsequent periods, net of tax (B2)	462	1,611
Total other comprehensive income, before tax effect (B1) + (B2) = (B)	924	2,427
Tax effect	(183)	(311)
Total other comprehensive income, net of tax	741	2,116

With reference to the defined benefit plans of the Group, the gains and losses arising from the remeasurement mainly include actuarial gains and losses arising during the period, the return on plan assets (net of interest income recognized in the income statement) and any changes in the effect of the asset ceiling. These gains and losses are offset against the related net liabilities or assets for defined benefit plans (see note 26).

The tax effect relating to other comprehensive income is as follows:

€ million	12/31/2016			12/31/2015		
	Pre-tax balance	benefit (expense)	Net -of-tax balance	Pre-tax balance	Tax benefit (expense)	Net-of-tax balance
Gains (losses) on remeasurement of defined benefit plans	462	(255)	207	815	(226)	589
Effective portion of gains (losses) on cash flow hedges	(284)	74	(210)	382	(85)	297
Gains (losses) on remeasurement of available-for-sale financial assets	(201)	(2)	(203)	77		77
Exchange gains (losses) on translating foreign operations	1,285		1,285	1,118		1,118
Share of other comprehensive income of investments accounted for using the equity method	(338)		(338)	(13)		(13)
Items relating to C&W Group	0			48		48
Total Other comprehensive income	924	(183)	741	2,427	(311)	2,116

Non-controlling interests

Details are as follows:

€ million	%	Capital and reserves	Profit (loss)	Total
At December 31, 2016				
FCA Group	70.84%	12,355	1,286	13,641
CNH Industrial Group	72.72%	4,447	86	4,533
Ferrari Group	76.48% (a)	2	306	308
PartnerRe Group	- (b)	681	30	711
Juventus Football Club S.p.A.	36.23%	28	17	45
Total		17,514	1,724	19,238
At December 31, 2015				
FCA Group	70.84%	11,714	279	11,993
CNH Industrial Group	72.72%	4,633	(172)	4,461
Juventus Football Club S.p.A.	36.23%	13	14	27
Total		16,360	121	16,481

(a) The data at December 31, 2015 was included in the FCA Group.

(b) Related to preferred shares.

At December 31, 2016 the Non-controlling interests of PartnerRe related to the following outstanding preferred shares:

	Number	Date of issuance	Aggregated liquidation value at \$25 per share	
			\$ million	€ million
Series F 5.875% non cumulative	2,679,426	February 2013	67	61
Series G 6.5% cumulative	6,415,264	May 2016	160	145
Series H 7.25% cumulative	11,753,798	May 2016	294	265
Series I 5.875% cumulative	7,320,574	May 2016	183	165
Total Outstanding redeemable preferred shares	28,169,062		704	636

On November 1, 2016 PartnerRe redeemed the Series D and E preferred shares at \$25 per share for an aggregate liquidation value of \$150 million (€136 million). In addition unpaid preferred dividends accrued to the redemption date totaling \$2 million (€2 million) were paid. In connection with the redemption, PartnerRe recognized a loss directly in equity of \$14 million (€13 million) which represented the difference between the carrying value of the preferred shares and the consideration paid.

25. Share-based compensation

EXOR

Stock Option Plan EXOR 2008-2019

The Stock Option Plan EXOR 2008-2019 has 5,862,000 options granted and exercisable corresponding to 1,553,430 EXOR ordinary shares at a price of €19.97 per share.

The cost recognized in 2016 amounts to €0.7 million of which €0.5 million classified as compensation of the Chairman and Chief Executive Officers.

Long Term Incentive Plan

The EXOR S.p.A. shareholders' meeting held on May 29, 2012 approved an incentive plan intended as an instrument for long-term incentive and composed in two parts:

- the first part of the plan, denominated "Long Term Stock Grant", provides for a total of 400,000 rights to be granted to originally 31 beneficiaries; this allows them to receive a corresponding number of EXOR ordinary shares at the vesting date set for 2018, subject to continuation of a professional relationship with the company and with the companies in the Holdings System. At December 31, 2016 the beneficiaries are 14 for a total of 116,790 options granted. The cost recognized in 2016 amounts to €0.4 million;
- the second part of the plan, denominated "Company Performance Stock Options", provides for a total of 3 million options to be granted to the Chairman and Chief Executive Officer of the company and to other

beneficiaries; this allows them to purchase a corresponding number of EXOR ordinary shares. The vesting period of the options is from 2014 to 2018 in equal annual lots that are exercisable from the time they vest until 2021, subject to reaching performance targets and continuing a professional relationship with the company and with the companies in the Holdings System. The performance targets will be considered to have been reached when the annual variation in EXOR's NAV is higher than the change in the MSCI World Index in Euro, in the year preceding that of vesting. The exercise price of the options will be determined on the basis of the arithmetic average of Borsa Italiana's trading prices of EXOR ordinary shares in the month prior to the grant date to the individual beneficiaries.

The composition of the "Company Performance Stock Option" Plan is as follows:

€ thousand	Number of options granted	Total cost of Plan	Cost referring to the year
Chairman and Chief Executive Officer EXOR	450,000	1,625	271
Employees of companies in the Holdings System	561,200	1,990	338
Total	1,011,200	3,615	609

Incentive Plan 2015

The Incentive Plan 2015 is directed to independent directors as an alternative to the cash remuneration established by the shareholders' meeting. The plan provides for the free grant of a maximum of 70,000 EXOR shares to all eight directors that joined the plan subject to continuing the appointment as director at the vesting date set in 2018, concurrently with the date of the shareholders' meeting that will approve the 2017 financial statements. At December 31, 2016 stock grants were awarded to the independent directors as follows:

€ thousand	Number of options granted	Total cost of Plan	Cost referring to the year
Balance at December 31, 2015	28,032	1,200	238
Vested in 2016	(3,600)		
Forfeited in 2016	(3,408)		
Balance at December 31, 2016	21,024	1,200	401

Stock Option Plan EXOR 2016

The EXOR S.p.A. shareholders' meeting held on May 25, 2016 approved a new incentive plan ("Stock Option Plan EXOR 2016"). The plan has a maximum of 3,500,000 options corresponding to the same number of shares. During 2016 2,902,015 options have been granted exercisable at a price of €32.38 per share. The cost recognized in 2016 amounts to €3.1 million of which €2.1 million classified as compensation of the Chairman and Chief Executive Officer.

All the incentive plans will be serviced exclusively by treasury stock without any new share issues and therefore will not have any dilutive effect.

FCA Group

At December 31, 2016 and at December 31, 2015 the FCA Group has in place various share-based compensation plans relating to managers of the Group companies and the Chief Executive Officer of FCA.

Performance Share Units

During the year ended December 31, 2015, FCA awarded a total of 14,713,100 Performance Share Units ("PSU awards") to certain key employees under the equity incentive plan. The PSU awards, which represent the right to receive FCA common shares, have financial performance goals covering a five-year period from 2014 to 2018. The performance goals include a net income target as well as total shareholder return ("TSR") target, with each weighted at 50 percent and settled independently of the other. Half of the award will vest based on the Group's achievement of the targets for net income ("PSU NI awards") and will have a payout scale ranging from 0 percent to 100 percent. The remaining 50 percent of the PSU awards, ("PSU TSR awards") are based on market conditions and have a payout scale ranging from 0 percent to 150 percent. Accordingly, the total number of shares that will eventually be issued may vary from the original award of 14.7 million shares. One third of total PSU awards will vest in the first quarter of 2017, a cumulative two-thirds in the

first quarter of 2018 and a cumulative 100 percent in the first quarter of 2019 if the respective performance goals for the years 2014 to 2016, 2014 to 2017 and 2014 to 2018 are achieved.

The vesting of the PSU NI awards will be determined based on the achievement of pre-established performance targets consistent with the Company's business plan that was published in May 2014 and subsequently updated. The performance period for the PSU NI awards commenced on January 1, 2014. As the performance period commenced substantially prior to the commencement of the service period, which coincides with the grant date, the Company determined that the net income target did not meet the definition of a performance condition under IFRS 2 - *Share-based Payment*, and therefore is required to be accounted for as a non-vesting condition. As such, the fair values of the PSU NI awards were calculated using a Monte Carlo simulation model. The weighted average fair value of the PSU NI awards granted during the year ended December 31, 2015 was €8.78 (U.S.\$9.76).

The key assumptions utilized to calculate the grant-date fair values for the PSU NI awards issued are summarized below:

	Range
Grant date stock price	€13.44 - €15.21
Expected volatility	40%
Risk-free rate	0.7%

The expected volatility was based on the observed historical volatility for common shares of FCA. The risk-free rate was based on the yields of U.S. Treasury bonds with similar terms to the vesting date of each PSU NI award.

The weighted average fair value of the PSU TSR awards granted during the year ended December 31, 2015 was €16.52 (U.S.\$18.35), which was calculated using a Monte Carlo simulation model.

The key assumptions utilized to calculate the grant date fair values for the PSU TSR awards issued are summarized below:

	Range
Grant date stock price	€13.44 - € 15.21
Expected volatility	37%-39%
Dividend yield	0%
Risk-free rate	0.7%-0.8%

The expected volatility was based on the observed historical volatility for common shares of FCA. The risk-free rate was based on the yields of U.S. Treasury bonds with similar term to the vesting date of the PSU TSR awards. In addition, since the volatility of each member of the defined peer group are not wholly independent of one another, a correlation coefficient was developed based on historical share price changes for FCA and the defined peer group over a three-year period leading up to the grant date of the awards.

During the fourth quarter of 2016, FCA granted a total of 337,186 PSU awards, which had a grant date stock price of €5.73 (U.S.\$6.30). The key assumptions used to value these awards were consistent with those of the PSU awards granted in 2015 (as adjusted for the anti-dilution provision described below). In addition, 295,319 PSU awards were canceled during the fourth quarter of 2016. The accelerated expense related to the cancellation of these awards was immaterial.

The weighted average fair value of the PSU NI awards for the year ended December 31, 2016 was €5.65 (U.S.\$ 6.28). The weighted average fair value for the PSU TSR awards was €10.64 (U.S.\$11.82) for the year ended December 31, 2016.

Restricted Share Units

During the year ended December 31, 2015, FCA awarded 5,196,550 Restricted Share Units (RSU awards) to certain key employees of the Company which represent the right to receive FCA common shares. These shares will vest in three equal tranches in February of 2017, 2018 and 2019.

During the fourth quarter of 2016, FCA granted a total of 94,222 RSU awards, which represent the right to receive FCA common shares and which had a grant date fair value of €5.73 (U.S.\$6.30). In addition, 148,071 RSU awards were canceled during the year ended December 31, 2016. The accelerated expense related to the cancellation of these awards was immaterial.

Anti-dilution adjustments - PSU awards and RSU awards

The documents governing FCA's long term incentive plans contain anti-dilution provisions which provide for an adjustment to the number of awards granted under the plans in order to preserve, or alternatively, prevent the enlargement of the benefits intended to be made available to the recipients of the awards should an event occur that affects our capital structure. As such, as a result of the spin-off of Ferrari N.V., on January 26, 2016, a conversion factor of 1.5440 was approved by FCA's Compensation Committee and applied to outstanding PSU awards and RSU awards as an equitable adjustment to make equity award holders whole for the resulting diminution in the value of an FCA share. For the PSU NI awards, FCA's Compensation Committee also approved an adjustment to the net income targets for the years 2016-2018 to account for the net income of Ferrari in order to preserve the economic benefit intended to be provided to each participant. There was no change to the total cost of these awards to be amortized over the remaining vesting period as a result of these adjustments.

The following table reflects the changes resulting from the anti-dilution adjustment on January 26, 2016:

PSU Awards:	
Number of awards - as adjusted	22,717,024
Key assumption - as adjusted:	
Grant Date stock price - for PSU NI and PSU TSR	€8.71 - €9.85
RSU Awards:	
Number of awards - as adjusted	8,023,472

None of the outstanding PSU and RSU awards were forfeited and none of the outstanding PSU and RSU awards had vested as of December 31, 2016. The total number of PSU awards and RSU awards, as adjusted for the anti-dilution provision described above were 22,758,891 and 7,969,623, respectively, at December 31, 2016.

Total expense for the PSU awards and RSU awards of approximately €96 million and €54 million was recorded for the years ended December 31, 2016 and 2015, respectively. At December 31, 2016, the Group had unrecognized compensation expense related to the non-vested PSU awards and RSU awards of approximately €83 million based on current forfeiture assumptions, which will be recognized over a weighted-average period of 1.6 years.

Stock option plans

Share-based compensation plans issued by FCA US

At December 31, 2016, FCA US has fully-vested outstanding units under its legacy Amended and Restated FCA US Directors' Restricted Stock Unit Plan ("FCA US Directors' RSU Plan"). There were no units outstanding under the FCA US 2012 Long-Term Incentive Plan ("2012 LTIP Plan") or the FCA US Restricted Stock Unit Plan ("FCA US RSU Plan"). Compensation expense for those plans for the year ended December 31, 2016 were not material.

Anti-dilution adjustments - FCA US share-based compensation plans

The documents governing FCA US's share-based compensation plans contain anti-dilution provisions which provide for an adjustment to the number of FCA US awards granted under the plans in order to preserve, or alternatively prevent the enlargement of, the benefits intended to be made available to the holders of the awards should an event occur that impacts the capital structure of FCA US. On February 3, 2015, FCA US made a special distribution to FCA, which reduced the fair value of FCA US's equity. As a result of this dilutive

event, the FCA US Board of Directors approved an anti-dilution adjustment factor to increase the number of outstanding FCA US awards in order to preserve the economic benefit intended to be provided to each participant. On January 21, 2014, FCA US paid a distribution of U.S.\$1,900 million (€1,404 million) and on February 7, 2014, FCA US prepaid the VEBA Trust Note. As a result of these two transactions that diluted the fair value of FCA US's equity, an anti-dilution adjustment factor was approved by FCA US's Compensation and Leadership Development Committee to increase the number of outstanding FCA US awards (excluding performance share units granted under the 2012 LTIP Plan ("LTIP PSUs")) in order to preserve the economic benefit intended to be provided to each participant. No additional expense was recognized as a result of these anti-dilutive adjustments and the changes below reflect the impact of the anti-dilutive adjustments for the year ended December 31, 2015.

FCA US 2012 Long-Term Incentive Plan

In February 2012, the Compensation Committee of FCA US approved the 2012 LTIP Plan that covers senior executives of FCA US (other than the Chief Executive Officer). During the year ended December 31, 2016, the restricted share units ("LTIP RSUs") were settled in cash.

	2016		2015	
	LTIP RSUs	Weighted average fair	LTIP RSUs	Weighted average fair
Outstanding shares unvested at the beginning of the year	654,706	5.5	2,303,928	4.67
Granted				
Vested	(642,922)	5.27	(1,544,664)	4.98
Forfeited	(11,784)	5.45	(104,558)	5.36
Outstanding shares unvested at the end of the year	0	-	654,706	5.50

CNH Industrial

CNH Industrial's equity awards are governed by several plans: i) CNH Industrial N.V. Equity Incentive Plan ("CNH Industrial EIP"); ii) CNH Industrial N.V. Directors' Compensation Plan ("CNH Industrial DCP"); iii) CNH Global N.V. Equity Incentive Plan ("CNH EIP"); and, iv) CNH Global N.V. Directors' Compensation Plan ("CNH DCP").

For the year ended December 31, 2016, CNH Industrial recognized total share-based compensation expense of \$3 million, which included a \$37 million reversal of previously recognized expenses for performance share units linked to non-market conditions for which the Company does not believe it is probable that the performance condition will be achieved. For the year ended December 31, 2015, CNH Industrial recognized total share-based compensation expense of \$49 million. For the year ended December 31, 2016, CNH Industrial did not recognize a tax benefit relating to share-based compensation expense. For the year ended December 31, 2015, CNH Industrial recognized a total tax benefit relating to share-based compensation expense of \$3 million. As of December 31, 2016, CNH Industrial had unrecognized share-based compensation expense related to nonvested awards of approximately \$31 million based on current assumptions related to achievement of specified performance objectives, when applicable. Unrecognized share-based compensation costs will be recognized over a weighted-average period of 1.6 years.

CNH Industrial N.V. Equity Incentive Plan ("CNH Industrial EIP")

In the Annual General Meeting held on April 16, 2014, shareholders approved the adoption of the CNH Industrial Equity Incentive Plan ("EIP"), an umbrella program defining the terms and conditions for any subsequent long-term incentive program. The plan grants equity awards to any current or prospective executive director, officer or employee of, or service provider to, CNH Industrial, subject to the terms and conditions established by the Compensation Committee. The EIP authorizes 25 million common shares over a five-year period, of which a maximum of 7 million would be authorized for awards to executive directors. These shares may be newly issued shares or treasury shares. The EIP will terminate at, and no more awards will be permitted to be granted thereunder ten years after its adoption by the board of directors of CNH Industrial N.V. The termination of the EIP will not affect previously granted awards.

Performance Share Units

In 2014 CNH Industrial issued a one-time grant of Performance Share Units (PSU's) to its Chief Executive Officer and selected key employees, with financial performance goals covering the five-year period from January 1, 2014 to December 31, 2018. This PSU grant totaled approximately 12 million units. In 2015 and 2016, prorated share amounts covering performance through this same period were issued to new employees

entering the plan. PSU's granted in these years were 1 million and 0.5 million respectively. The performance goals include a performance condition as well as a market condition, with each weighted at 50% and paying out independently of the other. Half of the award will vest if the performance condition is met; whereas the other half, which is based on the market condition, has a payout scale ranging from 0% to 150%. Accordingly, the total number of shares that will eventually be granted may vary from the original estimate of 12 million shares. One third of the total grant was expected to vest in February 2017, but such grants will not vest as both the performance and market conditions for the performance period 2014 through 2016 were not met. A cumulative two-thirds will vest in February 2018, and a cumulative 100% in February 2019 if the respective financial goals for the performance periods 2014 through 2017 and 2014 through 2018 are achieved. As new participants entered the program in 2016, vesting was modified to cliff vest in February 2019. This was done to ensure employee contribution over a three year performance period before earning any Performance Share vesting.

The fair values of the awards that are contingent upon the achievement of the performance condition are measured using stock prices on respective grant dates adjusted for the present value of future dividends that employees will not receive during the vesting period. The weighted average fair value for the PSUs based on the performance condition that were issued in 2014, 2015, and 2016 is \$9.48, \$9.33 and \$7.08 per share, respectively.

The fair values of the awards that are based on the market condition are calculated using the Monte Carlo Simulation model. The weighted average fair value for the awards that were issued in 2014, 2015, and 2016 is \$8.19, \$7.95, and \$3.17 per share, respectively. As a significant majority of the awards (approximately 90% of total awards as of December 31, 2016) were issued on June 9 and 25, 2014, the key assumptions utilized to calculate the grant-date fair values for awards issued on these two grant dates are listed below:

	Key assumptions for awards issued on	
	June 9, 2014	June 25, 2014
Grant date stock price (in \$)	10.88	10.19
Expected Volatility (%)	44.5	44.1
Dividend yield (%)	2.6	2.7
Risk-free rate (%)	1.69	1.68

The expected volatility is based on a weighted average of historical volatility experienced by the common shares of CNH Global N.V., Fiat Industrial S.p.A. and CNH Industrial N.V. over a five-year period ending on the grant date. The expected dividend yield was based on CNH Industrial's historical dividend payout as management expects the dividend payout for future years to be consistent. The risk-free interest rate was based on the yields of five-year U.S. Treasury bonds.

Movements in Performance-based Share Units are as follows:

	2016		2015	
	Number of shares	Weighted average fair value at grant date (\$)	Number of shares	Weighted average fair value at grant date (\$)
Outstanding shares unvested at the beginning of the year	11,591,260	8.64	12,101,760	8.84
Granted	471,200	5.13	980,400	6.25
Forfeited	(337,200)	8.23	(1,490,900)	8.69
Vested	0		0	
Outstanding shares unvested at the end of the year	11,725,260	8.51	11,591,260	8.64

Restricted Share Units

In 2014 and 2015, CNH Industrial issued to selected employees approximately 1 million and 2 million shares of Restricted Share Units ("RSUs") with a weighted average fair value of \$9.21 and \$8.60 per share, respectively. These shares will vest in three equal tranches over a three-year period. The fair value of the award is measured using the stock price on the grant date adjusted for the present value of future dividends that employees will not receive during the vesting period.

Additionally, CNH Industrial issued 3 million restricted share units to the Chairman of CNH Industrial N.V., in June 2014. The weighted average fair value of these shares is \$10.41 per share, measured using the stock price on the grant date adjusted for the present value of future dividends that the Chairman will not receive during the vesting period. These shares are service based and will vest in five tranches at the end of each year. The first tranche and second tranche of 750,000 shares each vested on December 31, 2014 and December 31, 2015, respectively, which were exercised on February 23, 2015 and February 8, 2016, respectively. The third tranche of 600 thousand shares vested on December 31, 2016, and was exercised on February 8, 2017.

Movements in Restricted Share Units are as follows:

	2016		2015	
	Restricted shares	Weighted average grant-date fair value (\$)	Restricted shares	Weighted average grant-date fair value (\$)
Outstanding shares unvested at the beginning of the year	3,745,520	9.07	3,512,139	9.88
Granted	2,046,280	7.30	1,531,900	8.08
Forfeited	(110,420)	8.16	(158,186)	9.29
Vested	(1,448,672)	9.35	(1,140,333)	10.21
Outstanding shares unvested at the end of the year	4,232,708	8.14	3,745,520	9.07

CNH Industrial N.V. Directors' Compensation Plan ("CNH Industrial DCP")

On September 9, 2013, the CNH Industrial DCP was approved by the shareholders and adopted by the Board of Directors of CNH Industrial N.V. The CNH Industrial DCP provides for the payment of the following to eligible members of the CNH Industrial N.V. Board in the form of cash, and/or common shares of CNH Industrial N.V., and/or options to purchase common shares of CNH Industrial N.V., provided that such members do not receive salary or other employment compensation from CNH Industrial N.V. or FCA, and their subsidiaries and affiliates:

- \$125,000 annual retainer fee for each Non-Executive Director.
- An additional \$25,000 for each member of the Audit Committee and \$35,000 for the Audit Committee Chairman.
- An additional \$20,000 for each member of every other Board committee and \$25,000 for the committee chairman (collectively, the "fees").

Each quarter of the CNH Industrial DCP year, the eligible directors elect the form of payment of their fees. If the elected form is common shares, the eligible director will receive as many common shares as equal to the amount of fees the director elects to be paid in common shares, divided by the fair market value of a CNH Industrial N.V. common share on the date that the quarterly payment is made. Common shares issued to the eligible director vest immediately upon grant. If an eligible director elects to receive all or a portion of fees in the form of a stock option, the number of common shares underlying the stock option is determined by dividing (i) by (ii) where (i) equals the dollar amount of the quarterly payment that the eligible director elects to receive in the form of stock options multiplied by four and (ii) the fair market value of the common shares on the date that the quarterly payment is made. The CNH Industrial DCP defines fair market value, as applied to each ordinary share, to be equal to the average of the highest and lowest sale price of a CNH Industrial N.V. common share during normal trading hours on the last trading day of each plan quarter in which sales of common shares on the New York Stock Exchange are recorded. Stock options granted as a result of such an election vest immediately, but shares purchased under options cannot be sold for six months following the date of exercise. Stock options terminate upon the earlier of: (1) ten years after the grant date; or (2) six months after the date an individual ceases to be a director.

There were 0.2 million common shares authorized for issuance under the CNH Industrial DCP. As of December 31, 2016, 0.05 million stock options were issued under the CNH Industrial DCP at a weighted average exercise price of \$9.42 per share. The weighted average fair value for the stock options that were issued in 2014 and 2015 were \$2.72 and \$1.65, respectively. No stock options were issued under this plan in 2016. As of December 31, 2016, 0.02 million restricted share units were issued under the CNH Industrial DCP. The weighted average grant-date fair value of the RSUs that were issued in 2014, 2015, and 2016 were \$9.12, \$8.16, and \$6.78, respectively.

CNH Global Directors' Compensation Plan ("CNH DCP")

CNH Global Directors' Compensation Plan stipulates the right for directors of former CNH Global to be compensated in the form of cash, and/or common shares of CNH Global N.V., and/or options to purchase common shares of CNH Global N.V. On September 29, 2013, CNH Industrial N.V. assumed the sponsorship of the CNH DCP in connection with the Merger. Stock options issued under the CNH DCP were converted using the CNH Global exchange ratio of 3.828 CNH Industrial N.V. shares for each CNH Global N.V. common share and exercisable for common shares of CNH Industrial N.V. upon September 29, 2013. As of December 31, 2016, approximately 0.03 million stock options from the CNH DCP were still outstanding. The CNH DCP was terminated effective as of the Merger and no new equity awards will be issued under the CNH DCP.

CNH Global Equity Incentive Plan (the "CNH EIP")

The CNH Global Equity Incentive Plan provides for grants of stock options, restricted share units and performance share units to former officers and employees of CNH Global. On September 29, 2013, CNH Industrial N.V. assumed the sponsorship of the CNH EIP in connection with the Merger. CNH Industrial can not issue any new equity awards under the CNH EIP; however, CNH Industrial is required to issue shares under the CNH EIP to settle the exercise or vesting of the existing equity awards.

On September 29, 2013, outstanding stock options, unvested restricted share units and performance share units under the CNH EIP became exercisable or convertible for common shares of CNH Industrial N.V. The number of shares of outstanding equity awards was increased and the exercise price of stock options reduced to take into account the CNH Global exchange ratio of 3.828 CNH Industrial N.V. shares for each CNH Global N.V. common share. The conversion did not change the aggregate fair value of the outstanding equity awards and, therefore, resulted in no additional share-based compensation expense in 2013.

Stock Option Plan

In September 2012, approximately 2.7 million performance-based stock options (at target award levels) were issued under the CNH EIP (the "2012 Grant"). Upon the achievement of CNH Global's 2012 target performance objective, approximately 4 million of options were granted. These options vested in three equal tranches in February 2012, 2013 and 2014. Options granted under the CNH EIP have a contractual life of five years from the initial vesting date. No stock options were issued in 2015 or 2016 under the CNH EIP.

Outstanding stock options under the CNH EIP are as follows:

	At December 31, 2016			At December 31, 2015	
	Number of options outstanding	Weighted average contractual life (in years)	Weighted average exercise price (\$)	Number of options outstanding	Weighted average exercise price (\$)
5.01 – 10.00	3,378,704	1.15	8.78	4,491,907	8.32
10.01 – 15.00	3,832,177	0.16	10.15	4,278,010	10.15
Total	7,210,881			8,769,917	

Changes during the year in stock option plans are as follows:

	2016		2015	
	Number of options	Weighted average exercise price	Number of options	average exercise price (\$)
Outstanding at the beginning of the year	8,642,903	9.21	10,861,552	9.03
Granted	-	-	-	-
Forfeited	-	-	(1,033,560)	9.58
Exercised	-	-	(1,185,089)	6.95
Expired	(1,432,022)	7.96		
Outstanding at the end of the year	7,210,881	9.51	8,642,903	9.21
Exercisable at the end of the year	7,210,881	9.51	8,642,903	9.21

The Black-Scholes pricing model was used to calculate the fair value of stock options for options granted in 2012 under the CNH EIP. The assumptions used under the Black-Scholes pricing model are as follows:

	2012 Equity incentive plan
Risk-free interest rate	0.40%
Expected dividend yield	0.00%
Expected volatility of CNH Global N.V. shares	51.70%
Option life (years)	3.39

Restricted share units

In 2012, 700,000 restricted share units were granted under the CNH EIP with a weighted average fair value of \$11.40 per share. Restricted share units are service based and vest in three equal installments over three years starting from the grant date. Compensation cost for the restricted share units is recognized on a straight-line basis over the requisite service period for each separate vesting portion of the award as if the award was, in substance, multiple awards. No restricted share units were granted in 2016 and 2015 under the CNH EIP. The fair value of performance-based shares and restricted shares under the CNH EIP was based on the market value of CNH Global's common shares on the date of the grant.

Ferrari

Non-Executive Directors' compensation

Following the election of the Board of Directors at the Annual General Meeting of Shareholders on April 15, 2016, Non-Executive Directors of Ferrari have been given the option to receive the board retainer fee component of their Directors' compensation in 50% cash and 50% Ferrari common shares, or alternatively, to receive 100% in Ferrari common shares. Non-Executive Directors' compensation for the period from April 15, 2016 to December 31, 2016 amounted to €1,515 thousand, of which €1,110 thousand was settled in treasury shares in January 2017 and €405 thousand was settled in cash, also in January 2017. The amount settled in Ferrari common shares was accounted for as equity-settled share-based compensation and recognized as an increase to equity in 2016.

26. Provisions for employee benefits

The Group's provisions and net assets for employee benefits are as follows:

€ million	12/31/2016	12/31/2015	Change
Present value of defined benefit obligations:			
Pension plans	31,260	30,564	696
Healthcare and life insurance plans	3,514	3,522	(8)
Other post-employment benefits	1,331	1,308	23
Total present value of defined benefit obligations	36,105	35,394	711
Fair value of plan assets of pension plan	(25,723)	(24,695)	(1,028)
Fair value of plan assets of healthcare and life insurance plans	(105)	(97)	(8)
Asset ceiling	12	11	1
Total net defined benefits plan assets	10,289	10,613	(324)
of which:			
Net defined benefit liability	10,642	10,786	(144)
(Defined benefit plan assets)	(353)	(173)	(180)
Other provisions for employees	1,867	1,650	217
Total provisions for employee benefits	12,509	12,436	73

The Group provides post-employment benefits for certain of its active employees and retirees, either directly or by contributing to independently administered funds. The way these benefits are provided varies according to the legal, fiscal and economic conditions of each country in which the Group operates and may change periodically.

The Group provides post-employment benefits under defined contribution and defined benefit plans.

Defined benefit plans may be unfunded, or they may be wholly or partly funded by contributions made by an entity, and sometimes by its employees, into an entity, or fund, that is legally separate from the employer from

which the employee benefits are paid. The plans are classified by the Group on the basis of the type of benefit provided as follows: pension benefits, healthcare plans, life insurance plans, and other post-employment benefits.

Moreover, Group companies provide post-employment benefits, such as pension or health care benefits, to their employees under defined contribution plans. In this case, the Group pays contributions to publicly or privately administered insurance plans on a legally mandatory, contractual, or voluntary basis. By paying these contributions the Group fulfills all of its obligations. The Group recognizes the cost for defined contribution plans over the period in which the employee renders service and classifies this by function in cost of sales, selling, general and administrative costs and research and development costs. In 2016 this cost amounts to €2,016 million (€2,037 million in 2015).

Pension benefits

Group companies in the United States and Canada sponsor both non-contributory and contributory defined benefit pension plans. The non-contributory pension plans cover certain hourly and salaried employees. Benefits are based on a fixed rate for each year of service.

Additionally, contributory benefits are provided to certain salaried employees based on the employee's cumulative contributions, years of service during which the employee contributions were made and the employee's average salary during certain period of time preceding retirement.

Liabilities arising from these plans are usually funded by contributions made by Group subsidiaries and, at times by their employees, into legally separate trusts which independently manage the assets servicing the plan from which the employee benefits are paid.

The Group's funding policy for defined benefit pension plans is to contribute the minimum amounts required by applicable laws and regulations. Occasionally, additional discretionary contributions in excess of those legally required are made to achieve certain desired funding levels.

To the extent that a fund is overfunded, the Group is not required to make further contribution to the plan in respect of minimum performance requirements so long as the fund is in surplus.

In the U.S. these excess amounts are tracked, and the resulting credit balance can be used to satisfy minimum funding requirements in future years. As of December 31, 2016, the combined credit balances for the U.S. and Canadian qualified pension plans was approximately €2.2 billion, the usage of the credit balances to satisfy minimum funding requirements is subject to the plans maintaining certain funding levels.

The Group contributions to funded pension plans for 2016 are expected to be €584 million, of which €542 million relates to the pension plans of FCA US, with €408 million being discretionary contributions and €134 million to be made to satisfy minimum funding requirements. The expected benefit payments for pension plans are as follow:

€ million	2017	2018	2019	2020	2021	2022-2026
Expected benefit payments	2,033	2,002	1,976	1,965	1,947	9,727

Changes in pension plans are the following:

€ million	12/31/2016				12/31/2015			
	Defined benefit obligation	Fair value of plan assets	Asset ceiling	(Net asset) Net liability obligation	Defined benefit obligation	Fair value of plan assets	Asset ceiling	(Net asset) Net liability obligation
Amounts at January 1	30,564	(24,695)	11	5,880	30,371	(24,520)	11	5,862
Acquisition of PartnerRe	150	(93)	0	57				
Included in the income statement	1,394	(879)	0	515	1,457	(898)	0	559
Included in Other comprehensive income:								
Actuarial (gains) losses from:								
- demographic assumptions	(67)	0	0	(67)	(102)	0	0	(102)
- financial assumptions	615	0	0	615	(1,435)	0	0	(1,435)
- other	7	(6)	0	1	29	(8)	0	21
Return on assets	0	(975)	0	(975)	0	837	0	837
Change in the effect of limiting net assets	0	0	0	0	0	0	5	5
Exchange differences	768	(718)	1	51	2,383	(1,925)	1	459
Other:								
Contribution by employer	0	(491)	0	(491)	0	(261)	0	(261)
Contribution by plan participants	8	(9)	0	(1)	5	(5)	0	0
Benefits paid	(2,185)	2,145	0	(40)	(2,034)	2,000	0	(34)
Other changes	6	(2)	0	4	(110)	85	(6)	(31)
Amounts at December 31	31,260	(25,723)	12	5,549	30,564	(24,695)	11	5,880

Amounts recognized in the Consolidated Income Statement were as follows:

€ million	2016	2015	Change
Current service cost	204	222	(18)
Interest expense	1,236	1,244	(8)
Interest income	(1,008)	(994)	(14)
Other administration costs	99	96	3
Past service costs/(credits) and gains/(losses) arising from settlements/curtailments	(16)	(9)	(7)
Total recognized in the Consolidated Income Statement	515	559	(44)

During the year ended December 31, 2016, the Group amended its U.S. defined benefit plan for salaried employees to allow certain terminated vested participants to accept a lump-sum amount. A total of €214 million was paid to those participants who accepted the offer in December 2016. The plan amendment resulted in a settlement gain of €29 million that was recognized within Selling, general and other in the Consolidated Income Statement for the year ended December 31, 2016. There were no significant plan amendments or curtailments to the Group's pension plans for the years ended December 31, 2015.

During the year ended December 31, 2015, mortality assumptions used for our U.S. benefit plan valuation were updated to reflect recent trends in the industry and the revised outlook for future generational mortality improvements. Generational improvements represent decreases in mortality rates over time based upon historical improvements in mortality and expected future improvements. The change increased the Group's U.S. pension and other post-employment benefit obligations by approximately €214 million and €28 million, respectively. In addition, retirement rate assumptions used for the Group's U.S. and Canada benefit plan valuations were updated to reflect an ongoing trend towards delayed retirement for U.S. and Canada employees. The change decreased the Group's U.S. and Canada pension benefit obligations by approximately €209 million.

The fair value of plan assets by class is as follows:

€ million	12/31/2016		12/31/2015	
	Amount	of which have a quoted market price in an active market	Amount	of which have a quoted market price in an active market
Cash and cash equivalents	862	816	607	513
US equity securities	1,923	1,633	2,209	2,209
Non-US equity securities	1,170	1,170	1,653	1,388
Commingled fund	3,149	216	2,025	164
Equity instruments	6,242	3,019	5,887	3,761
Government securities	3,223	1,146	3,441	1,137
Corporate bonds (including convertible and high-yield bonds)	6,853	58	6,560	0
Other fixed income securities	914	10	938	7
Fixed income securities	10,990	1,214	10,939	1,144
Private equity funds	1,980	0	1,787	0
Commingled funds	147	118	137	117
Mutual funds	649	3	496	0
Real estate funds	1,460	0	1,502	0
Hedge funds	2,466	0	2,607	0
Investment funds	6,702	121	6,529	117
Insurance contracts and other	927	157	733	49
Total fair value of plan assets	25,723	5,327	24,695	5,584

Non-U.S. equity securities are invested broadly in developed international and emerging markets. Debt instruments are fixed income securities which comprise primarily long-term U.S. Treasury and global government bonds, as well as U.S., developed international and emerging market companies' debt securities diversified by sector, geography and through a wide range of market capitalization. Commingled funds include common collective trust funds, mutual funds and other investment entities. Private equity funds include those in limited partnerships that invest primarily in operating companies that are not publicly traded on a stock exchange. Real estate investments includes those in limited partnerships that invest in various commercial and residential real estate projects both domestically and internationally. Hedge fund investments include those seeking to maximize absolute return using a broad range of strategies to enhance returns and provide additional diversification.

The investment strategies and objectives for pension assets reflect a balance of liability-hedging and return-seeking investment considerations. The investment objectives are to minimize the volatility of the value of the pension assets relative to the pension liabilities and to ensure assets are sufficient to pay plan obligations. The objective of minimizing the volatility of assets relative to liabilities is addressed primarily through asset diversification, partial asset-liability matching and hedging. Assets are broadly diversified across many asset classes to achieve risk-adjusted returns that, in total, lower asset volatility relative to the liabilities. Additionally, in order to minimize pension asset volatility relative to the pension liabilities, a portion of the pension plan assets are allocated to fixed income securities. The Group policy for these plans ensures actual allocations are in line with target allocations as appropriate.

Assets are actively managed, primarily, by external investment managers. Investment managers are not permitted to invest outside of the asset class or strategy for which they have been appointed. The Group uses investment guidelines to ensure investment managers invest solely within the mandated investment strategy. Certain investment managers use derivative financial instruments to mitigate the risk of changes in interest rates and foreign currencies impacting the fair values of certain investments. Derivative financial instruments may also be used in place of physical securities when it is more cost effective and/or efficient to do so.

Plan assets do not include shares of FCA, CNH Industrial, or properties occupied by Group companies.

Sources of potential risk in the pension plan assets measurements relate to market risk, interest rate risk and operating risk. Market risk is mitigated by diversification strategies and as a result, there are no significant concentrations of risk in terms of sector, industry, geography, market capitalization, or counterparty. Interest rate risk is mitigated by partial asset-liability matching.

The fixed income target asset allocation partially matches the bond-like and long-dated nature of the pension liabilities. Interest rate increases generally will result in a decline in the fair value of the investments in fixed income securities and the present value of the obligations. Conversely, interest rate decreases generally will increase the fair value of the investments in fixed income securities and the present value of the obligations.

The weighted average assumptions used to determine the defined benefit obligations of the pension plans are as follows:

FCA Group

(in %)	12/31/2016			12/31/2015		
	USA	Canada	UK	USA	Canada	UK
Discount rate	4.4	3.9	2.7	4.5	4	3.8
Future salary increase rate	n.a.	3.5	3.1	n.a.	3.5	2.9
Average duration (years)	11	13	21	11	13	20

Discount rates are used in measuring the obligation and the interest expense (income) of net period cost. The Group selects these rates on the basis of the rate on return on high-quality (AA rated) fixed income investments for which the timing and amounts of payments match the timing and amounts of the projected pension and other post-employment plan.

The effect of an increase or decrease of 0.1% in the assumed discount rate, holding all other assumptions constant, would be a decrease of €418 million and an increase of €426 million, respectively, in the defined benefit obligations.

CNH Industrial Group

(in %)	12/31/2016	12/31/2015
Discount rate	2.82	3.49
Future salary increase rate	2.95	2.73
Average duration (years)	13	12

Weighted-average discount rates are used in measurements of pension, healthcare and other post-retirement benefit obligations and net interest on the net defined benefit liability/asset. The weighted-average discount rates are based on a benefit cash flow-matching approach and represent the rates at which the benefit obligations could effectively be settled as of the measurement date. The benefit cash flow-matching approach involves analyzing the Group's projected cash flows against a high quality bond yield curve, mainly calculated using a wide population of AA-yield corporate bonds subject to minimum amounts outstanding and meeting other defined selection criteria.

The effect of an increase or decrease of one percentage point in the assumed discount rate, holding all other assumptions constant, would be a decrease of €371 million and increase of €465 million, respectively, in the defined benefit obligations.

Ferrari Group

The discount rates are used in measuring the pension plan obligation and the interest expenses (income) of net period cost. The Group selects these rates on the basis of the rate of return on high-quality (AA rated) fixed income investments for which the timing and amounts of payments match the timing and amounts of the projected pension defined benefit plan.

The effect of an increase or decrease of one percentage point in the assumed discount rate, holding all other assumptions constant, would be a decrease of €1.7 million and increase of €2 million, respectively, in the defined benefit obligations.

PartnerRe Group

(in %)	12/31/2016		12/31/2015	
	Pension obligation	Net periodic benefit cost	Pension obligation	Net periodic benefit cost
Discount rate	0.75	1.00	1.0	1.25
Expected return on plan assets	n.a.	1.00	n.a.	1.25
Rate of compensation increase	2.00	2.25	2.25	2.25

The investment strategy of the Zurich Plan's Pension Committee is to achieve a consistent long-term return, which will provide sufficient funding for future pension obligations while limiting risk. The expected long-term rate of return on plan assets is based on the expected asset allocation and assumptions concerning long-term interest rates, inflation rates and risk premiums for equities above the risk-free rates of return. These assumptions take into consideration historical long-term rates of return for the relevant asset categories. The investment strategy is reviewed regularly.

The fair value of the Zurich Plan's assets at December 31, 2016 were insured funds and cash of €103 million (\$109 million). The insured funds comprise the accumulated pension plan contributions and investment returns thereon, which are held in an insurance arrangement that provides at least a guaranteed minimum investment return. The insured funds are held by a collective foundation of AXA Life Ltd. and are guaranteed under the insurance arrangement.

Healthcare and life insurance plans

Liabilities arising from these plans comprise obligations such as healthcare and life insurance granted to employees and retirees in the U.S. and Canada by FCA US companies and those of the Agricultural Equipment and Construction Equipment sectors of CNH Industrial.

CNH Industrial Healthcare plan obligations comprise obligations for healthcare and insurance plans granted to CNH Industrial employees working in the United States and Canada. These plans generally cover employees retiring on or after reaching the age of 55 who have completed at least 10 years of employment. CNH Industrial U.S. salaried and non-represented hourly employees and Canadian employees hired after January 1, 2001 and January 1, 2002, respectively, are not eligible for postretirement healthcare and life insurance benefits under the CNH Industrial plans. These benefits may be subject to deductibles, co-payment provisions and other limitations, and CNH Industrial has reserved the right to change or terminate these benefits, subject to the provisions of any collective bargaining agreement. These plans are not required to be funded. However, beginning in 2007, CNH Industrial began making contributions on a voluntary basis to a separate and independently managed fund established to finance the North American healthcare plans.

The expected benefits for healthcare and life insurance plans are the following:

€ million	2017	2018	2019	2020	2021	2022-2026
Expected benefit payments	213	211	210	209	210	1,042

Changes in healthcare and life insurance plans are as follows:

€ million	12/31/2016			12/31/2015		
	Defined benefit obligation	Fair value of plan assets	(Net asset) Net liability obligation	Defined benefit obligation	Fair value of plan assets	(Net asset) Net liability obligation
Present value of obligations at January 1	3,522	(97)	3,425	3,300	(88)	3,212
Included in income statement	171	(3)	168	185	(4)	181
Included in Other comprehensive income						
Actuarial (gains) losses from:						
- demographic assumptions	(56)	0	(56)	0	0	0
- financial assumptions	(18)	0	(18)	(45)	0	(45)
- other	(27)	0	(27)	(16)	0	(16)
Return on assets	0	(4)	(4)	0	4	4
Exchange differences	116	(3)	113	314	(10)	304
Other changes:			0			0
Contribution by employer	0	0	0	0	0	0
Contribution by plan participants	8	0	8	8	0	8
Benefits paid	(202)	2	(200)	(223)	2	(221)
Other changes	0	0	0	(1)	(1)	(2)
Present value of obligation at December 31	3,514	(105)	3,409	3,522	(97)	3,425

Amounts recognized in the Consolidated Income Statement were as follows:

€ million	2016	2015	Change
Current service cost	32	39	(7)
Interest expense	143	146	(3)
Interest income	(3)	(4)	1
Past service costs/(credits) and gains/(losses) arising from settlements/curtailments	(4)	-	(4)
Total recognized in the Consolidated Income Statement	168	181	(13)

Healthcare and life insurance plans are accounted for on an actuarial basis, which requires the selection of various assumptions. In particular, it requires the use of estimates of the present value of the projected future payments to all participants, taking into consideration the likelihood of potential future events such as healthcare cost increases and demographic experience.

The fair value of plan assets by class is as follows:

€ million	31.12.2016		31.12.2015	
	Amount	of which have a quoted market price in an active market	Amount	of which have a quoted market price in an active market
Cash and cash equivalents				
US equity securities	51	13		
Non-US equity securities			49	14
Equity instruments	51	13	49	14
Government securities	15		10	8
Corporate bonds (including convertible and high-yield bonds)	33		34	
Other fixed income	2		2	
Debt instruments	50	0	46	8
Insurance contracts and other	4		2	
Total fair value of plan assets	105	13	97	22

The weighted average assumptions used to determine the defined benefit obligations are as follows:

FCA Group

(in %)	12/31/2016		12/31/2015	
	USA	Canada	USA	Canada
Discount rate	4.5	4	4.5	4.2
Future salary increase rate	1.5	1.0	1.5	1.5
Weighted average ultimate health care cost trend rate	4.5	4.4	4.5	4.3
Average duration (years)	12	16	13	16

The annual rate of increase in the per capita cost of covered U.S. health care benefits assumed for next year and used in the 2016 plan valuation was 7.0 percent (7.0 percent in 2015). The annual rate was assumed to decrease gradually to 4.5 percent after 2029 and remain at that level thereafter. The annual rate of increase in the per capita cost of covered Canadian health care benefits assumed for next year and used in the 2016 plan valuation was 4.7 percent (4.7 percent in 2015). The annual rate was assumed to decrease gradually to 4.4 percent in 2029 and remain at that level thereafter.

CNH Industrial Group

(in %)	12/31/2016	12/31/2015
Average discount rate	3.97	4.27
Future salary increase rate	2.50	2.50
Weighted average initial health care cost trend rate	6.72	6.98
Weighted average ultimate health care cost trend rate	5.00	5.00
Average duration (years)	11	13

Assumed discount rates are used in measurements of pension, healthcare and other post-employment benefit obligations and net interest on the net defined benefit liability/asset. CNH Industrial selects its assumed discount rates based on the consideration of equivalent yields on high-quality fixed income investments at the measurement date. The assumed discount rate is used to discount future benefit obligations back to today's dollars. The discount rates for the U.S., European, U.K. and Canadian obligations are based on a benefit cash flow-matching approach and represent the rates at which the benefit obligations could effectively be settled as of the measurement date, December 31. The benefit cash flow-matching approach involves analyzing CNH Industrial's projected cash flows against a high quality bond yield curve, mainly calculated using a wide population of AA-grade corporate bonds subject to minimum amounts outstanding and meeting other defined selection criteria. The discount rates for CNH Industrial's remaining obligations are based on benchmark yield data of high-quality fixed income investments for which the timing and amounts of payments approximate the timing and amounts of projected benefit payments.

The assumed healthcare trend rate represents the rate at which healthcare costs are assumed to increase. Rates are determined based on CNH Industrial's specific experience, consultation with actuaries and outside consultants, and various trend factors including general and healthcare sector-specific inflation projections from the United States Department of Health and Human Services Healthcare Financing Administration. The initial trend is a short-term assumption based on recent experience and prevailing market conditions. The ultimate trend is a long-term assumption of healthcare cost inflation based on general inflation, incremental medical inflation, technology, new medicine, government cost-shifting, utilization changes, an aging population, and a changing mix of medical services.

In October 2014, the Society of Actuaries ("SOA") in the United States issued updated mortality table ("RP-2014") and mortality improvement scale ("MP-2014"). Accordingly, CNH Industrial reviewed the historical mortality experience and demographic characteristics of its U.S. pension and Healthcare plan participants and have decided to adopt the variants of Blue Collar tables of RP-2014 as the base mortality tables. The Retirement Plans Experience Committee ("RPEC") publishes annual updates to the RP-2014 model and corresponding mortality improvement scales. The latest update resulted in the 2016 version of the mortality improvement scale ("MP-2016"). In 2016 CNH Industrial adopted the MP-2016 mortality improvement scale, which reflects significant improvement over the previous mortality improvement scales. Management believes the new mortality assumptions most appropriately represent its plans' experience and characteristics. The adoption of the new mortality assumptions resulted in a total decrease of €30 million (\$32 million) to the

Group's benefit obligations at December 31, 2016, of which €14 million (\$15 million) was related to Pension plans and €16 million (\$17 million) to Healthcare plans.

Beginning in 2016, CNH Industrial changed the method used to estimate the service cost and net interest components of the net benefit cost in order to provide a more precise measure of net interest and service costs by improving the correlation between the projected benefit cash flows and the discrete spot yield curve rates. The new method uses the spot yield curve approach to estimate the service cost and net interest components by applying the specific spot rates along the yield curve used to determine the benefit obligations to relevant projected cash outflows. Historically, the service and net interest costs were determined using a single weighted-average discount rate based on hypothetical AA yield curves used to measure the benefit obligation at the beginning of the period. The change has been accounted for as a change in estimate prospectively, and resulted in a \$14 million (€ 13 million) reduction in net benefit cost in 2016, mainly due to lower current service cost and net interest expense. This change does not affect the measurement of the total benefit obligations.

Assumed discount rates and healthcare cost trend rates have a significant effect on the amount recognized in the 2016 financial statements. The effect of an increase or decrease of one percentage point in the discount rate, holding all other assumptions constant, would be a decrease of €99 million and increase of €118 million, respectively, in the benefit obligations at December 31, 2016.

The effect of an increase or decrease of one percentage point in the assumed healthcare cost trend rates would be an increase of €116 million and decrease of €93 million, respectively, in the defined healthcare benefit obligations at December 31, 2016.

Other post-employment benefits

Other post-employment benefits include employee benefits granted to Group employees in Europe and comprise, among others, Italian employee leaving entitlements – TFR (obligation amounting to €981 million at December 31, 2016 and €1,006 million at December 31, 2015), consisting of the residual obligation for the benefit due to employees of Italian companies until December 31, 2007, having more than 50 employees, and accrued over the employee's working life for the others, and settled when an employee leaves the Group. The schemes included in this item are unfunded.

Changes in the obligations for other post-employment benefits are the following:

€ million	12/31/2016	12/31/2015
Present value of obligation at January 1	1,308	1,454
Included in income statement:		
Current service cost	15	16
Interest (income) expenses	20	9
Past service costs (income) and (gains) losses arising from settlements	1	0
Included in Other comprehensive income:		
Actuarial (gains) losses from:		
- demographic assumptions	2	(2)
- financial assumptions	41	(46)
- other	37	(16)
Exchange differences	1	(1)
Other changes:		
Benefits paid	(81)	(86)
Change in the scope of consolidation	1	1
Other changes	(14)	(21)
Present value of obligation at December 31	1,331	1,308

The main assumptions used in developing the required estimates for other post-employment benefits include the discount rate, the retirement or employee leaving rate and the mortality rates.

The discount rates used for the measurement of the Italian leaving entitlement obligation are based on yields of high-quality (AA rated) fixed income securities for which the timing and amounts of payments match the

timing and amounts of the projected benefit payments. For this plan, the single weighted average discount rate that reflects the estimated timing and amount of the scheme future benefit payments for 2016 is equal to 1.6% (1.6% in 2015). The average duration of the Italian leaving entitlement is approximately 7 years. Retirement or employee leaving rates are developed to reflect actual and projected Group experience and law requirements for retirement in Italy.

As for the FCA Group the effect of an increase or decrease of one percentage point in the discount rate, holding all other assumptions constant, would be a decrease of €38 million and increase of €41 million, respectively, in the benefit obligations at December 31, 2015.

Other provisions for employees

At December 31, 2016, other provisions for employees include other long-term benefits obligations of €1,650 million (€1,650 million at December 31, 2015) representing the expected obligation for benefits such as jubilee and long-term disability granted to certain employees by the Group.

27. Other provisions

Changes in other provisions are as follows:

€ million	Beginning balance	Charge	Utilization	Release to income	Change in scope of consolidation	Translation differences	Other changes	Closing balance
At December 31, 2016								
Product warranty and recall campaigns	7,385	3,945	(4,003)	945	(1)	252	33	8,556
Restructuring	151	88	(100)	(12)	0	2	(25)	104
Investment	18	0	0	0	0	1	(5)	14
Other	9,677	17,489	(16,146)	(293)	0	279	(415)	10,591
Total other provisions	17,231	21,522	(20,249)	640	(1)	534	(412)	19,265
At December 31, 2015								
Product warranty and recall campaigns	5,684	4,095	(3,955)	1,259	(2)	325	(21)	7,385
Restructuring	219	73	(119)	(21)	0	4	(5)	151
Investment	13	0	0	0	0	0	5	18
Other	7,819	16,791	(14,933)	(228)	(22)	349	(99)	9,677
Total other provisions	13,735	20,959	(19,007)	1,010	(24)	678	(120)	17,231

The product warranty and recall campaign represents the best estimate of commitments given by the Group for contractual, legal, or constructive obligations arising from product warranties given for a specified period of time beginning at the date of sale to the end customer. This estimate is principally based on assumptions regarding the lifetime warranty costs of each vehicle and each model year of that vehicle line, as well as historical claims experience for vehicles. Product warranty and recall campaign also include management's best estimate of the costs that are expected to be incurred in connection with product defects that could result in a general recall of vehicles, which are estimated by making an assessment of the historical occurrence of defects on a case-by-case basis and are accrued when a reliable estimate of the amount of the obligation can be made.

At December 31, 2016, the product warranty and recall campaigns provision included €451 million of charges recognized within Cost of sales for the year ended December 31, 2016 for the additional estimated costs associated with the recall campaigns related to an industry wide recall of airbag inflators resulting from parts manufactured by Takata. Refer to note 32, Guarantees granted, commitments and contingent liabilities, for additional information.

In addition, the product warranty and recall campaigns provision included €132 million of estimated net costs recognized within cost of sales for the year ended December 31, 2016 associated with a recall for which costs are being contested with a supplier. Although FCA believes the supplier has responsibility for the recall, only a partial recovery of the estimated costs has been recognized pursuant to a cost sharing agreement. The cash outflow for the non-current portion of the Product warranty and recall campaigns provision is primarily expected within a period through 2021.

Product warranty and recall campaigns provision at December 31, 2015 included the change in estimate for estimated future recall campaign costs for the U.S. and Canada of €761 million related to vehicles sold in periods prior to the third quarter of 2015 as well as additional warranty costs in the second half of 2015 related

to the increase in the accrual rate per vehicle. Translation differences primarily related to the foreign currency translation from U.S. dollar to Euro.

For the year ended December 31, 2015, a total charge of €81 million was recorded within Selling, general and other for the year ended December 31, 2015 as a result of a consent order agreed with U.S. National Highway Traffic Safety Administration (“NHTSA”), (the “Consent Order”), resolving the issues raised by NHTSA with respect to FCA US’s execution of 23 recall campaigns in NHTSA’s Special Order issued to FCA US on May 22, 2015. Pursuant to the Consent Order, FCA US made a U.S.\$70 million (€63 million) cash payment to NHTSA in September 2015 and will spend U.S.\$20 million (€18 million) on industry and consumer outreach activities and incentives to enhance certain recall and service campaign completion rates. An additional U.S.\$15 million (€14 million) payment will be payable by FCA US if it fails to comply with certain terms of the Consent Order. FCA US’s compliance with the Consent Order is monitored by an independent monitor that reports to NHTSA on a periodic basis. In addition, the Consent Order requires FCA US to meet monthly with NHTSA to discuss certain communications and open investigations. Although the Consent Order required these monthly meetings for a one year term, NHTSA exercised its option, pursuant to the terms of the Consent Order, to extend such meetings for an additional year. As a result of the Group’s heightened scrutiny of its regulatory reporting obligations growing out of the Consent Order, the Group identified deficiencies in FCA US’s Transportation Recall Enhancement, Accountability, and Documentation (TREAD) reporting. Following admission of these deficiencies to NHTSA, an amendment to the Consent Order was issued in December 2015 whereby a penalty of U.S.\$70 million (€63 million) was imposed by NHTSA. The penalty, which was recorded within selling, general and other costs during the year ended December 31, 2015, was paid on January 6, 2016.

The caption Other of the table above represents the amounts provided by the individual companies of the Group in connection mainly with contractual, commercial and tax risks and disputes.

The composition of the provision for other is as follows:

€ million	12/31/2016	12/31/2015	Change
Sales incentives	6,870	6,267	603
Legal proceedings and other disputes	1,171	1,328	(157)
Commercial risks	1,046	693	353
Environmental risks	90	93	(3)
Indemnities	52	52	0
Other provisions for risks and charges	1,362	1,244	118
Total other	10,591	9,677	914

In particular, the provision refers to:

- sales incentives: this provision offers sales incentives on a contractual basis to the Group’s dealer networks, primarily given if the dealers achieve a specific cumulative level of sales transactions during the calendar year;
- legal proceedings and other disputes: this provision represents management’s best estimate of the liability to be recognized with regard to:
 - legal proceedings arising in the ordinary course of business with dealers, customers, suppliers or regulators (such as contractual or patent disputes);
 - legal proceedings involving claims with active and former employees;
 - legal proceedings involving different tax authorities;
- Italian exit tax.

At December 31, 2015 the other provision for risk and charges included the accrual of CNH Industrial of €450 million (equivalent to approximately \$500 million at current exchange rate) arising from a fine imposed by the European Commission following to an investigation conducted by the European Commission. The fine was paid on October 2016.

28. Technical reserves reinsurance companies

At December 31, 2016 the composition of technical reinsurance reserves related to the PartnerRe Group was as follows:

€ million	12/31/2016	12/31/2015	Change
Unpaid losses and Loss expenses	8,524		8,524
Life and health technical reinsurance reserves	1,882		1,882
Unearned premium reserves	1,540		1,540
Total Technical reinsurance reserves	11,946	-	11,946

Unpaid Losses and Loss Expenses

Unpaid losses and loss expenses are categorized into three types of reserves: Case reserve, ACRs and IBNR reserves. Case reserves represent unpaid losses reported by the Company's cedants and recorded by the Company. ACRs are established for particular circumstances where, on the basis of individual loss report, the Company estimates that the particular loss or collection of losses covered by a treaty may be greater than those advised by the cedant. IBNR reserves represent a provision for claims that have been incurred but not yet reported to the Company, as well as future loss development on losses already reported, in excess of the case reserves and ACRs.

The reconciliation of the beginning and ending gross and net liability for unpaid losses and loss expenses acquired in the acquisition of PartnerRe for the period from March 18, 2016 to December 31, 2016 was as follows:

€ million	
Gross liability acquired at 3/18/2016	8,195
Reinsurance recoverable acquired at 3/18/2016	(171)
Net reserves acquired at 3/18/2016	8,024
Net incurred losses related to current period	1,716
Net paid losses related to current period	(1,710)
Change in Paris Re Reserve Agreement	(21)
Translation differences and other changes	262
Net liability at 12/31/2016	8,271
Reinsurance recoverable at 12/31/2016	253
Gross liability at 12/31/2016	8,524

Life and health technical reinsurance reserves

The reconciliation of the beginning and ending gross and net liability for life and health technical reinsurance reserves acquired in the acquisition of PartnerRe for the period from March 18, 2016 to December 31, 2016 was as follows:

€ million	
Gross liability acquired at 3/18/2016	1,826
Reinsurance recoverable acquired at 3/18/2016	(38)
Net reserves acquired at 3/18/2016	1,788
Net incurred losses	679
Net paid losses	(593)
Translation differences	(22)
Net liability at 12/31/2016	1,852
Reinsurance recoverable at 12/31/2016	30
Gross liability at 12/31/2016	1,882

Reserves for unearned premium

The reconciliation of the beginning and ending reserves for unearned premium acquired in the acquisition of PartnerRe for the period from March 18, 2016 to December 31, 2016 was as follows:

€ million	
Reserves acquired at 3/18/2016	1,804
Net premiums written	3,313
Net premiums earned	(3,606)
Translation differences	29
Unearned premium reserve at the end of the period	1,540

29. Financial debt

The composition of financial debt is as follows:

€ million	12/31/2016	12/31/2015	Change
Notes	25,487	23,809	1,678
Borrowings from banks	14,509	18,385	(3,876)
Asset-backed financing	12,075	12,146	(71)
Payables represented by securities	1,619	1,212	407
Other financial debt	2,127	1,728	399
Total financial debt	55,817	57,280	(1,463)

Notes

Notes at December 31, 2016 amount to €25,487 million (€23,809 million at December 31, 2015).

The composition is as follows:

€ million	12/31/2016	12/31/2015	Change
Notes issued by EXOR	2,999	2,625	374
Notes issued by FCA Group	12,351	13,441	(1,090)
Notes issued by CNH Industrial Group	8,327	7,743	584
Notes issued by Ferrari Group	498	0	498
Notes issued by PartnerRe Group	1,313	0	1,313
Total Notes	25,487	23,809	1,678

The individual company issuers intend to repay the issued notes in cash at the due date by utilizing available liquid resources. In addition, the companies in the Group may from time to time buy back their issued notes, also for purposes of their cancellation. Such buybacks, if made, depend upon market conditions, the financial situation of the individual companies and other factors which could affect such decisions.

EXOR

	Currency	Face value outstanding (in millions)	Coupon	Maturity	Outstanding amount (in € million)	
					12/31/2016	12/31/2015
EXOR N.V.	€	440	5.375%	June 12, 2017	453	452
EXOR N.V.	€	150	4.750%	October 16, 2019	150	150
EXOR N.V.	€	200	3.375%	November 12, 2020	200	199
EXOR N.V.	€	750	2.125%	December 2, 2022	745	745
EXOR N.V.	€	650	2.500%	October 8, 2024	652	652
EXOR N.V.	€	100	5.250%	January 31, 2025	103	103
EXOR N.V.	€	450	2.875%	December 22, 2025	452	247
EXOR N.V.	Yen	10,000	2.80% 6 months	May 9, 2031	82	77
EXOR N.V.	\$	170	4.398% 6 months	May 20, 2026	162	
Total Notes					2,999	2,625

On May 10, 2016 EXOR reopened the €250 million bonds issued on December 22, 2015, increasing the amount by €200 million. Like the bonds previously issued, the new bonds carry an annual fixed coupon of 2.875% and are due in December 2025.

The new bonds issued through a private placement to institutional investors yield 2.51% and are listed on the Luxembourg Stock Exchange.

On May 20, 2016 EXOR issued its first U.S. dollar notes for \$170 million due May 20, 2026. The new notes were issued through a private placement to institutional investors and pay interest semi-annually at an annual rate of 4.398%. The notes, rated BBB+ by Standard & Poor's, are listed on the Luxembourg Stock Exchange. The issue price was 100% of the principal amount. The purpose of the new notes was to refinance EXOR's short-term debt.

FCA Group

	Currency	Face value outstanding (in millions)	Coupon	Maturity	Outstanding amount (in € million)	
					12/31/2016	12/31/2015
Global Medium Term Note Programme:						
Fiat Chrysler Finance Europe S.A.	€	1,000	6.375%	April 1, 2016	1,000	1,000
Fiat Chrysler Finance Europe S.A.	€	1,000	7.750%	October 17, 2016		1,000
Fiat Chrysler Finance Europe S.A.	CHF	400	5.250%	November 23, 2016		369
Fiat Chrysler Finance Europe S.A.	€	850	7.000%	March 23, 2017	850	850
Fiat Chrysler Finance North America Inc.	€	1,000	5.625%	June 12, 2017	1,000	1,000
Fiat Chrysler Finance Europe S.A.	CHF	450	4.000%	November 22, 2017	419	415
Fiat Chrysler Finance Europe S.A.	€	1,250	6.625%	March 15, 2018	1,250	1,250
Fiat Chrysler Finance Europe S.A.	€	600	7.375%	July 9, 2018	600	600
Fiat Chrysler Finance Europe S.A.	CHF	250	3.125%	September 30, 2019	233	231
Fiat Chrysler Finance Europe S.A.	€	1,250	6.750%	October 14, 2019	1,250	1,250
Fiat Chrysler Finance Europe S.A.	€	1,000	4.750%	March 22, 2021	1,000	1,000
Fiat Chrysler Finance Europe S.A.	€	1,350	4.750%	July 15, 2022	1,350	1,350
Fiat Chrysler Finance Europe S.A.	€	1,250	3.750%	March 29, 2024	1,250	
Other					7	7
Total Global Medium Term Notes					9,209	10,322
Other Notes:						
FCA Notes	\$	1,500	4.500%	April 15, 2020	1,423	1,378
FCA Notes	\$	1,500	5.250%	April 15, 2023	1,423	1,378
Total Other Notes					2,846	2,756
Hedging effect and amortized cost valuation					296	363
Total Notes					12,351	13,441

Notes Issued Through GMTN Programme

Certain notes issued by the FCA Group are governed by the terms and conditions of the Global Medium Term Note ("GMTN") Programme. A maximum of €20 billion may be used under this program, of which notes of approximately €9.2 billion were outstanding at December 31, 2016 (€10.3 billion at December 31, 2015). The GMTN Programme is guaranteed by FCA, which may from time to time buy back notes in the market that have been issued. Such buybacks, if made, depend upon market conditions, the Group's financial situation and other factors which could affect such decisions.

Changes in notes issued under the GMTN Programme during the year ended December 31, 2016 were due to the:

- issuance of a 3.75 percent note at par in March 2016 with a principal amount of €1,250 million and due March 2024;
- repayment at maturity in April 2016 of a note with a principal amount of €1,000 million;
- repayment at maturity in October 2016 of a note with a principal amount of €1,000 million; and
- repayment at maturity in November 2016 of a note with a principal amount of CHF 400 million (€373 million).

Changes in notes issued under the GMTN Programme during the year ended December 31, 2015 were due to the repayment at maturity of two notes, one with a principal amount of €1,500 million and one with a principal amount of CHF 425 million (€390 million).

The notes issued under the GMTN Programme impose covenants on the issuer and, in certain cases, on FCA as guarantor, which include: (i) negative pledge clauses which require that, in case any security interest upon assets of the issuer and/or FCA is granted in connection with other notes or debt securities having the same ranking, such security should be equally and ratably extended to the outstanding notes; (ii) *pari passu* clauses, under which the notes rank and will rank *pari passu* with all other present and future unsubordinated and unsecured obligations of the issuer and/or FCA; (iii) periodic disclosure obligations; (iv) cross-default clauses which require immediate repayment of the notes under certain events of default on other financial instruments issued by FCA's main entities; and (v) other clauses that are generally applicable to securities of a similar type. A breach of these covenants may require the early repayment of the notes. As of December 31, 2016, FCA was in compliance with all covenants under the GMTN Programme.

Other Notes

The Notes impose covenants on FCA including: (i) negative pledge clauses which require that, in case any security interest upon assets of FCA is granted in connection with other notes or debt securities having the same ranking, such security should be equally and ratably extended to the outstanding Notes; (ii) *pari passu* clauses, under which the Notes rank and will rank *pari passu* with all other present and future unsubordinated and unsecured obligations of FCA; (iii) periodic disclosure obligations; (iv) cross-default clauses which require immediate repayment of the Notes under certain events of default on other financial instruments issued by FCA's main entities; and (v) other clauses that are generally applicable to securities of a similar type. A breach of these covenants may require the early repayment of the Notes. As of December 31, 2016, FCA was in compliance with the covenants of the Notes.

FCA used the net proceeds from the offering of the Notes for general corporate purposes and the refinancing of a portion of the outstanding secured senior notes of FCA US, as described below. Debt issuance costs, arrangement fees and other direct costs were split evenly across the 2020 Notes and the 2023 Notes, were recorded as a reduction in the carrying value of the Notes and are amortized using the effective interest rate method over the respective life of the Notes. Interest on the 2020 Notes and the 2023 Notes is payable semi-annually in April and October.

CNH Industrial Group

	Currency	Face value outstanding (in millions)	Coupon	Maturity	Outstanding amount (in €million)	
					12/31/2016	12/31/2015
Global Medium Term Notes:						
CNH Industrial Finance Europe S.A.	€	1,200	6.250%	March 9, 2018	1,200	1,200
CNH Industrial Finance Europe S.A.	€	1,000	2.750%	March 18, 2019	1,000	1,000
CNH Industrial Finance Europe S.A.	€	700	2.875%	September 27, 2021	700	700
CNH Industrial Finance Europe S.A.	€	500	2.875%	May 17, 2023	500	
CNH Industrial Finance Europe S.A.	€	100	3.500%	November 12, 2025	100	100
CNH Industrial Finance Europe S.A.	€	50	3.875%	April 21, 2028	50	100
Total Global Medium Term Notes					3,550	3,000
Other Notes						
CNH America LLC	\$	254	7.250%	January 15, 2016		233
CNH Capital LLC	\$	500	6.250%	November 1, 2016		459
CNH Capital LLC	\$	500	3.250%	February 1, 2017	474	459
Case New Holland Industrial Inc.	\$	1,500	7.875%	December 1, 2017	603	1,378
CNH Capital LLC	\$	600	3.625%	April 15, 2018	569	551
CNH Capital LLC	\$	600	3.875%	July 16, 2018	569	551
CNH Capital LLC	\$	500	3.375%	July 15, 2019	474	459
CNH Capital LLC	\$	600	4.375%	November 6, 2020	569	551
CNH Capital LLC	\$	500	4.875%	April 1, 2021	474	
CNH Capital LLC	\$	400	3.875%	October 15, 2021	379	
CNH Capital LLC	\$	600	4.500%	August 15, 2023	569	
Total other Notes					4,683	4,642
Hedging effect and amortized cost valuation					94	101
Total Notes					8,327	7,743

In March 2016, CNH Industrial Capital LLC issued \$500 million of debt securities at an interest rate of 4.875% due in April 2021. In April 2016, CNH Industrial Finance Europe S.A. issued €50 million of notes at a fixed rate of 3.875% as a private placement due in April 2028. In May 2016, CNH Industrial Finance Europe S.A. issued €500 million of notes at a fixed rate of 2.875%, due May 2023.

The 3.875% and the 2.875% notes have been issued under the €10 billion Global Medium Term Note Programme unconditionally and irrevocably guaranteed by CNH Industrial N.V. In August 2016, CNH Industrial N.V. issued \$600 million of notes at an interest rate of 4.50%, due August 2023. In October 2016, CNH Industrial Capital LLC issued \$400 million of notes at an interest rate of 3.875% due in October 2021.

In August 2016 and in December 2016, Case New Holland Industrial Inc. repurchased \$450 million and \$414 million, respectively, in aggregate principal amount of its 7.875% notes due 2017, following cash tender offers.

The bonds issued by the CNH Industrial Group may contain commitments of the issuer and in certain cases commitments of CNH Industrial N.V. in its capacity as guarantor, which are typical of international practice for bond issues of this type such as, in particular, negative pledge (in relation to quoted indebtedness), a status (or pari passu) covenant and cross default clauses. A breach of these commitments can lead to the early repayment of the issued notes. The bonds guaranteed by CNH Industrial N.V. under the Global Medium Term Note Programme, as well as the notes issued by CNH Industrial N.V. in August 2016, contain clauses which could lead to early repayment if there is a change of control of CNH Industrial N.V. leading to a rating downgrading of CNH Industrial N.V.

The Group intends to repay the issued bonds in cash at the due date by utilizing available liquid resources. In addition, the companies in the Group may from time to time buy back their issued bonds. Such buy backs, if made, depend upon market conditions, the financial situation of the Group and other factors which could affect such decisions.

Ferrari Group

On March 16, 2016, the Ferrari Group concluded the placement of 7-year 1.5% fixed-rate notes with a principal amount of €500 million at an issue price of €98.977, unrated. The net proceeds of €491 million together with the Group's cash were used to repay the €500 million Bridge Loan secured on November 30, 2015. The notes are listed on the Irish Stock Exchange.

The notes impose covenants on Ferrari including: (i) negative pledge clauses which require that, in case any security interest upon assets of Ferrari is granted in connection with other notes or debt securities with the consent of Ferrari are, or are intended to be, listed, such security should be equally and ratably extended to the outstanding notes, subject to certain permitted exceptions; (ii) pari passu clauses, under which the notes rank and will rank pari passu with all other present and future unsubordinated and unsecured obligations of Ferrari; (iii) events of default for failure to pay principal or interest or comply with other obligations under the notes with specified cure periods or in the event of a payment default or acceleration of indebtedness or in the case of certain bankruptcy events; and (iv) other clauses that are customarily applicable to debt securities of issuers with a similar credit standing. A breach of these covenants may require the early repayment of the notes. As of December 31, 2016, Ferrari was in compliance with the covenants of the notes.

PartnerRe Group

	Currency	Face value outstanding (in millions)	Coupon	Maturity	Outstanding amount (in € million) 12/31/2016
PartnerRe Finance B LLC - 2010 Senior Notes	\$	500	5.500%	June 1, 2020	511
PartnerRe Finance B LLC - 2016 Senior Notes	€	750	1.250%	September 15, 2026	734
PartnerRe Finance II Inc. - Capital Efficient Notes	\$	63		December 1, 2066	67
Total Notes					1,313

At December 31, 2016 notes includes:

- 5.5% 2010 Senior Notes, \$500 million aggregate principal, which may be redeemed at the option of the issuer in whole or in part at any time. The 2010 Senior Notes are ranked as senior unsecured obligations of PartnerRe Finance B LLC. PartnerRe has fully and unconditionally guaranteed all obligations of PartnerRe Finance B LLC related to the 2010 Senior Notes. PartnerRe's obligations under this guarantee are senior and unsecured and rank equally with all other senior unsecured indebtedness;
- 1.250% Senior Notes issued in September 2016 by PartnerRe Ireland Finance DAC with an aggregate principal amount of €750 million (2016 Senior Notes). The 2016 Senior Notes may be redeemed at the option of the issuer, in whole or in part, at any time five years after the issuance date. Prior to September 2021, any redemption of the 2016 Senior Notes is subject to regulatory approval. Interest on the 2016 Senior Notes is payable annually commencing on September 15, 2017. The 2016 Senior Notes are ranked as senior unsecured obligations of PartnerRe Ireland Finance DAC. PartnerRe Ltd has fully and unconditionally guaranteed all obligations of PartnerRe Ireland Finance DAC under the 2016 Senior Notes. PartnerRe's obligations under this guarantee are senior and unsecured and rank equally with all other senior unsecured indebtedness. The proceeds from the 2016 Senior Notes were used to redeem Series D 6.5% and Series E 7.25% preferred shares to redeem the 2008 Senior Notes referred to above, and for general corporate purposes;

In May 2008, PartnerRe Finance A LLC issued 6.875% Senior Notes with an aggregate principal of \$250 million (2008 Senior Notes) due on June 1, 2018, which were redeemed early on November 1, 2016. PartnerRe paid a redemption price of \$272 million and, as a result, PartnerRe recorded a loss of \$2 million on redemption of these notes which represented the difference between the carrying value of the notes and the consideration paid.

Borrowings from banks

Borrowings from banks at December 31, 2016 amount to €14,509 million (€18,385 million at December 31, 2015). The composition is as follows:

€ million	12/31/2016	12/31/2015	Change
EXOR	80	0	80
FCA Group	9,506	14,317	(4,811)
CNH Industrial Group	4,049	4,038	11
Ferrari Group	837	0	837
Juventus	37	30	7
Total borrowings from banks	14,509	18,385	(3,876)

EXOR

At December 31, 2016 EXOR has irrevocable credit lines in Euro of €390 million, of which €350 million is due after December 31, 2017, as well as revocable credit lines of €558 million. EXOR also had credit lines in foreign currency for a total of \$640 million (€607 million) due after December 31, 2017, drawn down for \$600 million, of which \$550 million (€522 million) was granted for the acquisition of PartnerRe.

At December 31, 2015 EXOR S.p.A. had unused irrevocable credit lines for €345 million (including €305 million due by December 31, 2016), in addition to unused revocable credit lines for more than €558 million.

The loan contracts relating to irrevocable credit lines provide for covenants to be observed that are typical of the practices in the sector for this type of debt. In particular, some of the main covenants on certain contracts refer to periodical disclosure obligations, prohibition of new real guarantees on the assets of the company without the consent of the creditor and non-subordination of the credit line.

Finally, clauses provide for early repayment in the event of serious default such as failure to pay interest or events that are especially detrimental such as insolvency proceedings.

In the event of a change of control of EXOR, some lender banks would have the right to ask for the early repayment of the irrevocable credit lines for a total of €250 million.

FCA Group

At December 31, 2016, borrowings from banks of the FCA Group under the Senior Credit Facilities of FCA US consist of the Tranche B Term Loan due 2017 and The Tranche B Term Loan due 2018, including accrued interest, respectively for €1,730 million (€2,863 million at December 31, 2015) and €948 million (€1,574 million at December 31, 2015). The Tranche B Term Loan due 2017 bears interest, at FCA US's option, at either a base rate plus 1.75 percent per annum or at LIBOR plus 2.75 percent per annum, subject to a base rate floor of 1.75 percent per annum or a LIBOR floor of 0.75 percent per annum. For the years ended December 31, 2016 and 2015, interest was accrued based on LIBOR. The Tranche B Term Loan due 2018 bears interest, at FCA US's option, at either a base rate plus 1.5 percent per annum or at LIBOR plus 2.5 percent per annum, subject to a base rate floor of 1.75 percent per annum or a LIBOR floor of 0.75 percent per annum. For the years ended December 31, 2016 and 2015, interest was accrued based on LIBOR.

FCA US may pre-pay, refinance or re-price the Tranche B Term Loan due 2017 and the Tranche B Term Loan due 2018, collectively referred to as the "Tranche B Term Loans", without premium or penalty.

On March 15, 2016, FCA US entered into amendments to the credit agreements that govern the Tranche B Term Loans to, among other items, eliminate covenants restricting the provision of guarantees and payment of dividends by FCA US for the benefit of the rest of the Group, to enable a unified financing platform and to provide free flow of capital within the Group. In conjunction with these amendments, FCA US made \$2.0 billion (€1.8 billion) voluntary prepayment of principal at par with cash on hand, of which \$1,288 million (€1,159 million) was applied to the Tranche B Term Loan due 2017 and U.S.\$712 million (€641 million) was applied to the Tranche B Term Loan due 2018. Accrued interest related to the portion of principal prepaid of the Tranche B Term Loans and related transaction fees were also paid.

The prepayments of principal were accounted for as debt extinguishments and, as a result, a non-cash charge of €10 million was recorded within net financial expenses for the year ended December 31, 2016 which consisted of the write-off of the remaining unamortized debt issuance costs. The amendments to the remaining principal balance were analyzed on a lender-by-lender basis and accounted for as debt modifications in accordance with IAS 39 - Financial Instruments: Recognition and Measurement. As such, the

debt issuance costs for each of the amendments were capitalized and are amortized over the respective remaining terms of the Tranche B Term Loans. For each of the Tranche B Term Loans, FCA US prepaid the scheduled quarterly principal payments, with the remaining balance applied to the principal balance due at maturity. Accordingly, FCA US is now scheduled to pay the remaining outstanding principal balances at the respective maturity dates. Periodic interest payments, however, continue to be required.

The credit agreements that govern the Tranche B Term Loans include a number of affirmative covenants, many of which are customary, including, but not limited to, the reporting of financial results and other developments, compliance with laws, payment of taxes, maintenance of insurance and similar requirements. These credit agreements also include negative covenants, including but not limited to: (i) limitations on incurrence, repayment and prepayment of indebtedness, (ii) limitations on incurrence of liens, (iii) limitations on swap agreements and sale and leaseback transactions, (iv) limitations on fundamental changes, including certain asset sales and (v) restrictions on certain subsidiary distributions. In addition, these credit agreements require FCA US to maintain a minimum ratio of “borrowing base” to “covered debt” (as defined), as well as a minimum liquidity of U.S.\$3.0 billion (€2.8 billion). Furthermore, the credit agreements that govern the Tranche B Term loans also contain a number of events of default related to: (i) failure to make payments when due; (ii) failure to comply with covenants, (iii) breaches of representations and warranties, (iv) certain changes of control, (v) cross-default with certain other debt and hedging agreements and (vi) the failure to pay or post bond for certain material judgments. As of December 31, 2016, FCA US was in compliance with the covenants of the credit agreements that govern the Tranche B Term Loans.

In conjunction with the amendments to the credit agreements that govern the Tranche B Term Loan, the second €2.5 billion tranche (expiring in June 2020) of the total €5.0 billion syndicated revolving credit facility entered into by FCA in June 2015 (“RCF”) was made available to the FCA Group in March 2016. In June 2016, the maturity date of the first €2.5 billion tranche of the RCF was extended to July 2019. The maturity date of the second €2.5 billion tranche remained unchanged. The first tranche of €2.5 billion has one further extension option (11-months) which is exercisable on the second anniversary of signing. At December 31, 2016, the total €5.0 billion RCF was undrawn.

The covenants of the RCF include financial covenants (Net Debt/Adjusted Earnings Before Interest, Depreciation and Amortization (“Adjusted EBITDA”) and Adjusted EBITDA/Net Interest ratios related to industrial activities) as well as negative pledge, *pari passu*, cross-default and change of control clauses. The failure to comply with these covenants and, in certain cases if not suitably remedied, can lead to the requirement of early repayment of any outstanding amounts. As of December 31, 2016, FCA was in compliance with the covenants of the RCF.

FCA Group has financing agreements with the European Investment Bank (“EIB”) for a total of €1.3 billion outstanding at December 31, 2016 (€1.2 billion outstanding at December 31, 2015), which includes:

- a new loan for €250 million entered into in December 2016 for research and development projects implemented by FCA. The three-year loan will support the Group’s three-year (2017-2019) investment plan in research and development centers in Italy, which includes a number of key objectives such as greater efficiency, a reduction in CO2 emissions by petrol and alternative fuel engines and the study of new hybrid architectures, as well as certain capital expenditures for facilities located in southern Italy. The three-year loan due July 2018 provided by the EIB, which is also 50 percent guaranteed by SACE, relates to FCA’s production and research and development sites in both northern and southern Italy;
- the €600 million facility with the EIB and SACE earmarked to support the Group’s automotive research, development and production plans for 2015 to 2017 which includes studies for efficient vehicle technologies for vehicle safety and new vehicle architectures;
- a facility of €400 million (maturing in 2018) for supporting certain investments and research and development programs in Italy to protect the environment through the reduction of emissions and improved energy efficiency and
- a €500 million facility (maturing in 2021) for an investment program relating to the modernization and expansion of production capacity of an automotive plant in Serbia.

The FCA Brazilian subsidiaries have access to various local bank facilities in order to fund investments and operations. Total debt outstanding under those facilities amounted to €4.0 billion at December 31, 2016 (€4.1 billion at December 31, 2015), of which €3.3 billion (€3.6 billion at December 31, 2015) are loans with an average residual maturity of 1 to 2 years, while €0.7 billion (€0.5 billion at December 31, 2015) are short-term

credit facilities. The loans primarily include subsidized loans granted by public financing institutions such as Banco Nacional do Desenvolvimento ("BNDES"), with the aim to support industrial projects in certain areas. This provided the Group the opportunity to fund large investments in Brazil with loans of sizeable amounts at low rates. At December 31, 2016, outstanding subsidized loans amounted to €2.6 billion (€1.9 billion at December 31, 2015), of which €1.6 billion (€1.2 billion at December 31, 2015) related to the construction of the plant in Pernambuco (Brazil), which has been supported by subsidized credit lines totaling Brazilian Real ("BRL") 6.5 billion (€1.9 billion). Approximately €0.3 billion of committed credit lines contracted to fund scheduled investments in the area were undrawn at December 31, 2016 (€0.3 billion at December 31, 2015). The average residual maturity of the subsidized loans was approximately 3 years.

On March 20, 2015, FCA Mexico, S.A. de C.V., ("FCA Mexico"), the FCA principal operating subsidiary in Mexico, entered into a \$0.9 billion (€0.8 billion) non-revolving loan agreement ("Mexico Bank Loan") maturing on March 20, 2022 and received a disbursement of \$0.5 billion (€0.5 billion at December 31, 2016), which bears interest at one-month LIBOR plus 3.35 percent per annum. The proceeds were used to prepay all amounts outstanding under the Mexican development bank credit facilities amounting to approximately €414 million. Effective June 24, 2016, the Group terminated early the disbursement term for the undrawn portion of the non-revolving loan agreement of FCA Mexico and as a result, the undisbursed \$0.4 billion (€0.4 billion) is no longer available to the Group. As of December 31, 2016, the company may prepay all or any portion of the loan without premium or penalty. Principal payments are due on the loan in seventeen equal quarterly installments based on the total amount of all disbursements made under the loan agreement beginning March 20, 2018, and interest is paid monthly throughout the term of the loan. The loan agreement requires FCA Mexico to maintain certain fixed and other assets as collateral, and to comply with certain covenants, including, but not limited to, financial maintenance covenants, limitations on liens, incurrence of debt and asset sales. As of December 31, 2016, FCA Mexico was in compliance with all covenants under the Mexico Bank Loan.

At December 31, 2016, undrawn committed credit lines of FCA Group totaling €6.2 billion included the €5.0 billion RCF and approximately €1.2 billion of other revolving credit facilities. At December 31, 2015, undrawn committed credit lines totaling €3.4 billion included the first tranche of €2.5 billion of the €5.0 billion RCF and approximately €0.9 billion of other revolving credit facilities.

CNH Industrial Group

In 2016, CNH Industrial Group signed a renewal of a five-year committed revolving credit facility for €1.75 billion. The renewal extends the maturity of the previous €1.75 billion committed revolving credit facility from 2019 until 2021. The €1.75 billion (\$1.8 billion at the year-end 2016 exchange rate) facility is guaranteed by the parent company with cross-guarantees from each of the borrowers (i.e., CNH Industrial Finance S.p.A., CNH Industrial Finance Europe S.A. and CNH Industrial Finance North America Inc.), and envisages typical provisions for contracts of this type and size, such as: financial covenants (Net debt/EBITDA and EBITDA/Net interest ratios relating to Industrial Activities), other covenants mainly relating to Industrial Activities including negative pledge, a status (or *pari passu*) covenant, restrictions on the incurrence of indebtedness by certain subsidiaries, customary events of default (some of which are subject to minimum thresholds and customary mitigants) including cross-default, failure to pay amounts due or to comply with certain provisions under the loan agreement, the occurrence of certain bankruptcy-related events and mandatory prepayment obligations upon a change in control of CNH Industrial or the borrowers. The failure to comply with these provisions, in certain cases if not suitably remedied, can lead to the requirement to make early repayment of the outstanding advances. At December 31, 2016 there were no breaches of such commitments.

At December 31, 2016, Financial Services' committed asset-backed facilities expiring after twelve months amounted to \$3.2 billion (\$3.1 billion at December 31, 2015), of which at December 31, 2016 \$2.5 billion (\$2.6 billion at December 31, 2015) were utilized.

Lenders of committed credit facilities have the obligation to make advances up to the facility amount. Lenders of uncommitted facilities have the right to terminate the agreement with prior notice to CNH Industrial. At December 31, 2016, available committed unsecured facilities expiring after twelve months amounted to \$2.9 billion (\$3.0 billion at December 31, 2015).

Ferrari Group

Borrowings from banks of the Ferrari Group include the following:

- a syndicated facility with ten banks of €2.5 billion secured on November 30, 2015 composed of a Bridge Loan of €500 million, a Term Loan of €1,500 million and a Revolving Credit Facility (RCF) of €500 million. The Bridge Loan and the Term Loan were used in December 2015 to repay the debt due the FCA Group,

including the FCA Note, arising from the demerger of Ferrari from the FCA Group. The Bridge Loan was fully repaid in March 2016 using the net proceeds from the notes issue. The Company made voluntary prepayments of €600 million on the Term Loan, paying €300 million in September 2016 and €300 million in December 2016. Also in December 2016, the Company and FFS Inc. made mandatory scheduled payments of €92 million and \$9 million, respectively. At December 31, 2016 and 2015 the RCF was undrawn. Proceeds of the RCF may be used from time to time for general corporate and working capital purposes of the Group. The Term Loan and the RCF each have a maturity of five years. The Term Loan bears interest at a rate per annum equal to the aggregate of EURIBOR, plus a margin ranging from 50 basis points to 105 basis points depending on the applicable Consolidated Total Net Debt to Consolidated Adjusted EBITDA ratio, calculated in accordance with the terms of the Facility. The RCF bears interest at a rate per annum equal to the aggregate of EURIBOR with respect to loans denominated in Euro, or LIBOR with respect to loans denominated in other currencies, plus a margin ranging from 35 basis points to 90 basis points depending on the applicable Consolidated Total Net Debt to Consolidated Adjusted EBITDA ratio, calculated in accordance with the terms of the Facility. Loans under the RCF may be drawn in Euro or an alternative currency at the Company's option. The Facility is unsecured and provides for mandatory prepayments, affirmative and negative covenants and events of default in a form customary for bank financings of investment grade borrowers in the European syndicated loan market. The Facility has no financial maintenance covenants. Mandatory prepayments are required, subject to certain exceptions, in the event of a change of control. Subject to various exceptions and qualifications, negative covenants include (i) limitations on the Company's ability to provide security for other financial indebtedness, (ii) restrictions on the financial indebtedness that the Company's subsidiaries may incur or have outstanding, and (iii) restrictions on the Company's ability to make certain disposals of assets. Events of default include (i) failure to make payments when due, (ii) other breaches under the Facility not remedied within a 30-day grace period, (iii) breaches of representations and warranties, (iv) attachment by creditors of, or distress, execution, sequestration or other process enforced upon, the whole or any material part of the Group's assets, (v) cross-payment default or cross-acceleration with certain other financial indebtedness, (vi) cessation of business, (vii) seizure, nationalization or expropriation of material assets; or (viii) bankruptcy or other insolvency proceedings. As of December 31, 2016 and 2015 the Company was in compliance with all covenants under the Facility.

- several loans secured by FFF Inc. to support financial services operations, particularly and in particular (i) €23,745 thousand (€91,975 thousand at December 31, 2015) relating to a \$100 million U.S. Dollar denominated credit facility that was entered into on November 17, 2015, the proceeds of which were fully drawn down in 2015 and used to repay financial liabilities with FCA in the United States. The credit facility was renewed in December 2016 for an additional 12 months; (ii) €138,219 thousand at December 31, 2015 relating to a \$150 million U.S. Dollar denominated credit facility that was fully repaid during 2016, primarily with funds from the leasing securitization program. The credit facility was fully drawn down at December 31, 2015.
- other short-term and medium-term credit facilities for minor amounts for a total of €13 million.

PartnerRe Group

In the normal course of its operations, PartnerRe enters into agreements with financial institutions to obtain unsecured and secured letter of credit facilities. At December 31, 2016, the total amount of such credit facilities available to PartnerRe was approximately \$664 million, with each of the significant facilities described below. Under the terms of certain reinsurance agreements, irrevocable letters of credit were issued on an unsecured and secured basis in the amount of \$135 million and \$379 million, respectively, at December 31, 2016, in respect of reported loss and unearned premium reserves.

PartnerRe maintains a \$300 million combined credit facility, with the first \$100 million being unsecured and any utilization above the initial \$100 million being secured. This credit facility matures each year on November 14, unless canceled by either counterparty, this credit facility automatically extends for a further year. In addition, PartnerRe maintains committed secured letter of credit facilities. These facilities are used for the issuance of letters of credit, which must be fully secured with cash and/or government bonds and/or investment grade bonds. The agreements include default covenants, which could require PartnerRe to fully secure the outstanding letters of credit to the extent that the facility is not already fully secured, and disallow the issuance of any new letters of credit. Included in PartnerRe's secured credit facilities at December 31, 2016 is a \$200 million secured credit facility, which matures on December 31, 2019, and a \$80 million secured credit facility, which matures on December 31, 2017. At December 31, 2016, no conditions of default existed under these facilities.

Juventus

At December 31, 2016 Juventus Football Club has revocable credit lines of €347 million (€295 million at December 31, 2015, of which €218 million (€149 million in 2015) is drawn down.

Asset-backed financing

Asset-backed financing totaled €12,075 million (€12,146 million at December 31, 2015) and included asset of FCA Group that represents the amount of financing received through factoring transactions which do not meet IAS 39 derecognition requirements and are recognized as assets of the same amount of €410 million (€206 million at December 31, 2015), assets of CNH Industrial Group, mainly current receivables and cash with a pre-determined use to settle asset-backed financing of €11,179 million (\$11,784 million) at December 31, 2016 (€ 11,937 million, \$12,999 million at December 31, 2015) and assets of Ferrari Group for €486 million.

In 2016 FFS Inc, a Ferrari Group company pursued a strategy of self-financing, further reducing dependency on intercompany funding and increasing the portion of self-liquidating debt with various securitization transactions. On January 19, 2016, FFS Inc performed a revolving securitization program for funding of up to \$250 million by pledging retail financial receivables in the United States as collateral. On December 16, 2016, the funding limit of the program was increased to US\$275 million. The notes bear interest at a rate per annum equal to the aggregate of LIBOR plus a margin of 70 basis points. Proceeds from the first sale of financial receivables were \$242 million and were primarily used to repay intercompany loans. The securitization agreement requires the maintenance of an interest rate cap.

On October 20, 2016, FFS Inc performed a revolving securitization program for funding of up to \$200 million by pledging leasing financial receivables in the United States as collateral. The notes bear interest at a rate per annum equal to the aggregate of LIBOR plus a margin of 70 basis points. Proceeds from the first sale of financial receivables were \$175 million and were primarily used to repay the \$150 million U.S. Dollar denominated credit facility. The securitization agreement requires the maintenance of an interest rate cap.

Finally, on December 28, 2016, FFS Inc performed a revolving securitization program for funding of up to \$120 million by pledging credit lines to Ferrari customers secured by personal vehicle collections and personal guarantees in the United States as collateral. The notes bear interest at a rate per annum equal to the aggregate of LIBOR plus a margin of 150 basis points. Proceeds from the first sale of financial receivables were \$64 million and were primarily used to partially repay the \$100 million U.S. Dollar denominated credit facility. The securitization agreement does not require an interest rate cap.

The total amount outstanding under the securitization programs at December 31, 2016 was €476 million.

Cash collected from the settlement of receivables or lines of credit pledged as collateral is subject to certain restrictions regarding its use and is principally applied to repay principal and interest of the funding. Such cash amounted to €19 million at December 31, 2016.

Payables represented by securities

At December 31, 2016 payables represented by securities amount to €1,619 million (€1,212 million at December 31, 2015).

At December 31, 2015 the amount included the financial liability component of the Mandatory convertible securities issued by FCA on December 16, 2014 for \$216 million (€199 million), of which €61 million relates to EXOR's share which was eliminated on consolidation. The Mandatory Convertible Securities were converted into FCA common shares on December 15, 2016 and the financial liability of U.S.\$226 million (€213 million) was paid in cash, of which €66 million related to EXOR's share.

Other financial debt

At December 31, 2016 other financial debt amount to €2,127 million (€1,728 million at December 31, 2015) and includes finance lease payables for €691 million (€676 million at December 31, 2015) as detailed:

€ million	12/31/2016	12/31/2015	Change
Due within one year	122	105	17
Due between one and five years	360	362	(2)
Due beyond five years	209	209	0
Present value of minimum lease payments	691	676	15

As discussed in note 15, finance lease payables also relate to suppliers' assets recognized in the consolidated financial statements in accordance with IFRIC 4.

In addition other financial debt includes the unsecured Canada HCT Notes totaling €278 million, including accrued interest (€366 million at December 31, 2015, including accrued interest), which represents FCA US's principal Canadian subsidiary's remaining financial liability to the Canadian Health Care Trust arising from the settlement of its obligations for postretirement health care benefits for National Automobile, Aerospace, Transportation and General Workers Union of Canada "CAW" (now part of Unifor), which represented employees, retirees and dependents. During the year ended December 31, 2016, FCA US's Canadian subsidiary made payments on the Canada HCT Notes totaling €148 million, which included accrued interest and the prepayment of all scheduled payments due on the Canada HCT Tranche C Note. The prepayment on the Canada HCT Tranche C Note made on July 15, 2016 resulted in a loss on extinguishment of debt of €8 million that was recorded within net financial expenses for the year ended December 31, 2016.

Other financial debt also includes debt secured with mortgages and other liens on assets of the CNH Industrial Group amounts to €91 million at December 31, 2016 (€124 million at December 31, 2015); this amount includes €51 million (€49 million at December 31, 2015) due to creditors for assets acquired under finance leases. The total carrying amount of assets acting as security for loans amounts to €148 million (\$156 million) at December 31, 2016 (€155 million, \$169 million at December 31, 2015).

Debt secured by assets

At December 31, 2016, debt secured by assets of the FCA Group excluding FCA US amounts to €914 million (€747 million at December 31, 2015), of which €433 million (€373 million at December 31, 2015) is due to creditors for assets acquired under finance leases and the remaining amount mainly relates to subsidized financing in Latin America. The total carrying amount of assets acting as security for loans for the Group (excluding FCA US) amounts to €1,940 million at December 31, 2016 (€1,400 million at December 31, 2015). At December 31, 2016, debt secured by assets of FCA US amounts to €3,466 million and includes €2,678 million relating to the Tranche B Term Loans, €207 million due to creditors for assets acquired under finance leases and other debt and financial commitments for €561 million. At December 31, 2015, debt secured by assets of FCA US amounts to €5,254 million and includes €4,437 million relating to the Tranche B Term Loans, €243 million due to creditors for assets acquired under finance leases and other debt and financial commitments for €574 million.

Debt secured with mortgages and other liens on assets of the CNH Industrial Group amounts to €91 million at December 31, 2016 (€124 million at December 31, 2015); this amount includes €51 million (€49 million at December 31, 2015) due to creditors for assets acquired under finance leases. The total carrying amount of assets acting as security for loans amounts to €148 million at December 31, 2016 (€155 million at December 31, 2015).

In addition, at December 31, 2016, the Group's assets include current receivables to settle asset-backed financing for €11,590 million (€12,146 million at December 31, 2015) (see note 24).

Financial debt by due date

An analysis of financial debt by due date at December 31, 2016 at December 31, 2015 is as follows:

	12/31/2016				12/31/2015			
	Due within one year	Due between one and five years	Due beyond five years	Total	Due within one year	Due between one and five years	Due beyond five years	Total
Notes	4,212	13,153	8,122	25,487	3,487	13,975	6,347	23,809
Borrowings from banks	5,984	7,611	914	14,509	6,127	11,358	900	18,385
Asset-backed financing	7,436	4,593	46	12,075	6,353	5,743	50	12,146
Payables represented by securities	1,093	401	125	1,619	631	372	209	1,212
Other financial debt	805	1,128	194	2,127	856	648	224	1,728
Total financial debt	19,530	26,886	9,401	55,817	17,454	32,096	7,730	57,280

Financial debt by interest rate and currency

The annual interest rates and the nominal currencies of debt at December 31, 2016 are as follows:

€ million	Less than 5%	From 5% to 7.5%	From 7.5% to 10%	From 10% to 12.5%	Greater than 12.5%	Total
Euro	17,755	6,784	3	38	14	24,594
U.S. dollar	17,959	2,551	605	4	161	21,280
Brazilian real	252	1,702	819	856	2,049	5,678
Canadian dollar	1,422		261			1,683
Australian dollar	900					900
Swiss franc	655					655
Polish zloty	89			7		96
Chinese renminbi	266	94				360
Argentinian peso	27		4		159	190
Pound sterling	141					141
Other	94	101	14	12	19	240
Total financial debt at 12/31/2016	39,560	11,232	1,706	917	2,402	55,817

For further information on the management of interest rate and currency risk in connection with debt reference should be made to note 39.

30. Other financial liabilities

The line items mainly consist of the fair value measurement of derivative financial instruments. They also include some collateral deposits made in connection with derivative transactions and payables.

In particular:

€ million	12/31/2016		12/31/2015	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Fair value hedges				
Interest rate risk - Interest rate swaps	42	(16)	85	(3)
Currency risks	10	(40)		(96)
Interest rate and currency risk - Combined interest rate and currency swaps		(114)		
Total Fair value hedges	52	(170)	85	(99)
Cash flow hedges				
Currency risks - Forward contracts, Currency swaps and Currency options	172	(451)	345	(505)
Interest rate risk - Interest rate swaps	2	(2)	1	(5)
Interest rate and currency risk - Combined interest rate and currency swaps	87	(27)	142	(33)
Commodity price risk - Commodity swaps	21	(2)		(44)
Total Cash flow hedges	282	(482)	488	(587)
Derivatives for trading	244	(348)	434	(146)
Collateral deposits	68		40	
Total other financial assets and other financial liabilities	646	(1,000)	1,047	(832)

The fair value of derivative financial instruments is calculated by using market parameters at the balance sheet date and using valuation techniques widely accepted in the financial business environment. In particular:

- the fair value of forward contracts and currency swaps is calculated by taking the prevailing exchange rate and interest rates in the two currencies at the balance sheet date;
- the fair value of currency options is calculated using appropriate valuation techniques and market parameters at the balance sheet date (in particular exchange rates, interest rates and volatility rates);
- the fair value of interest rate swaps and forward rate agreements is calculated using the discounted cash flow method;
- the fair value of derivatives hedging interest rate risk and currency risk is calculated using the exchange rate at the balance sheet date and the discounted cash flow method;
- the fair value of derivatives hedging commodity price risk is calculated using the discounted cash flow method, taking (if available) the market parameters at the balance sheet date (and in particular the future price of the underlying and interest rates);
- the fair value of equity swaps is determined using market prices at the balance sheet date.

The overall change in other financial assets and in other financial liabilities is mostly due to fluctuations in exchange rates, interest rates, commodity prices and the settlement of instruments that matured during the year.

As other financial assets and liabilities primarily consist of hedging derivatives, the change in their value is generally compensated by the change in the value of the hedged items.

Derivatives for trading primarily refer to:

- derivative contracts entered into for purposes of hedging receivables and payables subject to exchange rate risk and/or interest rate risk, which do not qualify for hedge accounting,
- one embedded derivative in a bond issue in which the yield is determined as a function of trends in the inflation rate and related hedging derivative, which converts the exposure to floating rate. The total value of the embedded derivative is offset by the value of the hedging derivative.

The outstanding notional amounts of derivative financial instruments by due date is summarized in the following table:

€ million	Due between			Total
	Due within one year	one and five years	Due beyond five years	
12/31/2016				
Currency risk management	19,797	311	0	20,108
Interest rate risk management	855	795	0	1,650
Interest rate and currency risk management	928	305	165	1,398
Commodity price risk management	450	44	0	494
Other derivative financial instruments				0
Total notional amount	22,030	1,455	165	23,650
12/31/2015				
Currency risk management	25,105	580		25,685
Interest rate risk management	1,146	4,634	121	5,901
Interest rate and currency risk management	1,532	1,178	148	2,858
Commodity price risk management	532	31		563
Other derivative financial instruments			14	14
Total notional amount	28,315	6,423	283	35,021

Fair value hedges

The gains and losses arising from the valuation of outstanding currency derivatives (for managing currency risk) and interest rate derivatives (for managing interest rate risk) recognized in accordance with fair value hedge accounting and the gains and losses arising from the respective hedged items are summarized in the following table:

€ million	2016	2015	Change
Currency risk:			
Net gains (losses) on qualifying hedges	(13)	(49)	36
Fair value changes in hedged items	13	49	(36)
Interest rate risk:			
Net gains (losses) on qualifying hedges	(56)	(11)	(45)
Fair value changes in hedged items	56	12	44
Net gains (losses) on fair value hedges recognized in the income statement	0	1	(1)

Cash flow hedges

With respect to cash flow hedges, the Group reclassified income of €189 million in 2016 (losses of €469 million in 2015), net of the tax effect, from other comprehensive income to the consolidated income statement.

These amounts are reported on the following lines of the income statement:

€ million	2016	2015	Change
Currency risk			
Increase (Decrease) in net revenues	217	(98)	315
Decrease (Increase) in cost of sales	(47)	(89)	42
Financial income (expenses)	29	(174)	203
Result from investments	25	(1)	26
Interest rate risk			
Decrease (Increase) in cost of sales	(3)	(15)	12
Financial income (expenses)	(5)	(78)	73
Commodity price risk			
Decrease (Increase) in cost of sales	(40)	(22)	(18)
Taxes - income (expenses)		14	(14)
Ineffectiveness - overhedges	13	(6)	19
Net gains (losses) on cash flow hedges recognized in the income statement	189	(469)	658

The effects recognized in the income statement mainly relate to currency risk management and, to a lesser extent, to hedges regarding commodity price risk management and the cash flows that are exposed to an interest rate risk.

The Group's policy for managing currency risk normally requires hedging of projected future cash flows from trading activities which will occur within the following twelve months, and from orders acquired (or contracts in progress), regardless of their due dates. The hedging effect arising from this and recorded in the cash flow hedge reserve will be recognized in the income statement, mainly during the following year.

Derivatives relating to interest rate and currency risk management are treated as cash flow hedges and are entered into for the purpose of hedging bonds issued in foreign currencies. The amount recorded in the cash flow hedge reserve is recognized in the income statement according to the timing of the flows of the underlying bonds.

Net investment hedges

In order to manage the FCA Group's foreign currency risk related to its investments in foreign operations, the Group enters into net investment hedges, in particular foreign currency swaps and forward contracts. For the year ended December 31, 2016, losses of €75 million related to the net investment hedges were recognized in Other comprehensive income and were reflected within Currency translation differences. There was no ineffectiveness for the year ended December 31, 2016.

Derivatives for trading

At December 31, 2016 and 2015, derivatives for trading primarily consisted of derivative contracts entered for hedging purposes which do not qualify for hedge accounting and one embedded derivative in a bond issue in which the yield is determined as a function of trends in the inflation rate and related hedging derivative, which converts the exposure to floating rate (the total value of the embedded derivative is offset by the value of the hedging derivative).

31. Trade payables

Trade payables amount to €28,214 million at December 31, 2016 (€26,663 million at December 31, 2015). An analysis of trade payables by due date is as follows:

€ million	12/31/2016	12/31/2015	Change
Due within one year	28,187	26,622	1,565
Due between one and five years	26	37	(11)
Due beyond five years	1	4	(3)
Trade payables	28,214	26,663	1,551

32. Other liabilities

The composition is as follows:

€ million	12/31/2016	12/31/2015	Change
Advances on buy-back agreements	4,385	4,464	(79)
Indirect tax payables	2,111	1,694	417
Accrued expenses and deferred income	4,574	3,907	667
Payables to personnel	1,306	1,210	96
Social security payables	517	532	(15)
Amounts due to customers for contract work	227	222	5
Other	3,335	3,357	(22)
Total other liabilities	16,455	15,386	1,069

Advances on buy-back agreements refer to agreements entered into by the Group during the year or which still remain effective at the balance sheet date, and relate to assets included in property, plant and equipment. Advances on buy-back agreements include:

- at the date of the sale, the price received for the product is recognized as an advance in liabilities;
- subsequently, since the difference between the original sales price and the repurchase price is recognized in the income statement as operating lease installments on a straight-line basis over the lease term, the balance represents the remaining lease installments yet to be recognized in income plus the repurchase price.

Indirect tax payables include taxes on commercial transactions accrued by the Brazilian subsidiary, FCA Brasil, for which the company (as well as a number of important industrial groups which operate in Brazil) is awaiting the decision by the Supreme Court regarding its claim alleging double taxation. In March 2007, FCA Brasil Ltda received a preliminary trial court decision allowing the payment of such tax on a taxable base consistent with the Group's position. Since it is a preliminary decision and the timing for the Supreme Court decision is not predictable, the difference between the tax payments as allowed on a preliminary basis and the full amount determined as required by the legislation still in force is recognized as a liability.

Deferred income includes the revenues not yet recognized in relation to separately-priced extended warranties and service contracts offered by FCA US. These revenues will be recognized in the income statement over the contract period in proportion to the costs expected to be incurred based on historical information. Deferred income also includes the remaining portion of government grants that will be recognized as income in the income statement over the periods necessary to match them with the related costs which they are intended to offset.

During the first half of the year ended December 31, 2016, a total of €156 million was recognized within cost of revenues related to net incremental costs from the implementation of the FCA Group's plan to realign its existing capacity in NAFTA to better meet market demand for pickup trucks and utility vehicles. On January 21, 2016, the third installment of U.S.\$175 million (€161 million) was paid on the obligation arising from the memorandum of understanding entered into by FCA US with the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America, and the remaining fourth installment of U.S.\$175 million (€166 million) is included within other liabilities.

An analysis of other liabilities (excluding accrued expenses and deferred income) by due date is as follows:

€ million	12/31/2016			Total	12/31/2015			Total
	Due within one year	Due between one and five years	Due beyond five years		Due within one year	Due between one and five years	Due beyond five years	
Other liabilities (excluding accrued expenses and deferred income)	9,027	2,750	103	11,880	8,994	2,378	107	11,479

33. Guarantees granted, commitments and contingent liabilities

Guarantees granted by the FCA Group

At December 31, 2016 the FCA Group has pledged guarantees on the debt or commitments of third parties totaling €8 million (€19 million at December 31, 2015), as well as guarantees of €2 million (€4 million at December 31, 2015) on related party debt.

SCUSA Private-Label Financing Agreement

In February 2013, FCA US entered into a private-label financing agreement (the "SCUSA Agreement") with Santander Consumer USA Inc. ("SCUSA"), an affiliate of Banco Santander, effective from May 1, 2013. Under the SCUSA Agreement, SCUSA provides a wide range of wholesale and retail financing services to FCA US's dealers and consumers in accordance with its usual and customary lending standards, under the Chrysler Capital brand name.

The SCUSA Agreement has a ten-year term, subject to early termination in certain circumstances, including the failure by a party to comply with certain of its ongoing obligations under the SCUSA Agreement.

In accordance with the terms of the agreement, SCUSA provided an upfront, nonrefundable payment of €109 million (\$150 million) in May 2013, which was recognized as deferred revenue and is amortized over ten years. At December 31, 2016, €90 million (\$95 million) remained in deferred revenue.

From time to time, FCA US works with certain lenders to subsidize interest rates or cash payments at the inception of a financing arrangement to incentivize customers to purchase its vehicles, a practice known as "subvention." FCA US has provided SCUSA with limited exclusivity rights to participate in specified minimum percentages of certain of its retail financing rate subvention programs. SCUSA has committed to certain revenue sharing arrangements, as well as to consider future revenue sharing opportunities. SCUSA bears the risk of loss on loans contemplated by the SCUSA Agreement. The parties share in any residual gains and losses in respect of consumer leases, subject to specific provisions in the SCUSA Agreement, including limitations on FCA US participation in gains and losses.

Other repurchase obligations

In accordance with the terms of other wholesale financing arrangements in Mexico, FCA Mexico is required to repurchase dealer inventory financed under these arrangements, upon certain triggering events and with certain exceptions, including in the event of an actual or constructive termination of a dealer's franchise agreement. These obligations exclude certain vehicles including, but not limited to, vehicles that have been damaged or altered, that are missing equipment or that have excessive mileage or an original invoice date that is more than one year prior to the repurchase date. In December 2015, FCA Mexico entered into a ten-year private label financing agreement with FC Financial, S.A De C.V., Sofom, E.R., Grupo Financiero Inbursa ("FC Financial"), a wholly owned subsidiary of Banco Inbursa, under which FC Financial provides a wide range of financial wholesale and retail financial services to FCA Mexico's dealers and retail customers under the FCA Financial Mexico brand name. The wholesale repurchase obligation under the new agreement will be limited to wholesale purchases in case of actual or constructive termination of a dealer's franchise agreement.

At December 31, 2016, the maximum potential amount of future payments required to be made in accordance with these wholesale financing arrangements was approximately €216 million (U.S.\$228 million) and was based on the aggregate repurchase value of eligible vehicles financed through such arrangements in the respective dealer's stock. If vehicles are required to be repurchased through such arrangements, the total exposure would be reduced to the extent the vehicles can be resold to another dealer. The fair value of the guarantee was less than €0.1 million at December 31, 2016, which considers both the likelihood that the triggering events will occur and the estimated payment that would be made net of the estimated value of inventory that would be reacquired upon the occurrence of such events. These estimates are based on historical experience.

Arrangements with key suppliers

From time to time, in the ordinary course of our business, the Group enters into various arrangements with key third party suppliers in order to establish strategic and technological advantages. A limited number of these arrangements contain unconditional purchase obligations to purchase a fixed or minimum quantity of goods and/or services with fixed and determinable price provisions.

Future minimum purchase obligations under these arrangements at December 31, 2016 are as follows:

€ million	2017	2018	2019	2020	2021	2022 and beyond
Future minimum purchase obligations	956	894	499	437	326	191

Guarantees granted by the CNH Industrial Group

At December 31, 2016, the CNH Industrial Group has provided guarantees on the debt or commitments of third parties or unconsolidated subsidiaries, joint ventures and associates totaling €276 million (€290 million at December 31, 2015).

Guarantees granted by the PartnerRe Group

At December 31, 2016 approximately €2,275 million (\$2,398 million) of cash and cash equivalents and securities of the PartnerRe Group were deposited, pledged or held in escrow accounts in favor of ceding companies and other counterparties of government authorities to comply with regulations on reinsurance contracts and insurance laws.

Commitments of the FCA Group arising from contractual agreements

Sevel

As part of the Sevel cooperation agreement with Peugeot-Citroen (PSA), the FCA Group is party to a call agreement with PSA whereby, from July 1, 2017 to September 30, 2017, the FCA Group will have the right to acquire the residual interest in the Sevel joint operation with effect from December 31, 2017.

GAC FCA JV

During 2015 the Group committed to contributing a total 1.3 billion Renminbi (RMB) (approximately €186 million) to the GAC FCA JV, which has begun localizing the production of Jeep vehicles for the Chinese market, of which RMB 700 million (approximately €100 million) was contributed in October 2015 and the remaining amount of RMB 600 million (approximately €82 million) was contributed in April 2016. A total of €171 million was contributed during the year ended December 31, 2015.

Italian labor agreement

In April 2015, a new four-year compensation agreement was signed by FCA companies in Italy within the automobiles business. The new compensation agreement was subsequently included in the new labor agreement and was extended to all FCA companies in Italy on July 7, 2015.

The compensation arrangement was effective retrospectively from January 1, 2015 through to December 31, 2018 and incentivizes all employees toward achievement of the productivity, quality and profitability targets established in the 2015-2018 period of the 2014-2018 business plan developed in May 2014 by adding two variable additional elements to base pay:

- an annual bonus calculated on the basis of production efficiencies achieved and the plant's World Class Manufacturing audit status, and
- a component linked to achievement of the financial targets established in the 2015-2018 period of the 2014-2018 business plan ("Business Plan Bonus") for the EMEA region, including the activities of the premium brands Alfa Romeo and Maserati. A portion of the Business Plan Bonus is a guaranteed amount based on employees' base salaries and is paid over four years in quarterly installments, while the remaining portion is to be paid in March 2019 to active employees as of December 31, 2018, with at least two years of service during 2015 through 2018.

A total of €117 million and €115 million was recorded as an expense for the compensation agreement for the years ended December 31, 2016 and 2015, respectively.

UAW labor agreement

In October 2015, FCA US and the UAW agreed to a new four-year national collective bargaining agreement, which will expire in September 2019. The provisions of the new agreement continue certain opportunities for success-based compensation upon meeting certain quality and financial performance metrics. The agreement closes the pay gap between "Traditional" and "In-progression" employees over an eight-year period and will continue to provide UAW-represented employees with a simplified adjusted profit sharing plan. The adjusted profit sharing plan will be effective for the 2016 plan year and is directly aligned with NAFTA profitability. The agreement includes lump-sum payments in lieu of further wage increases of primarily U.S.\$4,000 for

“Traditional” employees and U.S.\$3,000 for “In-progression” employees totaling approximately U.S.\$141 million (€127 million) that was paid to UAW members on November 6, 2015. These payments are being amortized ratably over the four-year labor agreement period.

Canada labor agreement

FCA entered into a new four-year labor agreement with Unifor in Canada that was ratified on October 16, 2016. The terms of this agreement provide a two percent wage increase in the first and fourth years of the agreement for employees hired prior to September 24, 2012 and will continue to close the pay gap for employees hired on or after September 24, 2012 by revising a ten-year progressive pay scale plan. The agreement includes a lump sum payment in lieu of further wage increases of 6,000 Canadian dollars (“CAD\$”) per employee totaling approximately CAD\$55 million (approximately €38 million) that was paid to Unifor members on November 4, 2016. These payments will be amortized ratably over the four-year labor agreement period. The new agreement expires September 2020.

Other contractual agreements - Mercurio

As a result of the merger between Itedi and GELE being highly probable and Itedi being classified as held for sale at December 31, 2016, the put option that was granted by the Group to Mercurio in January 2015 was deemed to be substantially canceled.

Commitments of the Ferrari Group arising from contractual agreements

Arrangements with Key Suppliers

From time to time, in the ordinary course of business, the Group enters into various arrangements with key third party suppliers in order to establish strategic and technological advantages. A limited number of these arrangements contain unconditional purchase obligations to purchase a fixed or minimum quantity of goods and/or services with fixed and determinable price provisions.

Arrangements with Sponsors

Certain of the Group's sponsorship contracts include terms whereby the Group is obligated to purchase a minimum quantity of goods and/or services from its sponsors.

Future minimum purchase obligations under these arrangements at December 31, 2016 were as follows:

€ million	12/31/2016	12/31/2015	Change
Due within one year	93		93
Due between one and three years	98		98
Due between three and five years	29		29
Due beyond five years	7		7
Minimun purchase obligations	227	0	227

Commitments of the PartnerRe Group

The PartnerRe Group has entered into service agreements and lease contracts that provide for business and information technology support and computer equipment. Future payments under these contracts amount to \$13 million (€12 million) through 2019.

The PartnerRe Group has entered into strategic investments with unfunded capital commitments. In the next five years, the Company expects to fund capital commitments totaling \$215 million, with \$85 million, \$68 million, \$38 million and \$24 million to be paid during 2017, 2018, 2019 and 2020, respectively, with no further commitments for 2021 as of December 31, 2016.

The PartnerRe Group has committed to a 10 year structured letter of credit facility issued by a high credit quality international bank, which has a final maturity of December 29, 2020. At December 31, 2016 and 2015, PartnerRe's participation in the facility was \$62 million and \$81 million, respectively. At December 31, 2016, the letter of credit facility has not been drawn down and can only be drawn down in the event of certain specific scenarios, which the Company considers remote. Unless canceled by the bank, the credit facility automatically extends for one year, each year until maturity.

Commitments of Juventus Football Club S.p.A.

The guarantees to third parties of Juventus totaled €169 million and related to bank sureties for payables concerning players' registration rights (€159 million), to performance of Infrastructure investments relating to the Continassa Project (€5 million) where the performance obligations have been assumed by Fondo

Immobiliare J Village which remunerates Juventus for the maintenance of the guarantees and to other guarantees (€4 million).

Operating lease contracts

The Group has entered into operating lease contracts for the right to use industrial buildings and equipment with an average term of 10-20 years and 3-5 years, respectively. At December 31, 2016 the total future minimum lease payments under non-cancellable operating lease contracts are as follows:

€ million	12/31/2016	12/31/2015	Change
Due within one year	364	257	107
Due between one and five years	842	639	203
Due beyond five years	432	289	143
Future minimum lease payments under operating lease contracts	1,638	1,185	453

During 2016 the Group recorded costs for lease payments of €400 million (€308 million in 2015).

Pending litigation and contingent liabilities

As a global group with a diverse business portfolio, the Group is exposed to numerous legal risks, particularly in the areas of product liability, competition and antitrust law, environmental risks and tax matters, dealer and supplier relationships and intellectual property rights. The outcome of any proceedings cannot be predicted with certainty. These risks arise from pending legal proceedings or requests received by the Group seeking recovery for damage to property, personal injuries and in some cases include a claim for exemplary or punitive damage. It is therefore possible that legal judgments could give rise to expenses that are not covered, or not fully covered, by insurers' compensation payments and could affect the Group's financial position and results. The Company's reinsurance subsidiaries, and the insurance and reinsurance industry in general, are subject to litigation and arbitration in the normal course of their business operations. In addition to claims litigation, the Company and its subsidiaries may be subject to lawsuits and regulatory actions in the normal course of business that do not arise from or directly relate to claims on reinsurance treaties. This category of business litigation typically involves, among other things, allegations of underwriting errors or omissions, employment claims or regulatory activity. While the outcome of business litigation cannot be predicted with certainty, the Company will dispute all allegations against the Company and/or its subsidiaries that Management believes are without merit.

FCA Group

Contingent Liabilities

On November 3, 2015, NHTSA issued the Takata Consent Order regarding Takata passenger airbags manufactured using non-desiccated Phase Stabilized Ammonium Nitrate ("PSAN") that were installed in other original equipment manufacturers' vehicles. On May 4, 2016, NHTSA published an amendment to the original Takata Consent Order. This amendment expanded the scope of the original consent order to include 7.6 million additional units of non-desiccated PSAN airbag inflators, of which approximately 2 million inflator units are deferred and are not yet subject to recall. In compliance with the amendment to the Takata Consent Order, on May 16, 2016, Takata submitted a Defect Incident Report ("DIR") to NHTSA declaring the non-desiccated PSAN airbag inflators defective. As a result, FCA US has announced a recall of vehicles, assembled in NAFTA, related to the May 16, 2016 DIR, which represents approximately 5.6 million inflator units. The Group is also analyzing approximately 1.5 million units of non-desiccated PSAN airbag inflators included in vehicles assembled in other jurisdictions. These vehicles have not been recalled and no costs have been accrued. It is not anticipated that the cost associated with any potential recall would be material to the Group. Considering the estimated cost of the recall and the estimated participation rate of the recalls taking into account the age of the vehicles involved, €414 million has been recognized within Cost of sales for the year ended December 31, 2016. The charges reflect assumptions on participation rate based on the Group's historical experience and industry data. If the actual experience differs from historical experience or industry data, this could result in an adjustment to the warranty provision in the future. FCA Group continue to assess the condition and performance of airbag inflators supplied by Takata. While there have not been any known issues relating to the unrecalled units, as additional information, data and analysis become available and we continue discussions with our regulators, the number of inflator units that may become subject to recalls could be expanded. Any liability for the estimated cost for future recalls would be recognized in the period in which a recall becomes probable.

FCA Group continues to assess the condition and performance of airbag inflators supplied by Takata. While there have not been any known issues relating to the unrecalled units, the Group continues discussions with the regulators, the number of inflator units that may become subject to recalls could be expanded. Any liability for the estimated cost for future recalls would be recognized in the period in which a recall becomes probable.

Litigation

On September 11, 2015, a putative securities class action complaint was filed in the U.S. District Court for the Southern District of New York against FCA alleging material misstatements regarding our compliance with regulatory requirements and failure to timely disclose certain expenses relating to vehicle recall campaigns. On October 5, 2016, the district court dismissed the claims relating to the disclosure of vehicle recall campaign expenses but ruled that claims regarding the alleged misstatements regarding regulatory requirements would be allowed to proceed. On February 17, 2017, the plaintiffs amended their complaint to allege material misstatements regarding emissions compliance. At this stage of the proceedings, FCA is unable to reliably evaluate the likelihood that a loss will be incurred or estimate a range of possible loss.

On July 18, 2016, FCA confirmed that the U.S. Securities and Exchange Commission is conducting an investigation into FCA's reporting of vehicle unit sales to end customers in the U.S. and that inquiries into similar issues have been received from the U.S. Department of Justice. FCA is cooperating with these investigations, however their outcome is uncertain and cannot be predicted at this time. At this early stage, FCA is unable to reliably evaluate the likelihood that a loss will be incurred or estimate a range of possible loss.

FCA is also aware of two putative securities class action lawsuits pending in the U.S. District Court for the Eastern District of Michigan alleging material misstatements with regard to the Group's reporting of vehicle unit sales to end consumers in the U.S. At this early stage, FCA is unable to reliably evaluate the likelihood that a loss will be incurred or estimate a range of possible loss.

On July 9, 2012, a lawsuit was filed against FCA US in the Superior Court of Decatur County, Georgia, U.S. ("the Court"), with respect to a March 2012 fatality in a rear-impact collision involving a 1999 Jeep Grand Cherokee. Plaintiffs alleged that the manufacturer had acted in a reckless and wanton fashion when it designed and sold the vehicle due to the placement of the fuel tank behind the rear axle and had breached a duty to warn of the alleged danger. On April 2, 2015, a jury found in favor of the plaintiffs and the trial court entered a judgment against FCA US in the amount of U.S.\$148.5 million (€141 million). On July 24, 2015, the Court issued a remittitur reducing the judgment against FCA US to U.S.\$40 million (€38 million).

FCA US believes the jury verdict was not supported by the evidence or the law and appealed the Court's verdict. FCA US maintains that the 1999 Jeep Grand Cherokee is not defective, and its fuel system does not pose an unreasonable risk to motor vehicle safety. The vehicle met or exceeded all applicable Federal Motor Vehicle Safety Standards, including the standard governing fuel system integrity. Furthermore, FCA US submitted extensive data to NHTSA validating that the vehicle performs as well as, or better than, peer vehicles in impact studies, and nothing revealed in the trial altered this data. During the trial, however, FCA US was not allowed to introduce all the data previously provided to NHTSA, which demonstrated that the vehicle's fuel system is not defective.

On November 15, 2016, the Georgia Court of Appeals affirmed the Court's verdict and judgment of U.S.\$40 million (€38 million). On December 23, 2016, FCA US filed a petition with the Georgia Supreme Court. While a decision by the Georgia Supreme Court could affirm the judgment, FCA US is seeking an order from the Georgia Supreme Court to instead overturn the verdict, order a new trial, or further modify the amount of the judgment. FCA believes a loss, if any, will not exceed the amount of the current judgment and believe it is more likely that a loss, if any, will be less than the current judgment and will be covered by existing provisions.

Other

Government and regulatory scrutiny of the automotive industry has also continued to intensify during the course of 2016, and is expected to remain high, particularly in light of recent regulatory actions related to diesel emissions involving a number of automakers. FCA has received inquiries from several regulatory authorities as they examine the on-road tailpipe emissions of several automakers' vehicles. FCA is, when jurisdictionally appropriate, cooperating with inquiries from several European Union member state agencies.

In particular, FCA has been working with the Italian Ministry of Transport ("MIT") and the Dutch Vehicle Regulator ("RDW"), the authorities that certified FCA diesel vehicles for sale in the European Union. FCA also initially responded to inquiries from the German authority, the Kraftfahrt-Bundesamt ("KBA"), regarding

emissions test results for FCA vehicles reported by KBA, and discussed the KBA reported test results, the Groups' emission control calibrations and the features of the vehicles in question. After these initial discussions, the MIT, which has sole authority for regulatory compliance of the vehicles it has certified, asserted its jurisdiction over the matters raised by the KBA, tested the vehicles, determined that the vehicles complied with applicable European regulations and informed the KBA of its determination. The German Ministry of Transport and Digital Infrastructure ("BMVI"), which oversees the KBA, then requested a mediation with the MIT under European Commission rules to resolve the differences. That mediation is ongoing. In addition, the French Ministry of Economy announced on February 7, 2017 that the French Consumer Protection Agency has requested the French public prosecutor to conduct a further investigation regarding whether the sale of FCA diesel vehicles violated French consumer protection laws, as it has done for other automakers' diesel vehicles. The results of these inquiries cannot be predicted at this time; however, the intervention by a number of governmental agencies and authorities may lead to further enforcement actions as well as obligations to modify or recall vehicles, any of which may have a material adverse effect on the Groups' business, results of operations and reputation.

On January 12, 2017, the U.S. Environmental Protection Agency ("EPA") and the California Air Resources Board ("CARB") each issued a notice of violation ("NOV") alleging that FCA US failed to disclose certain emissions control strategies in its application for certificates to permit the sale of model year 2014-2016 Jeep Grand Cherokee and Ram 1500 diesel vehicles. Approximately 104,000 of these vehicles were sold in the United States, of which approximately 14,000 were sold in California. The NOVs also state that the EPA and CARB are continuing to investigate whether any of these emissions control strategies are properly justified under the applicable regulations or constitute a "defeat device" as defined in the Clean Air Act.

FCA has cooperated fully with the EPA, CARB and with other governmental authorities when jurisdictionally appropriate both prior to and following the issuance of the NOVs. Further, FCA intend to continue to cooperate with the EPA, CARB and other government authorities to present its case as it seeks to resolve this matter fairly and equitably, and to assure the agencies and FCA customers that the FCA diesel-powered vehicles meet applicable regulatory requirements and do not include defeat devices.

If FCA is found to have violated any of the provisions of the Clean Air Act, it could be subject to penalties imposed by the EPA and CARB as well as other government authorities. EPA employs a civil penalty policy that takes into account cooperation and the degree to which emissions standards are exceeded, which FCA believes should reduce substantially any penalty the agencies may seek to impose from the statutory maximum, which could be up to U.S.\$44,539 (€42,257) for each vehicle for which there is found to be a violation.

Following the issuance of the NOVs, a number of civil lawsuits have been filed. FCA has also received various inquiries, subpoenas and requests for information from a number of governmental authorities, including the U.S. Department of Justice, the SEC and several states' attorneys general. FCA is investigating these matters and intends to cooperate with all valid governmental requests.

FCA is currently unable to predict the outcome of any proceeding or investigation arising out of the NOVs or any related proceedings or investigation and cannot estimate a range of reasonably possible losses for the lawsuits and investigations because these matters involve significant uncertainties at these stages. Such investigations could result in the imposition of damages, fines or civil and criminal penalties. It is possible that the resolution of these matters could have a material adverse effect on FCA's financial position, results of operations or cash flows and may adversely affect FCA's reputation with consumers, which may negatively impact demand for FCA vehicles.

CNH Industrial Group

Although the ultimate outcome of legal matters pending against CNH Industrial and its subsidiaries cannot be predicted, CNH Industrial believes the reasonable possible range of losses for these unresolved legal matters in addition to the amounts accrued would not have a material effect on its consolidated financial statements.

Since January 2011, Iveco S.p.A., a wholly owned subsidiary of CNH Industrial, and its competitors have been subject to an investigation by the European Commission into certain business practices in the European Union in relation to medium and heavy trucks.

In the first quarter of 2016, the CNH Industrial Group recorded an exceptional non-tax deductible charge of €450 million (\$502 million) in relation to the investigation and related matters. Since these developments on the investigation occurred on March 24, 2016, after the date of the publication of the CNH Industrial 2015 financial statements and before the approval of the EXOR 2015 financial statements, the charge was included in the EXOR 2015 consolidated financial statements. On July 19, 2016, the Commission announced a settlement with Iveco under which the Commission imposed a fine of €495 million. As a result, in the second

quarter of 2016 CNH Industrial recorded an additional non-tax deductible charge of €45 million. The fine should be paid on October 2016. Following this settlement, the CNH Industrial Group have been named as defendants in private litigation commenced in Israel and Ireland that remains at an early stage and the CNH Industrial Group expects to face further claims in various jurisdictions, the extent and outcome of which cannot be predicted at this time.

CNH Industrial N.V. is successor to Fiat Industrial S.p.A. – a company formed as a result of the demerger of Fiat S.p.A. (now “FCA”) (the “Demerger”). As such, CNH Industrial N.V. continues to be liable jointly with FCA for the liabilities of FCA that arose prior to the effective date of the Demerger (January 1, 2011) and were still outstanding at that date (the “Liabilities”). This statutory provision is limited to the value of the net assets transferred to Fiat Industrial in the Demerger and survives until the Liabilities are satisfied in full. Furthermore, CNH Industrial N.V. may be responsible jointly with FCA in relation to tax liabilities, even if such tax liabilities exceed the value of the net assets transferred to Fiat Industrial in the Demerger. At December 31, 2016, the outstanding liabilities amounted to approximately €1.2 billion (\$1.3 billion) of which approximately €1.0 billion (\$1.1 billion) consisted of bonds due June 2017 guaranteed by FCA. CNH Industrial believes the risk of FCA’s insolvency is extremely remote, and therefore, no specific provision has been accrued in respect of the above mentioned potential joint liability.

Ferrari Group

On May 4, 2016, the United States National Highway Traffic Safety Administration (“NHTSA”) published an amendment (the “Amendment”) to the November 3, 2015 Takata Consent Order regarding Takata airbags manufactured using non-desiccated Phase Stabilized Ammonium Nitrate (“PSAN”), expanding the scope of a prior recall under the Takata Consent Order. The recall is industry wide and replacement parts are limited as Takata is the single supplier.

In compliance with the Amendment to the Takata Consent Order, on May 16, 2016, Takata submitted a defect information report (“DIR”) to NHTSA declaring the non-desiccated PSAN airbag inflators, including those sold by Takata to the Group, defective.

Although the Group was not aware of any confirmed incidents or warranty claims relating to such airbag inflators mounted in its cars or that the airbag inflators were not performing as designed, as a result of the Amendment issued by NHTSA and the DIR issued by Takata, the Group initiated a global recall relating to certain cars produced between 2008 and 2011. Following a Third Amendment to the Coordinated Remedy Order (“ACRO”) published by NHTSA in December 2016 and an additional Takata DIR filed on January 3, 2017, the Group filed an additional DIR on January 10, 2017 to also include certain cars produced in 2012.

As a result of internal assessments, Ferrari decided to extend the recall campaign to include all cars produced in all model years based on priority groups and the timeline set by NHTSA.

As a result of these developments and due to the uncertainty of recoverability of the costs from Takata, an aggregate provision of €36,994 thousand was recognized within Cost of sales in the year ended December 31, 2016. Such provision reflects the current best estimate of future costs related to the entire recall campaign to be carried out by the Ferrari Group.

Litigation

The provision for legal proceedings and disputes represents management’s best estimate of the expenditures expected to be required to settle or otherwise resolve legal proceedings and disputes. This class of claims relate to allegations by contractual counterparties that the Group has violated the terms of the arrangements, including by terminating the applicable relationships. Judgments in these proceedings may be issued in 2017, although any such judgment may remain subject to judicial review. While the outcome of such proceedings is uncertain, any losses in excess of the provisions recorded are not expected to be material to the Group’s financial condition or results of operations.

The utilization related to the reversal of accruals for legal proceedings and disputes resolved in 2016. Accruals to the provision for legal proceedings and disputes are recognized within other expenses/(income), net.

PartnerRe Group

At December 31, 2016 PartnerRe was not a party to any litigation or arbitration that it believes could have a material effect on the financial condition, results of operations or liquidity of PartnerRe.

34. Segment reporting

Reportable segments reflect the operating segments of the Group that are regularly reviewed by the Chief Executive Officer, who is the “chief operating decision maker”, as defined under IFRS 8 – Operating Segments, for making strategic decisions and allocating resources and assessing performance, and that exceed the quantitative threshold provided in IFRS 8 – Operating Segments, or whose information is considered useful for the users of the financial statements. The EXOR Group reportable segments coincides with the consolidated data of each subsidiary holding company, every one of which represents an investment in a major business segment: FCA, CNH Industrial, Ferrari, PartnerRe, Juventus Football Club and the Holdings System.

The information by reporting segment in 2016 and 2015 is as follows:

€ million	FCA	CNH Industrial	FERRARI (a)	PartnerRe (b)	Juventus F.C.	Holdings System	Minor other, eliminations and adjustments	Consolidated
2016								
Segment revenues	111,018	22,882	3,105	3,827	498		(1,262)	140,068
Revenues from transactions with other operating segments	(573)	(423)	(246)	0	(20)		1,262	0
Revenues from external customers	110,445	22,459	2,859	3,827	478	0	0	140,068
Profit (loss) before taxes	3,106	(25)	567	201	58	766	(404)	4,268
Profit (loss) for the period	1,814	(335)	400	198	46	590	(400)	2,313
Equity attributable to owners of the parent	19,168	6,283	325	6,357	125	10,983	(32,260)	10,981
Total equity	19,353	6,294	330	6,740	125	10,983	(13,604)	30,220
2015								
Segment revenues	113,191	23,777			397		(1,013)	136,352
Revenues from transactions with other operating segments	(556)	(431)			(18)		1,013	8
Revenues from external customers	112,635	23,346			379	0	0	136,360
Profit (loss) before taxes	687	594			47	232	(174)	1,054
Profit (loss) for the period	377	211			39	744	(174)	865
Of which: Profit (loss) from discontinued operations						522	0	522
Equity attributable to owners of the parent	16,144	6,584			75	10,346	(22,803)	10,346
Total equity	16,228	6,627			75	10,346	(26,470)	26,827

(a) Ferrari's data for 2015 were included in FCA.

(b) Consolidated from March 18, 2016.

35. Information by geographical area

The following tables present an analysis of the revenues of the Group in the various geographical markets, irrespective of the origin of the goods and services, and an analysis of the carrying amount of the non-current assets on the basis of their geographical location divided according to the significance of the individual segments.

An analysis of revenues by geographical area is as follows:

€ million	2016	2015	Change
Europe	37,136	32,736	4,400
North America	77,900	79,293	(1,393)
Central and South America	10,705	9,352	1,353
Africa	1,293	1,444	(151)
Asia	11,476	11,679	(203)
Australia and Oceania	1,558	1,856	(298)
Total revenues	140,068	136,360	3,708

Total non-current assets (excluding financial assets, deferred tax assets, defined benefit assets and rights arising under insurance contracts of the Group) on the basis of their geographical location total € 77,205 million (€71,127 at December 31, 2015) and may be analyzed as follows:

€ million	12/31/2016	12/31/2015	Change
Europe	24,458	23,561	897
North America	39,190	37,744	1,446
Central and South America	11,356	7,891	3,465
Africa	56	30	26
Asia	2,090	1,846	244
Australia and Oceania	55	55	0
Total asset	77,205	71,127	6,078

36. Fair value measurement by hierarchy level

IFRS 13 - Fair Value Measurement establishes a hierarchy that categorizes into three levels the inputs to the valuation techniques used to measure fair value by giving the highest priority to quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1 inputs) and the lowest priority to unobservable inputs (level 3 inputs). In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy at the lowest level input that is significant to the entire measurement. Levels used in the hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly;
- Level 3 inputs are unobservable inputs for the assets and liabilities.

The following table shows the fair value hierarchy for financial assets and liabilities that are measured at fair value on a recurring basis at December 31, 2016.

€ million	Level 1	Level 2	Level 3	Total
Available for sale financial assets at fair value:				
Investments at fair value with changes directly in other comprehensive income	19	19	98	136
Non-current securities	48	12	403	463
Current securities	36	2		38
Investments of reinsurance companies	1	12,880	836	13,717
Financial assets held for trading at fair value:				
Current investments	49			49
Current securities	212			212
Other financial assets	68	557	21	646
Total assets at December 31, 2016	433	13,470	1,358	15,261
Other financial liabilities		(999)	(2)	(1,001)
Total liabilities at December 31, 2016		(999)	(2)	(1,001)
Available for sale financial assets at fair value:				
Investments at fair value with changes directly in other comprehensive income	730	19	59	808
Non-current securities	33		605	638
Current securities	264	5		269
Financial assets held for trading at fair value:				
Current investments	48			48
Current securities	241			241
Other financial assets	40	1,007		1,047
Total assets at December 31, 2015	1,356	1,031	664	3,051
Other financial liabilities		(797)	(35)	(832)
Total liabilities at December 31, 2015		(797)	(35)	(832)

In 2016 the Delta Topco option was transferred from level 3 in 2015 to level 2 in 2016 in the fair value hierarchy following the sale of Delta Topco (a company belonging to the Formula 1 Group). There were no other transfers between levels in fair value hierarchy in 2016 or 2015.

Investments of reinsurance companies at fair value principally are classified as Level 2 and include: U.S. government issued bonds; U.S. state, territory and municipal entities bonds; non-U.S. sovereign government, supranational and government related bonds.

Investments classified as Level 3 include inactively traded fixed maturities, unlisted equities, fund investments, derivative instruments and other invested assets. Fair value is determined using valuation models widely accepted; the valuation technique generally used is discounted cash flow, considering counterparty credit risk.

The fair value of other financial assets and liabilities, which mainly include derivative financial instruments, is measured by taking into consideration market parameters at the balance sheet date and using valuation techniques widely accepted. In particular:

- the fair value of forward contracts and currency swaps is determined by taking the prevailing exchange rates and interest rates at the balance sheet date;
- the fair value of interest rate swaps and forward rate agreements is determined by taking the prevailing interest rates at the balance sheet date and using the discounted expected cash flow method;
- the fair value of combined interest rate and currency swaps is determined using the exchange rates and interest rates prevailing at the balance sheet date and the discounted expected cash flow method;
- the fair value of swaps and options hedging commodity price risk is determined by using suitable valuation techniques and taking market parameters at the balance sheet date (in particular, underlying prices, interest rates and volatility rates).

The following table provides the changes in items measured at fair value categorized in Level 3 in of 2016:

€ million	12/31/2015	Gains (losses) recognized		Increase (decrease)	Change in scope of consolidation	12/31/2016
		In the income statement	In other comprehensive income			
Available for sale financial assets at fair value						
Investments at fair value with changes directly in other comprehensive income	58		(56)	95		97
Non-current securities	606	(67)		(135)		404
Investments of reinsurance companies		(7)	9	(112)	946	836
Financial assets held for trading at fair value						
Current securities						
Other financial assets				21		21
Total assets	664	(74)	(47)	(131)	946	1,358
Other financial liabilities	(35)			33		(2)
Total liabilities	(35)			33		(2)

In 2016 there were no transfers between Levels in the fair value hierarchy.

The gains (losses) included in the income statement are recognized in financial income (expenses) and cost of sales. The gains (losses) recognized in Other comprehensive income (loss) are included in the fair value reserve and in the cash flow hedge reserve.

Assets and liabilities not measured at fair value on a recurring basis

For financial instruments represented by short-term receivables and payables, for which the present value of future cash flows does not differ significantly from carrying value, it is assumed that carrying value is a reasonable approximation of fair value. Specifically, the carrying amount of trade receivables and payables and other current assets and liabilities due within one year approximates their fair value.

The following table provides the carrying amount and the fair value for the most relevant categories of financial assets and liabilities not measured at fair value on a recurring basis:

€ million	12/31/2016		12/31/2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Held-to-maturity investments	80	83	131	135
Dealer financing receivables	10,262	10,260	9,613	9,655
Retail financing receivables	9,863	9,756	10,005	9,872
Finance lease receivables	623	629	858	864
Other	299	299	157	110
Total assets	21,127	21,027	20,764	20,636
Financial liabilities				
Asset-backed financing	(12,074)	(11,887)	(12,146)	(12,137)
Notes	(25,487)	(27,216)	(23,809)	(23,941)
Borrowing from banks, payables represented by securities and other financial debt	(18,256)	(18,117)	(21,325)	(21,130)
Total liabilities	(55,817)	(57,220)	(57,280)	(57,208)

Held-to-maturity investments are represented by notes issued by leading counterparties, listed on active markets and therefore their fair value is categorized in Level 1.

The fair values of retail and dealer financing receivables, which are classified in Level 3 of the fair value hierarchy, have been estimated with discounted cash flows models. The most significant inputs used for this measurement are market discount rates that reflect conditions applied in various reference markets on receivables with similar characteristics, adjusted in order to take into account the credit risk of the counterparties.

Notes that are traded in active markets for which close or last trade pricing is available are classified in Level 1 of the fair value hierarchy. Notes for which such prices are not available, are valued at the last available price or based on quotes received from third parties and are classified in Level 2 of the fair value hierarchy. The fair value of the Senior notes of PartnerRe was calculated based on discounted cash flow models using observable market yields and contractual cash flows.

At December 31, 2016, the fair value of notes of €27,216 million is categorized principally in Level 1 and in Level 2.

The fair value of the borrowing from banks, payables represented by securities and other financial debt (€18,117 million), classified principally in Level 2, has been estimated using discounted cash flow models. The main inputs used are year-end market interest rates, adjusted for market expectations of the Group's non-performance risk implied in quotes prices. The fair value of the debt that requires significant adjustments using unobservable inputs is classified in Level 3 of the fair value hierarchy.

37. Related party transactions

The entities of each consolidated Group put in place transactions with subsidiaries, joint ventures, associates and other related parties, on commercial terms that are normal in the respective markets, considering the characteristics of the goods or services involved.

Pursuant to IAS 24 the related parties of the EXOR Group are Giovanni Agnelli, the FCA Group, the CNH Industrial Group, the Ferrari Group, the PartnerRe Group and their respective unconsolidated subsidiaries, associates or joint ventures, Juventus, The Economist Group and their subsidiaries. In addition, members of the board of directors of EXOR and its parent Giovanni Agnelli and their families are also considered related parties.

Transactions carried out by the Group with unconsolidated subsidiaries, joint ventures, associates and other related parties are primarily those of a commercial nature, which have had an effect on revenues, cost of sales, and trade receivables and payables.

The most significant financial transactions with related parties generate, for the FCA Group, receivables from financing activities of the Group's financial services companies from joint ventures and asset-backed financing relating to amounts primarily due to FCA Bank for the sale of receivables which do not qualify for derecognition under IAS 39.

In accordance with IAS 24, transactions with related parties also include compensation payable to directors, statutory auditors and executives with strategic responsibilities.

The effects of transactions with related parties recognized in the consolidated income statement of the Group in the first half of 2016 and 2015 are as follows:

€ million	2016				2015			
	Net revenues	Cost of sales	Selling, general and administrative costs and other (income) expenses	Financial income (expenses)	Net revenues	Cost of sales	Selling, general and administrative costs and other (income) expenses	Financial income (expenses)
Tofas	1,539	2,811	3		1,536	1,611		
Sevel S.p.A.	680		5		567		4	
FCA Bank	1,578	32	(7)	(39)	1,448	23	47	(27)
GAC FCA JV	683		(82)		252		17	
Other	652	359	(4)	(2)	621	409	5	(7)
Total joint ventures	5,132	3,203	(85)	(41)	4,424	2,043	73	(34)
Total associates	216	52	(1)	(1)	195	19	8	0
Total other related parties	1	59	52	0	0	61	72	0
Total unconsolidated subsidiaries	58	7	11	(1)	89	14	8	1
Total of which related parties	5,407	3,321	(23)	(43)	4,708	2,137	109	(33)
Total of item in financial statement	140,068	117,771	10,756	(2,719)	136,360	118,403	10,347	(2,966)

Non-financial assets and liabilities originating from related party transactions are as follows:

€ million	At December 31, 2016				At December 31, 2015			
	Trade receivables	Trade payables	Other assets	Other liabilities	Trade receivables	Trade payables	Other assets	Other liabilities
Tofas	22	298		52	13	157		
Sevel S.p.A.	30			4	19		1	5
FCA Bank	115	252	5	108	80	222	3	117
GAC FCA JV	78	2						61
Other	111	86		39	214	136	6	25
Total joint ventures	356	639	5	203	326	515	10	208
Total associates	27	42	6	18	57	41	2	21
Total other related parties	1	8	0	0	0	6	0	4
Total unconsolidated subsidiaries	74	10	0	1	88	19	2	2
Total of which related parties	459	698	11	222	471	581	14	235
Total of item in financial statement	3,198	28,214	6,518	16,455	3,273	26,663	5,044	15,386

Financial assets and liabilities originating from related party transactions are as follows:

€ million	At December 31, 2016		At December 31, 2015	
	Current receivables from financing activities	Financial debt	Current receivables from financing activities	Financial debt
FCA Bank	84	187	45	182
Tofas	6		18	
Sevel	3	8	9	4
GAC FCA JV	44			
Other	7		5	2
Total joint ventures	144	195	77	188
Almacantar				40
Other	21	2	20	1
Total associates	21	2	20	41
Total other related parties	0	0	0	0
Total unconsolidated subsidiaries	10	25	25	15
Total of which related parties	175	222	122	244
Total of item in financial statements	21,047	55,817	20,632	57,280

Most significant transactions of the Holding System's entities

The separation of the Ferrari business from the FCA Group was completed on January 3, 2016. FCA shareholders received one common share of Ferrari for every ten FCA common shares held. In addition holders of FCA mandatory convertible securities received 0.77369 common shares of Ferrari for each MCS unit of \$100 in notional amount. In addition FCA shareholders participating in the company's loyalty voting program received one special voting share of Ferrari for every ten special voting shares of FCA held. EXOR, with its 375,803,870 FCA common shares held, received 37,580,387 Ferrari N.V. common shares and the same number of special voting shares.

On February 10, 2016, with an investment of €103.3 million, EXOR acquired a 14.01% stake in Welltec, a global leader in the field of robotics technology for the oil and gas industry, from 7-Industries Lux S.à.r.l. (a company indirectly controlled by Ruth Wertheimer, independent director of EXOR). Since this is a related party transaction prior approval was sought from the Related Parties Committee which expressed a favorable opinion on justified grounds, also taking into account a valuation carried out by an independent third party. After the acquisition EXOR and the 7-Industries Lux group each hold 14.01% of Welltec issued capital.

On March 24, 2016 EXOR S.A. reached an agreement to sell its investment in Almacantar (approximately 36% of share capital) to Partner Reinsurance Company Ltd., a 100%-owned subsidiary of PartnerRe. The transaction was completed on April 8, 2016 with the receipt of £382.7 million (€474.7 million). In April 2016 EXOR S.A. also sold a number of its financial investments to the PartnerRe Group, mainly third party funds, for approximately \$195 million (€171 million). The transactions were concluded at market.

On December 15, 2016 Fiat Chrysler Automobiles N.V. issued 238,846,375 common shares upon the mandatory conversion of its 7.875% mandatory convertible securities. Pursuant to the terms of the indenture under which the securities were issued, each U.S. \$100 notional amount of the securities will convert into 8.3077 of the FCA common shares, nominal value €0.01 per share, based upon the average of the volume weighted average prices of FCA common shares on the New York Stock Exchange during the 20 consecutive trading day period beginning November 14, 2016 and ending on December 12, 2016 (inclusive). EXOR with its €886 million of Mandatory Convertible Securities nominal value, received 73,606,222 FCA common shares (30.82% of the new common shares issued)

On or about February 12, 2016, Tishman Speyer European Real Estate Venture VII, L.P (a company of an EXOR director) acquired The Economist Plaza, a building located in London, from The Economist Group (an associated company of EXOR).

On or about June 29, 2016, two indirect subsidiaries of Tishman Speyer Crown Equities 2007 LLC (a company in which an EXOR director owns a significant economic interest) formed a partnership with Partner Reinsurance company of the U.S. for the purpose of investing in a joint venture that will own and develop a site locate in Long Island City NY. An affiliate of Qatari Diar Americas Inc. which is unrelated to Robert Speyer, an EXOR director, is also an investor in this joint-venture.

Commitments and guarantees pledged in favor of related parties of the FCA Group

As of December 31, 2016 FCA Group has guarantees of €2 million on debt related to the Group's joint ventures (€4 million at December 31, 2015).

At December 31, 2016 FCA Group had a take or pay commitments with Tofas with future minimum expected obligations as follows:

€ million	2017	2018	2019	2020	2021	2022 and beyond
Future minimum purchase obligations	306	334	257	251	230	155

Commitments and guarantees pledged in favor of related parties of the CNH Industrial Group

At December 31, 2016 the CNH Industrial Group has pledged guarantees on commitments of the joint venture Iveco - Oto Melara Società Consortile for an amount of €177 million (€186 million at December 31, 2015).

Compensation to directors, statutory auditors and key executives of EXOR

In 2016 compensation to the directors and statutory auditors of EXOR, for carrying out their respective functions in the Parent and in other consolidated companies, is as follows:

€ thousand	EXOR	Subsidiaries	Total
Directors	5,733	45,723	51,456
Statutory Auditors	232	38	270
Total 2016	5,965	45,761	51,725
Total 2015	4,274	67,995	72,269

This amount includes the notional compensation cost arising from long term share-based compensation and stock grants awarded to the directors.

There are no key executives in EXOR.

38. Explanatory notes to the consolidated statement of cash flows

The consolidated statement of cash flows sets out changes in cash and cash equivalents during the year. As required by IAS 7 – Statement of cash flows, cash flows are separated into operating, investing and financing activities. The effects of changes in exchange rates on cash and cash equivalents are shown separately under the line item translation exchange differences.

In 2016 the Group generated positive cash flows from the operating activities for €12,618 million while cash flows used in investing activities were €12,740 million and mainly related to the investments in property, plant and equipment and intangible assets (€10,082 million) and to the acquisition of PartnerRe (€3,950 million, net of the cash and cash equivalents of PartnerRe acquired).

For the year ended December 31, 2016, the net increase of €1,203 million in provisions was mainly due to the increase in the warranty provision of €451 million for recall campaigns related to an industry-wide recall for airbag inflators resulting from parts manufactured by Takata, an increase in accrued sales incentives primarily related to NAFTA and EMEA, as well as estimated net costs of €132 million associated with a recall for which costs are being contested with a supplier.

For the year ended December 31, 2016, other non-cash items of €177 million included €225 million of impairments, which were partially offset by other amounts that were not individually material. In 2015 other non-cash items of €1,402 million included €713 million of non-cash charges for asset impairments which mainly relate to asset impairments in connection with the realignment of the Group's manufacturing capacity in NAFTA, a €215 million charge recognized as a result of the adoption of the SIMADI exchange rate to re-measure the net monetary assets of the FCA Group's and the CNH Group's Venezuelan subsidiaries and the €450 million accrual regarding the investigation of Iveco S.p.A. by the European Commission.

For the year ended December 31, 2016, net cash used in financing activities was €5,564 million, primarily related to the issuance of new notes for €4,749 million, repayment of notes for €4,121 million and net reduction in other long-term debt for €4,870 million.

39. Qualitative and quantitative information on financial risks

The Group is exposed to the following financial risks connected with its operations:

- credit risk, arising both from its normal commercial relations with final customers and dealers, and its financing activities;
- liquidity risk, with particular reference to the availability of funds and access to the credit market and to financial instruments in general;
- financial market risk (principally relating to exchange rates, interest rates and commodity prices), since the Group operates at an international level in different currencies and uses financial instruments which generate interest. The Group is also exposed to the risk of changes in the price of certain commodities, and of certain listed shares.

These risks could significantly affect the Group's financial position and results, and for this reason the Group systematically identifies, and monitors these risks, in order to detect potential negative effects in advance and take the necessary action to mitigate them, primarily through its operating and financing activities and if

required, through the use of derivative financial instruments in accordance with established risk management policies.

Financial instruments held by the funds that manage pension plan assets are not included in this analysis (see Note 26.)

The following section provides qualitative and quantitative disclosures on the effect that these risks may have upon the Group. The quantitative data reported in the following does not have any predictive value. In particular the sensitivity analysis on financial market risks does not reflect the complexity of the market or the reaction which may result from any changes that are assumed to take place.

Credit risk

Credit risk is the risk of economic loss arising from the failure to collect a receivable. Credit risk encompasses the direct risk of default and the risk of a deterioration in the creditworthiness of the counterparty.

A receivable is considered impaired when there is objective evidence that the Group will be unable to collect all amounts due specified in the contractual terms. Objective evidence may be provided by the following factors:

- significant financial difficulties of the counterparty;
- probability that the counterparty will be involved in an insolvency procedure;
- default on installment payments by the counterparty;
- restructuring or renegotiation of open items with the counterparty;
- changes in the payment status of one or more debtors included in a specific risk category;
- other contractual breaches.

The calculation of the amount of the impairment loss is based on the risk of default by the counterparty, which is determined by taking into account all the information available as to the customer's solvency, the fair value of any guarantees received for the receivable and the Group's historical experience.

The maximum credit risk to which the Group is theoretically exposed at December 31, 2016 is represented by the carrying amounts of financial assets in the financial statements and the nominal value of the guarantees provided on liabilities and commitments to third parties as discussed in Note 33.

Dealers and final customers for which the Group provides financing are subject to specific assessments of their creditworthiness under a detailed scoring system; in addition to carrying out this screening process, the Group also obtains financial and non-financial guarantees for risks arising from credit granted. These guarantees are further strengthened where possible by reserve of title clauses on financed vehicle sales to the sales network made by Group financial service companies and on vehicles assigned under finance and operating lease agreements.

PartnerRe Group

The maximum credit risk that PartnerRe is exposed to is the carrying value of these items in the financial statements; fixed maturity securities and short term investments totaled \$13.5 billion (€12.8 million) at December 31, 2016. Approximately 58% of PartnerRe's fixed maturity and short term investment portfolio was rated AA (or equivalent rating) or better, approximately 73% were rated A or better and 3% were rated below investment grade or not rated. PartnerRe believes this high quality concentration reduces its exposure to credit risk on fixed maturity investments to an acceptable level.

At December 31, 2016, PartnerRe was not exposed to any significant credit concentration risk on its investments, excluding securities issued by the U.S. government which are rated AA+. PartnerRe controls this exposure by keeping cash balances in several banks and monitors significant concentrations of credit risk in any one bank. Cash and cash equivalents totaled \$1,773 million (€1.682 million) at December 31, 2016.

At December 31, 2016 Funds held – directly managed and funds held by reinsurance companies totaled \$511 million (€485 million) and \$685 million (€650 million), respectively. PartnerRe is exposed to the credit risk of its cedants in the event of their insolvency or their failure to honor the value of the funds held balances for any other reason, although this risk is mitigated in some jurisdictions by a mandatory right of offset of amounts payable to a cedant against amounts due.

Reinsurance balances receivable from PartnerRe's cedants at December 31, 2016 were \$2,492 million (€2,364 million) including balances both currently due and accrued. PartnerRe believes that credit risk related to these balances is mitigated by several factors, including but not limited to, credit checks performed as part of the underwriting process and monitoring of aged receivable balances as well as a right of set off against

losses payable in the majority of cases. Provisions are made for amounts considered potentially uncollectible and the allowance for uncollectible premiums receivable was \$5 million (€4.7 million) at December 31, 2016.

At December 31, 2016, the balance of reinsurance recoverable on technical reinsurance reserves was \$332 million (€315 million), which is net of the allowance provided for uncollectible reinsurance recoverables of \$12 million (€11.4 million). At December 31, 2016, more than half of PartnerRe's reinsurance recoverables on technical reinsurance reserves were either due from reinsurers with an A- or better rating from Standard & Poor's.

FCA Group

Receivables for financing activities amounting to €2,578 million at December 31, 2016 (€2,006 million at December 31, 2015) contained balances totaling €4 million (€4 million at December 31, 2015), which have been written down on an individual basis. Of the remainder, balances totaling €34 million are past due by up to one month (€44 million at December 31, 2015), while balances totaling €19 million are past due by more than one month (€21 million at December 31, 2015). In the event of installment payments, even if only one installment is overdue, the entire receivable balance is classified as overdue.

Trade receivables and other current receivables amounting to €5,276 million at December 31, 2016 (€5,054 million at December 31, 2015) contain balances totaling €9 million (€13 million at December 31, 2015) which have been written down on an individual basis. Of the remainder, balances totaling €228 million are past due by up to one month (€214 million at December 31, 2015), while balances totaling €228 million are past due by more than one month (€211 million at December 31, 2015).

Even though current securities and cash and cash equivalents consist of balances spread across various primary national and international banking institutions and money market instruments that are measured at fair value, there was no exposure to sovereign debt securities at December 31, 2016 which might lead to significant risk of repayment.

CNH Industrial Group

Receivables for financing activities amounting to \$18,662 million at December 31, 2016 (€17,704 million) contain balances totaling \$328 million (€311 million) that have been written down on an individual basis. Of the remainder, balances totaling \$182 million (€173 million) are past due by up to one month, while balances totaling \$250 million (€237 million) are past due by more than one month.

Receivables for financing activities amounting to \$19,001 million at December 31, 2015 (€17,453 million) contain balances totaling \$312 million (€287 million) that have been written down on an individual basis. Of the remainder, balances totaling \$163 million (€150 million) are past due by up to one month, while balances totaling \$337 million (€310 million) are past due by more than one month.

In the event of installment payments of loans, even if only one installment is overdue, the entire receivable balance is classified as overdue.

Trade receivables and other current receivables totaling \$1,704 million (€1,616 million) at December 31, 2016 contain balances totaling \$137 million (€130 million) that have been written down on an individual basis. Of the remainder, balances totaling \$40 million (€38 million) are past due by up to one month, while balances totaling \$65 million (€62 million) are past due by more than one month.

Trade receivables and other current receivables totaling \$1,464 million (€1,345 million) at December 31, 2015 contain balances totaling \$95 million (€87 million) that have been written down on an individual basis. Of the remainder, balances totaling \$55 million (€51 million) are past due by up to one month, while balances totaling \$78 million (€72 million) are past due by more than one month.

Ferrari Group

Receivables from financing activities amounting to €790,377 thousand at December 31, 2016 (€1,173,825 thousand at December 31, 2015) are shown net of the allowance for doubtful accounts amounting to €11,556 thousand (€18,671 thousand at December 31, 2015). After considering the allowance for doubtful accounts, €41,594 thousand of receivables were overdue (€16,230 thousand at December 31, 2015). Therefore, overdue receivables represent a minor portion of receivables from financing activities.

In addition, of the total receivables from financing activities, €790,377 thousand (€1,170,891 thousand at December 31, 2015) relate to the financial services portfolio and such receivables are generally secured on the titles to cars or with other guarantees.

Trade receivables amounting to €243,977 thousand at December 31, 2016 (€158,165 thousand at December 31, 2015) are shown net of the allowance for doubtful accounts amounting to €19,174 thousand (€18,371 thousand at December 31, 2015). After considering the allowance for doubtful accounts, €18,567 thousand of receivables were overdue (€26,177 thousand at December 31, 2015).

Juventus Football Club

Juventus Football Club has adopted suitable procedures to minimize its exposure to credit risk. Specifically, receivables due from Italian football clubs are secured through the clearing house system organized by Lega Nazionale Professionisti Serie A. Receivables due from foreign football clubs are generally secured by bank guarantees or other guarantees issued by the counterparty clubs. Fees receivable under contracts for television rights are indirectly secured by Lega Nazionale Professionisti Serie A through a minimum guarantee agreement with the advisor Infront Italy.

At December 31, 2016 the amount of receivables past due and not written down on an individual basis is €11 million. The amount past due by up to one month is €7 million and the amount past due by more than one month is €4 million.

At December 31, 2015 the amount of receivables past due and not written down on an individual basis is €10 million. The amount past due by up to one month is €7 million and the amount past due by more than one month is €3 million.

Holdings System

The maximum credit risk to which EXOR and the other companies in the Holdings System are theoretically exposed at December 31, 2016 is represented by the carrying amounts of financial assets in the financial statements.

However the companies seek to mitigate this risk by investing a part of their liquidity in securities issued by leading banking and corporate counterparties selected according to their credit quality.

At December 31, 2016 and December 31, 2015 there are no financial assets past due and not written down.

Liquidity risk

Liquidity risk arises if the Group is unable to obtain the funds needed to carry out its operations at economic conditions. Any actual or perceived limitations on the Group's liquidity may affect the ability of counterparties to do business with the Group or may require additional amounts of cash and cash equivalents to be allocated as collateral for outstanding obligations.

The continuation of a difficult economic situation in the markets in which the Group operates and the uncertainties that characterize the financial markets necessitate special attention in managing liquidity risk. In that sense, measures taken to generate funds through operations and to maintain a conservative level of available liquidity are important factors for ensuring operational flexibility and addressing strategic challenges over the next few years.

The main factors that determine the Group's liquidity situation are on the one hand the funds generated by or used in operating and investing activities, the debt lending period and its renewal features or the liquidity of the funds employed and the market terms and conditions.

The Group has adopted a series of policies and procedures whose purpose is to optimize the management of funds and to reduce liquidity risk as follows:

- centralizing the management of receipts and payments, where it may be economical in the context of the local civil, currency and fiscal regulations of the countries in which the Group is present;
- maintaining a conservative level of available liquidity;
- diversifying the means by which funds are obtained and maintaining a continuous and active presence in the capital markets;
- obtaining adequate credit lines;
- monitoring future liquidity on the basis of business planning.

The Group manages liquidity risk by monitoring cash flows and keeping an adequate level of funds at its disposal.

At December 31, 2016, in conjunction with the amendments to the credit agreements that govern the Tranche B Term Loans of FCA US entered into in March 2016, the covenants restricting the provision of guarantees and payment of dividends by FCA US for the benefit of the rest of the Group were eliminated, and FCA US's cash management activities are no longer managed separately from the rest of the Group.

FCA has not provided any guarantee, commitment or similar obligation in relation to any of FCA US's financial indebtedness, nor has it assumed any kind of obligation or commitment to fund FCA US. However, with the replacement of the prior FCA revolving credit facilities with the new FCA RCF entered into in June 2015, FCA no longer has limitations in providing funding to FCA US. Certain notes issued by FCA and its subsidiaries (other than FCA US and its subsidiaries) include covenants which may be affected by circumstances related to FCA US as well as certain other relevant subsidiaries, including cross-default clauses which may accelerate repayments in the event that FCA US fails to pay certain of its debt obligations.

Details as to the repayment structure of the Group's financial assets and liabilities are provided in notes 19 and 29. Details of the repayment structure of derivative financial instruments are reported in note 30.

PartnerRe Group

PartnerRe is exposed to liquidity risk mainly through claims arising from its reinsurance contracts and payments for its debt obligations and preference shares. PartnerRe believes that its significant cash flows from operations and high quality liquid investment portfolio will provide sufficient liquidity for the foreseeable future. PartnerRe aims to maintain sufficient liquidity at all times so that it can support its cedants by settling claims quickly. PartnerRe generates cash flows primarily from its underwriting and investment operations. PartnerRe believes that a profitable, well-run reinsurance organization will generate sufficient cash from premium receipts to pay claims, acquisition costs and operating expenses in most years. To the extent that underwriting cash flows are not sufficient to cover operating cash outflows in any year, PartnerRe may utilize cash flows generated from investments and ultimately liquidate assets from its investment portfolio. PartnerRe ensures that its liquidity requirements are supported by maintaining a high-quality, well-balanced and liquid investment portfolio, and by managing the duration of its investments with that of its net reinsurance liabilities.

In the normal course of its business, the Company is a party to a variety of contractual obligations as summarized below. These contractual obligations are considered by the Company when assessing its liquidity requirements and the Company is confident in its ability to meet all of its obligations.

Contractual obligations at December 31, 2016 were as follows:

\$ million	Total	< 1 year	1-3 year	3-5 year	>5 year
Contractual obligations:					
Technical reinsurance reserves	11,808	3,076	3,042	1,618	4,072
Financial debt	1,615	38	76	556	945
Preferred shares	922	46	86	85	705
Other contractual obligations	288	128	130	27	3
Total contractual obligations	14,633	3,288	3,334	2,286	5,725
Converted in € million	13,882	3,119	3,163	2,169	5,431

FCA Group

The operating cash management and liquidity investment of the FCA Group are centrally coordinated in the FCA Group's treasury companies, with the objective of ensuring effective and efficient management of the Group's funds. These companies obtain funds in the financial markets from various funding sources.

At December 31, 2016, in conjunction with the amendments to the credit agreements that govern the Tranche B Term Loans of FCA US entered into in March 2016, the covenants restricting the provision of guarantees and payment of dividends by FCA US for the benefit of the rest of the Group were eliminated, and FCA US's cash management activities are no longer managed separately from the rest of the Group.

FCA has not provided any guarantee, commitment or similar obligation in relation to any of FCA US's financial indebtedness, nor has it assumed any kind of obligation or commitment to fund FCA US.

However, with the replacement of the prior FCA revolving credit facilities with the new FCA RCF entered into in June 2015, FCA no longer has limitations in providing funding to FCA US

Certain notes issued by FCA and its subsidiaries (other than FCA US and its subsidiaries) include covenants which may be affected by circumstances related to FCA US as well as certain other relevant subsidiaries, including cross-default clauses which may accelerate repayments in the event that FCA US fails to pay certain of its debt obligations.

Management believes that the group's total available liquidity, in addition to the funds that will be generated from operating and financing activities, will enable the Group to satisfy the requirements of its investing activities and working capital needs, fulfill its obligations to repay its debt at the natural due dates and ensure an appropriate level of operating and strategic flexibility.

CNH Industrial Group

Management believes that the funds currently available, together with the funds that will be generated from operating and financing activities, will enable the CNH Industrial Group to satisfy its requirements resulting from its investing activities and its working capital needs and to fulfill its obligations to repay its debts at their natural due date.

Ferrari Group

Following the Separation from FCA the main funding operations and investments in cash and marketable securities of Ferrari Group are centrally managed or supervised by the treasury department with the aim of ensuring effective and efficient management of the Group's liquidity. Following the Separation, the Group has established series of policies which are managed or supervised centrally by the treasury department with the purpose of optimizing the management of funds and reducing liquidity risk which include:

During 2015 the Ferrari Group entered into a new revolving credit facility of €500 million which was entirely undrawn at December 31, 2015 and 2016. The Group believes that the funds currently available to it, in addition to those that will be generated from operating activities, will enable Ferrari to satisfy the requirements of its investing activities and working capital needs, fulfill its obligations to repay its debt and ensure an appropriate level of operating and strategic flexibility. The Group, therefore believes there is no significant risk of a lack of liquidity

Holdings System

EXOR and the companies in the Holdings System finance outgoing cash flows from current operations with incoming flows from ordinary business activities and cash availability.

Liquidity risk could therefore arise only in the event of investment decisions in excess of cash availability that are not preceded by sufficient liquidation of assets or difficulties in raising sufficient funds that can be readily used to fund operating and investment activities. In this sense, EXOR operates so that it has irrevocable credit lines available with expiry dates and amounts consistent with its investment plans.

Financial market risks

Currency risk, interest rate risk, commodity price risk, shares and investment funds

Due to the nature of its different businesses, the Group companies are exposed to a variety of financial market risks including foreign currency exchange rate risks, commodity price risk and interest rate risk.

Finally, the Group is exposed to the risk of a change in the price of certain equity shares and investment funds.

The Group's exposure to foreign currency exchange rate risk arises both in connection with the geographical distribution of the Group's industrial activities compared to the markets in which it sells its products, and in relation to the use of external borrowing denominated in foreign currencies.

Exposure to interest rate risk arises from the need to fund industrial and financial operating activities and the necessity to deploy surplus funds. Changes in market interest rates may have the effect of either increasing or decreasing the Group's net profit or loss, thereby indirectly affecting the costs and returns of financing and investing transactions.

The Group's exposure to commodity price risk arises from the risk of changes in the price of certain raw materials and energy used in production. Changes in the price of raw materials could have a significant effect on the Group's results by indirectly affecting costs and product margins.

The Group's policies permit derivatives to be used only for managing the exposure to fluctuations in foreign currency exchange rates and interest rates as well as commodities prices connected with future cash flows and assets and liabilities, and not for speculative purposes.

The Group utilizes derivative financial instruments designated as fair value hedges mainly to hedge:

- the foreign currency exchange rate risk on financial instruments denominated in foreign currency;
- the interest rate risk on fixed rate loans and borrowings.

The instruments used for these hedges are mainly foreign currency forward contracts, interest rate swaps and combined interest rate and foreign currency financial instruments.

The Group uses derivative financial instruments as cash flow hedges for the purpose of pre-determining:

- the exchange rate at which forecasted transactions denominated in foreign currencies will be accounted for;
- the interest paid on borrowings, both to match the fixed interest received on loans (customer financing activity), and to achieve a pre-defined mix of floating versus fixed rate funding for its loan structure;
- the price of certain commodities.

The foreign currency exchange rate exposure on forecasted commercial flows is hedged by currency swaps and forward contracts and currency options. Interest rate exposures are usually hedged by interest rate swaps and, in limited cases, by forward rate agreements. Exposure to changes in the price of commodities is generally hedged by using commodity swaps and commodity options. Counterparties to these agreements are major and diverse financial institutions.

Information on the fair value of derivative financial instruments held at the balance sheet date is provided in note 30.

The effects of the changes in the assets and liabilities of consolidated companies whose functional currency is different from the Euro are recognized directly in the cumulative translation adjustment reserve, in other comprehensive income.

The following section provides qualitative and quantitative disclosures on the effect that these risks may have. The quantitative data reported below does not have any predictive value. In particular the sensitivity analysis on financial market risks does not reflect the complexity of the market or the reaction which may result from any changes that are assumed to take place. Financial instruments held by the funds that manage pension plan assets are not included in this analysis.

PartnerRe Group

Currency risk

Through its multinational reinsurance operations, PartnerRe conducts business in a variety of non-U.S. currencies, with the principal exposures being the euro, British pound, Canadian dollar, Swiss Franc and Singapore dollar. As the PartnerRe's reporting currency is the U.S. dollar, foreign exchange rate fluctuations may materially impact its financial results.

PartnerRe is generally able to match its liability funds against its net reinsurance liabilities both by currency and duration to protect against foreign exchange and interest rate risks. However, a natural offset does not exist for all currencies. For the non-U.S. dollar currencies for which PartnerRe deems the net asset or liability exposures to be material, it employs a hedging strategy utilizing foreign exchange forward contracts and other derivative financial instruments, as appropriate, to reduce exposure and more appropriately match the liability funds by currency. For PartnerRe's capital funds, including its net investment in foreign subsidiaries and branches and equity securities, it does not typically employ hedging strategies. However, from time to time the it does enter into net investment hedges to offset foreign exchange volatility.

PartnerRe's gross and net exposure at December 31, 2016 to non-U.S. Dollar currencies as well as the associated foreign currency derivatives it has entered into to manage this exposure, was as follows:

\$ million	Euro	GBP	CAD	CHF	AUD	OTHER	TOTAL
Total assets	1,995.0	1,188	814.0	18.0	65.0	644.0	4,724.0
Total liabilities	(3,830.0)	(1,208.0)	(416.0)	(332.0)	(158.0)	(1,308.0)	(7,252.0)
Total gross foreign currency exposure	(1,835.0)	(20.0)	398.0	(314.0)	(93.0)	(664.0)	(2,528.0)
Total derivative amount	1,437.0	-	(292.0)	-	92.0	89.0	1,326.0
Net foreign currency exposure	(398.0)	(20.0)	106.0	(314.0)	(1.0)	(575.0)	(1,202.0)
converted in € million	(377.6)	(19.0)	100.6	(297.9)	(0.9)	(545.5)	(1,140.3)

Interest rate risk

PartnerRe's fixed maturity portfolio (including fixed maturity securities within the funds held - directly managed account) are exposed to interest rate risk. Fluctuations in interest rates have a direct impact on the market valuation of these securities. PartnerRe manages interest rate risk on liability funds by constructing bond portfolios in which the economic impact of a general interest rate shift is comparable to the impact on the related reinsurance liabilities. PartnerRe believes that this process of matching the duration mitigates the overall interest rate risk on an economic basis. PartnerRe manages the exposure to interest rate volatility on capital funds by choosing a duration profile that it believes will optimize the risk-reward relationship.

PartnerRe's liabilities are carried at their nominal value, and are generally not adjusted for changes in interest rates whilst fixed income investments measured at fair reflect such changes as an increase in interest rates will result in a decrease in the fair value, while a decrease in interest rates will result in an increase in the fair value, of PartnerRe's investments recorded at fair value.

Sensitivity interest rate risk

At December 31, 2016, PartnerRe estimates that the hypothetical case of an immediate 100 basis points parallel shift in global bond curves would result in a change in the fair value of investments exposed to interest rate risk of \$737 million (€699 million).

Credit Spread Risk

PartnerRe's fixed maturity portfolio is exposed to credit spread risk. Fluctuations in market credit spreads have a direct impact on the market valuation of these securities. PartnerRe manages credit spread risk by the selection of securities within its fixed maturity portfolio. Changes in credit spreads directly affect the market value of certain fixed maturity securities, but do not necessarily result in a change in the future expected cash flows associated with holding individual securities. Other factors, including liquidity, supply and demand, and changing risk preferences of investors, may affect market credit spreads without any change in the underlying credit quality of the security.

Sensitivity credit spread risk

At December 31, 2016, PartnerRe estimates that the hypothetical case of an immediate 100 basis points parallel shift in global credit spreads would result in a change in the fair value of investments exposed to credit spread risk of \$529 million (€502 million).

FCA Group

Currency exchange rate risk

The FCA Group is exposed to risk resulting from changes in foreign currency exchange rates, which can affect its earnings and equity. In particular:

- where a FCA Group company incurs costs in a currency different from that of its revenues, any change in exchange rates can affect the operating results of that company.
- the principal exchange rates to which the FCA Group is exposed are:
 - EUR/USD relating to sales and purchases in U.S. dollars made by Italian companies (primarily for Maserati and Alfa Romeo vehicles) and to sales and purchases in Euro made by FCA US;
 - USD/CAD primarily relating to FCA US's Canada's sales of U.S. produced vehicles, net of FCA US sales of Canadian produced vehicles;
 - CNY, in relation to sales in China originating from FCA US and from Italian companies (primarily for Maserati and Alfa Romeo vehicles);
 - GBP, AUD, MXN, CHF, ARS and VEF in relation to sales in the UK, Australian, Mexican, Swiss, Argentinean and Venezuelan markets;

- PLN and TRY, relating to manufacturing costs incurred in Poland and Turkey;
- JPY mainly in relation to purchase of parts from Japanese suppliers and sales of vehicles in Japan;
- USD/BRL, EUR/BRL relating to Brazilian manufacturing operations and the related import and export flows.

The FCA Group's policy is to use derivative financial instruments to hedge a percentage of certain exposures subject to foreign currency exchange rate risk for the upcoming 12 months (including such risk before or beyond that date where it is deemed appropriate in relation to the characteristics of the business) and to hedge the exposure resulting from firm commitments unless not deemed appropriate.

FCA Group companies may have trade receivables or payables denominated in a currency different from their respective functional currency. In addition, in a limited number of cases, it may be convenient from an economic point of view, or it may be required under local market conditions, for the companies to obtain financing or use funds in a currency different from their respective functional currency. Changes in exchange rates may result in exchange gains or losses arising from these situations. The FCA Group's policy is to hedge, whenever deemed appropriate, the exposure resulting from receivables, payables and securities denominated in foreign currencies different from the respective Group companies' functional currency.

Certain of the FCA Group's companies are located in countries which are outside of the Eurozone, in particular the U.S., Brazil, Canada, Poland, Serbia, Turkey, Mexico, Argentina, the Czech Republic, India, China and South Africa. As the Group's reporting currency is the Euro, the income statements of those entities that have a reporting currency other than the Euro, are translated into Euro using the average exchange rate for the period.

In addition, the monetary assets and liabilities of these consolidated companies are translated into Euro at the period-end foreign exchange rate. The effects of these changes in foreign exchange rates are recognized directly in the cumulative translation adjustments reserve included in other comprehensive income. Changes in exchange rates may lead to effects on the translated balances of revenues, costs and monetary assets and liabilities reported in Euro, even when corresponding items are unchanged in the respective local currency.

The FCA Group monitors its principal exposure to conversion exchange risk, and in certain circumstances, enters into derivatives for the purpose of hedging the specific risk.

There have been no substantial changes in 2015 in the nature or structure of exposure to foreign currency exchange rate risk or in the FCA Group's hedging policies.

Sensitivity analysis - currency exchange rate risk

At December 31, 2016 the potential loss in fair value of derivative financial instruments held for currency risk management (currency swaps/forwards, interest rate and currency swaps) resulting from a 10% change in the exchange rates would have been approximately €1,453 million (€1,490 million at December 31, 2015).

This analysis assumes that a hypothetical, unfavorable and instantaneous 10 percent change in exchange rates is applied in the measurement of the fair value of derivative financial instruments.

Receivables, payables and future trade flows whose hedging transactions have been analyzed were not included in this analysis. It is reasonable to assume that changes in market exchange rates will produce the opposite effect, of an equal or greater amount, on the underlying transactions that have been hedged.

Interest rate risk

The manufacturing companies and treasuries of the FCA Group make use of external borrowings and invest in monetary and financial market instruments.

In addition, the FCA Group companies sell receivables resulting from their trading activities on a continuing basis. Changes in market interest rates can affect the cost of the various forms of financing, including the sale of receivables, or the return on investments, and the employment of funds, thus negatively impacting the net financial expenses incurred by the FCA Group.

In addition, the financial services companies provide loans (mainly to customers and dealers), financing themselves using various forms of direct debt or asset-backed financing (e.g. factoring of receivables). Where the characteristics of the variability of the interest rate applied to loans granted differ from those of the variability of the cost of the financing obtained, changes in the current level of interest rates can affect the operating result of those companies and the FCA Group as a whole.

In order to manage these risks, the FCA Group uses interest rate derivative financial instruments, mainly interest rate swaps and forward rate agreements, when available in the market, with the object of mitigating, under economically acceptable conditions, the potential variability of interest rates on net profit or loss.

In assessing the potential impact of changes in interest rates, the FCA Group segregates fixed rate financial instruments (for which the impact is assessed in terms of fair value) from floating rate financial instruments (for which the impact is assessed in terms of cash flows).

The fixed rate financial instruments used by the FCA Group consist principally of part of the portfolio of the financial services companies (basically customer financing and financial leases) and part of debt (including subsidized loans and bonds).

Sensitivity analysis – interest rate risk

The potential loss in fair value of fixed rate financial instruments (including the effect of interest rate derivative financial instruments) held at December 31, 2016, resulting from a hypothetical 10% change in market interest rates, would have been approximately €56 million (approximately €85 million at December 31, 2015).

Floating rate financial instruments consist principally of cash and cash equivalents, loans provided by the financial services companies to the sales network and part of debt. The effect of the sale of receivables is also considered in the sensitivity analysis as well as the effect of hedging derivative instruments.

A hypothetical 10% change in short-term interest rates at December 31, 2016, applied to floating rate financial assets and liabilities, transactions for the sale of receivables and derivative financial instruments, would have resulted in increased net financial expenses before taxes, on an annual basis, of approximately €30 million (approximately €40 million at December 31, 2015).

This analysis is based on the assumption that there is an unfavorable change of 10% proportionate to interest rates levels across homogeneous categories. A homogeneous category is defined on the basis of the currency in which the financial assets and liabilities are denominated.

In addition, the sensitivity analysis applied to floating rate financial instruments assumes that cash and cash equivalents and other short-term financial assets and liabilities which expire during the projected 12 month period will be renewed or reinvested in similar instruments, bearing the hypothetical short-term interest rates.

Commodity price risk

The FCA Group has entered into derivative contracts for certain commodities to hedge its exposure to commodity price risk associated with buying raw materials and energy used in its normal operations.

Sensitivity analysis – commodity price risk

In connection with the commodity price derivative contracts outstanding at December 31, 2016, a hypothetical 10% change in the price of the commodities at that date would have caused a fair value loss of about €35 million (about €40 million at December 31, 2015).

Future trade flows whose hedging transactions have been analyzed were not considered in this analysis. It is reasonable to assume that changes in commodity prices will produce the opposite effect, of an equal or greater amount, on the underlying transactions that have been hedged.

CNH Industrial Group

Currency risk

The CNH Industrial Group is exposed to risk resulting from changes in exchange rates, which can affect its earnings and equity. In particular:

- where a CNH Industrial Group subsidiary incurs costs in a currency different from that of its revenues, any change in exchange rates can affect the operating profit (loss) of that company. In 2016, the total net trade flows exposed to currency risk amounted to the equivalent of approximately 15% of the CNH Industrial Group's turnover (17% in 2015). The principal exchange rates to which the CNH Industrial Group is exposed are the following:
 - USD/EUR, in relation to the production/purchases of Agricultural Equipment and Construction Equipment in the euro area and to sales in dollars made by Commercial Vehicles;
 - USD/BRL and EUR/BRL, in relation to production in Brazil and the respective import/export flows;
 - USD/AUD, mainly in relation to sales made by Agricultural Equipment and Construction Equipment in Australia;
 - EUR/GBP, predominately in relation to sales on the U.K. market.

Trade flows exposed to changes in these exchange rates in 2016 made up approximately 66% of the exposure to currency risk from trade transactions.

It is the CNH Industrial Group's policy to use derivative financial instruments to hedge a certain percentage, on average between 55% and 85%, of the forecasted trading transaction exchange risk exposure for the coming 12 months (including risk beyond that date where it is believed to be appropriate) and to hedge completely the exposure resulting from firm commitments.

Certain CNH Industrial Group subsidiaries may hold trade receivables or payables denominated in a currency different from the functional currency of the company itself. In addition, in a limited number of cases, subsidiaries may obtain financing or use funds in a currency different from their functional currency. Changes in exchange rates may result in exchange gains or losses arising from these situations. It is the CNH Industrial Group's policy to hedge fully, whenever possible, the exposure resulting from receivables, payables and securities denominated in foreign currencies different from the subsidiary's functional currency.

Certain the CNH Industrial Group's subsidiaries have a functional currency different from the U.S. dollar, which is the Group presentation currency. The income statements of those subsidiaries are converted in into U.S. dollars using the average exchange rate for the period, and while revenues and margins are unchanged in local currency, changes in exchange rates may lead to effects on the converted balances of revenues, costs and the results reported in U.S. dollars.

The assets and liabilities of consolidated companies whose functional currency is different from the U.S. dollar may acquire converted values in U.S. dollars which differ as a function of the fluctuation in exchange rates. The effects of these translation differences are recognized directly in the cumulative translation adjustment reserve, included in other comprehensive income.

The CNH Industrial Group monitors its principal exposure to translation exchange risk, although there was no specific hedging in place at December 31, 2016.

There were no substantial changes in 2016 in the nature or structure of exposure to currency risk or in the CNH Industrial Group's hedging policies.

Sensitivity analysis – currency risk

The potential loss in fair value of derivative financial instruments held for currency risk management (currency swaps/forwards, currency options, interest rate and currency swaps) held by the CNH Industrial Group at December 31, 2016 resulting from a hypothetical change of 10% in the exchange rates against the U.S. dollar amounts to approximately \$444 million (\$258 million at December 31, 2015). The valuation model for currency options assumes that market volatility at year-end remains unchanged.

Receivables, payables and future trade flows whose hedging transactions have been analyzed were not considered in this analysis. It is reasonable to assume that changes in exchange rates will produce the opposite effect, of an equal or greater amount, on the underlying transactions that have been hedged.

Interest rate risk

The manufacturing companies of the CNH Industrial Group make use of external funds obtained in the form of financing and invest in monetary and financial market instruments. In addition, the CNH Industrial Group companies sell receivables. Changes in market interest rates can affect the cost of financing, including the sale of receivables or the return on investment of funds, causing an impact on the level of net financial expenses incurred by the CNH Industrial Group.

In addition, financial services companies provide loans (mainly to customers and dealers), financing themselves primarily using various forms of external borrowings or asset-backed financing (e.g. securitization of receivables). Where the characteristics of the variability of the interest rate applied to loans granted differ from those of the variability of the cost of the financing obtained, changes in the current level of interest rates can affect the operating profit or loss of those companies and the CNH Industrial Group.

In order to mitigate these risks, the CNH Industrial Group uses interest rate derivative financial instruments, mainly interest rate swaps and forward rate agreements.

Sensitivity analysis – interest rate

In assessing the potential impact of changes in interest rates, the CNH Industrial Group separates out fixed rate financial instruments (for which the impact is assessed in terms of fair value) from floating rate financial instruments (for which the impact is assessed in terms of cash flows).

The fixed rate financial instruments used by the CNH Industrial Group consist of retail receivables, debt, ABS securities and other instruments.

The potential loss in fair value of fixed rate financial instruments (including the effect of interest rate derivative financial instruments) held at December 31, 2016, resulting from a hypothetical, unfavourable and instantaneous change of 10% in market interest rates, would have been approximately \$34 million (approximately \$15 million at December 31, 2015).

Floating rate financial instruments consist principally of cash and cash equivalents, wholesale receivables, debt and ABS securities. The effect of the sale of receivables is also considered in the sensitivity analysis as well as the effect of hedging derivative instruments. A hypothetical change of 10% in short-term interest rates at December 31, 2016, applied to floating rate financial assets and liabilities, operations for the sale of receivables and derivative financial instruments, would have caused increased net expenses before taxes, on an annual basis, of approximately \$1 million (approximately \$5 million at December 31, 2015). This analysis is based on the assumption that there is a hypothetical change of 10% in interest rates across homogeneous categories. A homogeneous category is defined on the basis of the currency in which the financial assets and liabilities are denominated.

Other risk on derivative financial instruments

The CNH Industrial Group has entered derivative contracts linked to commodity prices to hedge specific exposures on supply contracts.

Sensitivity analysis – commodity price risk

In the event of a hypothetical change of 10% in the underlying raw materials prices, the potential loss in fair value of outstanding derivative financial instruments at December 31, 2016 linked to commodity prices would not have been significant (not significant at December 31, 2015).

Ferrari Group

Currency exchange rate risk

The Group's primary market risk is exposure to foreign currency, which arises both in connection with the geographical distribution of the Group's industrial activities compared to the markets in which it sells its products, and in relation to the use of external borrowing denominated in foreign currencies.

The main foreign currency exchange rate to which the Group is exposed is the Euro/U.S. Dollar for sales in U.S. Dollar in the United States and Mexico and other markets where the U.S. Dollar is the reference currency. In 2016, the value of commercial activity exposed to changes in the Euro/U.S. Dollar exchange rate accounted for about 60% (67% in 2015) of the total currency risk from commercial activity. Other significant exposures included the exchange rate between the Euro and the following currencies: Swiss Franc, Pound Sterling, Canadian Dollar, Australian Dollar, Japanese Yen, Chinese Yuan and Hong Kong Dollar. None of these exposures, taken individually, exceeded 10 percent of the Group's total foreign currency exchange rate exposure for commercial activity in 2016. It is the Group's policy to use derivative financial instruments to hedge a certain percentage of the exposure, on average between 50% and 90%. Until 2014, some exposures were covered over a 24-month rolling period, and since 2015 such timeframe has been reduced to 12 months for all currencies. For firm commitments, the policy is to fully hedge the exposure.

Several subsidiaries are located in countries that are outside the Eurozone, in particular the United States, the United Kingdom, Switzerland, China, Hong Kong, Japan, Australia and Singapore. As the Group's reporting currency is the Euro, the income statements of those companies are converted into Euro using the average exchange rate for the period and, even if revenues and margins are unchanged in local currency, changes in exchange rates can impact the amount of revenues, costs and profit as restated in Euro.

The impact of foreign currency exchange rate differences recorded within financial income/(expenses) for the year ended December 31, 2016, except for those arising on financial instruments measured at fair value, amounted to net income of €8,335 thousand (net income of €10,794 thousand and €15,663 thousand for the years ended December 31, 2015 and 2014, respectively).

The impact of foreign currency exchange rate differences arising from financial services companies, recognized under cost of sales, for the year ended December 31, 2016 amounted to net loss of €58,808 thousand (net income of €20,908 thousand in 2015 and net income of €14,575 in 2014).

Sensitivity analysis – currency exchange rate risk

The potential decrease in fair value of derivative financial instruments held by the Group at December 31, 2016 to hedge against foreign currency exchange rate risk, which would arise in the case of a hypothetical, immediate and adverse change of 10 percent in the exchange rates of the major foreign currencies with the

Euro, would be approximately €128,753 thousand (€135,271 thousand at December 31, 2015). Receivables, payables and future trade flows for which hedges have been put in place were not included in the analysis. It is reasonable to assume that changes in foreign currency exchange rates will produce the opposite effect, of an equal or greater amount, on the underlying transactions that have been hedged.

Interest rate risk

The Group's exposure to interest rate risk, though less significant, arises from the need to fund financial operating activities and the necessity to deploy surplus funds. In addition, during 2015 the Group entered into a new Term Loan and Bridge Loan (the Bridge Facility being subsequently fully repaid in 2016) for a total amount of €2 billion which bear floating rates of interest. As at December 31, 2016 an amount of approximately €800 million was outstanding under the Term Loan. Changes in market interest rates may have the effect of either increasing or decreasing the Group's net profit/(loss), thereby indirectly affecting the costs and returns of financing and investing transactions.

The Group's most significant floating rate financial assets at December 31, 2016 were cash and cash equivalents and certain receivables from financing activities (mainly dealer financing and some client financing receivables) while the Group's debt generally bears floating rates of interest. At December 31, 2016, a 10 basis point decrease in interest rates on such floating rate financial assets and debt, with all other variables held constant, would have resulted in an increase in profit before taxes of €367 thousand on an annual basis (an increase of €1,204 thousand at December 31, 2015). The analysis is based on the assumption that floating rate financial assets and debt which expire during the projected 12-month period will be renewed or reinvested in similar instruments, bearing the hypothetical short-term interest rates.

Holdings System

Currency risk

At December 31, 2016 a part of the Holdings System's available-for-sale assets, assets held for trading and cash are denominated in currencies other than the Euro. All the securities have been adjusted to the year-end exchange rate.

The currency risks to which EXOR is exposed regard the Japanese yen note issued in 2011 for 10 billion (€83 million) carrying a fixed rate in yen of 2.80% and a term of 20 years; the US dollars note issued in 2016 for \$170 million (€161 million) carrying a fixed rate of 4.398% and a term of 10 years, the residual financial payable of \$550 million (€522 million) granted in 2016 by Citybank for the acquisition of PartnerRe and the bank debt for \$50 million (€47 million).

In order to protect itself from the effects of fluctuations in the €/Yen exchange rate, EXOR put in place a cross currency swap with a leading credit institution as a result of which EXOR will pay a fixed rate of 6.012% on the face amount of the bonds in Euro (about €83 million) for the entire term of the notes.

Sensitivity analysis – currency risk

A hypothetical favorable 10% change in the exchange rates of the main foreign currencies against the Euro would produce a negative effect on profit of more than €7 million and a positive effect on equity of more than €74 million, while an unfavorable change of 10% would have a positive effect on profit of €8 million and a negative effect on equity of €90 million.

The effect of the change in exchange rates on equity is mainly attributable to a higher part of cash denominated in U.S. dollars by EXOR and several companies in the Holdings System, in order to hedge the currency risk on a non-monetary investment in foreign currency and on the financing drawn down on the remaining credit line arising from the acquisition of PartnerRe.

Interest rate risk

The analysis of debt by interest rate shows that the rates are between 0.1% and 6.012% for the year 2016.

A sensitivity analysis was performed on cash and cash equivalents, on the bank debt and on the residual financial payables granted by Citybank and the amount is not significant.

Price risk

The Holdings System is exposed to price risk originating from available-for-sale equity investments and other financial assets, as well as financial assets held for trading.

Sensitivity analysis – price risk

Considering the exposure to price risk at the balance sheet date, if prices of securities, classified as available-for-sale equity investments and other financial assets, as well as financial assets held for trading would have been 5% higher/lower, the fair value reserve recorded in equity would have been €24 million higher/lower and the amount of fair value recognized in the income statement on securities held for trading would have been €4 million higher/lower.

40. Audit Fees

The following table reports fees paid to the independent auditor Ernst & Young, or entities in their network for audit and other services to the Group:

€ thousand		2016 fees	2015 fees
Audit fees	Parent - EXOR N.V.	157	53
	Subsidiaries	35,245	29,954
Other services	Parent - EXOR N.V.	148	40
	Subsidiaries	4,349	5,062
Total network EY		39,899	35,109

Audit fees of Ernst & Young Accountants LLP amounted €637 thousand. No other services were performed by Ernst and Young Accountants LLP.

41. Subsequent events

Reference should be made to the 2016 Report on operations.

April 5, 2017

The Board of Directors:

John Elkann

Sergio Marchionne

Alessandro Nasi

Andrea Agnelli

Niccolò Camerana

Ginevra Elkann

Lupo Rattazzi

Marc Bolland

Anne Marianne Fentener van Vlissingen

Jae Yong Lee (*Not in a position to sign*)

António Mota de Sousa Horta-Osório

Robert Speyer

Michelangelo Volpi

Ruth Wertheimer



**Company Financial Statements
at December 31, 2016**

EXOR N.V. - INCOME STATEMENT

€ thousand	Note	2016	2015
Investment income (expenses)			
Dividends from investments	1	30,000	0
Net investment income		30,000	0
Financial income (expenses)			
Financial expenses from third parties	2	(6,192)	0
Financial expenses from related parties		(4)	0
Financial income from third parties	3	205	0
Financial income from related parties	23	744	0
Gains (losses) on exchange		(1,037)	0
Net financial expenses		(6,284)	0
Net general expenses			
Personnel costs	4	(925)	0
Purchases of goods and services from third parties		(169)	(28)
Purchases of goods and services from related parties	23	(445)	0
		(1,539)	(28)
Revenues from third parties		156	0
Revenues from related parties	23	20	0
		176	0
Net general expenses		(1,363)	(28)
Non-recurring other income (expenses) and general expenses	5	(662)	0
Profit before income taxes		21,691	(28)
Income taxes	6	0	0
Profit for the year		21,691	(28)

EXOR N.V. - STATEMENT OF COMPREHENSIVE INCOME

€ thousand	2016	2015
Profit for the year	21,691	(28)
Other comprehensive income (loss) that will not be reclassified to the income statement in subsequent periods		
Gains (losses) on remeasurement of defined benefit plans		
Related tax effect		
Total other comprehensive income (loss) that will not be reclassified to the income statement in subsequent periods, net of tax	0	0
Other comprehensive income (loss) that may be reclassified to the income statement in subsequent periods		
Gains (losses) on cash flow hedging instruments	1,243	
Gains (losses) on available-for-sale financial assets	787	
Related tax effect		
Total other comprehensive income (loss) that may be reclassified to the income statement, net of tax	2,030	0
Total other comprehensive income (loss), net of tax	2,030	0
Total comprehensive income	23,721	(28)

EXOR N.V. - STATEMENT OF FINANCIAL POSITION

€ thousand	Note	12/31/2016	12/31/2015
Non-current assets			
Investments accounted for at cost	7	9,554,901	0
Available-for-sale financial assets	7	416,921	0
	Total	9,971,822	0
Intangible assets		100	0
Property, plant and equipment		1	0
Other receivables		562	0
	Total Non-current assets	9,972,485	0
Current assets			
Held-to-maturity financial instruments	8	26,014	0
Financial assets held for trading		4,348	0
Cash and cash equivalents	9	31,304	996
Other financial assets		991	0
Tax receivables	10	53,833	0
Financial receivables from third parties		331	0
Trade receivables from related parties	23	503	0
Other receivables		510	0
	Total Current assets	117,834	996
	Total Assets	10,090,319	996
Equity			
Share capital	11	2,410	1,008
Capital reserves	11	1,244,857	0
Retained earnings and other reserves	11	5,448,692	0
Treasury stock	12	(65)	0
Profit for the year		21,691	(28)
	Total Equity	6,717,585	980
Non-current liabilities			
Non-convertible bonds	14	2,531,932	0
Provision for tax liability	15	216,949	0
Other payables	20	396	0
	Total Non-current liabilities	2,749,277	0
Current liabilities			
Non-convertible bonds	14	467,119	0
Bank debt	16	79,291	0
Financial payables to related parties	23	30,038	0
Other financial liabilities	17	28,460	0
Trade payables and other payables to related parties	23	5,046	0
Trade payables to third parties	18	8,470	16
Tax payables	19	3,490	0
Other payables	20	1,543	0
	Total Current liabilities	623,457	16
	Total Equity and Liabilities	10,090,319	996

EXOR N.V. – STATEMENT OF CASH FLOWS

€ thousand	2016	2015
Cash and cash equivalents, at beginning of year	996	0
Cash flows from (used in) operating activities		
Profit for the year	21,691	(28)
Adjustments for:		
Notional cost of EXOR stock option plan	332	0
Total adjustments	332	0
Change in working capital:		
Other financial assets, current and non-current	(129)	0
Tax receivables, excluding items adjusting profit for the year	(66)	0
Other receivables, current and non-current	(72)	0
Other financial receivables	(126)	0
Other payables, current and non-current	1,119	16
Other financial liabilities, current and non-current	(2,004)	0
Trade payables to third parties	185	0
Tax payables	36	0
Provisions for risks and charges	10	0
Change in working capital	(872)	16
Cash flows from (used in) operating activities	21,151	(12)
Cash flows from (used in) investing activities		
Change in investments in:		
Liquidity from the merger with EXOR S.p.A.	682	0
Financial receivables from related parties	65,256	0
Held-to-maturity financial instruments, current and non-current	9	0
Financial assets held for trading	11	0
Disposal of investments and available-for-sale financial assets	50	0
Cash flows from (used in) investing activities	66,008	0
Cash flows from (used in) financing activities		
Other changes in bonds	(5,795)	0
Net change in bank debt	(52,272)	0
Changes in financial debts to related parties	(27)	0
Changes in fair value of cash flow hedge derivatives	1,243	0
Incorporation of the company	0	1,008
Cash flows from (used in) financing activities	(56,851)	1,008
Total change in cash and cash equivalents	30,308	996
Cash and cash equivalents, at end of year	31,304	996

EXOR N.V. – STATEMENT OF CHANGES IN EQUITY

€ thousand	Share capital	Capital reserves	Treasury stock	Earnings reserves	(Loss) Profit for the year	Fair value reserve	Cash flow hedge reserve	Total Equity
Equity at December 31, 2014	0	0	0	0	0	0	0	0
Incorporation of the company on September 30, 2015	1,008							1,008
(Loss) Profit for the year					(28)			(28)
Net changes during the year	1,008	0	0	0	(28)	0	0	980
Equity at December 31, 2015	1,008	0	0	0	(28)	0	0	980
Reclassification 2015 loss				(28)	28			0
Merger with EXOR S.p.A. (1)	1,402	1,244,857	(66)	5,515,195		(48,730)	(26,576)	6,686,082
Net increase corresponding to notional cost of EXOR stock option plan				379				379
Payment with treasury stock			2	6,463				6,465
Expenses related the Merger directly recognized in equity				(41)				(41)
Total comprehensive income					21,691	786	1,243	23,720
Net changes during the year	1,402	1,244,857	(64)	5,521,968	21,719	(47,944)	(25,333)	6,716,605
Equity at December 31, 2016	2,410	1,244,857	(64)	5,521,968	21,691	(47,944)	(25,333)	6,717,585

1. Reflects the effects of the Merger. See general information on the company's business paragraph in the notes to the company financial statements.

EXOR N.V. – NOTES TO THE COMPANY FINANCIAL STATEMENTS

GENERAL INFORMATION ON THE COMPANY'S BUSINESS

EXOR N.V. (EXOR), formerly known as EXOR Holding N.V., (the “company” and together with its subsidiaries the “EXOR Group” or the “Group”) was incorporated as a public limited company (*naamloze vennootschap*) under the laws of the Netherlands on September 30, 2015, registered in the Dutch Commercial Register under number 64236277, and in 2016 was designated to act as a holding company for EXOR Group.

The cross-border merger of EXOR S.p.A. with and into EXOR N.V. (the “Merger”) was signed on December 10, 2016 in Amsterdam and became effective on December 11, 2016. Upon effectiveness of the Merger, the company became the holding company of the EXOR Group. Pursuant to the Merger, EXOR S.p.A. shareholders received one EXOR ordinary share for every one EXOR S.p.A. ordinary share.

From the Merger effectiveness, EXOR N.V. has acquired all assets and assumed all liabilities and other legal relationships of EXOR S.p.A. under universal title of succession: as such, all business activities, shareholdings and other assets as well as liabilities of EXOR S.p.A. have been consolidated into the company.

In accordance with IFRS (IAS 27.13), the Merger is recognized in EXOR's consolidated financial statements from January 1, 2016, while in the company financial statements it is recognized from December 11, 2016. As the Merger is a transaction in which all of the combining entities are controlled ultimately by the same party both before and after the transaction, and based on the fact that the control is not transitory, the Merger was deemed to be a transaction of entities under common control and therefore outside the scope of IFRS 3 – Business combination.

For the period from incorporation to December 31, 2015, the company only incurred certain expenses, principally relating to legal and professional services and did not have any other activities.

As a result of the Merger the financial information as at and for the year ended December 31, 2016 is not comparable with the information presented as at and for the year ended December 31, 2015.

The summarized statement of financial position in the statutory accounts of EXOR S.p.A. at the Merger date (December 10, 2016) and at December 31, 2015 was represented by:

(€ million)	At December 10, 2016	At December 31, 2015
Investments in subsidiaries	9,556	4,603
Investments available for sale	416	332
Cash and cash equivalent	1	3,406
Other assets	151	758
Total assets	10,124	9,099
Equity	6,688	6,419
Non-convertible bond	3,005	2,625
Other liabilities	431	55
Total equity and liabilities	10,124	9,099

The merged company EXOR S.p.A. was taxable for IRES and IRAP purposes up until the legally effective date of the Merger.

For Italian tax purposes the Merger qualifies as an intra-community cross-border merger as defined by the Italian tax regulations which have implemented E.U. Council Directive 1990/434 dated July 23, 1990 on the common system of taxation to be applied to mergers, de-mergers, transfers of assets and share exchanges involving companies of differing Member States (consolidated in E.U. Council Directive 2009/133 dated October 19, 2009, the “Merger Directive”).

The Italian tax regulations provide for the fiscal neutrality of the intra-community merger with respect to assets and liabilities which remain connected with a permanent organization in Italy, providing, conversely, that elements which do not remain connected with a permanent organization in Italy are deemed to be realized at fair value. Considering that EXOR N.V. has not maintained a permanent organization in Italy after the Merger, all the components of EXOR S.p.A. (including investments in companies, financial liabilities and its tax-suspended reserves) have been treated as having been realized at fair value, resulting in the crystallization of taxable surpluses (“exit gains”) in the financial position at the December 10, 2016 Merger date.

These disposal gains on equity investments were determined considering the benefits available under the participation exemption rules, where all the conditions established by Article 87 of the Consolidated Tax Act were satisfied.

Further, pursuant to Article 180 of the Consolidated Tax Act, the tax-suspended reserves and provisions previously recorded in the balance sheet of EXOR S.p.A. (including those taxable only on distribution) became components of EXOR S.p.A.'s taxable profit for the final tax period in which the company was fiscally resident in Italy (the period which ended on the date on which the Merger became legally effective).

With regard to the tax-suspended reserves formed in application of Law 408 dated December 29, 1990 ("Law 408/90") and of Law 413 dated December 30, 1991 ("Law 413/91"), and those on which substitute tax was paid, as a result of the Merger EXOR S.p.A. acquired the right to an IRES tax credit equal to the substitute tax paid (and solely for the part relating to asset revaluations still carried in the company's books at the Merger effective date); such substitute tax being utilizable as an offset of the IRES tax due for the final period subject to Italian taxation.

In computing the tax payable, EXOR's tax losses have been utilized fully, firstly against ordinary income of the final pre-Merger tax period together with the income arising pursuant to article 180 of the Consolidated Tax Act from the crystallization of tax-suspended reserves and, residually, against the income represented by the exit disposal gains on EXOR's equity investments and other assets realized pursuant to the Article 179 paragraph 6 of the Consolidated Tax Act.

On the basis of the information available and the estimates made, a €217 million provision has been recognized for taxation on the excess of the surpluses arising on the "exit" over the operating losses brought forward, reduced by a tax credit of €47 million for substitute tax paid in past years. Additional details are include in Notes 10 and 15. The tax effects have been recorded before the merger. The netting of such amounts is not possible since the legally enforceable right to set-off the recognized amounts is not under the control of the company. The final amount of the Italian exit tax will be defined within the end of the first half in the context of the preparation of the tax return.

EXOR N.V. (EXOR) is controlled by Giovanni Agnelli B.V. (formerly Giovanni Agnelli e C. S.a.p.az.) which holds 52.99% of its share capital. In fact the previous parent company of EXOR also completed a cross-border merger process in which Giovanni Agnelli merged with and into Giovanni Agnelli B.V., a wholly owned private limited liability company under Dutch law having its legal office in Amsterdam.

BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Date of authorization of issue

The separate financial statements at December 31, 2016 (company financial statements) were approved by the board of directors on April 5, 2017 which authorized their publication in accordance with the Dutch law. During the next shareholders meeting the board of directors will propose to the shareholders to approve the financial statements as well. It should be noted that the shareholders will have the possibility to request amendment if needed.

Basis of preparation

The company financial statements of EXOR have been prepared, for the first time, in accordance with the International Financial Reporting Standards ("IFRS") as adopted by European Union ("EU-IFRS") and Part 9 of Book 2 of the Dutch Civil Code.

As requested by IFRS 1 – First-time Adoption of International Financial Reporting Standards, EXOR presents for comparative purpose the 2015 data applying IFRS, without highlighting adjustments to the figures reported under previous GAAP resulting from this first-time adoption, as they are not material.

The company financial statements of EXOR are expressed in Euro, prepared on the going concern assumption under the historical cost convention, except where the use of fair value is required for the measurement of available-for-sale financial instruments and those held for trading.

The company financial statements were prepared using the same accounting policies as set out in the notes to the consolidated financial statements at December 31, 2016 (consolidated financial statements) except for the measurement of the investments in subsidiaries that are accounted for at cost. Management believes that the measurement of its subsidiaries at cost, as permitted under EU IFRS, provides the best insight into the Company's financial position and results, in addition to the information provided in the consolidated financial statements.

The accounting policies were consistently applied to all periods presented.

Format of the company financial statements

EXOR presents the income statement using a classification based on the nature of the revenues and expenses, with the presentation of the following items that are characteristic of the company's activities taking preference: investment income (expenses) and financial income (expenses), including the effects of recurring and non-recurring transactions. In the statement of financial position, the current/non-current distinction has been adopted for the presentation of assets and liabilities.

In view of the significance of the amounts, "non-recurring other income (expenses) and general expenses" are presented separately from "net general expenses" that are recurring and include any non-financial exceptional or non-recurring income and costs such as termination incentives, consulting fees for extraordinary investment acquisition and disposal transactions and special bonuses to directors and employees. Moreover, indirect taxes and duties are also presented separately.

The statement of comprehensive income presents the total profit or loss recognized in the income statement and increases or decreases in reserves.

The statement of cash flows is presented using the indirect method, which reconciles cash and cash equivalents at the beginning and the end of the year.

The year-end closing date is December 31 of each year and covers a period of 12 months (4 months in 2015).

The Euro is the company's functional currency since it mainly influences cash inflows and outflows and that is the functional currency of the EXOR's subsidiaries except for EXOR Nederland. The Euro is also the presentation currency.

In the notes, unless otherwise indicated, the figures are expressed in thousands of Euro.

Standards, amendments and interpretations adopted from January 1, 2016

The following amendments were effective from January 1, 2016 and were adopted by the Company for the purpose of the preparation of the company financial statements.

- Amendments to IAS 16 – Property, Plant and Equipment and to IAS 38 – Intangibles Assets
- Amendments to IAS 1 – Presentation of Financial Statements
- Amendments to IAS 27 – Separate Financial Statements
- Annual Improvements to IFRS – 2012-2014 Cycle

There were no significant effects from the adoption of these amendments.

Standards, amendments and interpretations not yet effective and not early adopted

At the date of these financial statements the following are not yet effective and/or not early adopted:

- In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers. The standard requires a company to recognize revenue upon transfer of control of goods or services to a customer at an amount that reflects the consideration it expects to receive. This new revenue recognition model defines a five step process to achieve this objective. The updated guidance also requires additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. The standard is effective for annual periods beginning on or after January 1, 2018 with earlier application permitted.
- In July 2014 the IASB issued IFRS 9 – Financial Instruments. The improvements introduced by the new standard includes a logical approach for classification and measurement of financial instruments driven by cash flow characteristics and the business model in which an asset is held, a single "expected loss" impairment model for financial assets and a substantially reformed approach for hedge accounting. The standard is effective, retrospectively with limited exceptions, for annual periods beginning on or after January 1, 2018 with earlier application permitted.

The following standards, amendments, clarifications and interpretations have been issued by the IASB but not yet endorsed by the EU:

- IFRS 16 – Leases
- Amendments to IAS 12 – Income Taxes
- Amendments to IAS 7 – Statement of Cash Flows
- Clarifications to IFRS 15 – Revenue from Contracts with Customers
- Amendments to IFRS 2 – Share-Based Payments
- Annual Improvements to IFRSs 2014-2016 Cycle
- IFRIC Interpretation 22 – Foreign Currency Transactions and Advance Consideration
- Amendments to IAS 40 – Transfers of Investment Property

The company will adopt these new standards, amendments and interpretations based on the date of application and will evaluate their potential impacts in relation to the same date of application.

Investments accounted for at cost

Investments accounted for at cost include investments in subsidiaries, associates and other companies stated at cost.

Subsidiaries are entities over which the company has control. Control is achieved when the company has valid rights which give it the ability to use its power over the investee to affect the amount of the investor's returns.

Associates are enterprises over which the company has significant influence, as defined in IAS 28 – Investments in Associates and Joint Ventures, but not control or joint control over the financial and operating policies.

Investments in other companies include financial assets that are non-current and not destined for trading.

Under the cost method, investments are tested for impairment whenever there is an indication of impairment due to one or more events which occurred after initial recognition which have an impact on the future cash flows of the subsidiaries and associates and on the dividends which they could distribute.

If any such evidence exists, the carrying amount is reduced to its recoverable amount, usually determined on the basis of the higher of the value in use and fair value less costs to sell. Such impairment is recognized in the income statement.

For investments listed on open markets, evidence of impairment is a significant and prolonged decline in the market prices to below the cost of a subsidiary or associate, together with its continuing negative operating performance.

When the company's share of losses of a company exceeds the carrying amount of the investment, the carrying amount is reduced to nil and the share of further losses is recognized in a liability provision only to the extent that the entity has incurred legal or constructive obligations on behalf of the company.

At the end of each reporting period, the company assesses whether there is any objective evidence that an impairment loss of an investment recognized in prior years may no longer exist or may have decreased. When, subsequently, the impairment loss no longer exists or has decreased, a reversal is recognized in the income statement up to the cost of the investment.

A significant or prolonged rise in the market price of the subsidiary or associate, together with its continuing positive operating performance is considered as objective evidence.

Available-for-sale financial assets

These are measured at fair value which coincides, for listed investments, with the market price on the last day of the period. When market prices are not available, the fair value of available-for-sale financial assets is measured using appropriate valuation techniques (e.g. discounted cash flow analysis based on market information available at the balance sheet date).

Gains and losses on available-for-sale financial assets are recognized directly in other comprehensive income, net of the relative deferred taxes, until the financial asset is disposed of or is determined to be impaired. When the asset is disposed of, the cumulative gains or losses, including those previously recognized in other comprehensive income, are reclassified to the income statement for the period; when the asset is impaired, accumulated losses are recognized in the income statement.

Assessments are made regularly as to whether there is any objective evidence that a financial asset or group of assets may be impaired. If any such evidence exists, an impairment loss is recognized in the income statement for the period.

Financial assets held for trading

Financial assets held for trading include equity shares, credit instruments and other forms of investment of liquidity, as well as derivative instruments for trading.

Financial assets purchased originally for resale in the short-term are measured at year end at fair value using, for listed securities, the market price translated at the year-end exchange rate; the fair value adjustment is recorded with a corresponding entry in the income statement.

Held to maturity financial instruments

Held-to-maturity securities are assets with fixed or determinable payments and fixed maturities that the company has the positive intention and ability to hold to maturity.

Financial assets cannot be classified as held-to-maturity if, during the course of the current year or during the two preceding years, other than an insignificant amount of held-to-maturity investments has been sold or reclassified before their maturity, except sales or reclassifications that:

- a) are so close to maturity or to the call option date of the financial asset that changes in the market rate of interest would not have a significant effect on the fair value of the financial asset;
- b) occur after the company has received substantially all the financial assets' original principal through ordinary scheduled payments or prepayments;
- c) are attributable to an isolated event that is beyond the company's control, is non-recurring and could not have been reasonably anticipated by the company.

Securities held with the intent to keep them in portfolio until maturity are recorded and measured at amortized cost, using the effective interest rate method, the rate that exactly discounts future cash flows for estimated collections (including transaction costs paid) over the expected life of the financial instrument or, if appropriate, over a shorter period.

Other financial assets

Other financial assets, except for derivative instruments, are initially recognized at fair value, which generally coincides with the acquisition cost including incidental charges. Other financial assets are subsequently measured at amortized cost using the effective interest rate method, less provision for impairment on amounts considered uncollectible.

The original carrying amount of the receivables is reinstated in subsequent years if the reasons for impairment no longer exist.

Intangible assets with indefinite useful life

Intangible assets with indefinite useful lives consist principally of brands which have no legal, contractual, competitive, economic, or other factors that limit their useful lives. Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset may be impaired.

Trade receivables and payables

Receivables are recognized at amortized cost using the effective interest method and measured at net realizable value, that is, less provision for impairment for amounts considered uncollectible. The original carrying amount of the receivables is reinstated in subsequent years if the reasons for impairment no longer exist.

Payables are recognized at amortized cost.

Receivables and payables in foreign currency, originally recorded at the transaction date exchange rate, are adjusted to the year-end rate and the resulting gain or loss is recognized in the income statement.

Treasury stock

The cost of any treasury stock purchased and/or held, also through subsidiaries, as a result of specific shareholder resolutions, is recognized as a deduction from equity and, therefore, the reserve offsetting treasury stock in portfolio is not shown separately. The proceeds from any subsequent sale are recognized as changes in equity.

Share-based compensation

Share-based compensation plans that may be settled by the delivery of shares are measured at fair value at the grant date. This fair value is recognized in the income statement in personnel costs on a straight-line basis over the period from the grant date to the vesting date with a corresponding entry directly in equity, based upon an estimate

of the number of options that is expected to vest. Changes in fair value after the grant date have no effect on the initial measurement.

The compensation component arising from stock option plans linked to shares of EXOR N.V., whose beneficiaries are employees of other companies, is recorded as a capital contribution in favor of the subsidiaries in which the beneficiaries of the stock option plans are employees; consequently, the compensation component is recognized as an increase in the relative value of the investments, with a corresponding entry recorded directly in equity, while if beneficiaries are employees of a supplier the charges are recognized as cost of services.

Share-based compensation plans that may be settled in cash or by the delivery of other financial assets are recognized as a liability and measured at fair value at the end of each reporting period and when settled. Any subsequent changes in fair value are recognized in the income statement.

Provisions

The company records provisions when it has an obligation, legal or constructive, to a third party, when it is probable that an outflow of company resources will be required to satisfy the obligation and when a reliable estimate of the amount can be made.

The provisions are reviewed at every reporting date and adjusted to reflect the best current estimate. Changes in estimates are reflected in the income statement in the period in which the change occurs.

Debt

Interest-bearing debt is initially recognized at cost which corresponds to the fair value of the amount received including directly attributable costs. Debt is subsequently measured at amortized cost. The difference between amortized cost and the amount to be repaid is recognized in the income statement on the basis of the effective interest rate over the period of the loan.

Debt is classified in current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Derivative financial instruments

Derivative financial instruments are used for hedging purposes, in order to reduce currency, interest rate and market price risks. All derivative financial instruments are measured in accordance with IAS 39 at fair value.

Derivative financial instruments qualify for hedge accounting only when at the inception of the hedge there is formal designation and documentation of the hedging relationship, the hedge is expected to be highly effective, its effectiveness can be reliably measured and it is highly effective throughout the financial reporting periods for which it is designated.

When derivative financial instruments qualify for hedge accounting, the following accounting treatment applies:

- Fair value hedge (hedge of the exposure to changes in fair value), in which the effects of the hedge are recognized in the income statement.
- Cash flow hedge (hedge of the exposure to variability in future cash flows), in which the effective portion of a gain or loss in fair value is recognized directly in other comprehensive income and the ineffective portion is recognized immediately in the income statement. When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss realized to the point of termination remains in other comprehensive income and is recognized in the income statement at the same time as the underlying transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealized gain or loss held in other comprehensive income is recognized in the income statement immediately.

If hedge accounting does not apply, the gains or losses from measuring the derivative financial instrument at fair value are immediately recognized in the income statement.

Financial income and expenses, other revenues and costs

Dividends are recognized in the income statement when the paying company approves distribution, that is, when the right to receive the dividends is established. Dividends in kind are measured at the fair value of the underlying securities at the payment date.

Financial income and expenses are recorded on a prorated basis according to the rate of the effective return.

Revenues from the performance of services are recognized over the period in which the services will be provided.

Costs are recorded on the accrual basis.

Income taxes

Current and deferred income taxes are calculated according to the tax laws in force.

Taxes on income are recognized in the income statement except to the extent that they relate to items directly charged or credited to other comprehensive income, in which case the related income tax effect is recognized directly in other comprehensive income.

As a consequence of the Merger, the economic effects of the Italian exit tax were recognized in the income statement of EXOR S.p.A. and therefore only in the net equity of EXOR N.V.

Foreign currency transactions

The financial statements are prepared in Euro, which is the company's functional and presentation currency.

Transactions in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign currency exchange rate prevailing at that date. Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period or in previous financial statements, are recognized in the income statement.

Segment reporting

As disclosed in the consolidated financial statements, the Group has determined that its information by segment according to IFRS 8 – Operating Segments, coincides with the consolidated data of each subsidiary holding company, every one of which represents, an investment in a major business segment: FCA, CNH Industrial, Ferrari, PartnerRe, Juventus and the Holding System. Such reportable segments are based on the information reviewed by its Chief Operating Decision Maker in making decisions regarding allocation of resources and to assess performance.

Use of estimates

The preparation of financial statements and related disclosures that conform to IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. The estimates and associated assumptions are based on elements known when the financial statements are prepared, on historical experience and other factors that are considered to be relevant. Actual results could differ from those estimates.

Estimates and assumptions are reviewed periodically and the effects of any changes are recognized immediately in the income statement in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical measurement processes and key assumptions used by the company in applying IFRS which may have significant effects on the amounts recognized in the financial statements or for which there is a risk that a significant difference may arise in respect to the carrying amounts of assets and liabilities in the future relate to the measurement of investments and the liability for the Italian exit tax.

NOTES RELATING TO THE MOST SIGNIFICANT ITEMS IN THE INCOME STATEMENT AND STATEMENT OF FINANCIAL POSITION

1. Dividends from investments

Dividends amount to €30,000 thousand and were distributed by EXOR S.A.

2. Financial expenses from third parties

These total €6,192 thousand and include interest on bonds of €5,988 thousand, interest on bank debt of €56 thousand, bank fees and commission of €127 thousand and other expenses of €21 thousand.

3. Financial income from third parties

These total €205 thousand and include interest income and other income on held-to-maturity securities of €116 thousand, interest on fixed-rate securities of €13 thousand and other income of €76 thousand.

4. Personnel costs

These total €925 thousand. At the end of 2016, the number of employees is 5. The company had no employees until December 1, 2016.

5. Non-recurring other income (expenses) and general expenses

In 2016 the net non-recurring expense off €662 thousand refers mainly to the Merger.

6. Income taxes

The charge for income taxes calculated in accordance with tax regulations was nil for the year ended December 31, 2016. As indicated above, the merged company EXOR S.p.A was taxable for IRES and IRAP purposes up until the legally effective date of the Merger. For further detail please refer to Note 15 below. The profit before tax (€21,691 thousand) is mainly composed of the dividend received from EXOR S.A., as disclosed above.

7. Investments accounted for at cost and available-for-sale financial assets

€ thousand	12.31.2016		12.31.2015	
	% of class of shares	Amount	% of class of shares	Amount
Investments accounted for at cost				
Fiat Chrysler Automobiles N.V. - common shares	29.41	1,355,230		
Fiat Chrysler Automobiles N.V. - special voting shares	91.90	0		
Fiat Chrysler Automobiles N.V.		1,355,230		
CNH Industrial N.V. - common shares	26.92	1,694,530		
CNH Industrial N.V. - special voting shares	77.33	0		
CNH Industrial N.V.		1,694,530		
Ferrari N.V. - common shares	22.91	677,443		
Ferrari N.V. - special voting shares	66.52	0		
Ferrari N.V.		677,443		
EXOR Nederland N.V.	100.00	4,980,278		
EXOR S.A.	100.00	746,298		
Juventus Football Club S.p.A.	63.77	95,688		
EXOR Investments Limited	100.00	5,162		
Other	n/a	272		
Investments accounted for at cost		9,554,901		0
Available-for-sale financial assets				
The Black Ant Value Fund	n/a	355,192		
Welltec	13.72	56,000		
Other	n/a	5,729		
Available-for-sale financial assets		416,921		0
Total		9,971,822		0

The changes during the year are as follows:

€ thousand	Balance at 12.31.2015	Changes in 2016		Balance at 12.31.2016
		Merger with EXOR S.p.A.	Increases	
Investments accounted for at cost				
Fiat Chrysler Automobiles N.V. - common shares		869,792	485,438	1,355,230
Fiat Chrysler Automobiles N.V. - special voting shares		-		0
Fiat Chrysler Automobiles N.V. - mandatory convertible bond		485,438		0
Fiat Chrysler Automobiles N.V.	0	1,355,230	485,438	1,355,230
CNH Industrial N.V. - common shares		1,694,530		1,694,530
CNH Industrial N.V. - special voting shares		-		0
CNH Industrial N.V.	0	1,694,530	0	1,694,530
Ferrari N.V. - common shares		677,443		677,443
Ferrari N.V. - special voting shares		-		0
Ferrari N.V.	0	677,443	0	677,443
EXOR Nederland N.V.		4,979,923	355	4,980,278
EXOR S.A.		746,291	7	746,298
Juventus Football Club S.p.A.		95,688		95,688
EXOR Investments Limited		5,122	40	5,162
Other		322		272
Investments accounted for at cost	0	9,554,549	485,840	9,554,901
Available-for-sale financial assets				
The Black Ant Value Fund		354,406	786	355,192
Welltec		56,000		56,000
Other		5,729		5,729
Available-for-sale financial assets	0	416,135	786	416,921
Total	0	9,970,684	486,626	9,971,822

Investments accounted for at cost

The increase in Fiat Chrysler Automobiles common shares is related to the conversion of the FCA mandatory convertible securities. Pursuant to the terms of the indenture under which the securities were issued, each U.S. \$100 notional amount of the securities was converted into no. 8.3077 FCA common shares, nominal value €0.01 per share. EXOR with its €886 million of mandatory convertible securities nominal value (carrying amount of €486 million), received 73,606,222 FCA common shares.

The increase in EXOR Nederland is due to the fair value hedging effect.

The increases in EXOR S.A. and EXOR Investments Limited are due to the long-term incentive plans related to the employees of such companies.

A comparison between the carrying amounts and trading prices of listed investments is as follows:

	Number	Carrying amount		Trading price December 30, 2016	
		Per share	Total	Per share	Total
		(€)	(€/000)	(€)	(€/000)
Fiat Chrysler Automobiles N.V. - common shares	449,410,092	3.016	1,355,230	8.689	3,904,789
CNH Industrial N.V. - common shares	366,927,900	4.618	1,694,530	8.245	3,025,431
Ferrari N.V. - common shares	44,435,280	15.246	677,443	55.341	2,459,071
Juventus Football Club S.p.A.	642,611,298	0.149	95,688	0.302	194,004
Total			3,822,891		9,583,295

Available-for-sale financial assets

The increase in The Black Ant Value Fund is due to the fair value adjustment of the carrying amount at year end, based on the valuation received from a third party.

8. Held-to-maturity financial instruments - current

These amounts to €26,014 thousand and are represented by bonds issued by leading counterparties maturing in 2017. The bonds are recorded and measured at amortized cost.

9. Cash and cash equivalents - current

These amount to €31,304 thousand and represent current account bank balances in Euro, repayable on demand and cash deposited at leading credit institutions. The associated credit risks should be considered limited since the counterparties are leading financial institutions.

10. Tax receivables - current

These amount to €53,833 thousand and mainly relate to taxes receivable from the Italian tax authorities for:

€ thousand	12.31.2016
Tax receivable arising from substitute tax	46,949
Italian IRES tax advance	3,706
Italian IRES CFC tax advance	2,612
Other	566
Total	53,833

The tax receivable of €46,949 thousand is related to the substitute tax paid in past years that has been recognized in the context of Italian exit tax.

11. Equity

Share capital

EXOR S.p.A. before the Merger held no. 10,080 shares of EXOR Holding N.V., with a nominal value of Euro 100 each. As per the Merger became effective, the 10,080 shares issued were split into 100,800,000 EXOR N.V. ordinary shares with a nominal value of Euro 0.01 each, no. 94,168,104 shares were cancelled in accordance with Section 2:325(3) DCC and no. 6,631,896 shares were held as treasury shares.

In connection with the Merger, no. 234,368,104 EXOR N.V. ordinary shares were issued for allotment to EXOR shareholders on the basis of the exchange ratio of one EXOR N.V. ordinary share for each EXOR S.p.A. ordinary shares outstanding. Therefore the total issued capital of EXOR N.V. was equal to Euro 2,410,000, divided into no. 241,000,000 shares with a nominal value of Euro 0.01.

There were no differences between the date of the Merger and December 31, 2016.

EXOR N.V. adopts a loyalty voting structure designed to incentivize long-term share ownership, on the basis of which for each EXOR N.V. ordinary share held without interruption for a period of five years, shareholders will be entitled to five voting rights at the end of that period, and for each EXOR N.V. ordinary share held without interruption for a period of ten years, shareholders will be entitled to ten voting rights at the end of that period. No special voting shares had been issued at the Merger date and none are outstanding at December 31, 2016.

Reserves

These amount to €6,693,548 thousand and include the effects of the Merger.

At December 31, 2016 the company does not have any legal, statutory or non-distributable reserves.

€ thousand	12.31.2016
Capital reserves	1,244,857
Retained earnings	5,502,420
Stock option reserve	19,548
Earnings reserves	5,521,968
Fair value reserve	(47,944)
Cash-flow hedge reserve	(25,333)
Total reserves	6,693,548

Reconciliation of equity and net profit

The reconciliation of equity as per the consolidated financial statements to equity as per the company financial statements is provided below.

€ million	12.31.2016
Equity attributable to owners of the parent in the consolidated financial statements	10,982
Difference between the carrying amounts of investments and the corresponding equity at year-end, net of consolidation adjustments	(2,913)
Share of the profit (loss) of consolidated companies and companies accounted for by the equity method, net of consolidation adjustments	(1,358)
Other adjustments	7
Equity in the company financial statements	6,718

The reconciliation of net profit as per the consolidated financial statements to net loss as per the company financial statements is provided below.

€ million	2016
Net profit attributable to owners of the parent in the consolidated financial statements	589
Share of the profit (loss) of consolidated companies and companies accounted for by the equity method, net of consolidation adjustments	(1,358)
Profit of EXOR S.p.A. for the period 1/1-10/12/2016	(422)
Dividends received from consolidated companies and companies accounted for by the equity method	904
Adjustments of gains/losses on disposals and impairments and reversals of investments	302
Other adjustments	7
Net profit in the company financial statements	22

12. Equity - Treasury stock

After the Merger, EXOR has delivered treasury stocks, as payments for the services rendered by some standby investors in the context of the Merger. At December 31, 2016 EXOR holds the following treasury stock:

	No. of shares	Amount		% of class
		Per share (€)	Total (€ thousand)	
Ordinary shares				
Balance in connection with the Merger	6,631,896	0.01	66.3	2.75
Payment to standby investors	(158,859)	0.01	(1.6)	0.07
Balance at December 31, 2016	6,473,037	0.01	64.7	2.69

13. Long-term incentive plans

Stock Option Plan 2008-2019

The Stock Option Plan EXOR 2008-2019 has 5,862,000 options granted and exercisable corresponding to 1,553,430 EXOR ordinary shares at a price of €19.97 per share. No cost has been recorded in the stock option reserve and in the income statement of the year, since the vesting period ended on May 2016.

Long-term incentive plans

The EXOR S.p.A. shareholders' meeting held on May 29, 2012 approved an incentive plan intended as an instrument for long-term incentive and composed in two parts:

- the first part of the plan, denominated "Long Term Stock Grant", provides for a total of 400,000 rights to be granted to originally 31 beneficiaries; this allows them to receive a corresponding number of EXOR ordinary shares at the vesting date set for 2018, subject to continuation of a professional relationship with the company and with the companies in the Holdings System. At December 31, 2016 the beneficiaries are 14 for a total of 116,790 options granted (of which 8,000 options for employees of the Holdings System). The cost recognized in 2016 in the stock option reserve amounts to €24 thousand, including €23 thousand classified as personnel costs and €1 thousand relating to employees of companies in the Holdings System recognized as an increase in the carrying amount of the investment in EXOR S.A.;

- the second part of the plan, denominated “Company Performance Stock Options”, provides for a total of 3 million options to be granted to the Chairman and Chief Executive Officer of the company and to other beneficiaries; this allows them to purchase a corresponding number of EXOR ordinary shares. The vesting period of the options is from 2014 to 2018 in annual lots of the same number that are exercisable from the time they vest until 2021, subject to reaching performance targets and continuing a professional relationship with the company and with the companies in the Holdings System. The performance targets will be considered to have been reached when the annual variation in EXOR’s NAV is higher than the change in the MSCI World Index in Euro, in the year preceding that of vesting. The exercise price of the options will be determined on the basis of the arithmetic average of Borsa Italiana’s trading prices of EXOR ordinary shares in the month prior to the grant date to the individual beneficiaries.

The composition of the “Company Performance Stock Option” is as follows:

€ thousand	Number of options granted	Total cost of Plan	Cost referring to the year
Chairman and Chief Executive Officer of EXOR N.V.	450,000	1,625	15
Key employees	537,200	1,905	19
Key employees of companies in the Holdings System	24,000	85	1
Total	1,011,200	3,615	35

The cost referring to the year recorded in the stock option reserve amounts to €35 thousand, including €15 thousand classified as compensation to the Chairman and Chief Executive Officer and €19 thousand as personnel costs. The cost relating to the key employees of companies in the Holdings System (€1 thousand) was recognized as an increase in the carrying amount of the investment in EXOR S.A.

Stock Grant Plan for independent directors

The plan 2015 is directed to independent directors as an alternative to the cash remuneration established by the shareholders’ meeting. The plan provides for the free grant of a maximum of 70,000 EXOR shares to all directors that joined the plan subject to continuing the appointment as director at the vesting date set in 2018, concurrently with the date of the shareholders’ meeting that will approve the 2017 financial statements.

At December 31, 2016 the options granted are 21,024. The cost of the plan, recognized in the stock option reserve and in the income statements, amounts to €238 thousand and is classified as compensation to the directors.

Stock Option Plan EXOR 2016

The EXOR S.p.A. shareholders’ meeting held on May 25, 2016 approved a new incentive plan (“Stock Option Plan EXOR 2016”).

The plan has a maximum of 3,500,000 options corresponding to the same number of shares. During 2016 2,902,015 options have been granted, exercisable at a price of €32.38 per share.

The composition of the plan is as follows:

€ thousand	Number of options granted	Total cost of Plan	Cost referring to the year
Chairman and Chief Executive Officer of EXOR N.V.	2,013,950	17,959	206
Key employees	398,180	3,551	41
Key employees of companies in the Holdings System	434,935	3,878	45
Employees of supplier companies	54,950	490	5
Total	2,902,015	25,878	297

The cost referring to the year recorded in the stock option reserve amounts to €297 thousand including €206 thousand classified as compensation to the Chairman and Chief Executive Officer, €41 thousand as personnel costs and €5 thousand as service costs. The cost relating to the key employees of companies in the Holdings System (€45 thousand) was recognized as an increase in the carrying amount of the investment in EXOR S.A and EXOR Investments Limited for €5 thousand and €40 thousand respectively.

All the incentive plans will be serviced exclusively by treasury stock without any new share issues and therefore will not have any dilutive effect.

14. Non-convertible bonds

Issue date	Maturity date	Issue price	Coupon	Rate	Currency	Nominal amount (€/000)	Equivalent amount (€/000)	Balance at 12/31/2016 (€/000)	
								non-current	current
12/6/2007	6/12/2017	99.554	Annually	Fixed 5.375%	€	440,000	440,000	0	452,956
10/16/2012	10/16/2019	98.136	Annually	Fixed 4.750%	€	150,000	150,000	148,722	1,503
11/12/2013	11/12/2020	99.053	Annually	Fixed 3.375%	€	200,000	200,000	198,799	925
12/03//2015	12/2/2022	99.499	Annually	Fixed 2.125%	€	750,000	750,000	744,281	1,266
10/8/2014	10/8/2024	100.090	Annually	Fixed 2.500%	€	650,000	650,000	648,596	3,784
12/7/2012	01/31/2025	97.844	Annually	Fixed 5.250%	€	100,000	100,000	98,303	4,818
12/22/2015	12/22/2025	100.779	Annually	Fixed 2.875%	€	450,000	450,000	451,828 ^(a)	355
05/20/2016	05/20/2026	99.650	Annually	Fixed 4.398%	\$	170,000	170,000	160,591	788
5/9/2011	9/5/2031	100.000	Semiannually	Fixed 2.800%	^(b) Yen	10,000,000	81,037	80,812	724
Total								2,531,932	467,119

a) Originally €250 million; the amount was increased by another €200 million on May 10, 2016. The issue price corresponds to the weighted average of the prices calculated on the entire amount of €450 million.

b) To protect against currency fluctuations, a hedging transaction was put in place using a cross currency swap. The cost in Euro is fixed at 6.012% per year.

The bonds contain covenants that are common in international practice for bond issues of this type. In particular, they contain negative pledge clauses (which require that the bonds benefit from any existing or future pledges of assets of the issuer granted in connection with other bonds or debt securities having the same ranking) and provide for periodic disclosure.

The 2011-2031 bonds also establish other covenants such as respecting a maximum debt limit in relation to the amount of the portfolio and maintaining a rating by one of the major agencies. Non-compliance with these covenants allows the bondholders to ask for the immediate redemption of the bonds.

Standard events of default are envisaged in the case of serious non-fulfillment such as failure to pay interest. These covenants were complied with at December 31, 2016.

Finally, a change of control of EXOR would give the bondholders the right to ask for early redemption of the bonds.

Standard & Poor's rated the bond issues "BBB+", in line with the current rating of EXOR N.V.'s long-term debt.

EXOR intends to repay the bonds in cash at maturity using available liquid resources. However EXOR may from time to time buy back bonds on the market also for purposes of their cancellation. Such buybacks, if made, depend upon market conditions, EXOR's financial situation and other factors which could affect such decisions.

15. Provision for tax liability

The provision amounts to €216,949 thousand and represents the best estimate, made on the basis of the information available, of the charge for the Italian exit tax. The amount has been estimated by EXOR S.p.A. based on the income taxes of the last period for EXOR S.p.A. as an Italian tax resident company (January 1, 2016 – December 10, 2016) and on the other net gain resulted from the net assets deemed to be realized at the fair market value under Italian tax law. The final amount of the Italian exit tax will be defined within the end of the first half in the context of the preparation of the tax return.

In accordance with the Decree of the Ministry of Economics and Finance dated July 2, 2014 ("Exit Tax Decree") and the Disposition of The Director of the Revenues Agency dated July 10, 2014 - Protocol 92134/2014, EXOR may opt for the suspension of the payment of Italian exit tax.

Under the provisions of Article 1 paragraph 6 of the Exit Tax Decree, the Italian exit tax which is suspended becomes payable on the occurrence of certain circumstances (i.e. distribution of the profits or reserves by the investee companies), considering that the completion of a period of ten years from the close of the final period subject to Italian taxation is considered a realizing event.

As established in Article 20 of Legislative Decree 241 dated July 9, 1997 interest is payable on the exit tax amounts suspended (currently at the rate of 4% p.a.). As an alternative to the suspension of payment of the exit tax, EXOR may request to pay the tax in up to 6 annual instalments, interest being payable on the instalments at the same annual rate, currently 4%.

16. Bank debt

At the end of 2016 bank debt amounts to €79,291 thousand and consist of secure short-term credit lines drawn, of which €47,434 in foreign currency (\$50,000 thousand).

At December 31, 2016, the company has credit lines in Euro for €948 million, of which €558 million is revocable and €390 million is irrevocable. The expiration dates of such irrevocable credit lines are €40 million within 1 year and €350 million from 2 to 5 years.

The company also has credit lines in foreign currency for a total of \$90 million (€85 million) due after December 31, 2017, drawn down for \$50 million (€47 million).

The loan contracts relating to irrevocable credit lines provide for covenants to be observed that are typical of the practices in the sector for this type of debt. In particular, some of the main covenants on certain contracts refer to periodical disclosure obligations, prohibition of new real guarantees on the assets of the company without the consent of the creditor and non-subordination of the credit line.

Finally, clauses provide for early repayment in the event of serious default such as failure to pay interest or events that are especially detrimental such as insolvency proceedings.

In the event of a change of control of EXOR, some lender banks would have the right to ask for the early repayment of the irrevocable credit lines for a total of €250 million.

EXOR N.V. provided a guarantee to the subsidiary EXOR Nederland N.V. for an irrevocable credit line in foreign currency for a residual amount of \$550 million for the purchase of PartnerRe. This line provides for covenants such as respecting a maximum debt limit in relation to the amount of the portfolio and maintaining a rating by one of the major agencies. Non-compliance with these covenants would imply the immediate revocation of the line in question by the lending banks.

17. Other financial liabilities

These amount to €28,460 thousand; €27,595 thousand refer to the fair value of cross currency swap related to the bond in Yen and €381 thousand to fees and commission on undrawn credit lines.

18. Trade payables to third parties

These amount to €8,470 thousand and refer to trade payables to suppliers due within one year.

19. Tax payables

These total €3,490 thousand and mainly refer to Italian VAT (€3,061 thousand).

20. Other payables – current and non-current

€ thousand	12/31/2016	
	Non-current	Current
Payable to INPS for Solidarity Fund under M.D. 158 of 4/28/2000	396	169
Payable to employees		1,228
Social security contributions payable		45
Others		101
Total other payables	396	1,543

Under Ministerial Decree 158 of April 28, 2000, a “Solidarity Fund to support earnings, employment, reconversion and professional requalification of Italian employees in the credit sector” was set up at INPS which enjoys separate financial and asset management.

The Fund, in exceptional situations, pays benefits to support earnings at the request of the employer until the right is accrued for a retirement or old age pension within a period of 60 months from the date of cessation of the employment relationship.

The above liabilities, recorded by EXOR S.p.A. and transferred in the context of the Merger (in total €565 thousand) represent the special contribution that EXOR will have to pay to cover the extraordinary benefits payable to former employees, including the related contribution.

21. Fair value measurement

IFRS 13 establishes a hierarchy that categorizes into three levels the inputs of the valuation techniques used to measure fair value by giving the highest priority to quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy at the lowest level input that is significant to the entire measurement. Levels used in the hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities that the company can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly;
- Level 3 inputs are unobservable inputs for the assets and liabilities.

Assets and liabilities that are measured at fair value on a recurring basis

The following table shows the fair value hierarchy for financial assets and liabilities that are measured at fair value on a recurring basis at December 31, 2016:

€ thousand	Note	Level 1	Level 2	Level 3	Total
Assets at fair value					
Non-current assets					0
Available-for-sale financial assets	7			416,921	416,921
Current assets					0
Financial assets held for trading		4,251		97	4,348
Other financial assets					0
Total assets		4,251	0	417,018	421,269
Liabilities at fair value					
Current liabilities					0
Other financial liabilities	17		27,595		27,595
Total liabilities		0	27,595	0	27,595

In 2016, there were no transfers between Levels in the fair value hierarchy.

When market quotations are not available for measuring the fair value of financial assets available-for-sale and held for trading, the market rates have been used, adjusted where necessary to take into account the credit quality of the counterparty, as well as the fund quotations (NAV) provided by the managers of the same funds, and valuation models widely accepted; the valuation technique generally accepted is discounted cash-flow, considering counterparty credit risk.

The fair value of other financial liabilities that are composed of derivative financial instruments is measured by taking into consideration market parameters at the balance sheet date and using valuation techniques widely accepted in the financial business environment. In particular, the fair value of cross currency swaps is determined using the discounted cash flow method, by taking the prevailing exchange rates and interest rates at the balance sheet date, adjusted, where necessary, to take into account EXOR's credit quality.

Assets and liabilities not measured at fair value on a recurring basis

The nominal value of cash and cash equivalents usually approximates fair value due to the short duration of these instruments which include mainly bank current accounts and time deposits.

For financial instruments represented by short-term receivables and payables, for which the present value of future cash flows does not differ significantly from the carrying amount, it is assumed that the carrying amount is a reasonable approximation of the fair value. In particular, the carrying amount of trade receivables and payables and other current assets and liabilities approximates their fair value.

The following table represents the carrying amount and fair value for the most relevant categories of financial assets and liabilities not measured at fair value on a recurring basis:

€ thousand	Note	12/31/2016	
		Carrying amount	Fair value
Financial assets			
Held-to-maturity investments	8	26,014	26,156
Other financial assets		991	991
Total assets		27,005	27,147
Financial liabilities			
Non-convertible bonds	14	2,999,051	3,170,930
Other financial liabilities	17	865	865
Total liabilities		2,999,916	3,171,795

Held-to-maturity investments are represented by bonds issued by leading counterparties, are quoted on active markets and therefore their fair value is categorized in Level 1.

Non-convertible bonds are listed in active markets and their fair value is measured with reference to year-end quoted prices and therefore classified within Level 1 of the fair value hierarchy, with the exception of the unlisted Japanese yen bond issue (nominal equivalent amount at December 31, 2016 equal to €81,037 thousand) maturing in 2031 classified in Level 2 of the fair value hierarchy, whose fair value was measured by using a discounted cash flow model.

22. Information on financial risks

Credit risk

The maximum nominal exposure to credit risk to which EXOR N.V. is exposed at December 31, 2016 is represented by the carrying amounts of financial assets in the financial statements. Nevertheless, the company seeks to mitigate such risk by investing a part of its liquidity in securities issued by leading bank and corporate counterparties selected according to their credit quality. At December 31, 2016 there are no financial assets past due and not written down.

Liquidity risk

Outgoing cash-flows from current operations are funded mostly by incoming flows from ordinary activities and cash availability.

Liquidity risk could thus arise only in the event of investment decisions in excess of cash availability which are not preceded by sufficient liquidation of assets or by the availability of suitable sources of funding that can be readily used. In this sense, EXOR N.V. operates so as to have irrevocable credit lines available with expiration dates and amounts consistent with its investment plans.

Market risk

EXOR N.V. is principally exposed to currency, interest rate and price risks.

Currency risk

A portion of available-for-sale financial assets (€56,000 thousand), financial assets held for trading (€97 thousand) and cash and cash equivalents (€26 thousand) at December 31, 2016 are denominated in currencies other than Euro. All securities are adjusted to year-end exchange rates, while the currency adjustments related financial assets available-for-sale and held for trading are included in the fair value alignments.

The currency risk related to the liabilities to which EXOR is exposed regards the note issued in 2011 for Japanese yen 10 billion (€83 million) which carries a fixed rate in yen of 2.80% and a term of 20 years, the note in US dollars issued in 2016 for \$170 million (€161 million) which carries a fixed rate of 4.398% and a term of 10 years and the bank debt for \$50 million (€47 million).

In order to protect itself from the effects of fluctuations in the €/Yen exchange rate, EXOR put in place a cross currency swap with a leading credit institution as a result of which EXOR will pay a fixed rate of 6.012% on the face amount of the bonds in Euro for the entire term of the notes.

Interest rate risk

The analysis of debt by interest rate shows that the rates are between 0.1% and 6.012% for the current year. At December 31, 2016 there is bank debt exposed to interest rate risk for €47 million, that is, financial liabilities at variable rates. Considering the amount, a sensitivity analysis is not significant.

Price risk

EXOR is exposed to price risk originating from investments in the capital of other companies that are held for trading or for strategic purposes; such investments are classified in the following categories:

- investments accounted for at cost
- available-for-sale financial assets
- financial assets held for trading

Sensitivity analysis for price risk

Considering price risk exposure at the reporting date, if the prices of securities, classified as available-for-sale financial assets and financial assets held for trading had been 5% higher or lower, the available-for-sale securities reserve would be €20,560 thousand higher or lower and the amount recognized in the income statement relating to securities held for trading would be €212 thousand higher or lower.

23. Related party transactions

With regard to the year 2016, the transactions between EXOR N.V. and the related parties identified in accordance with IAS 24 have been carried out in compliance with applicable laws, on the basis of the principle of reciprocal economic gain. The cross-border merger of EXOR S.p.A. with and into EXOR N.V., as described above, is a related parties transactions.

Related parties transactions include the following payables and receivables:

- a) Financial payables related to a loan granted by EXOR S.A. for €30 million bearing interest at 0.25% (4.82% incidence of total current liabilities).
- b) Trade receivables (€0.5 million, 0.43% incidence of total current assets) related to corporate services, the recharge of expenses and compensation for members of corporate boards.
- c) Trade and other payables (€5 million, 0.81% of total current liabilities) related to corporate services, the recharge of expenses and compensation to the Chairman and Chief Executive Officer.

The economic effects of related parties transactions are as follow:

- a) Dividend received from EXOR S.A. for €30 million.
- b) Interest income on the FCA mandatory convertible securities amounts to €744 thousand.
- c) Services received from subsidiaries amount to €122 thousand.
- d) Board members and Chairman and Chief Executive Officer compensation for €47 thousand and €276 respectively.

24. Earnings per share

Earnings per share information is provided in Note 12 to the consolidated financial statements.

25. Audit fees

Audit fees information is provided in Note 40 to the consolidated financial statements.

26. Remuneration

Information on board of directors compensation is included in the Corporate Governance and Remuneration of Directors sections of the Annual Report.

27. Commitments and contingencies

As disclosed in Note 16 above, EXOR N.V. provided a guarantee to the subsidiary EXOR Nederland N.V. for an irrevocable credit line in foreign currency for a residual amount of \$550 million (completely draw down at December 31, 2016) for the purchase of PartnerRe.

28. Subsequent events

The company has evaluated subsequent events through April 5, 2017, which is the date on which the financial statements at December 31, 2016 were authorized for issue.

On April 5, 2017, the Board of Directors approved a distribution to the holders of common shares of €0.35 per common share, corresponding to a total distribution to shareholders of approximately €82,086 thousand. The distribution will be made from the annual profit for (€21,691 thousand) and from the retained earnings reserve, which is a distributable reserve under Dutch law, for €60,395 thousand. The distribution remains subject to the adoption of the company's 2016 annual accounts at the annual general meeting of shareholders to be held on May 30, 2017.

April 5, 2017

The Board of Directors:

John Elkann

Sergio Marchionne

Alessandro Nasi

Andrea Agnelli

Niccolò Camerana

Ginevra Elkann

Lupo Rattazzi

Marc Bolland

Anne Marianne Fentener van Vlissingen

Jae Yong Lee (*Not in a position to sign*)

António Mota de Sousa Horta-Osório

Robert Speyer

Michelangelo Volpi

Ruth Wertheimer

EXOR N.V. – OTHER INFORMATION

INDEPENDENT AUDITOR'S REPORT

The report of the Company's independent auditor, Ernst & Young Accountants LLP, the Netherlands, is set forth at the end of this Annual Report.

DIVIDEND

Dividends will be determined in accordance with the articles 28 and 29 of the Articles of Association of EXOR N.V. The relevant provisions of the Articles of Association read as follows:

1. The Board may decide that the profits realized during a financial year are fully or partially appropriated to increase and/or form reserves.
2. Out of the profits remaining after application of Article 28.1, with respect to the financial year concerned, primarily and insofar as possible, a dividend is paid in the amount of one per cent (1%) of the amount actually paid on the Special Voting Shares in accordance with Article 13.5. These dividend payments will be made only in respect of Special Voting Shares for which such actual payments have been made. Actual payments made during the financial year to which the dividend relates, will not be counted. No further distribution will be made on the Special Voting Shares. If, in a financial year, no profit is made or the profits are insufficient to allow the distribution provided for in the preceding sentences, the deficit will be not paid at the expense of the profits earned in following financial years.
3. The profits remaining after application of Articles 28.1 and 28.2 will be put at the disposal of the General Meeting for the benefit of the holders of Ordinary Shares. The Board will make a proposal for that purpose. A proposal to pay a dividend to holders of Ordinary Shares will be dealt with as a separate agenda item at the General Meeting of Shareholders.
4. Distributions from the Company's distributable reserves are made pursuant to a resolution of the Board and will not require a resolution from the General Meeting.
5. Provided it appears from an unaudited interim statement of assets signed by the Board that the requirement mentioned in Article 28.10 concerning the position of the Company's assets has been fulfilled, the Board may make one or more interim distributions to the holders of Shares.
6. The Board may decide that a distribution on Ordinary Shares will not take place as a cash payment but as a payment in Ordinary Shares, or decide that holders of Ordinary Shares will have the option to receive a distribution as a cash payment and/or as a payment in Ordinary Shares, out of the profit and/or at the expense of reserves, provided that the Board is designated by the General Meeting pursuant to Article 6.2. The Board shall determine the conditions applicable to the aforementioned choices.
7. The Company's policy on reserves and dividends shall be determined and can be amended by the Board. The adoption and thereafter each amendment of the policy on reserves and dividends shall be discussed and accounted for at the General Meeting of Shareholders under a separate agenda item.
8. No payments will be made on treasury Shares and treasury Shares shall not be counted when calculating allocation and entitlements to distributions.
9. All distributions may be made in United States Dollars.
10. Distributions may be made only insofar as the Company's equity exceeds the amount of the issued capital, increased by the reserves which must be kept by virtue of the law or these Articles of Association.
11. Dividends and other distributions will be made payable pursuant to a resolution of the Board within four weeks after adoption, unless the Board sets another date for payment. Different payment release dates may be set for the Ordinary Shares and the Special Voting Shares.
12. A claim of a Shareholder for payment of a distribution shall be barred after five years have elapsed after the day of payment

SUBSEQUENT EVENTS

Please refer to Note 41 of the consolidated financial statements and to Note 28 of the company financial statements included in this Annual report.



**List of EXOR Group Companies
at December 31, 2016**

The list of the companies included in the scope of consolidation, the investments accounted for by the equity method and other significant investments, classified by operating pursuant to IFRS 8 – Operating Segment, is provided below.

The column on the far right also shows the percentage of voting rights exercisable at an ordinary general meeting, where such percentage differs from the percentage of shares held.

Investments of the Holdings System and operating companies consolidated on a line-by-line basis

Name	Country	Capital Stock	Currency	% of Group Consolidation	Interest held by	% of Interest held	% of voting rights
Parent company							
EXOR N.V.	Netherlands	241,000,000.00	EUR				
SUBSIDIARIES - CONSOLIDATED ON A LINE-BY-LINE BASIS							
Holding							
Ancom USA Inc.	U.S.A.	0.10	USD	100.00	EXOR S.A.	100.000	
CNH Industrial N.V.	Netherlands	18,373,838.87	EUR	27.29	EXOR N.V.	39.940	
					Fiat Chrysler Automobiles N.V.	1.736	
					CNH Industrial N.V.	3.455	(*)
EXOR Capital DAC	Ireland	4,000,000.00	EUR	100.00	EXOR S.A.	100.000	
EXOR INVESTMENTS LTD.	Great Britain	747,000.00	GBP	100.00	EXOR N.V.	100.000	
EXOR NEDERLAND N.V.	Netherlands	166,611,300.00	EUR	100.00	EXOR S.A.	6.024	
					EXOR N.V.	93.976	
EXOR S.A.	Luxembourg	166,611,300.00	EUR	100.00	EXOR N.V.	100.000	
Ferrari N.V.	Netherlands	2,504,211.17	EUR	23.52	EXOR N.V.	32.751	
					Ferrari N.V.	1.998	(*)
Fiat Chrysler Automobiles N.V.	Netherlands	19,369,074.86	EUR	29.41	EXOR N.V.	42.605	
					Fiat Chrysler Automobiles N.V.	1.699	(*)
PartnerRe Ltd.	Bermuda	1.00	USD	100.00	EXOR Nederland N.V.	100.000	(a)
Leisure and Other							
Juventus Football Club S.p.A.	Italy	8,182,133.28	EUR	63.77	EXOR N.V.	63.766	
Real Estate							
EXOR S.N. (USA), LLC.	U.S.A.	10.00	USD	100.00	EXOR S.A.	100.000	

(*) Voting suspended

(a) Of common shares

Investments of FCA Group consolidated on a line-by-line basis (percentage of EXOR Group consolidation: 29.41%)

Name	Country	Capital Stock	Currency	% of Group Consolidation	Interest held by	% of Interest held	% of voting rights
Subsidiaries consolidated on a line-by-line basis							
Mass-Market Vehicles							
NAFTA							
AUTO TRANSPORT SERVICES LLC	U.S.A.	100	USD	100.00	FCA US LLC	100.000	
Autodie LLC	U.S.A.	10,000,000	USD	100.00	FCA US LLC	100.000	
Chrysler Mexico Investment Holdings Cooperatie U.A.	Netherlands	0	EUR	100.00	FCA INVESTMENT HOLDINGS LLC FCA MINORITY LLC	99.990 0.010	
CPK Interior Products Inc.	Canada	1,000	CAD	100.00	FCA Canada Inc.	100.000	
Extended Vehicle Protection LLC	U.S.A.	0	USD	100.00	FCA US LLC	100.000	
FCA AUBURN HILLS OWNER LLC	U.S.A.	100	USD	100.00	FCA REALTY LLC	100.000	
FCA Canada Cash Services Inc.	Canada	1,000	CAD	100.00	FCA US LLC	100.000	
FCA Canada Inc.	Canada	0	CAD	100.00	FCA ONTARIO HOLDINGS Limited	100.000	
FCA Caribbean LLC	U.S.A.	100	USD	100.00	FCA US LLC	100.000	
FCA DEALER CAPITAL LLC	U.S.A.	0	USD	100.00	FCA US LLC	100.000	
FCA INTERNATIONAL OPERATIONS LLC	U.S.A.	0	USD	100.00	FCA US LLC	100.000	
FCA INTERNATIONAL SERVICES LLC	U.S.A.	0	USD	100.00	FCA US LLC	100.000	
FCA INVESTMENT HOLDINGS LLC	U.S.A.	173,350,999	USD	100.00	FCA US LLC	100.000	
FCA Mexico, S.A. de C.V.	Mexico	238,621,186	MXN	100.00	Chrysler Mexico Investment Holdings Cooperatie U.A. FCA MINORITY LLC	99.997 0.003	
FCA MID LLC	U.S.A.	2,700,000	USD	100.00	FCA US LLC	100.000	
FCA MINORITY LLC	U.S.A.	0	USD	100.00	FCA US LLC	100.000	
FCA ONTARIO HOLDINGS Limited	Canada	1,000	CAD	100.00	FCA US LLC	100.000	
FCA REAL ESTATE SERVICES LLC	U.S.A.	100	USD	100.00	FCA US LLC	100.000	
FCA REALTY LLC	U.S.A.	168,769,528	USD	100.00	FCA US LLC	100.000	
FCA Service Contracts LLC	U.S.A.	100,000,000	USD	100.00	FCA US LLC	100.000	
FCA TRANSPORT LLC	U.S.A.	0	USD	100.00	FCA US LLC	100.000	
FCA US Insurance Company	U.S.A.	60,000	USD	100.00	FCA North America Holdings LLC	100.000	
FCA US LLC	U.S.A.	10	USD	100.00	FCA North America Holdings LLC	100.000	
Operadora G.C. S.A. de C.V.	Mexico	99,999	MXN	100.00	FCA Mexico, S.A. de C.V. FCA MINORITY LLC	99.999 0.001	
LATAM							
Banco Fidis S.A.	Brazil	509,021,104	BRL	100.00	Fidis S.p.A. FCA FIAT CHRYSLER AUTOMOVEIS BRASIL LTDA.	75.000 25.000	
CG Venezuela UK Holdings Limited	United Kingdom	100	GBP	100.00	CG EU NSC LIMITED	100.000	
CMA Componentes e Modulos Automotivos Industria e Comercio Automotivos Ltda	Brazil	1,000	BRL	100.00	CMP Componentes e Modulos Plasticos Industria e Comercio Ltda. FCA Fiat Chrysler Participacoes Brasil Limitada	99.900 0.100	
CMP Componentes e Modulos Plasticos Industria e Comercio Ltda.	Brazil	77,021,334	BRL	100.00	FCA FIAT CHRYSLER AUTOMOVEIS BRASIL LTDA.	100.000	
FCA AUTOMOBILES ARGENTINA S.A.	Argentina	476,464,366	ARS	100.00	FCA FIAT CHRYSLER AUTOMOVEIS BRASIL LTDA.	100.000	
FCA Chile Importadora Ltda	Chile	41,800,000	CLP	100.00	FCA US LLC FCA MINORITY LLC	99.990 0.010	
FCA Compania Financiera S.A.	Argentina	487,580,283	ARS	100.00	Fidis S.p.A.	100.000	
FCA FIAT CHRYSLER AUTOMOVEIS BRASIL LTDA.	Brazil	13,544,131,287	BRL	100.00	FCA Fiat Chrysler Participacoes Brasil Limitada FCA Italy S.p.A.	73.125 26.875	
FCA IMPORTADORA S.R.L.	Argentina	29,335,170	ARS	100.00	S.A. FCA Argentina S.A.	98.000 2.000	
FCA S.A. de Ahorro para Fines Determinados	Argentina	109,535,149	ARS	100.00	FCA AUTOMOBILES ARGENTINA S.A.	100.000	
FCA Venezuela LLC	U.S.A.	132,474,694	USD	100.00	S.A. CG Venezuela UK Holdings Limited	100.000	
FPT Powertrain Technologies do Brasil - Industria e Comércio de Motores Ltda	Brazil	197,792,500	BRL	100.00	FCA Fiat Chrysler Participacoes Brasil Limitada	100.000	

Investments of FCA Group consolidated on a line-by-line basis (percentage of EXOR Group consolidation: 29.41%)

Name	Country	Capital Stock	Currency	% of Group Consolidation	Interest held by	% of Interest held	% of voting rights
Subsidiaries consolidated on a line-by-line basis							
Mass-Market Vehicles							
APAC							
ALFA ROMEO (SHANGHAI) AUTOMOBILES SALES CO. Ltd.	People's Rep. of China	19,000,000	CNY	100.00	Fiat Chrysler Automobiles N.V.	100.000	
Chrysler Group (China) Sales Ltd.	People's Rep. of China	10,000,000	EUR	100.00	FCA (Hong Kong) Automotive Limited	100.000	
FCA (Hong Kong) Automotive Limited	People's Rep. of China	10,000,000	EUR	100.00	FCA US LLC	100.000	
FCA (SHANGHAI) AUTO PARTS TRADING CO. LTD.	People's Rep. of China	19,000,000	CNY	100.00	Fiat Chrysler Automobiles N.V.	100.000	
FCA Asia Pacific Investment Co. Ltd.	People's Rep. of China	4,500,000	CNY	100.00	FCA (Hong Kong) Automotive Limited	100.000	
FCA Australia Pty. Ltd.	Australia	143,629,774	AUD	100.00	FCA US LLC	100.000	
FCA Automotive Finance Co. Ltd.	People's Rep. of China	750,000,000	CNY	100.00	Fidis S.p.A.	100.000	
FCA Engineering India Private Limited	India	99,990	INR	100.00	Chrysler Netherlands Distribution B.V. FCA DUTCH OPERATING LLC	99.990 0.010	
FCA INDIA AUTOMOBILES Private Limited	India	4,179,900,000	INR	100.00	FCA Italy S.p.A.	100.000	
FCA JAPAN Ltd.	Japan	104,789,875	JPY	100.00	CG EU NSC LIMITED Fiat Group Automobiles Japan K.K.	60.000 40.000	
FCA Korea Limited	South Korea	32,639,200,000	KRW	100.00	FCA US LLC	100.000	
FCA Powertrain Technologies Shanghai R&D Co. Ltd.	People's Rep. of China	10,000,000	EUR	100.00	FCA ITALY HOLDINGS S.p.A.	100.000	
Fiat Chrysler South East Asia Pte. Ltd.	Singapore	3,010,513	SGD	100.00	FCA US LLC	100.000	
Fiat Group Automobiles Japan K.K.	Japan	100,000,000	JPY	100.00	Fiat Chrysler Automobiles N.V.	100.000	
Mopar (Shanghai) Auto Parts Trading Co. Ltd.	People's Rep. of China	5,000,000	USD	100.00	FCA Asia Pacific Investment Co. Ltd.	100.000	
EMEA							
Abarth & C. S.p.A.	Italy	1,500,000	EUR	100.00	FCA Italy S.p.A.	100.000	
Alfa Romeo S.p.A.	Italy	120,000	EUR	100.00	FCA Italy S.p.A.	100.000	
Alfa Romeo U.S.A. S.p.A.	Italy	120,000	EUR	100.00	FCA Italy S.p.A.	100.000	
C.R.F. Società Consortile per Azioni	Italy	45,000,000	EUR	100.00	FCA Italy S.p.A. FCA ITALY HOLDINGS S.p.A. Magneti Marelli S.p.A. Maserati S.p.A. Comau S.p.A. Teksid S.p.A.	92.000 2.000 2.000 2.000 1.000 1.000	
CF GOMMA DEUTSCHLAND GmbH	Germany	26,000	EUR	100.00	FCA ITALY HOLDINGS S.p.A.	100.000	
CG EU NSC LIMITED	United Kingdom	1	GBP	100.00	FCA US LLC	100.000	
CG Italia Operations S.r.l.	Italy	53,022	EUR	100.00	Chrysler Italia S.r.l. FCA US LLC	94.300 5.700	
Chrysler Austria Gesellschaft mbH in liquidation	Austria	4,300,000	EUR	100.00	Chrysler Deutschland GmbH	100.000	
Chrysler Belgium Luxembourg NV/SA	Belgium	28,262,700	EUR	100.00	CG EU NSC LIMITED FCA MINORITY LLC	99.998 0.002	
Chrysler Deutschland GmbH	Germany	20,426,200	EUR	100.00	FCA US LLC	100.000	
Chrysler Espana, S.L.	Spain	16,685,690	EUR	100.00	CG EU NSC LIMITED	100.000	
Chrysler International GmbH	Germany	25,000	EUR	100.00	CG EU NSC LIMITED	100.000	
Chrysler Italia S.r.l.	Italy	100,000	EUR	100.00	CG EU NSC LIMITED	100.000	
Chrysler Jeep International S.A.	Belgium	1,860,000	EUR	100.00	CG EU NSC LIMITED FCA MINORITY LLC	99.998 0.002	
Chrysler Netherlands Distribution B.V.	Netherlands	90,000	EUR	100.00	Chrysler Netherlands Holding Cooperatie U.A.	100.000	
Chrysler South Africa (Pty) Limited	South Africa	200	ZAR	100.00	FCA Italy S.p.A.	100.000	
Chrysler Switzerland GmbH in liquidation	Switzerland	2,000,000	CHF	100.00	CG EU NSC LIMITED	100.000	
Chrysler UK Limited	United Kingdom	46,582,132	GBP	100.00	CG EU NSC LIMITED	100.000	
Easy Drive S.r.l.	Italy	10,400	EUR	100.00	FCA Italy S.p.A. FCA Center Italia S.p.A.	99.000 1.000	

Investments of FCA Group consolidated on a line-by-line basis (percentage of EXOR Group consolidation: 29.41%)

Name	Country	Capital Stock	Currency	% of Group Consolidation	Interest held by	% of Interest held	% of voting rights
SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS							
Business Auto:Car Mass-Market brands							
EMEA							
FCA AUSTRO CAR GmbH	Austria	35,000	EUR	100.00	FCA AUSTRIA GmbH	100.000	
FCA Belgium S.A.	Belgium	7,000,000	EUR	100.00	FCA Italy S.p.A. FCA SWITZERLAND S.A.	99.998 0.002	
FCA Center Italia S.p.A.	Italy	2,000,000	EUR	100.00	FCA Italy S.p.A.	100.000	
FCA CENTRAL AND EASTERN EUROPE KFT.	Hungary	150,000,000	HUF	100.00	FCA Italy S.p.A.	100.000	
FCA Customer Services Centre S.r.l.	Italy	2,500,000	EUR	100.00	FCA Italy S.p.A.	100.000	
FCA Denmark A/S	Denmark	55,000,000	DKK	100.00	FCA Italy S.p.A.	100.000	
FCA FINLAND Oy	Finland	50,000	EUR	100.00	FCA Italy S.p.A.	100.000	
FCA Fleet & Tenders S.R.L.	Italy	7,370,000	EUR	100.00	FCA Italy S.p.A.	100.000	
FCA France	France	96,000,000	EUR	100.00	FCA Italy S.p.A.	100.000	
FCA GERMANY AG	Germany	82,650,000	EUR	100.00	FCA Italy S.p.A. FCA SWITZERLAND S.A.	99.000 1.000	
FCA GREECE S.A.	Greece	62,783,499	EUR	100.00	FCA Italy S.p.A.	100.000	
FCA Group Marketing S.p.A.	Italy	100,000,000	EUR	100.00	FCA ITALY HOLDINGS S.p.A.	100.000	
FCA ITALY HOLDINGS S.p.A.	Italy	1,089,071,587	EUR	100.00	FCA Italy S.p.A.	100.000	
FCA Italy S.p.A.	Italy	800,000,000	EUR	100.00	Fiat Chrysler Automobiles N.V.	100.000	
FCA Melfi S.p.A.	Italy	276,640,000	EUR	100.00	FCA Italy S.p.A.	100.000	
FCA Middle East FZ-LLC	United Arab Emirates	300,000	AED	100.00	FCA INTERNATIONAL OPERATIONS LLC	100.000	
FCA Motor Village Austria GmbH	Austria	37,000	EUR	100.00	FCA AUSTRIA GmbH	100.000	
FCA MOTOR VILLAGE BELGIUM S.A.	Belgium	4,000,000	EUR	100.00	FCA Belgium S.A. FCA Italy S.p.A.	99.988 0.012	
FCA MOTOR VILLAGE FRANCE S.A.	France	2,977,680	EUR	100.00	FCA France	99.997	
FCA MOTOR VILLAGE GERMANY GmbH	Germany	8,700,000	EUR	100.00	FCA GERMANY AG	100.000	
FCA MOTOR VILLAGE PORTUGAL S.A.	Portugal	50,000	EUR	100.00	FCA PORTUGAL, S.A.	100.000	
FCA MOTOR VILLAGE SPAIN, S.L.	Spain	1,454,420	EUR	100.00	Fiat Chrysler Automobiles Spain S.A.	100.000	
FCA MOTOR VILLAGE SWITZERLAND S.A.	Switzerland	13,000,000	CHF	100.00	FCA SWITZERLAND S.A.	100.000	
FCA Netherlands B.V.	Netherlands	5,672,250	EUR	100.00	FCA Italy S.p.A.	100.000	
FCA NORWAY AS	Norway	103,200	NOK	100.00	FCA Italy S.p.A.	100.000	
FCA POLAND Spółka Akcyjna	Poland	660,334,600	PLN	100.00	FCA Italy S.p.A.	100.000	
FCA PORTUGAL, S.A.	Portugal	1,000,000	EUR	100.00	FCA Italy S.p.A.	100.000	
FCA POWERTRAIN POLAND Sp. z o.o.	Poland	269,037,000	PLN	100.00	FCA ITALY HOLDINGS S.p.A.	100.000	
FCA Real Estate Germany GmbH	Germany	25,000	EUR	100.00	FCA MOTOR VILLAGE GERMANY GmbH	100.000	
FCA REAL ESTATE SERVICES FRANCE SAS	France	37,000	EUR	100.00	FCA Real Estate Services S.p.A.	100.000	
FCA Real Estate Services S.p.A.	Italy	150,679,554	EUR	100.00	FCA Italy S.p.A.	100.000	
FCA Russia AO	Russia	574,665,000	RUB	100.00	FCA US LLC FCA MINORITY LLC	99.999 0.001	
FCA SERBIA DOO KRAGUJEVAC	Serbia	30,707,843,314	RSD	66.67	FCA Italy S.p.A.	66.670	
FCA SWEDEN AB	Sweden	10,000,000	SEK	100.00	FCA Italy S.p.A.	100.000	
FCA SWITZERLAND S.A.	Switzerland	21,400,000	CHF	100.00	FCA Italy S.p.A.	100.000	
FCA VERSICHERUNGSSERVICE GmbH	Germany	26,000	EUR	100.00	FCA GERMANY AG Fiat Chrysler Rimaco SA	51.000 49.000	
Fiat Chrysler Automobiles (FCA) Egypt Limited	Egypt	240,000	EGP	100.00	FCA US LLC FCA MINORITY LLC	99.000 1.000	
Fiat Chrysler Automobiles Ireland Ltd.	Ireland	5,078,952	EUR	100.00	FCA Italy S.p.A.	100.000	
Fiat Chrysler Automobiles Morocco S.A.	Morocco	1,000,000	MAD	99.95	FCA Italy S.p.A.	99.950	
Fiat Chrysler Automobiles Spain S.A.	Spain	8,079,280	EUR	100.00	FCA Italy S.p.A. FCA SWITZERLAND S.A.	99.998 0.002	
FIAT CHRYSLER AUTOMOBILES UK Ltd	United Kingdom	44,600,000	GBP	100.00	FCA Italy S.p.A.	100.000	
FIAT CHRYSLER MOTOR VILLAGE Ltd.	United Kingdom	1,500,000	GBP	100.00	FIAT CHRYSLER AUTOMOBILES UK Ltd	100.000	
Fiat Group Automobiles South Africa (Proprietary) Ltd	South Africa	640	ZAR	100.00	FCA Italy S.p.A.	100.000	
Fidis S.p.A.	Italy	250,000,000	EUR	100.00	FCA Italy S.p.A.	100.000	
i-FAST Automotive Logistics S.r.l.	Italy	1,250,000	EUR	100.00	FCA Italy S.p.A.	100.000	
i-FAST Container Logistics S.p.A.	Italy	2,500,000	EUR	100.00	FCA Italy S.p.A.	100.000	
Mecaner S.A.	Spain	3,000,000	EUR	100.00	FCA Italy S.p.A.	100.000	
NEW BUSINESS 38 S.p.A.	Italy	1,000,000	EUR	100.00	FCA Real Estate Services S.p.A.	100.000	
SBH EXTRUSION REAL ESTATE S.r.l.	Italy	110,000	EUR	100.00	FCA ITALY HOLDINGS S.p.A.	100.000	
Società di Commercializzazione e Distribuzione Ricambi S.p.A. in liquidation	Italy	100,000	EUR	100.00	FCA Italy S.p.A.	100.000	
VM Motori S.p.A.	Italy	21,008,000	EUR	100.00	FCA ITALY HOLDINGS S.p.A.	100.000	

Investments of FCA Group consolidated on a line-by-line basis (percentage of EXOR Group consolidation: 29.41%)

Name	Country	Capital Stock	Currency	% of Group Consolidation	Interest held by	% of Interest held	% of voting rights
Subsidiaries consolidated on a line-by-line basis							
Mass-Market Vehicles							
Luxury Vehicles							
Maserati							
Maserati S.p.A.	Italy	40,000,000	EUR	100.00	Fiat Chrysler Automobiles N.V.	100.000	
Maserati (China) Cars Trading Co., Ltd.	People's Rep. of China	10,000,000	USD	100.00	Maserati S.p.A.	100.000	
Maserati (Suisse) S.A.	Switzerland	1,000,000	CHF	100.00	Maserati S.p.A.	100.000	
Maserati Canada Inc.	Canada	0	CAD	100.00	Maserati S.p.A.	100.000	
Maserati Deutschland GmbH	Germany	500,000	EUR	100.00	Maserati S.p.A.	100.000	
Maserati GB Limited	United Kingdom	20,000	GBP	100.00	Maserati S.p.A.	100.000	
Maserati Japan KK	Japan	18,000,000	JPY	100.00	Maserati S.p.A.	100.000	
Maserati North America Inc.	U.S.A.	1,000	USD	100.00	Maserati S.p.A.	100.000	
Maserati West Europe société par actions simplifiée	France	37,000	EUR	100.00	Maserati S.p.A.	100.000	
Tridente Real Estate S.r.l.	Italy	11,570,000	EUR	100.00	Maserati S.p.A.	100.000	
Components and Production Systems							
Magneti Marelli							
Magneti Marelli S.p.A.	Italy	254,325,965	EUR	99.99	Fiat Chrysler Automobiles N.V.	99.990	100.000
Administracion Magneti Marelli Sistemi Sospensioni Mexicana S.R.L. de C.V.	Mexico	3,000	MXN	88.11	Magneti Marelli Promatcor Sistemi Sospensioni Mexicana S.R.L. de C.V. Automotive Lighting Rear Lamps Mexico S. de r.l. de C.V.	99.000	1.000
Automotive Lighting Brotterode GmbH	Germany	7,270,000	EUR	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Automotive Lighting Italia S.p.A.	Italy	12,000,000	EUR	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Automotive Lighting LLC	U.S.A.	25,001,000	USD	100.00	Magneti Marelli Holding U.S.A. LLC	100.000	
Automotive Lighting o.o.o.	Russia	1,086,875,663	RUB	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Automotive Lighting Rear Lamps France S.a.s.	France	5,134,480	EUR	99.99	Automotive Lighting Italia S.p.A.	100.000	
Automotive Lighting Rear Lamps Mexico S. de r.l. de C.V.	Mexico	50,000	MXN	100.00	Magneti Marelli Holding U.S.A. LLC	100.000	
Automotive Lighting Reutlingen GmbH	Germany	1,330,000	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Automotive Lighting S.R.O.	Czech Republic	927,637,000	CZK	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Automotive Lighting UK Limited	United Kingdom	40,387,348	GBP	99.99	Magneti Marelli S.p.A.	100.000	
Changchun Magneti Marelli Automotive Lighting System Co. Ltd.	People's Rep. of China	190,000,000	CNY	59.99	Automotive Lighting Reutlingen GmbH	60.000	
CHANGCHUN MAGNETI MARELLI POWERTRAIN COMPONENTS Co.Ltd.	People's Rep. of China	5,600,000	EUR	51.00	Magneti Marelli S.p.A.	51.000	
Fiat CIEI S.p.A. in liquidation	Italy	220,211	EUR	99.99	Magneti Marelli S.p.A.	100.000	
FMM Pernambuco Componentes Automotivos Ltda	Brazil	209,180,100	BRL	64.99	Plastic Components and Modules Automotive S.p.A.	65.000	
Hefei Magneti Marelli Exhaust Systems Co.Ltd.	People's Rep. of China	3,900,000	EUR	51.00	Magneti Marelli S.p.A.	51.000	
Industrias Magneti Marelli Mexico S.A. de C.V.	Mexico	50,000	MXN	99.99	Magneti Marelli Sistemas Electronicos Mexico S.A. Servicios Administrativos Corp. IPASA S.A.	99.998	0.002
Magneti Marelli (China) Co. Ltd.	People's Rep. of China	17,500,000	USD	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli After Market Parts and Services S.p.A.	Italy	7,000,000	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Aftermarket GmbH	Germany	100,000	EUR	99.99	Magneti Marelli After Market Parts and Services S.p.A.	100.000	
Magneti Marelli Aftermarket Sp. z o.o.	Poland	2,000,000	PLN	99.99	Magneti Marelli After Market Parts and Services S.p.A.	100.000	
Magneti Marelli Argentina S.A.	Argentina	2,403,775	ARS	99.99	Magneti Marelli S.p.A.	95.000	5.000
Magneti Marelli Automotive Cluj S.r.l.	Romania	2,260,000	RON	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Automotive Components (Changsha) Co. Ltd	People's Rep. of China	5,400,000	USD	99.99	Magneti Marelli S.p.A.	100.000	

Investments of FCA Group consolidated on a line-by-line basis (percentage of EXOR Group consolidation: 29.41%)

Name	Country	Capital Stock	Currency	% of Group Consolidation	Interest held by	% of Interest held	% of voting rights
Subsidiaries consolidated on a line-by-line basis							
Components and Production Systems							
Magneti Marelli							
Magneti Marelli Automotive Components (Guangzhou) Co., Ltd.	People's Rep. of China	10,000,000	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Automotive Components (WUHU) Co. Ltd.	People's Rep. of China	32,000,000	USD	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Automotive d.o.o. Kragujevac	Serbia	154,200,876	RSD	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Automotive Electronics (Guangzhou) Co. Limited	People's Rep. of China	16,100,000	USD	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Automotive Lighting (Foshan) Co. Ltd	People's Rep. of China	10,800,000	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Cofap Fabricadora de Pecas Ltda	Brazil	307,411,633	BRL	99.99	Magneti Marelli After Market Parts and Services S.p.A.	100.000	
Magneti Marelli Comandos Mecanicos Industria e Comercio Ltda	Brazil	1,000	BRL	99.99	Magneti Marelli Sistemas Automotivos Industria e Comercio Ltda	99.900	
					FCA Fiat Chrysler Participacoes Brasil Limitada		0.100
Magneti Marelli Componentes Plasticos Ltda	Brazil	6,402,500	BRL	99.99	Plastic Components and Modules Automotive S.p.A.	100.000	
Magneti Marelli Conjuntos de Escape S.A.	Argentina	9,999,971	ARS	99.99	Magneti Marelli S.p.A.	96.260	
					Magneti Marelli Argentina S.A.		3.740
Magneti Marelli d.o.o. Kragujevac	Serbia	1,363,504,543	RSD	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli do Brasil Industria e Comercio Ltda	Brazil	100,000	BRL	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Espana S.A.	Spain	781,101	EUR	99.99	Magneti Marelli Iberica S.A.	100.000	
Magneti Marelli France S.a.s.	France	19,066,824	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli GmbH	Germany	200,000	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Holding U.S.A. LLC	U.S.A.	10	USD	100.00	FCA North America Holdings LLC	100.000	
Magneti Marelli Iberica S.A.	Spain	389,767	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli India Private Ltd	India	150,000,000	INR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli International Trading (Shanghai) Co. LTD	People's Rep. of China	200,000	USD	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Japan K.K.	Japan	360,000,000	JPY	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Mako Elektrik Sanayi Ve Ticaret Anonim Sirketi	Turkey	50,005	TRY	99.94	Automotive Lighting Reutlingen GmbH	99.842	
					PLASTIFORM PLASTIK SANAY ve TICARET A.S.		0.052
					Sistemi Comandi Meccanici Otomotiv Sanayi Ve Ticaret A.S.		0.052
Magneti Marelli Motopropulsion France SAS	France	37,002	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli North America Inc.	U.S.A.	7,491,705	USD	99.99	Magneti Marelli Cofap Fabricadora de Pecas Ltda	100.000	
Magneti Marelli of Tennessee LLC	U.S.A.	1,300,000	USD	100.00	Magneti Marelli Holding U.S.A. LLC	100.000	
Magneti Marelli Poland Sp. z o.o.	Poland	83,500,000	PLN	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Magneti Marelli Powertrain India Private Limited	India	450,000,000	INR	51.00	Magneti Marelli S.p.A.	51.000	
Magneti Marelli Powertrain Mexico S. de r.l. de c.v.	Mexico	3,000	MXN	99.99	Magneti Marelli S.p.A.	99.967	
					Automotive Lighting Rear Lamps Mexico S. de r.l. de C.V.		0.033
Magneti Marelli Powertrain Slovakia s.r.o.	Slovak Republic	12,000,000	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Powertrain U.S.A. LLC	U.S.A.	25,000,000	USD	100.00	Magneti Marelli Holding U.S.A. LLC	100.000	
Magneti Marelli Promatcor Sistemi Sospensioni Mexicana S.R.L. de C.V.	Mexico	3,000	MXN	87.99	Sistemi Sospensioni S.p.A.	88.000	
Magneti Marelli Repuestos S.A.	Argentina	75,262,000	ARS	99.99	Magneti Marelli After Market Parts and Services S.p.A.	81.943	
					Magneti Marelli Cofap Fabricadora de Pecas Ltda		18.057
Magneti Marelli Sistemas Automotivos Industria e Comercio Ltda	Brazil	768,694,874	BRL	99.99	Magneti Marelli S.p.A.	72.808	
					Automotive Lighting Reutlingen GmbH		27.192
Magneti Marelli Sistemas Electronicos Mexico S.A.	Mexico	50,000	MXN	99.99	Magneti Marelli S.p.A.	99.998	
					Servicios Administrativos Corp. IPASA S.A.		0.002
Magneti Marelli Slovakia s.r.o.	Slovak Republic	103,006,639	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli South Africa (Proprietary) Limited	South Africa	7,550,000	ZAR	99.99	Magneti Marelli S.p.A.	100.000	
Magneti Marelli Suspansiyon Sistemleri Limited Sirketi	Turkey	520,000	TRY	99.99	Sistemi Sospensioni S.p.A.	100.000	
Magneti Marelli Suspension Systems Bielsko Sp. z.o.o.	Poland	70,050,000	PLN	99.99	Sistemi Sospensioni S.p.A.	100.000	
Magneti Marelli Toluca Mexico S. de R.L. de CV.	Mexico	3,000	MXN	99.99	Magneti Marelli S.p.A.	99.967	
					Magneti Marelli Powertrain Mexico S. de r.l. de c.v.		0.033
Magneti Marelli Um Electronic Systems Private Limited	India	420,000,000	INR	51.00	Magneti Marelli S.p.A.	51.000	
Malaysian Automotive Lighting SDN. BHD	Malaysia	6,000,000	MYR	79.99	Automotive Lighting Reutlingen GmbH	80.000	
MM I&T Sas	France	607,000	EUR	99.99	Magneti Marelli S.p.A.	100.000	

Investments of FCA Group consolidated on a line-by-line basis (percentage of EXOR Group consolidation: 29.41%)

Name	Country	Capital Stock	Currency	% of Group Consolidation	Interest held by	% of Interest held	% of voting rights
Subsidiaries consolidated on a line-by-line basis							
Components and Production Systems							
Magneti Marelli							
MMH Industria e Comercio De Componentes Automotivos Ltda	Brazil	50,926,000	BRL	99.99	Magneti Marelli Sistemas Automotivos Industria e Comercio Ltda	100.000	
Plastic Components and Modules Automotive S.p.A.	Italy	10,000,000	EUR	99.99	Plastic Components and Modules Holding S.p.A.	100.000	
Plastic Components and Modules Holding S.p.A.	Italy	10,000,000	EUR	99.99	Magneti Marelli S.p.A.	100.000	
Plastic Components and Modules Poland S.A.	Poland	21,000,000	PLN	99.99	Plastic Components and Modules Automotive S.p.A.	100.000	
Plastic Components Fuel Systems Poland Sp. z o.o.	Poland	29,281,500	PLN	99.99	Plastic Components and Modules Poland S.A.	100.000	
PLASTIFORM PLASTIK SANAY ve TICARET A.S.	Turkey	715,000	TRY	99.94	Magneti Marelli Mako Elektrik Sanayi Ve Ticaret Anonim Sirketi	100.000	
PSMM Pernambuco Componentes Automotivos Ltda	Brazil	75,200,160	BRL	50.00	Plastic Components and Modules Automotive S.p.A.	50.000	
Servicios Administrativos Corp. IPASA S.A.	Mexico	1,000	MXN	99.99	Magneti Marelli Sistemas Electronicos Mexico S.A.	99.990	
Sistemas Comandi Meccanici Otomotiv Sanayi Ve Ticaret A.S.	Turkey	90,000	TRY	99.89	Industrias Magneti Marelli Mexico S.A. de C.V.	0.010	
Sistemas Sospensioni S.p.A.	Italy	37,622,179	EUR	99.99	Magneti Marelli Mako Elektrik Sanayi Ve Ticaret Anonim Sirketi	99.956	
Soffiaggio Polimeri S.r.l.	Italy	45,900	EUR	84.99	Magneti Marelli S.p.A.	100.000	
Tecnologia de Iluminacion Automotriz S.A. de C.V.	Mexico	50,000	MXN	100.00	Plastic Components and Modules Automotive S.p.A.	85.000	
Ufima S.A.S.	France	44,940	EUR	99.99	Automotive Lighting LLC	99.998	
					Automotive Lighting Rear Lamps Mexico S. de r.l. de C.V.	0.002	
					Magneti Marelli S.p.A.	65.020	
					FCA Partecipazioni S.p.A.	34.980	
Teksid							
Teksid S.p.A.	Italy	71,403,261	EUR	100.00	Fiat Chrysler Automobiles N.V.	100.000	
Compania Industrial Frontera S.A. de C.V.	Mexico	11,376,600	MXN	100.00	Teksid Hierro de Mexico S.A. de C.V.	99.999	
					Teksid Inc.	0.001	
Funfrap-Fundicao Portuguesa S.A.	Portugal	13,697,550	EUR	83.61	Teksid S.p.A.	83.607	
Teksid Aluminum S.r.l.	Italy	5,000,000	EUR	100.00	Fiat Chrysler Automobiles N.V.	100.000	
Teksid do Brasil Ltda	Brazil	664,696,013	BRL	100.00	Teksid S.p.A.	100.000	
Teksid Hierro de Mexico S.A. de C.V.	Mexico	297,167,800	MXN	100.00	Teksid S.p.A.	100.000	
Teksid Inc.	U.S.A.	100,000	USD	100.00	Teksid S.p.A.	100.000	
Teksid Iron Poland Sp. z o.o.	Poland	115,678,500	PLN	100.00	Teksid S.p.A.	100.000	
Comau							
Comau S.p.A.	Italy	48,013,959	EUR	100.00	Fiat Chrysler Automobiles N.V.	100.000	
COMAU (KUNSHAN) Automation Co. Ltd.	People's Rep. of China	8,000,000	USD	100.00	Comau S.p.A.	100.000	
Comau (Shanghai) Engineering Co. Ltd.	People's Rep. of China	5,000,000	USD	100.00	Comau S.p.A.	100.000	
Comau (Shanghai) International Trading Co. Ltd.	People's Rep. of China	200,000	USD	100.00	Comau S.p.A.	100.000	
Comau Argentina S.A.	Argentina	500,000	ARS	100.00	Comau S.p.A.	97.000	
					FCA Argentina S.A.	3.000	
Comau Automatizacion S.de R.L. C.V.	Mexico	62,204,118	MXN	100.00	Comau Mexico S.de R.L. de C.V.	100.000	
Comau Canada Inc.	Canada	100	CAD	100.00	Comau LLC	100.000	
Comau Deutschland GmbH	Germany	1,330,000	EUR	100.00	Comau S.p.A.	100.000	
Comau do Brasil Industria e Comercio Ltda.	Brazil	102,742,653	BRL	100.00	Comau S.p.A.	100.000	
Comau France S.A.S.	France	6,000,000	EUR	100.00	Comau S.p.A.	100.000	
Comau laisa S.de R.L. de C.V.	Mexico	17,181,062	MXN	100.00	Comau Mexico S.de R.L. de C.V.	100.000	
Comau India Private Limited	India	239,935,020	INR	100.00	Comau S.p.A.	99.990	
					Comau Deutschland GmbH	0.010	
Comau LLC	U.S.A.	100	USD	100.00	FCA North America Holdings LLC	100.000	
Comau Mexico S.de R.L. de C.V.	Mexico	99,349,172	MXN	100.00	Comau S.p.A.	100.000	
Comau Poland Sp. z o.o.	Poland	3,800,000	PLN	100.00	Comau S.p.A.	100.000	
Comau Romania S.R.L.	Romania	23,673,270	RON	100.00	Comau S.p.A.	100.000	
Comau Russia OOO	Russia	4,770,225	RUB	100.00	Comau S.p.A.	99.000	
					Comau Deutschland GmbH	1.000	
Comau Service Systems S.L.	Spain	250,000	EUR	100.00	Comau S.p.A.	100.000	
Comau Trebol S.de R.L. de C.V.	Mexico	16,168,211	MXN	100.00	Comau Mexico S.de R.L. de C.V.	100.000	
Comau U.K. Limited	United Kingdom	2,502,500	GBP	100.00	Comau S.p.A.	100.000	

Investments of FCA Group consolidated on a line-by-line basis (percentage of EXOR Group consolidation: 29.41%)

Name	Country	Capital Stock	Currency	% of Group Consolidation	Interest held by	% of Interest held	% of voting rights
Subsidiaries consolidated on a line-by-line basis							
Other Activities: Holding companies and Other companies							
Deposito Avogadro S.p.A.	Italy	5,100,000	EUR	100.00	FCA Partecipazioni S.p.A.	100.000	
FCA Argentina S.A.	Argentina	5,292,117	ARS	100.00	FCA Services S.p.A.	90.961	
					FCA Fiat Chrysler Participacoes Brasil Limitada	9.029	
					Fiat Chrysler Rimaco Argentina S.A.	0.009	
					FCA AUTOMOBILES ARGENTINA S.A.	0.001	
FCA Fiat Chrysler Participacoes Brasil Limitada	Brazil	10,024,292,755	BRL	100.00	Fiat Chrysler Automobiles N.V.	49.879	
					FCA Italy S.p.A.	49.692	
					FCA Real Estate Services S.p.A.	0.429	
FCA Group Purchasing France S.a.r.l.	France	7,700	EUR	100.00	FCA Group Purchasing S.r.l.	100.000	
FCA Group Purchasing Poland Sp. z o.o.	Poland	300,000	PLN	100.00	FCA Group Purchasing S.r.l.	100.000	
FCA Group Purchasing S.r.l.	Italy	600,000	EUR	100.00	FCA Partecipazioni S.p.A.	100.000	
FCA Information Technology, Excellence and Methods S.p.A.	Italy	500,000	EUR	100.00	FCA Services S.p.A.	99.000	
					FCA Italy S.p.A.	1.000	
FCA North America Holdings LLC	U.S.A.	0	USD	100.00	Fiat Chrysler Automobiles N.V.	100.000	
FCA Partecipazioni S.p.A.	Italy	50,000,000	EUR	100.00	FCA Italy S.p.A.	100.000	
FCA Services Belgium N.V.	Belgium	62,000	EUR	100.00	FCA Services S.p.A.	99.960	
					Servizi e Attività Doganali per l'Industria S.p.A.	0.040	
FCA Services d.o.o. Kragujevac	Serbia	15,047,880	RSD	100.00	FCA Services S.p.A.	100.000	
FCA Services Germany GmbH	Germany	200,000	EUR	100.00	FCA Services S.p.A.	100.000	
FCA Services Hispano-Lusa S.A.	Spain	2,797,054	EUR	100.00	FCA Services S.p.A.	100.000	
FCA Services Polska Sp. z o.o.	Poland	3,600,000	PLN	100.00	FCA Services S.p.A.	100.000	
FCA Services S.p.A.	Italy	3,600,000	EUR	100.00	FCA Partecipazioni S.p.A.	100.000	
FCA Services Support Mexico S.A. de C.V.	Mexico	100	MXN	100.00	FCA Services S.p.A.	99.000	
					Servizi e Attività Doganali per l'Industria S.p.A.	1.000	
FCA Services U.S.A., Inc.	U.S.A.	500,000	USD	100.00	FCA Services S.p.A.	100.000	
FCA Servizi per l'Industria S.c.p.A.	Italy	1,652,669	EUR	88.92	FCA Italy S.p.A.	51.000	
					FCA Partecipazioni S.p.A.	11.500	
					Fiat Chrysler Automobiles N.V.	5.000	
					Teksid S.p.A.	2.000	
					Abarth & C. S.p.A.	1.500	
					C.R.F. Società Consortile per Azioni	1.500	
					Comau S.p.A.	1.500	
					FCA Group Marketing S.p.A.	1.500	
					FCA Information Technology, Excellence and Methods S.p.A.	1.500	
					FCA Services S.p.A.	1.500	
					Fiat Chrysler Finance S.p.A.	1.500	
					Fidis S.p.A.	1.500	
					Italiana Editrice S.p.A.	1.500	
					Magneti Marelli S.p.A.	1.500	
					Maserati S.p.A.	1.500	
					Orione-Società Industriale per la Sicurezza e la Vigilanza Consortile per Azioni	1.500	
					SIRIO - Sicurezza Industriale Società consortile per azioni	1.500	
					Deposito Avogadro S.p.A.	0.500	
Fiat Chrysler Automobiles Services UK Limited	United Kingdom	18,750,000	GBP	100.00	FCA Partecipazioni S.p.A.	100.000	
Fiat Chrysler Financas Brasil Ltda.	Brazil	2,469,701	BRL	100.00	Fiat Chrysler Finance S.p.A.	99.994	
					FCA Fiat Chrysler Participacoes Brasil Limitada	0.006	
Fiat Chrysler Finance Canada Ltd.	Canada	10,099,885	CAD	100.00	Fiat Chrysler Finance Europe S.A.	100.000	
Fiat Chrysler Finance et Services S.A.	France	3,700,000	EUR	100.00	FCA Services S.p.A.	99.997	
Fiat Chrysler Finance Europe S.A.	Luxembourg	251,494,000	EUR	100.00	Fiat Chrysler Finance S.p.A.	60.003	
					Fiat Chrysler Automobiles N.V.	39.997	
Fiat Chrysler Finance North America Inc.	U.S.A.	190,090,010	USD	100.00	Fiat Chrysler Finance Europe S.A.	100.000	
Fiat Chrysler Finance S.p.A.	Italy	224,440,000	EUR	100.00	Fiat Chrysler Automobiles N.V.	100.000	
Fiat Chrysler Polska Sp. z o.o.	Poland	25,500,000	PLN	100.00	FCA Partecipazioni S.p.A.	100.000	
Fiat Chrysler Rimaco SA	Switzerland	350,000	CHF	100.00	FCA Partecipazioni S.p.A.	100.000	
Fiat Chrysler Risk Management S.p.A.	Italy	120,000	EUR	100.00	FCA Partecipazioni S.p.A.	100.000	
Fiat Chrysler UK LLP	United Kingdom	7,800,250,001	USD	100.00	Fiat Chrysler Automobiles N.V.	99.997	
					Maserati North America Inc.	0.003	
Fiat U.S.A. Inc.	U.S.A.	16,830,000	USD	100.00	Fiat Chrysler Automobiles N.V.	100.000	
Italiana Editrice S.p.A. (*)	Italy	7,500,000	EUR	77.00	Fiat Chrysler Automobiles N.V.	77.000	
Neptunia Assicurazioni Marittime S.A.	Switzerland	10,000,000	CHF	100.00	Fiat Chrysler Rimaco SA	100.000	
New Business 30 S.r.l.	Italy	100,000	EUR	100.00	FCA Partecipazioni S.p.A.	100.000	
Nexta Srl (*)	Italy	50,000	EUR	77.00	Italiana Editrice S.p.A.	100.000	
Publikompass S.p.A. (*)	Italy	3,068,000	EUR	77.00	Italiana Editrice S.p.A.	100.000	

Investments of FCA Group consolidated on a line-by-line basis (percentage of EXOR Group consolidation: 29.41%)

Name	Country	Capital Stock	Currency	% of Group Consolidation	Interest held by	% of Interest held	% of voting rights
Subsidiaries consolidated on a line-by-line basis							
Other Activities: Holding companies and Other companies							
Sadi Polska-Agencja Celna Sp. z o.o.	Poland	500,000	PLN	100.00	Servizi e Attività Doganali per l'Industria S.p.A.	100.000	
Servizi e Attività Doganali per l'Industria S.p.A.	Italy	520,000	EUR	100.00	FCA Services S.p.A.	100.000	
SIRIO - Sicurezza Industriale Società consortile per azioni	Italy	120,000	EUR	86.71	FCA Partecipazioni S.p.A.	58.978	
					FCA Italy S.p.A.	16.600	
					Magneti Marelli S.p.A.	1.841	
					FCA ITALY HOLDINGS S.p.A.	1.314	
					FCA Meli S.r.l.	0.833	
					C.R.F. Società Consortile per Azioni	0.768	
					Fiat Chrysler Automobiles N.V.	0.751	
					Comau S.p.A.	0.729	
					Teksid S.p.A.	0.664	
					FCA Services S.p.A.	0.593	
					Sistemi Sospensioni S.p.A.	0.551	
					Teksid Aluminum S.r.l.	0.540	
					FCA Servizi per l'Industria S.c.p.A.	0.481	
					Fiat Chrysler Finance S.p.A.	0.406	
					Fidis S.p.A.	0.325	
					Italiana Editrice S.p.A.	0.273	
					Automotive Lighting Italia S.p.A.	0.255	
					FCA Group Marketing S.p.A.	0.103	
					FCA Group Purchasing S.r.l.	0.103	
					FCA Real Estate Services S.p.A.	0.103	
					Servizi e Attività Doganali per l'Industria S.p.A.	0.103	
					Plastic Components and Modules Automotive S.p.A.	0.087	
					FCA Center Italia S.p.A.	0.045	
					Abarth & C. S.p.A.	0.039	
					Fiat Chrysler Risk Management S.p.A.	0.039	
					Maserati S.p.A.	0.039	
					Orione-Società Industriale per la Sicurezza e la Vigilanza Consortile per Azioni	0.039	
					Sisport S.p.A. - Società sportiva dilettantistica	0.039	
					Magneti Marelli After Market Parts and Services S.p.A.	0.037	
					Deposito Avogadro S.p.A.	0.022	
					Easy Drive S.r.l.	0.022	
					FCA Customer Services Centre S.r.l.	0.022	
					FCA Fleet & Tenders S.R.L.	0.022	
					FCA Information Technology, Excellence and Methods S.p.A.	0.022	
					i-FAST Automotive Logistics S.r.l.	0.020	
					i-FAST Container Logistics S.p.A.	0.020	
Sisport S.p.A. - Società sportiva dilettantistica	Italy	889,049	EUR	100.00	FCA Partecipazioni S.p.A.	100.000	

Joint arrangements of FCA Group (percentage of EXOR Group consolidation: 29.41%)

Name	Country	Capital Stock	Currency	% of Group Consolidation	Interest held by	% of Interest held	% of voting rights
JOINT ARRANGEMENTS							
Mass-Market Vehicles							
APAC							
Fiat India Automobiles Private Limited	India	24,451,596,600	INR	50.00	FCA Italy S.p.A.	50.000	
EMEA							
Società Europea Veicoli Leggeri-Sevel S.p.A.	Italy	68,640,000	EUR	50.00	FCA Italy S.p.A.	50.000	

Investments of CNH Industrial Group consolidated on a line-by-line basis (percentage of EXOR Group consolidation: 27.29%)

Name	Country	Capital Stock	Currency	% of Group Consolidation	Interest held by	% of Interest held	% of voting rights
Subsidiaries consolidated on a line-by-line basis							
2 H Energy S.A.S.	France	2,000,000	EUR	100.00	CNH Industrial Finance France S.A.	100.000	
Afin Bohemia s.r.o.	Czech Republic	1,000,000	CZK	100.00	CNH Industrial Capital Limited	100.000	
Afin Bulgaria EAD	Bulgaria	310,110	BGN	100.00	CNH Industrial Capital Limited	100.000	
Afin Slovakia S.R.O.	Slovak Republic	39,833	EUR	99.96	CNH Industrial Capital Limited Iveco Slovakia, s.r.o.	98.120 1.880	
Afin Trade Bulgaria Eood	Bulgaria	5,000	BGN	100.00	Afin Bulgaria EAD	100.000	
Amce-Automotive Manufacturing Co.Ethiopia	Ethiopia	100,000,000	ETB	70.00	CNH Industrial N.V.	70.000	
Astra Veicoli Industriali S.p.A.	Italy	10,400,000	EUR	100.00	Iveco S.p.A.	100.000	
Banco CNH Industrial Capital S.A.	Brazil	891,582,770	BRL	100.00	CNH Industrial N.V. CNH Industrial Latin America Ltda.	99.329 0.671	
BLI Group, Inc.	U.S.A.	1,000	USD	100.00	CNH Industrial America LLC	100.000	
Blue Leaf I.P., Inc.	U.S.A.	1,000	USD	100.00	BLI Group, Inc.	100.000	
Blue Leaf Insurance Company	U.S.A.	250,000	USD	100.00	CNH Industrial America LLC	100.000	
Case Brazil Holdings, Inc.	U.S.A.	1,000	USD	100.00	CNH Industrial America LLC	100.000	
Case Canada Receivables, Inc.	Canada	1	CAD	100.00	CNH Industrial Capital America LLC	100.000	
Case Construction Machinery (Shanghai) Co., Ltd	People's Rep.of China	14,000,000	USD	100.00	CNH Industrial N.V.	100.000	
Case Credit Holdings Limited	U.S.A.	5	USD	100.00	CNH Industrial Capital America LLC	100.000	
Case Dealer Holding Company LLC	U.S.A.	1	USD	100.00	CNH Industrial America LLC	100.000	
Case Equipment Holdings Limited	U.S.A.	5	USD	100.00	CNH Industrial America LLC	100.000	
Case Equipment International Corporation	U.S.A.	1,000	USD	100.00	CNH Industrial America LLC	100.000	
Case Europe S.a.r.l.	France	7,622	EUR	100.00	CNH Industrial America LLC	100.000	
Case Harvesting Systems GmbH	Germany	281,211	EUR	100.00	CNH Industrial America LLC	100.000	
CASE ILE DE FRANCE	France	600,000	EUR	100.00	CNH Industrial France	100.000	
Case India Limited	U.S.A.	5	USD	100.00	CNH Industrial America LLC	100.000	
Case New Holland Construction Equipment (India) Private Limited	India	240,100,000	INR	100.00	CNH Industrial (India) Private Limited CNH Industrial America LLC	50.000 50.000	
Case New Holland Industrial Inc.	U.S.A.	5	USD	100.00	CNH Industrial N.V.	100.000	
CASE New Holland Machinery Trading (Shanghai) Co. Ltd.	People's Rep.of China	2,250,000	USD	100.00	CNH Industrial America LLC	100.000	
Case United Kingdom Limited	United Kingdom	3,763,618	GBP	100.00	CNH Industrial America LLC	100.000	
CNH (China) Management Co., Ltd.	People's Rep.of China	12,000,000	USD	100.00	CNH Industrial N.V.	100.000	
CNH (Shanghai) Equipment R&D Co., Ltd.	People's Rep.of China	7,000,000	USD	100.00	CNH Industrial N.V.	100.000	
CNH Capital Finance LLC	U.S.A.	5,000	USD	100.00	Case Credit Holdings Limited	100.000	
CNH Capital Operating Lease Equipment Receivables LLC	U.S.A.	1,000	USD	100.00	CNH Industrial Capital America LLC	100.000	
CNH Capital Receivables LLC	U.S.A.	0	USD	100.00	CNH Industrial Capital America LLC	100.000	
CNH Componentes, S.A. de C.V.	Mexico	135,634,842	MXN	100.00	CNH Industrial America LLC	100.000	
CNH Industrial (India) Private Limited	India	12,416,900,200	INR	100.00	CNH Industrial Asian Holding Limited N.V.	100.000	
CNH Industrial America LLC	U.S.A.	0	USD	100.00	Case New Holland Industrial Inc.	100.000	
CNH Industrial Argentina S.A.	Argentina	366,492,805	ARS	100.00	CNH Industrial Latin America Ltda. New Holland Holding (Argentina) S.A.	93.292 6.708	
CNH Industrial Asian Holding Limited N.V.	Belgium	25,000,000	EUR	100.00	CNH Industrial N.V.	100.000	
CNH Industrial Australia Pty Limited	Australia	293,408,692	AUD	100.00	CNH Industrial N.V.	100.000	
CNH Industrial Baumaschinen GmbH	Germany	61,355,030	EUR	100.00	CNH Industrial Europe Holding S.A.	100.000	
CNH Industrial Belgium N.V.	Belgium	456,081,158	EUR	100.00	CNH Industrial Europe Holding S.A. New Holland Holding Limited	88.828 11.172	
CNH Industrial BM GmbH	Austria	35,000	EUR	100.00	CNH Industrial Osterreich GmbH	100.000	
CNH Industrial Canada, Ltd.	Canada	28,000,100	CAD	100.00	CNH Industrial N.V.	100.000	
CNH Industrial Capital (Shanghai) Commercial Factoring Co. Ltd.	People's Rep.of China	10,000,000	USD	100.00	CNH Industrial Capital Australia Pty Limited	100.000	
CNH Industrial Capital America LLC	U.S.A.	1,000	USD	100.00	CNH Industrial Capital LLC	100.000	
CNH INDUSTRIAL CAPITAL ARGENTINA S.A.	Argentina	454,782,818	ARS	100.00	CNH Industrial N.V. CNH Industrial Argentina S.A. Iveco Argentina S.A.	66.120 16.940 16.940	
CNH Industrial Capital Australia Pty Limited	Australia	70,675,693	AUD	100.00	CNH Industrial Australia Pty Limited	100.000	
CNH Industrial Capital Canada Ltd.	Canada	5,435,350	CAD	100.00	Case Credit Holdings Limited	100.000	
CNH Industrial Capital Corretora de Seguros Ltda.	Brazil	100,000	BRL	100.00	Banco CNH Industrial Capital S.A. CNH Industrial Latin America Ltda.	99.990 0.010	
CNH Industrial Capital Limited	United Kingdom	26,001,000	EUR	100.00	CNH Industrial N.V.	100.000	
CNH Industrial Capital LLC	U.S.A.	0	USD	100.00	CNH Industrial America LLC	100.000	

Investments of CNH Industrial Group consolidated on a line-by-line basis (percentage of EXOR Group consolidation: 27.29%)

Name	Country	Capital Stock	Currency	% of Group Consolidation	Interest held by	% of Interest held	% of voting rights
Subsidiaries consolidated on a line-by-line basis							
CNH Industrial Capital Solutions S.p.A.	Italy	213,000,000	EUR	100.00	CNH Industrial N.V. CNH Industrial Capital Limited	50.100 49.900	
CNH Industrial Danmark A/S	Denmark	12,000,000	DKK	100.00	CNH Industrial Europe Holding S.A.	100.000	
CNH Industrial Deutschland GmbH	Germany	18,457,650	EUR	100.00	CNH Industrial Baumaschinen GmbH CNH Industrial Europe Holding S.A.	90.000 10.000	
CNH Industrial Europe Holding S.A.	Luxembourg	100,000,000	USD	100.00	CNH Industrial N.V.	100.000	
CNH Industrial Finance Europe S.A.	Luxembourg	50,000,000	EUR	100.00	CNH Industrial N.V. CNH Industrial Finance S.p.A.	60.000 40.000	
CNH Industrial Finance France S.A.	France	1,000,000	EUR	100.00	CNH Industrial N.V.	99.998	
CNH Industrial Finance North America Inc.	U.S.A.	25,000,000	USD	100.00	CNH Industrial N.V. CNH Industrial Finance S.p.A.	60.000 40.000	
CNH Industrial Finance S.p.A.	Italy	100,000,000	EUR	100.00	CNH Industrial N.V.	100.000	
CNH Industrial Financial Services A/S	Denmark	500,000	DKK	100.00	CNH Industrial N.V.	100.000	
CNH Industrial Financial Services GmbH	Germany	1,151,000	EUR	100.00	CNH Industrial Europe Holding S.A.	100.000	
CNH Industrial Financial Services S.A.	France	105,860,635	EUR	100.00	CNH Industrial N.V.	100.000	
CNH Industrial France	France	52,965,450	EUR	100.00	CNH Industrial Europe Holding S.A.	100.000	
CNH Industrial Italia s.p.a.	Italy	56,225,000	EUR	100.00	CNH Industrial N.V.	100.000	
CNH Industrial Korea LLC	South Korea	3,500,000,000	KRW	100.00	CNH Industrial N.V.	100.000	
CNH Industrial Latin America Ltda.	Brazil	2,146,078,578	BRL	100.00	CNH Industrial N.V.	100.000	
CNH Industrial Machinery (Harbin) Co. Ltd.	People's Rep. of China	31,000,000	USD	100.00	CNH Industrial Asian Holding Limited N.V. CNH Industrial Europe Holding S.A.	99.923 0.077	
CNH Industrial Maquinaria Spain S.A.	Spain	21,000,000	EUR	100.00	Iveco Espana S.L.	100.000	
CNH Industrial OLDCO Capital Limited	United Kingdom	2,480	EUR	100.00	CNH Industrial N.V.	100.000	
CNH Industrial Osterreich GmbH	Austria	2,000,000	EUR	100.00	CNH Industrial N.V.	100.000	
CNH Industrial Polska Sp. z o.o.	Poland	162,591,660	PLN	100.00	CNH Industrial Belgium N.V.	100.000	
CNH Industrial Portugal-Comercio de Tractores e Maquinas Agricolas Ltda	Portugal	498,798	EUR	100.00	CNH Industrial Europe Holding S.A. CNH Industrial Italia s.p.a.	99.980 0.020	
CNH Industrial Russia LLC	Russia	608,754,200	RUR	100.00	Iveco Nederland B.V.	100.000	
CNH Industrial Sales and services GmbH	Germany	25,000	EUR	100.00	CNH Industrial Baumaschinen GmbH	100.000	
CNH Industrial Services (Thailand) Limited	Thailand	10,000,000	THB	100.00	CNH Industrial Services S.r.l.	99.997	
CNH Industrial Services S.r.l.	Italy	10,400	EUR	100.00	CNH Industrial Italia s.p.a.	100.000	
CNH Industrial Sweden AB	Sweden	50,000	SEK	100.00	CNH Industrial N.V.	100.000	
CNH Industrial U.S. Holdings Inc.	U.S.A.	1	USD	100.00	CNH Industrial N.V.	100.000	
CNH Reman LLC	U.S.A.	4,000,000	USD	50.00	CNH Industrial America LLC	50.000	
CNH U.K. Limited	United Kingdom	25,275	GBP	100.00	New Holland Holding Limited	100.000	
CNH Wholesale Receivables LLC	U.S.A.	1,000	USD	100.00	CNH Industrial Capital America LLC	100.000	
CNHI COMERCIO DE PEÇAS LTDA	Brazil	113,471,078	BRL	100.00	CNH Industrial Latin America Ltda.	100.000	
CNHI International S.A.	Switzerland	100,000	CHF	100.00	CNH Industrial N.V.	100.000	
Croxton Sp. z o.o.	Poland	5,000	PLN	100.00	CNH Industrial Polska Sp. z o.o.	100.000	
Effe Grundbesitz GmbH	Germany	10,225,838	EUR	83.77	Iveco Investitions GmbH	90.000	
F. Pegaso S.A.	Spain	993,045	EUR	100.00	Iveco Espana S.L. Transolver Service S.A.	99.996 0.004	
Farmpower Pty Limited	Australia	360	AUD	100.00	CNH Industrial Australia Pty Limited	100.000	
Fiat Powertrain Technologies Management (Shanghai) Co. Ltd.	People's Rep. of China	2,000,000	USD	100.00	FPT Industrial S.p.A.	100.000	
Fiat Powertrain Technologies of North America, Inc.	U.S.A.	1	USD	100.00	FPT Industrial S.p.A.	100.000	
Fiattalis North America LLC	U.S.A.	32	USD	100.00	CNH Industrial America LLC	100.000	
Flagship Dealer Holding Company, LLC	U.S.A.	1	USD	100.00	CNH Industrial America LLC	100.000	
Flexi-Coil (U.K.) Limited	United Kingdom	3,291,776	GBP	100.00	CNH Industrial Canada, Ltd.	100.000	
FPT - Powertrain Technologies France S.A.	France	73,444,960	EUR	100.00	Iveco France CNH Industrial Finance France S.A.	97.200 2.800	
FPT Industrial Argentina S.A.	Argentina	141,959,867	ARS	100.00	FPT Industrial S.p.A. CNHI COMERCIO DE PEÇAS LTDA	96.977 3.023	
FPT Industrial S.p.A.	Italy	100,000,000	EUR	100.00	CNH Industrial N.V.	100.000	
FPT Motorenforschung AG	Switzerland	4,600,000	CHF	100.00	FPT Industrial S.p.A. Société Charolaise de Participations S.A.	100.000	
Heuliez Bus S.A.	France	9,000,000	EUR	100.00	CNH Industrial N.V.	100.000	
HFI Holdings, Inc.	U.S.A.	1,000	USD	100.00	CNH Industrial America LLC	100.000	
IAV-Industrie-Anlagen-Verpachtung GmbH	Germany	25,565	EUR	88.42	Iveco Investitions GmbH	95.000	
Irisbus Italia S.p.A.	Italy	4,500,000	EUR	100.00	Iveco S.p.A.	100.000	
Iveco (China) Commercial Vehicle Sales Co. Ltd	People's Rep. of China	50,000,000	CNY	100.00	Iveco S.p.A.	100.000	
Iveco (Schweiz) AG	Switzerland	9,000,000	CHF	100.00	Iveco Nederland B.V.	100.000	
Iveco Arac Sanayi VE Ticaret A.S.	Turkey	24,698,000	TRY	100.00	CNH Industrial N.V.	100.000	
Iveco Argentina S.A.	Argentina	631,000,000	ARS	100.00	Iveco Espana S.L. Astra Veicoli Industriali S.p.A.	98.990 1.010	
Iveco Austria GmbH	Austria	6,178,000	EUR	100.00	CNH Industrial N.V.	100.000	
Iveco Bayern GmbH	Germany	742,000	EUR	94.00	Iveco Magirus AG	100.000	
Iveco Capital Broker de Asigurare - Reasigurare S.r.l.	Romania	150,000	RON	100.00	Iveco Capital Leasing IFN S.A.	100.000	
Iveco Capital Leasing IFN S.A.	Romania	22,519,326	RON	100.00	CNH Industrial Capital Limited	100.000	
Iveco Capital Limited	United Kingdom	798	GBP	100.00	CNH Industrial Capital Limited	100.000	
Iveco Capital Russia LLC	Russia	50,000,000	RUR	100.00	CNH Industrial Capital Limited	100.000	
Iveco Capital SA	Switzerland	14,000,000	CHF	100.00	CNH Industrial Capital Limited	100.000	

Investments of CNH Industrial Group consolidated on a line-by-line basis (percentage of EXOR Group consolidation: 27.29%)

Name	Country	Capital Stock	Currency	% of Group Consolidation	Interest held by	% of Interest held	% of voting rights
Subsidiaries consolidated on a line-by-line basis							
Iveco Czech Republic A.S.	Czech Republic	1,065,559,000	CZK	97.98	Iveco France	97.978	
Iveco Danmark A/S	Denmark	501,000	DKK	100.00	CNH Industrial N.V.	100.000	
Iveco Defence Vehicles SpA	Italy	25,000,000	EUR	100.00	Iveco S.p.A.	100.000	
Iveco Espana S.L.	Spain	132,333,109	EUR	100.00	CNH Industrial N.V.	100.000	
Iveco Est Sas	France	2,005,600	EUR	100.00	Iveco France	100.000	
Iveco Finland OY	Finland	100,000	EUR	100.00	CNH Industrial N.V.	100.000	
Iveco France	France	92,856,130	EUR	100.00	Iveco Espana S.L. CNH Industrial N.V.	50.326 49.674	
Iveco Holdings Limited	United Kingdom	47,000,000	GBP	100.00	CNH Industrial N.V.	100.000	
Iveco Insurance Vostok LLC	Russia	740,000	RUR	100.00	CNH Industrial Capital Limited	100.000	
Iveco Investitions GmbH	Germany	2,556,459	EUR	93.08	Iveco Magirus AG	99.020	
Iveco L.V.I. S.a.s.	France	503,250	EUR	100.00	Iveco France	100.000	
Iveco Latin America Ltda	Brazil	1,258,618,326	BRL	100.00	CNH Industrial N.V. CNH Industrial Latin America Ltda.	89.003 10.997	
Iveco Limited	United Kingdom	117,000,000	GBP	100.00	Iveco Holdings Limited	100.000	
Iveco Magirus AG	Germany	50,000,000	EUR	94.00	CNH Industrial N.V. Iveco S.p.A.	88.340 5.660	
Iveco Magirus Fire Fighting GmbH	Germany	30,776,857	EUR	84.63	Iveco Magirus AG	90.032	
Iveco Nederland B.V.	Netherlands	21,920,549	EUR	100.00	CNH Industrial N.V.	100.000	
Iveco Nord Nutzfahrzeuge GmbH	Germany	1,611,500	EUR	94.00	Iveco Magirus AG	100.000	
Iveco Nord S.A.	France	45,730	EUR	99.77	Iveco France	99.767	
Iveco Nord-Ost Nutzfahrzeuge GmbH	Germany	2,120,000	EUR	94.00	Iveco Magirus AG	100.000	
Iveco Norge A.S.	Norway	18,600,000	NOK	100.00	CNH Industrial N.V.	100.000	
Iveco Otomotiv Ticaret A.S.	Turkey	15,060,046	TRY	100.00	CNH Industrial N.V.	100.000	
Iveco Partecipazioni Finanziarie S.r.l. in liquidazione	Italy	2,600,000	EUR	100.00	Iveco S.p.A.	100.000	
Iveco Participations s.a.s.	France	468,656	EUR	100.00	Iveco France	100.000	
Iveco Pension Trustee Ltd	United Kingdom	2	GBP	100.00	Iveco Holdings Limited Iveco Limited	50.000 50.000	
Iveco Poland Sp. z o.o.	Poland	46,974,500	PLN	100.00	CNH Industrial N.V.	100.000	
Iveco Portugal-Comercio de Veiculos Industriais S.A.	Portugal	15,962,000	EUR	100.00	CNH Industrial N.V. Astra Veicoli Industriali S.p.A. Iveco Espana S.L.	99.998 0.001 0.001	
Iveco Provence s.a.s.	France	2,371,200	EUR	100.00	Iveco Participations s.a.s.	100.000	
Iveco Retail Limited	United Kingdom	6,250,100	GBP	100.00	Iveco Holdings Limited	100.000	
Iveco Romania S.r.l.	Romania	17,500	RON	100.00	Iveco Austria GmbH	100.000	
Iveco S.p.A.	Italy	200,000,000	EUR	100.00	CNH Industrial N.V.	100.000	
Iveco Slovakia, s.r.o.	Slovak Republic	6,639	EUR	97.98	Iveco Czech Republic A.S.	100.000	
Iveco South Africa (Pty) Ltd.	South Africa	15,000,750	ZAR	100.00	CNH Industrial N.V.	100.000	
Iveco South Africa Works (Pty) Ltd	South Africa	1,000	ZAR	60.00	Iveco South Africa (Pty) Ltd.	60.000	
Iveco Sud-West Nutzfahrzeuge GmbH	Germany	1,533,900	EUR	94.00	Iveco Magirus AG	100.000	
Iveco Sweden A.B.	Sweden	600,000	SEK	100.00	CNH Industrial N.V.	100.000	
Iveco Truck Services S.R.L.	Romania	2,200,200	RON	100.00	Iveco Romania S.r.l. Iveco Magyarorszag Kereskedelmi KFT	95.000 5.000	
Iveco Trucks Australia Limited	Australia	47,492,260	AUD	100.00	CNH Industrial N.V.	100.000	
Iveco Ukraine LLC	Ukraine	49,258,692	UAH	100.00	CNH Industrial N.V.	100.000	
Iveco Venezuela C.A.	Venezuela	3,985,803	VEF	100.00	CNH Industrial N.V. Iveco S.p.A.	62.689 37.311	
Iveco West Nutzfahrzeuge GmbH	Germany	3,017,000	EUR	94.00	Iveco Magirus AG	100.000	
MAGIRUS CAMIVA S.a.s. (società par actions simplifiée)	France	1,870,169	EUR	84.63	Iveco Magirus Fire Fighting GmbH	100.000	
Magirus GmbH	Germany	6,493,407	EUR	84.43	Iveco Magirus Fire Fighting GmbH	99.764	
Magirus Lohr GmbH	Austria	1,271,775	EUR	84.43	Magirus GmbH	100.000	
MBA AG	Switzerland	4,000,000	CHF	100.00	CNH Industrial N.V.	100.000	
Mediterranea de Camiones S.L.	Spain	48,080	EUR	100.00	Iveco Espana S.L. CNH Industrial N.V.	99.875 0.125	
New Holland Construction Machinery S.p.A.	Italy	12,396,363	EUR	100.00	CNH Industrial Italia s.p.a.	100.000	
New Holland Credit Company, LLC	U.S.A.	0	USD	100.00	CNH Industrial Capital LLC	100.000	
New Holland Holding (Argentina) S.A.	Argentina	23,555,415	ARS	100.00	CNH Industrial Latin America Ltda.	100.000	
New Holland Holding Limited	United Kingdom	33,601	GBP	100.00	CNH Industrial Europe Holding S.A.	100.000	
New Holland Ltd	United Kingdom	1,000,000	GBP	100.00	CNH Industrial N.V.	100.000	
New Holland Tractor Ltd.	United Kingdom	184,100	GBP	100.00	New Holland Holding Limited	100.000	
O & K - Hilfe GmbH	Germany	25,565	EUR	100.00	CNH Industrial Baumaschinen GmbH	100.000	
Officine Brennero S.p.A.	Italy	2,833,830	EUR	100.00	Iveco S.p.A.	100.000	
OOO Iveco Russia	Russia	868,545,000	RUR	100.00	CNH Industrial N.V. Iveco Austria GmbH	99.960 0.040	
Receivables Credit II Corporation	Canada	1	CAD	100.00	CNH Industrial Capital America LLC	100.000	

Investments of CNH Industrial Group consolidated on a line-by-line basis (percentage of EXOR Group consolidation: 27.29%)

Name	Country	Capital Stock	Currency	% of Group Consolidation	Interest held by	% of Interest held	% of voting rights
Subsidiaries consolidated on a line-by-line basis							
S.A. Iveco Belgium N.V.	Belgium	6,000,000	EUR	100.00	CNH Industrial N.V. Iveco Nederland B.V.	99.983 0.017	
SAIC Fiat Powertrain Hongyan Co. Ltd.	People's Rep. of China	580,000,000	CNY	60.00	SAIC IVECO Commercial Vehicle Investment Company Limited FPT Industrial S.p.A.	60.000 30.000	
Seddon Atkinson Vehicles Ltd	United Kingdom	41,700,000	GBP	100.00	Iveco Holdings Limited	100.000	
Shanghai New Holland Agricultural Machinery Corporation Limited	People's Rep. of China	67,000,000	USD	60.00	CNH Industrial Asian Holding Limited N.V.	60.000	
Société Charolaise de Participations S.A.	France	2,370,000	EUR	100.00	Iveco Espana S.L.	100.000	
Société de Diffusion de Vehicules Industriels-SDVI S.A.S.	France	7,022,400	EUR	100.00	Iveco France	100.000	
Steyr Center Nord GmbH	Austria	35,000	EUR	100.00	CNH Industrial Osterreich GmbH	100.000	
Transolver Service S.A.	Spain	610,000	EUR	100.00	CNH Industrial Capital Limited Iveco Espana S.L.	99.984 0.016	
Transolver Services S.A.S.	France	38,000	EUR	99.80	CNH Industrial Capital Limited	99.800	
UAB Iveco Capital Baltic	Lithuania	40,110	EUR	100.00	CNH Industrial Capital Limited	100.000	
Uzcaseagroleasing LLC	Uzbekistan	5,000,000	USD	51.00	Case Credit Holdings Limited	51.000	
UzCaseMash LLC	Uzbekistan	15,000,000	USD	60.00	Case Equipment Holdings Limited	60.000	
UzCaseService LLC	Uzbekistan	4,117,500	USD	51.00	Case Equipment Holdings Limited	51.000	
UzCaseTractor LLC	Uzbekistan	15,000,000	USD	51.00	Case Equipment Holdings Limited	51.000	
Zona Franca Alari Sepauto S.A.	Spain	520,560	EUR	51.87	Iveco Espana S.L.	51.867	

Investments of Ferrari Group consolidated on a line-by-line basis (percentage of EXOR Group consolidation: 23.52%)

Name	Country	Capital Stock	Currency	% of Group Consolidation	Interest held by	% of Interest held	% of voting rights
SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS							
<i>Business Auto: Luxury and Performance Brands</i>							
410 Park Display Inc.	Stati Uniti	100	USD	100.00	Ferrari N.America Inc.	100,000	
Ferrari Australasia Pty Limited	Australia	2,000.100	AUD	100.00	Ferrari S.p.A.	100,000	
Ferrari Cars International Trading (Shanghai) Co. Ltd.	Cina (Rep. Popolare)	2,212.500	USD	80.00	Ferrari S.p.A.	80,000	
Ferrari Central / East Europe GmbH	Germania	1.000.000	EUR	100.00	Ferrari S.p.A.	100,000	
Ferrari Far East PTE LTD	Singapore	1.000.000	SGD	100.00	Ferrari S.p.A.	100,000	
Ferrari Financial Services S.p.A.	Italia	5.100.000	EUR	100.00	Ferrari S.p.A.	100,000	
Ferrari Financial Services, Inc.	Stati Uniti	1.000	USD	100.00	Ferrari Financial Services S.p.A.	100,000	
Ferrari Japan KK	Giappone	160.050.000	JPY	100.00	Ferrari S.p.A.	100,000	
Ferrari Management Consulting (Shanghai) CO., LTD	Cina (Rep. Popolare)	2.100.000	USD	100.00	Ferrari S.p.A.	100,000	
Ferrari North America Inc.	Stati Uniti	200.000	USD	100.00	Ferrari S.p.A.	100,000	
Ferrari North Europe Limited (a)	Regno Unito	50.000	GBP	100.00	Ferrari S.p.A.	100,000	
Ferrari S.p.A.	Italia	20.260.000	EUR	100.00	Ferrari N.V.	100,000	
Ferrari South West Europe S.A.R.L.	Francia	172.000	EUR	100.00	Ferrari S.p.A.	100,000	
GSA-Gestions Sportives Automobiles S.A.	Svizzera	1.000.000	CHF	100.00	Ferrari S.p.A.	100,000	
Mugello Circuit S.p.A.	Italia	10.000.000	EUR	100.00	Ferrari S.p.A.	100,000	
Ferrari Auto Securitization Transaction LLC	Stati Uniti	100.00	USD	100.00	Ferrari Financial Services, Inc.	100,000	
Ferrari Auto Securitization Transaction - Lease, LLC	Stati Uniti	100.00	USD	100.00	Ferrari Financial Services, Inc.	0.000	
Ferrari Auto Securitization Transaction - Select, LLC	Stati Uniti	100.00	USD	100.00	Ferrari Financial Services, Inc.	0.000	
Ferrari (HK) Limited	Hong Kong	10,000.00	HKD	100.00	Ferrari S.p.A.	0.000	

(a) In liquidation

Investments of PartnerRe Group consolidated on a line-by-line basis (percentage of EXOR Group consolidation: 100%)

Name	Country	Capital Stock	Currency	% of Group Consolidation	Interest held by	% of Interest held	% of voting rights
SUBSIDIARIES - CONSOLIDATED ON A LINE-BY-LINE BASIS							
<i>Reinsurances</i>							
Partner Reinsurance Company Ltd.	Bermuda	3,000,000.00	USD	100.00	PartnerRe Ltd.	100.000	
Lorenz Re Ltd.	Bermuda	499,999,901.00	USD	100.00	Partner Reinsurance Company Ltd.	100.000 (a)	100.000
Raccoon River Re Ltd	Bermuda	1.00	USD	100.00	Partner Reinsurance Company Ltd.	100.000	
Partner Reinsurance Life Company of Bermuda Ltd.	Bermuda	250,000.00	USD	100.00	Partner Reinsurance Company Ltd.	100.000	
PartnerRe Corporate Member Limited	United Kingdom	1.00	GBP	100.00	Partner Reinsurance Company Ltd.	100.000	
PartnerRe Corporate Member 2 Limited	United Kingdom	100.00	GBP	100.00	Partner Reinsurance Company Ltd.	100.000	
Mercalli Re Ltd.	Bermuda	10,001.00	USD	100.00	Mercalli Investment Holding Company Ltd. Mercalli ILS Master Fund Ltd.	100.000 (a) 100.000 (b)	100.000 0.000
Partner Reinsurance Asia Pte. Ltd.	Singapore	386,000,000.00	SGD	100.00	PartnerRe Ltd.	100.000	
PartnerRe Connecticut Inc.	U.S.A.	1,000.00	USD	100.00	PartnerRe Holdings Europe Limited	100.000	
Partner Reinsurance Europe SE	Ireland	1,000,000,000.00	EUR	100.00	PartnerRe Holdings SA	100.000	
PartnerRe Miami Inc.	U.S.A.	1,000.00	USD	100.00	Partner Reinsurance Europe SE	100.000	
PartnerRe America Insurance Company	U.S.A.	55,000.00	USD	100.00	PartnerRe U.S. Corporation	100.000	
Partner Reinsurance Company of the U.S.	U.S.A.	9,600.00	USD	100.00	PartnerRe U.S. Corporation	100.000	
PartnerRe Insurance Company of New York.	U.S.A.	300,000.00	USD	100.00	Partner Reinsurance Company of the U.S.	100.000	
Presidio Reinsurance Group, Inc.	U.S.A.	800,000.00	USD	100.00	PartnerRe U.S. Corporation	100.000	
Presidio Excess Insurance Services Inc.	U.S.A.	10,000.00	USD	100.00	Presidio Reinsurance Group, Inc.	100.000	
Presidio Reinsurance Corporation	U.S.A.	10,000.00	USD	100.00	Presidio Reinsurance Group, Inc.	100.000	
<i>Insurance</i>							
PartnerRe Ireland Insurance dac	Ireland	3,000,000.00	EUR	100.00	PartnerRe Holdings Europe Limited	100.000	
<i>Holdings and Others</i>							
PartnerRe Services Ltd.	Bermuda	12,000.00	USD	100.00	PartnerRe Ltd.	100.000	
PartnerRe Servicios Compañía Limitada	Chile	70,000,000.00	CLP	100.00	PartnerRe Services Ltd. Partner Reinsurance Company Ltd.	1.000 99.000	
PartnerRe Holdings Europe Limited	Ireland	100,000.00	EUR	100.00	PartnerRe Ltd.	100.000	
PartnerRe Holdings Ireland Limited	Ireland	1,000,000,000.00	EUR	100.00	PartnerRe Holdings Europe Limited	100.000	
PartnerRe Holdings B.V.	Netherlands	2,000.00	EUR	100.00	PartnerRe Holdings Europe Limited	100.000	
PartnerRe Holdings SA	France	40,889,248.00	EUR	100.00	PartnerRe Holdings Europe Limited	100.000	
Partner Reinsurance Europ SE- Escritório de Representação no Brasil Ltda.	Brazil	1,153,600.00	BRL	100.00	PartnerRe Holdings Europe Limited Partner Reinsurance Europe SE	1.000 99.000	
PartnerRe U.S. Corporation	U.S.A.	1,000.00	USD	100.00	PartnerRe Holdings Europe Limited	100.000	
PartnerRe Management Ltd.	United Kingdom	1,000.00	USD	100.00	Presidio Reinsurance Group, Inc.	100.000	

Investments of PartnerRe Group consolidated on a line-by-line basis (percentage of EXOR Group consolidation: 100%)

Name	Country	Capital Stock	Currency	% of Group Consolidation	Interest held by	% of Interest held	% of voting rights
SUBSIDIARIES - CONSOLIDATED ON A LINE-BY-LINE BASIS							
Others Financial							
PPF Holdings I Ltd.	Bermuda	12,000.00	USD	100.00	Partner Reinsurance Company Ltd.	100.000	
PPF Holdings II Ltd.	Bermuda	12,000.00	USD	100.00	Partner Reinsurance Company Ltd.	100.000	
PPF Holdings III Ltd.	Bermuda	12,000.00	USD	100.00	Partner Reinsurance Company Ltd.	100.000	
PartnerRe Capital Investments Corp.	U.S.A.	200.00	USD	100.00	Partner Reinsurance Company Ltd.	100.000	
LFR Collections LLC	U.S.A.	N/A	USD	100.00	PartnerRe Capital Investments Corp.	100.000	
Almandine I LLC	U.S.A.	N/A	USD	95.00	PartnerRe Capital Investments Corp.	100.000	
Mercalli Investment Holding Company Ltd.	Bermuda	10,000.00	USD	100.00	Partner Reinsurance Company Ltd.	100.000	
Mercalli ILS Master Fund Ltd.	Bermuda	10,001.00	USD	100.00	Mercalli Investment Holding Company Ltd.	100.000 (a)	100.000
					Mercalli ILS Bermuda Feeder Fund Ltd.	100.000 (b)	0.000
Mercalli ILS Bermuda Feeder Fund Ltd.	Bermuda	10,001.00	USD	100.00	Mercalli Investment Holding Company Ltd.	100.000 (a)	100.000
					Partner Reinsurance Company Ltd.	100.000 (b)	0.000
PartnerRe Holdings Switzerland GmbH	Switzerland	441,140,000.00	CHF	100.00	PartnerRe Holdings Europe Limited	200.000	100
PartnerRe Financing Ltd	Bermuda	300.00	USD	100.00	PartnerRe Holdings Switzerland GmbH	100.000	
PPF Finance LLC	U.S.A.	N/A	USD	100.00	PartnerRe U.S. Corporation	100.000	
Peninsula Coinvestment II, LLC	U.S.A.	N/A	USD	100.00	PPF Finance LLC	100.000	
PartnerRe Finance A LLC	U.S.A.	N/A	USD	100.00	PartnerRe U.S. Corporation	100.000	
PartnerRe Finance B LLC	U.S.A.	N/A	USD	100.00	PartnerRe U.S. Corporation	100.000	
PartnerRe Finance C LLC	U.S.A.	N/A	USD	100.00	PartnerRe U.S. Corporation	100.000	
PartnerRe Asset Management Corporation	U.S.A.	200.00	USD	100.00	PartnerRe U.S. Corporation	100.000	
PartnerRe Principal Finance Inc.	U.S.A.	200.00	USD	100.00	PartnerRe Asset Management Corporation	100.000	
Mercalli Investment Management Inc.	U.S.A.	200.00	USD	100.00	PartnerRe U.S. Corporation	100.000	
PartnerRe Finance I Inc.	U.S.A.	100.00	USD	100.00	PartnerRe U.S. Corporation	100.000	
PartnerRe Finance II Inc	U.S.A.	100.00	USD	100.00	PartnerRe U.S. Corporation	100.000	
PartnerRe Capital Trust II	U.S.A.	N/A	USD	100.00	PartnerRe U.S. Corporation	100.000	
PartnerRe Capital Trust III	U.S.A.	N/A	USD	100.00	PartnerRe U.S. Corporation	100.000	
BRANCH - CONSOLIDATED ON A LINE-BY-LINE BASIS							
Reinsurances							
Partner Reinsurance Company of the U.S. Canada Branch	Canada	N/A	CAD	100.00	Partner Reinsurance Company of the U.S.	100.000	
Partner Reinsurance Europe SE, Succursale Fraçaise	France	N/A	EUR	100.00	Partner Reinsurance Europe SE	100.000	
Partner Reinsurance Europe SE, Dublin, Zurich Br	Switzerland	N/A	USD	100.00	Partner Reinsurance Europe SE	100.000	
	United Arab Emirates	N/A	AED	100.00	Partner Reinsurance Europe SE	100.000	
Partner Reinsurance Europe SE (Dubai Branch)	United Kingdom	N/A	GBP	100.00	Partner Reinsurance Europe SE	100.000	
Partner Reinsurance Europe SE (Singapore Branch)	Singapore	N/A	USD	100.00	Partner Reinsurance Europe SE	100.000	
Partner Reinsurance Europe SE (Hong Kong Branch)	Hong Kong	N/A	USD	100.00	Partner Reinsurance Europe SE	100.000	
Partner Reinsurance Asia Pte Ltd. Labuan Branch	Malaysia	N/A	USD	100.00	Partner Reinsurance Asia Pte. Ltd.	100.000	
PartnerRe Ireland Insurance dac, United Kingdom Branch	United Kingdom	N/A	GBP	100.00	PartnerRe Ireland Insurance Limited	100.000	
Holdings and Others							
PartnerRe Holdings Europe Limited, Dublin, Zurich Branch	Switzerland	N/A	USD	100.00	PartnerRe Holdings Europe Limited	100.000	

(a) of common shares
(b) of preferred shares

Investments of Juventus Football Club consolidated on a line-by-line basis (percentage of EXOR Group consolidation: 63.77%)

Name	Country	Capital Stock	Currency	% of Group Consolidation	Interest held by	% of Interest held	% of voting rights
SUBSIDIARIES - CONSOLIDATED ON A LINE-BY-LINE BASIS							
Others Companies							
J Medical S.r.l.	Italy	59,000.00	EUR	100.00	Juventus Football Club S.p.A.	100.000	

Investments of the Holdings System accounted for by the equity method

Name	Country	Capital Stock	Currency	% of Group Consolidation	Interest held by	% of Interest held	% of voting rights
ASSOCIATED COMPANIES - ACCOUNTED FOR USING THE EQUITY METHOD							
<i>Publishing and Communications</i>							
The Economist Newspaper Ltd.	Great Britain	1,260,005.00	GBP	43.40	EXOR S.A.	34.722	20.000

Investments of FCA Group accounted for by the equity method (percentage of EXOR Group consolidation: 29.15%)

Name	Country	Capital Stock	Currency	% of Group Consolidation	Interest held by	% of Interest held	% of voting rights
JOINTLY-CONTROLLED ENTITIES -ACCOUNTING FOR USING THE EQUITY METHOD							
<i>Mass-Market Vehicles</i>							
NAFTA							
United States Council for Automotive Research LLC	U.S.A.	100	USD	33.33	FCA US LLC	33.330	
APAC							
GAC FIAT Chrysler Automobiles Co. Ltd.	People's Rep.of China	6,000,000,000	CNY	50.00	Fiat Chrysler Automobiles N.V.	21.667	
					FCA Asia Pacific Investment Co. Ltd.	18.333	
					FCA Italy S.p.A.	10.000	
GAC FIAT CHRYSLER AUTOMOBILES SALES CO. Ltd.	People's Rep.of China	200,000,000	CNY	50.00	GAC FIAT Chrysler Automobiles Co. Ltd.	100.000	
EMEA							
FCA BANK S.p.A.	Italy	700,000,000	EUR	50.00	FCA Italy S.p.A.	50.000	
FCA AUTOMOTIVE SERVICES UK LTD.	United Kingdom	50,250,000	GBP	50.00	FCA BANK S.p.A.	100.000	
FCA Bank Deutschland G.m.b.H.	Germany	39,600,000	EUR	50.00	FCA BANK S.p.A.	100.000	
FCA Bank G.m.b.H.	Austria	5,000,000	EUR	50.00	FCA BANK S.p.A.	50.000	
					Fidis S.p.A.	25.000	
FCA CAPITAL BELGIUM S.A.	Belgium	3,718,500	EUR	50.00	FCA BANK S.p.A.	99.999	
FCA CAPITAL DANMARK A/S	Denmark	14,154,000	DKK	50.00	FCA BANK S.p.A.	100.000	
FCA CAPITAL ESPANA E.F.C. S.A.	Spain	26,671,557	EUR	50.00	FCA BANK S.p.A.	100.000	
FCA CAPITAL FRANCE S.A.	France	11,360,000	EUR	50.00	FCA BANK S.p.A.	99.999	
FCA CAPITAL HELLAS S.A.	Greece	1,200,000	EUR	50.00	FCA BANK S.p.A.	100.000	
FCA CAPITAL IRELAND Public Limited Company	Ireland	132,562	EUR	50.00	FCA BANK S.p.A.	100.000	
FCA Capital Nederland B.V.	Netherlands	3,085,800	EUR	50.00	FCA BANK S.p.A.	100.000	
FCA CAPITAL NORGE AS	Norway	100,800	NOK	50.00	FCA CAPITAL DANMARK A/S	100.000	
FCA CAPITAL PORTUGAL INSTITUIÇÃO FINANCIERA DE CRÉDITO SA	Portugal	10,000,000	EUR	50.00	FCA BANK S.p.A.	100.000	
FCA CAPITAL RE Designated Activity Company	Ireland	1,000,000	EUR	50.00	FCA BANK S.p.A.	100.000	
FCA Capital Suisse S.A.	Switzerland	24,100,000	CHF	50.00	FCA BANK S.p.A.	100.000	
FCA CAPITAL SVERIGE AB	Sweden	50,000	SEK	50.00	FCA CAPITAL DANMARK A/S	100.000	
FCA DEALER SERVICES ESPANA S.A.	Spain	25,145,299	EUR	50.00	FCA BANK S.p.A.	100.000	
FCA DEALER SERVICES PORTUGAL S.A.	Portugal	500,300	EUR	50.00	FCA BANK S.p.A.	100.000	
FCA DEALER SERVICES UK LTD.	United Kingdom	20,500,000	GBP	50.00	FCA BANK S.p.A.	100.000	
FCA FLEET SERVICES FRANCE S.A.S.	France	3,000,000	EUR	50.00	FCA BANK S.p.A.	100.000	
FCA FLEET SERVICES UK LTD.	United Kingdom	19,000,000	GBP	50.00	FCA BANK S.p.A.	100.000	
FCA INSURANCE HELLAS S.A.	Greece	60,000	EUR	49.99	FCA CAPITAL HELLAS S.A.	99.975	
FCA LEASING FRANCE SNC	France	8,954,581	EUR	50.00	FCA CAPITAL FRANCE S.A.	99.998	
FCA Leasing GmbH	Austria	40,000	EUR	50.00	FCA BANK S.p.A.	100.000	
FCA Leasing Polska Sp. z o.o.	Poland	24,384,000	PLN	50.00	FCA BANK S.p.A.	100.000	
FCA-Group Bank Polska S.A.	Poland	125,000,000	PLN	50.00	FCA BANK S.p.A.	100.000	
Ferrari Financial Services GMBH	Germany	1,777,600	EUR	25.00	FCA BANK S.p.A.	50.000	
Leasys S.p.A.	Italy	77,979,400	EUR	50.00	FCA BANK S.p.A.	100.000	
FER MAS Oto Ticaret A.S.	Turkey	5,500,000	TRY	37.64	Tofas-Turk Otomobil Fabrikasi A.S.	99.418	
Koc Fiat Kredi Tuketici Finansmani A.S.	Turkey	30,000,000	TRY	37.86	Tofas-Turk Otomobil Fabrikasi A.S.	100.000	
Tofas-Turk Otomobil Fabrikasi A.S.	Turkey	500,000,000	TRY	37.86	FCA Italy S.p.A.	37.856	

Investments of FCA Group accounted for by the equity method (percentage of EXOR Group consolidation: 29.15%)

Name	Country	Capital Stock	Currency	% of Group Consolidation	Interest held by	% of Interest held	% of voting rights
JOINTLY-CONTROLLED ENTITIES -ACCOUNTING FOR USING THE EQUITY METHOD							
Components and Production Systems							
Magneti Marelli							
Hubei Huazhoung Magneti Marelli Automotive Lighting Co. Ltd	People's Rep.of China	138,846,000	CNY	50.00	Automotive Lighting Reutlingen GmbH	50.000	
Magneti Marelli Motherson Auto System Private Limited	India	1,500,000,000	INR	50.00	Magneti Marelli S.p.A. Magneti Marelli Motherson India Holding B.V.	37.333 25.333	0.000 100.000
Magneti Marelli Motherson India Holding B.V.	Netherlands	2,040,000	EUR	50.00	Magneti Marelli S.p.A.	50.000	
Magneti Marelli Motherson Shock Absorbers (India) Private Limited	India	2,169,000,000	INR	50.00	Magneti Marelli S.p.A.	50.000	
Magneti Marelli SKH Exhaust Systems Private Limited	India	274,190,000	INR	50.00	Magneti Marelli S.p.A.	50.000	
Magneti Marelli Talbro's Chassis Systems Pvt. Ltd.	India	235,600,000	INR	50.00	Sistemi Sospensioni S.p.A.	50.000	
SAIC MAGNETI MARELLI Powertrain Co. Ltd	People's Rep.of China	23,000,000	EUR	50.00	Magneti Marelli S.p.A.	50.000	
SKH Magneti Marelli Exhaust Systems Private Limited	India	95,450,000	INR	46.62	Magneti Marelli S.p.A.	46.621	50.000
Zhejiang Wanxiang Magneti Marelli Shock Absorbers Co. Ltd.	People's Rep.of China	100,000,000	CNY	50.00	Magneti Marelli S.p.A.	50.000	
Teksid							
Hua Dong Teksid Automotive Foundry Co. Ltd.	People's Rep.of China	385,363,500	CNY	50.00	Teksid S.p.A.	50.000	
Subsidiaries accounted for using the equity method							
Mass-Market Vehicles							
NAFTA							
Superstition Springs MID LLC	U.S.A.	3,000,000	USD	100.00	FCA MID LLC	100.000	
EMEA							
AC Austro Car Handelsgesellschaft m.b.h. & Co. OHG	Austria	0	EUR	100.00	FCA AUSTRO CAR GmbH	100.000	
ALFA ROMEO LLC.	U.S.A.	0	USD	100.00	FCA North America Holdings LLC	100.000	
Chrysler Danmark ApS in liquidation	Denmark	1,000,000	EUR	100.00	CG EU NSC LIMITED	100.000	
Chrysler France S.A.S.	France	460,000	EUR	100.00	CG EU NSC LIMITED	100.000	
Chrysler Jeep Ticaret A.S.	Turkey	5,357,000	TRY	100.00	CG EU NSC LIMITED FCA US LLC	99.960 0.040	
Chrysler Polska Sp.z o.o.	Poland	30,356,000	PLN	100.00	CG EU NSC LIMITED	100.000	
Fiat Automobiles S.p.A.	Italy	120,000	EUR	100.00	FCA Italy S.p.A.	100.000	
FIAT CHRYSLER AUTOMOBILES CR s.r.o.	Czech Republic	1,000,000	CZK	100.00	FCA Italy S.p.A.	100.000	
FIAT CHRYSLER AUTOMOBILES SR s.r.o.	Slovak Republic	33,194	EUR	100.00	FCA Italy S.p.A.	100.000	
Fiat Professional S.p.A.	Italy	120,000	EUR	100.00	FCA Italy S.p.A.	100.000	
GESTIN POLSKA Sp. z o.o.	Poland	500,000	PLN	100.00	FCA POLAND Spółka Akcyjna	100.000	
Italcara SA	Morocco	4,000,000	MAD	99.85	Fiat Chrysler Automobiles Morocco S.A.	99.900	
Lancia Automobiles S.p.A.	Italy	120,000	EUR	100.00	FCA Italy S.p.A.	100.000	
NEW BUSINESS 37 S.p.A.	Italy	200,000	EUR	100.00	FCA Real Estate Services S.p.A.	100.000	
Sirio Polska Sp. z o.o.	Poland	1,350,000	PLN	100.00	FCA POLAND Spółka Akcyjna	100.000	
Components and Production Systems							
Magneti Marelli							
Cofap Fabricadora de Pecas Ltda	Brazil	75,720,716	BRL	68.34	Magneti Marelli do Brasil Industria e Comercio Ltda	68.350	
Comau							
COMAU (THAILAND) CO. LTD	Thailand	10,000,000	THB	100.00	Comau S.p.A.	99.997	
COMAU Czech s.r.o.	Czech Republic	5,400,000	CZK	100.00	Comau S.p.A.	100.000	
Comau Robot ve Sistemleri A.S	Turkey	1,210,000	TRY	100.00	Comau S.p.A.	100.000	
Other Activities:Holding companies and Other companies							
Fiat (Beijing) Business Co., Ltd.	People's Rep.of China	3,000,000	USD	100.00	FCA Partecipazioni S.p.A.	100.000	
Fiat Chrysler Rimaco Argentina S.A.	Argentina	150,000	ARS	99.96	Fiat Chrysler Rimaco SA	99.960	

Investments of FCA Group accounted for by the equity method (percentage of EXOR Group consolidation: 29.15%)

Name	Country	Capital Stock	Currency	% of Group Consolidation	Interest held by	% of Interest held	% of voting rights
Associated companies accounted for using the equity method							
Mass-Market Vehicles							
APAC							
Hangzhou IVECO Automobile Transmission Technology Co., Ltd.	People's Rep. of China	795,000,000	CNY	50.00	FCA Partecipazioni S.p.A.	50.000	
EMEA							
Arab American Vehicles Company S.A.E.	Egypt	6,000,000	USD	49.00	FCA US LLC	49.000	
Components and Production Systems							
Magneti Marelli							
HMC MM Auto Ltd	India	344,500,000	INR	40.00	Magneti Marelli S.p.A.	40.000	
Other Activities: Holding companies and Other companies							
Iveco-Motor Sich, Inc.	Ukraine	26,568,000	UAH	38.62	FCA Partecipazioni S.p.A.	38.618	
Otoyol Sanayi A.S. in liquidation	Turkey	52,674,386	TRY	27.00	FCA Partecipazioni S.p.A.	27.000	

Investments of CNH Industrial Group accounted for by the equity method (percentage of EXOR Group consolidation: 27.29%)

Name	Country	Capital Stock	Currency	% of Group Consolidation	Interest held by	% of Interest held	% of voting rights
JOINTLY-CONTROLLED ENTITIES -ACCOUNTING FOR USING THE EQUITY METHOD							
Case Mexico S.A. de C.V.	Mexico	810,000	MXN	50.00	CNH de Mexico SA de CV	100.000	
Case Special Excavators N.V.	Belgium	1,100,000	EUR	50.00	CNH Industrial N.V.	50.000	
CNH Comercial, SA de C.V.	Mexico	160,050,000	MXN	50.00	CNH de Mexico SA de CV	100.000	
CNH de Mexico SA de CV	Mexico	165,276,000	MXN	50.00	CNH Industrial N.V.	50.000	
CNH Industrial S.A. de C.V.	Mexico	400,050,000	MXN	50.00	CNH de Mexico SA de CV	100.000	
CNH Servicios Comerciales, S.A. de C.V., SOFOM, E.N.R.	Mexico	50,000,000	MXN	50.00	CNH Industrial N.V.	50.000	
CNH Servicios Corporativos S.A. de C.V.	Mexico	375,000	MXN	50.00	CNH de Mexico SA de CV	99.999	
IVECO – OTO MELARA Società Consortile a responsabilità limitata	Italy	40,000	EUR	50.00	Iveco Defence Vehicles SpA	50.000	
Iveco Acentro S.p.A.	Italy	764,530	EUR	50.00	Iveco S.p.A.	50.000	
Iveco Orecchia S.p.A.	Italy	8,000,000	EUR	50.00	Iveco S.p.A.	50.000	
Naveco (Nanjing IVECO Motor Co.) Ltd.	People's Rep. of China	2,527,000,000	CNY	50.00	Iveco S.p.A.	50.000	
New Holland HFT Japan Inc.	Japan	240,000,000	JPY	50.00	CNH Industrial N.V.	50.000	
SAIC IVECO Commercial Vehicle Investment Company Limited	People's Rep. of China	224,500,000	USD	50.00	Iveco S.p.A.	50.000	
Turk Traktor ve Ziraat Makineleri A.S.	Turkey	53,369,000	TRY	37.50	CNH Industrial Osterreich GmbH	37.500	
SUBSIDIARIES ACCOUNTED FOR USING THE EQUITY METHOD							
Iveco Colombia S.a.s.	Colombia	7,596,249,000	COP	100.00	Iveco Venezuela C.A. Iveco Latin America Ltda	99.990 0.010	
ASSOCIATED COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD							
Al-Ghazi Tractors Ltd	Pakistan	289,821,005	PKR	43.17	CNH Industrial N.V.	43.169	
CNH Industrial Capital Europe S.a.S.	France	88,482,297	EUR	49.90	CNH Industrial N.V.	49.900	
Fam FZCO	United Arab Emirates	6,600,000	AED	28.79	CNH Industrial Italia s.p.a.	28.788	
IVECO-AMT Ltd.	Russia	65,255,056	RUR	33.33	CNH Industrial N.V.	33.330	
Transolver Finance Establecimiento Financiero de Credito S.A.	Spain	29,315,458	EUR	49.00	CNH Industrial N.V.	49.000	

Investments of PartnerRe Group accounted for by the equity method (percentage of EXOR Group consolidation: 100%)

Name	Country	Capital Stock	Currency	% of Group Consolidation	Interest held by	% of Interest held	% of voting rights
JOINTLY-CONTROLLED ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD - ACCOUNTED FOR USING THE EQUITY METHOD							
<i>Reinsurances</i>							
Orange Grove Re Ltd.	Bermuda	12,000.00	USD	100.00	Orange Grove Re Holdings Limited	41.500	
<i>Holding</i>							
Orange Grove Holdings Limited	Bermuda	1,803,595.00	USD	41.50	Partner Reinsurance Company Ltd.	41.500	
ASSOCIATED COMPANIES - ACCOUNTED FOR USING THE EQUITY METHOD							
<i>Real estate</i>							
ALMACANTAR GROUP S.A.	Great Britain	587,660,998.00	GBP	35.82	Partner Reinsurance Company Ltd.	35.820	

Investments of FCA Group valued at cost

Name	Country	Capital Stock	Currency	% of Group Consolidation	Interest held by	% of Interest held	% of voting rights
SUBSIDIARIES VALUED AT COST							
<i>Mass-Market Vehicles</i>							
<i>NAFTA</i>							
FCA Co-Issuer Inc.	U.S.A.	100	USD	100.00	FCA US LLC	100.000	
FCA DUTCH OPERATING LLC	U.S.A.	0	USD	100.00	CNI CV	100.000	
FCA Foundation	U.S.A.	0	USD	100.00	FCA US LLC	100.000	
FCA INTERMEDIATE MEXICO LLC	U.S.A.	1	USD	100.00	Chrysler Mexico Investment Holdings Cooperatie U.A.	100.000	
Fundacion Chrysler, I.A.P.	Mexico	0	MXN	100.00	FCA Mexico, S.A. de C.V.	100.000	
FUNDACION FCA, A.C.	Mexico	2	MXN	100.00	FCA Mexico, S.A. de C.V.	50.000	
					FCA MINORITY LLC	50.000	
<i>EMEA</i>							
Associazione Tecnica dell'Automobile Consulting & Solutions s.r.l. in liquidation	Italy	49,000	EUR	100.00	FCA ITALY HOLDINGS S.p.A.	100.000	
Banbury Road Motors Limited	United Kingdom	100	GBP	100.00	FIAT CHRYSLER AUTOMOBILES UK Ltd	100.000	
Chrysler Netherlands Holding Cooperatie U.A.	Netherlands	0	EUR	100.00	CNI CV	99.000	
					FCA DUTCH OPERATING LLC	1.000	
Chrysler UK Pension Trustees Limited	United Kingdom	1	GBP	100.00	Chrysler UK Limited	100.000	
CNI CV	Netherlands	0	EUR	100.00	FCA US LLC	99.000	
					FCA MINORITY LLC	1.000	
CODEFIS Società consortile per azioni	Italy	120,000	EUR	51.00	FCA Italy S.p.A.	51.000	
Consorzio ATA - FORMAZIONE	Italy	18,319	EUR	100.00	C.R.F. Società Consortile per Azioni	90.998	
					FCA Real Estate Services S.p.A.	9.002	
CONSORZIO FCA CNHI ENERGY	Italy	7,000	EUR	57.14	Comau S.p.A.	14.286	
					FCA Italy S.p.A.	14.286	
					Plastic Components and Modules Automotive S.p.A.	14.286	
					Teksid S.p.A.	14.286	
Consorzio Servizi Balocco	Italy	10,100	EUR	86.11	FCA Italy S.p.A.	80.663	
					Maserati S.p.A.	2.901	
					Abarth & C. S.p.A.	1.554	
					FCA Real Estate Services S.p.A.	0.990	
FAS FREE ZONE Ltd. Kragujevac	Serbia	2,281,603	RSD	66.67	FCA SERBIA DOO KRAGUJEVAC	100.000	
FCA Russia S.r.l.	Italy	1,682,028	EUR	100.00	FCA Italy S.p.A.	100.000	
Fiat Motor Sales Ltd	United Kingdom	1,500,000	GBP	100.00	FIAT CHRYSLER AUTOMOBILES UK Ltd	100.000	
OOO "CABEKO"	Russia	181,869,062	RUB	100.00	FCA Russia S.r.l.	99.591	
					FCA Italy S.p.A.	0.409	
VM North America Inc.	U.S.A.	1,000	USD	100.00	FCA Italy S.p.A.	100.000	
<i>Components and Production Systems</i>							
<i>Magneti Marelli</i>							
ABC BETIM INDUSTRIA E COMERCIO LTDA	Brazil	1,000	BRL	99.99	Magneti Marelli Componentes Plasticos Ltda	99.900	
					Magneti Marelli Sistemas Automotivos Industria e Comercio Ltda	0.100	
SBH EXTRUSAO DO BRASIL LTDA.	Brazil	15,478,371	BRL	99.99	Plastic Components and Modules Automotive S.p.A.	100.000	

Investments of FCA Group valued at cost

Name	Country	Capital Stock	Currency	% of Group Consolidation	Interest held by	% of Interest held	% of voting rights
SUBSIDIARIES VALUED AT COST							
<i>Components and Production Systems</i>							
<i>Comau</i>							
Comau Do Brasil Facilities Ltda.	Brazil	10,000,000	BRL	100.00	Comau do Brasil Industria e Comercio Ltda.	100.000	
Consorzio Fermag in liquidation	Italy	144,608	EUR	68.00	Comau S.p.A.	68.000	
<i>Other Activities: Holding companies and Other companies</i>							
FCA Newco LLC	U.S.A.	1	USD	100.00	Maserati North America Inc.	100.000	
Fiat Chrysler Finance Netherlands B.V.	Netherlands	1	EUR	100.00	Fiat Chrysler Automobiles N.V.	100.000	
Fiat Chrysler Rimaco Brasil Corretagens de Seguros Ltda.	Brazil	365,525	BRL	100.00	Fiat Chrysler Rimaco SA	99.998	
Fiat Common Investment Fund Limited	United Kingdom	2	GBP	100.00	Fiat Chrysler Automobiles Services UK Limited	100.000	
Fiat Oriente S.A.E. in liquidation	Egypt	50,000	EGP	100.00	FCA Partecipazioni S.p.A.	100.000	
Fiat Partecipazioni India Private Limited	India	28,605,400	INR	100.00	FCA Partecipazioni S.p.A.	99.825	
					FCA Group Purchasing S.r.l.	0.175	
Isvor Fiat India Private Ltd. in liquidation	India	1,750,000	INR	100.00	FCA Partecipazioni S.p.A.	100.000	
New Business 29 S.c.r.l.	Italy	50,000	EUR	100.00	FCA Partecipazioni S.p.A.	80.000	
					Fiat Chrysler Automobiles N.V.	20.000	
New Business 31 S.p.A.	Italy	120,000	EUR	100.00	FCA Partecipazioni S.p.A.	100.000	
New Business 35 s.r.l.	Italy	50,000	EUR	100.00	FCA Partecipazioni S.p.A.	100.000	
New Business 36 s.r.l.	Italy	50,000	EUR	100.00	FCA Partecipazioni S.p.A.	100.000	
Orione-Società Industriale per la Sicurezza e la Vigilanza Consortile per Azioni Italy		120,000	EUR	97.46	FCA Partecipazioni S.p.A.	76.722	
					Fiat Chrysler Automobiles N.V.	18.003	
					FCA Italy S.p.A.	0.439	
					Italiana Editrice S.p.A.	0.439	
					Comau S.p.A.	0.220	
					FCA Group Marketing S.p.A.	0.220	
					FCA ITALY HOLDINGS S.p.A.	0.220	
					FCA Services S.p.A.	0.220	
					FCA Servizi per l'Industria S.c.p.A.	0.220	
					Fiat Chrysler Finance S.p.A.	0.220	
					Magneti Marelli S.p.A.	0.220	
					Sisport S.p.A. - Società sportiva dilettantistica	0.220	
					Teksid S.p.A.	0.220	
ASSOCIATED VALUED AT COST							
<i>Mass-Market Vehicles</i>							
<i>EMEA</i>							
Consorzio per la Reindustrializzazione Area di Arese S.r.l. in liquidation	Italy	20,000	EUR	30.00	FCA Italy S.p.A.	30.000	
Innovazione Automotive e Metalmeccanica Scrl	Italy	115,000	EUR	23.75	FCA Italy S.p.A.	15.077	
					C.R.F. Società Consortile per Azioni	8.465	
					Sistemi Sospensioni S.p.A.	0.211	
Tecnologie per il Calcolo Numerico-Centro Superiore di Formazione S.c. a r.l. Italy	Italy	100,000	EUR	25.00	C.R.F. Società Consortile per Azioni	25.000	
Turin Auto Private Ltd. in liquidation	India	43,300,200	INR	50.00	FCA ITALY HOLDINGS S.p.A.	50.000	
<i>Components and Production Systems</i>							
<i>Magneti Marelli</i>							
Bari Servizi Industriali S.c.r.l.	Italy	24,000	EUR	25.00	Magneti Marelli S.p.A.	25.000	
DTR VMS Italy S.r.l.	Italy	1,000,000	EUR	40.00	Magneti Marelli S.p.A.	40.000	
Mars Seal Private Limited	India	400,000	INR	24.00	Magneti Marelli France S.a.s.	24.000	
Matay Otomotiv Yan Sanay Ve Ticaret A.S.	Turkey	3,800,000	TRY	28.00	Magneti Marelli S.p.A.	28.000	
<i>Other Activities: Holding companies and Other companies</i>							
ANFIA Automotive S.c.r.l.	Italy	20,000	EUR	20.00	C.R.F. Società Consortile per Azioni	5.000	
					FCA Information Technology, Excellence and Methods S.p.A.	5.000	
					FCA Italy S.p.A.	5.000	
					Magneti Marelli S.p.A.	5.000	
Auto Componentistica Mezzogiorno - A.C.M. Melfi Società Consortile a respoItaly		40,000	EUR	35.25	FCA Melfi S.r.l.	23.500	
					Sistemi Sospensioni S.p.A.	11.750	
FMA-Consultoria e Negocios Ltda	Brazil	1	BRL	50.00	FCA Fiat Chrysler Participacoes Brasil Limitada	50.000	
Liguria Press Srl (*)	Italy	240,000	EUR	15.40	Italiana Editrice S.p.A.	20.000	
Maxus MC2 S.p.A.	Italy	219,756	EUR	20.00	FCA Partecipazioni S.p.A.	20.000	
Parco Industriale di Chivasso Società Consortile a responsabilità limitata	Italy	10,000	EUR	25.80	FCA Partecipazioni S.p.A.	25.800	
Talent Garden Fondazione Agnelli S.r.l.	Italy	40,000	EUR	30.00	FCA Partecipazioni S.p.A.	30.000	
To-dis S.r.l. (*)	Italy	510,000	EUR	34.65	Italiana Editrice S.p.A.	45.000	

(*) Asset held for sale

Investments of CNH Industrial Group valued at cost

Name	Country	Capital Stock	Currency	% of Group Consolidation	Interest held by	% of Interest held	% of voting rights
SUBSIDIARIES VALUED AT COST							
Altra S.p.A.	Italy	516,400	EUR	100.00	Iveco S.p.A.	100.000	
Case Construction Equipment, Inc.	U.S.A.	1,000	USD	100.00	CNH Industrial America LLC	100.000	
Case IH Agricultural Equipment, Inc.	U.S.A.	1,000	USD	100.00	CNH Industrial America LLC	100.000	
Case International Limited	United Kingdom	1	GBP	100.00	New Holland Holding Limited	100.000	
Employers Health Initiatives LLC	U.S.A.	790,000	USD	100.00	CNH Industrial America LLC	100.000	
International Harvester Company	U.S.A.	1,000	USD	100.00	CNH Industrial America LLC	100.000	
Iveco Magyarorszag Kereskedelmi KFT	Hungary	24,000,000	HUF	100.00	Iveco Austria GmbH	100.000	
J.I. Case Company Limited	United Kingdom	2	GBP	100.00	Case United Kingdom Limited	100.000	
MVPC LLC	Russia	10,000	RUR	50.00	OOO Iveco Russia	50.000	
New Industrial Business 2 s.r.l.	Italy	31,539	EUR	100.00	CNH Industrial N.V.	100.000	
RosCaseMash	Russia	0	RUR	38.25	Case Equipment Holdings Limited	38.250	51.000
SERFIT S.R.L.	Italy	50,000	EUR	100.00	CNH Industrial N.V.	100.000	
ASSOCIATED COMPANIES VALUED AT COST							
CONSORZIO FCA CNHI ENERGY	Italy	7,000	EUR	42.86	CNH Industrial Italia s.p.a.	14.286	
					FPT Industrial S.p.A.	14.286	
					Iveco S.p.A.	14.286	
Consorzio Nido Industria Vallesina	Italy	53,903	EUR	38.73	CNH Industrial Italia s.p.a.	38.728	
Sotra S.A.	Ivory Coast	3,000,000,000	XAF	39.80	Iveco France	39.800	
Trucks & Bus Company	Libya	96,000,000	LYD	25.00	Iveco Espana S.L.	25.000	
OTHER COMPANIES VALUED AT COST							
CODEFIS Società consortile per azioni	Italy	120,000	EUR	19.00	CNH Industrial Capital Limited	19.000	
Nuova Didactica S.c. a r.l.	Italy	112,200	EUR	12.27	CNH Industrial Italia s.p.a.	12.273	
Polagris S.A.	Lithuania	1,133,400	LTL	11.05	CNH Industrial Polska Sp. z o.o.	11.054	

Investments of Ferrari Group valued at cost

Name	Country	Capital Stock	Currency	Interest held by	% of Interest held	% of voting rights
SUBSIDIARIES VALUED AT COST						
New Business 33 S.p.A.	Italia	120.000	EUR	Ferrari N.V.	100.00	
Scuderia Ferrari Club S.c. a r.l.	Italia	105.000	EUR	Ferrari S.p.A.	94.019	
Other companies						
Ferrari Financial Services GmbH	Germania	1.777.600	EUR	Ferrari Financial Services S.p.A.	49.990	
Nuova Didactica S.c. a r.l.	Italia	112.200	EUR	Ferrari S.p.A.	16.360	
S.A.I.MO S.p.A.	Italia	517,125	EUR	Ferrari S.p.A.	0.230	
Caaf dell'Industria	Italia			Ferrari S.p.A.	0.690	
SIRIO SCPA	Italia	120.000	EUR	Ferrari S.p.A.	0.730	
CRIT - Centro di Ricerca e Innovazione Tecnologica S.r.l.	Italia	413,800	EUR	Ferrari S.p.A.	7.440	
ORIONE SCPA	Italia	120.000	EUR	Ferrari S.p.A.	0.220	
CONSORZIO SERVIZI BALOCCO	Italia	10.100	EUR	Ferrari S.p.A.	5.500	
FCA Servizi per l'Industria S.c.p.a. (Sepin)	Italia	1.652.669	EUR	Ferrari S.p.A.	1.500	
Fondazione FERRARI	Italia	60,000	EUR	Ferrari S.p.A.	100.000	
Fondazione Istituto Tecnico Superiore Meccanica, Meccatronica, Motonistica, Packaging	Italia	41,124	EUR	Ferrari S.p.A.	4.110	
Fondazione Casa di Enzo Ferrari Museo	Italia	129,114	EUR	Ferrari S.p.A.	25.000	

Investments of Juventus Football Club valued at cost

Name	Country	Capital Stock	Currency	% of Group Consolidation	Interest held by	% of Interest held	% of voting rights
ASSOCIATED COMPANIES - VALUED AT COST							
Others Companies							
Tobeez F&B Italia S.r.l.	Italy	10,000.00	EUR		N/A Juventus Football Club S.p.A.	40.000	



Ernst & Young Accountants LLP
Boompjes 258
3011 XZ Rotterdam, Netherlands
Postbus 2295
3000 CG Rotterdam, Netherlands

Tel: +31 88 407 10 00
Fax: +31 88 407 89 70
ey.com

Independent auditor's report

To: the shareholders and audit committee of EXOR N.V.

Report on the audit of the financial statements 2016 included in the annual report

Our opinion

We have audited the financial statements 2016 of EXOR N.V. (the Company), incorporated in Amsterdam, the Netherlands. The financial statements include the consolidated financial statements and the company financial statements (collectively referred to as the financial statements).

In our opinion the financial statements give a true and fair view of the financial position of EXOR N.V. as at December 31, 2016 and of its result and its cash flows for 2016 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- ▶ The consolidated and company statement of financial position as at December 31, 2016
- ▶ The following statements for 2016: the consolidated and company income statement, the consolidated and company statements of comprehensive income, changes in equity and cash flows
- ▶ The notes comprising a summary of the significant accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of EXOR N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands.

Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Ernst & Young Accountants LLP is a limited liability partnership incorporated under the laws of England and Wales and registered with Companies House under number OC335594. The term partner in relation to Ernst & Young Accountants LLP is used to refer to (the representative of) a member of Ernst & Young Accountants LLP. Ernst & Young Accountants LLP has its registered office at 6 More London Place, London, SE1 2DA, United Kingdom, its principal place of business at Boompjes 258, 3011 XZ Rotterdam, the Netherlands and is registered with the Chamber of Commerce Rotterdam number 24432944. Our services are subject to general terms and conditions, which contain a limitation of liability clause.

Materiality

Materiality	€450 million
Benchmark applied	Approximately 0,5% of revenues
Explanation	The materiality is based on approximately 0.5% of the consolidated revenues. Based on perspectives and expectations of the users of the financial statements in the context of our understanding of the entity and the environment in which it operates we determined the materiality for the financial statements as a whole at €450 million. Materiality is based on revenues, as we consider EXOR N.V. is operating near breakeven and therefore an earnings based measure is not an appropriate basis to determine our materiality.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material to the users of the financial statements for qualitative reasons.

We agreed with the audit committee that misstatements in excess of €22.5 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

EXOR N.V. is the parent of a group of entities. The financial information of this group is included in the consolidated financial statements of EXOR N.V. The company is organized along six reportable segments, being Fiat Chrysler Automobiles (FCA), CNH Industrial, Ferrari, PartnerRe, Juventus Football Club and the Holdings System (EXOR), along with certain other corporate functions which are not included within the reportable segments.

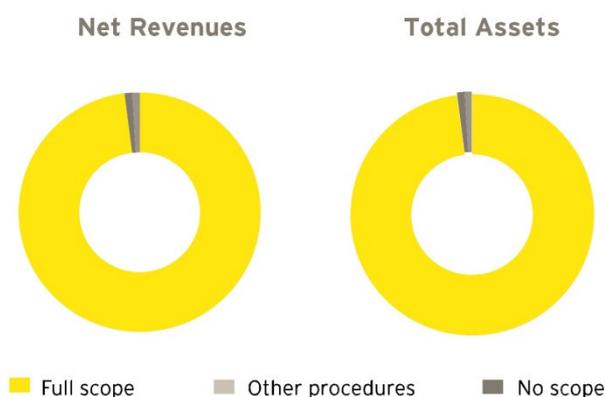
Our group audit mainly focused on significant group entities. Group entities are considered significant components either because of their individual financial significance or because they are likely to include significant risks of material misstatement due to their specific nature or circumstances. All such significant group entities were included in the scope of our group audit.

In establishing the overall approach to the audit, we determined the type of work that is needed to be done by us, as group auditors, or by component auditors from Ernst & Young Global member firms and operating under our instructions.

Accordingly, we identified five reportable segments of EXOR N.V.'s group entities, which, in our view, required an audit of their complete financial information, either due to their overall size or their risk characteristics. Other procedures are performed on one reportable segment

In total these procedures represent 99% of the group's total assets and 99% of net revenue.

Location percentage of coverage:



By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the audit committee. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The structure of our key audit matter reporting is in line with the major business segments as defined with EXOR N.V.

Risk	Our audit approach														
Revenue recognition and sales commitments															
Net revenues for the year 2016 amounted to €140,068 million, detailed as follows:	We designed our audit procedures to be responsive to this risk. We assessed the overall sales process, including internal risk management procedures and the system controls for the recording of sales contracts and related sales incentives. We obtained an understanding of the processes related to revenue recognition and evaluated the design and tested the effectiveness of controls in this area relevant to our audit. We performed a combination of internal control and substantive audit procedures to address the revenue recognition through tests of details of samples of sales transactions and analytical procedures.														
<table border="1"> <thead> <tr> <th>Net Revenues (€/million)</th> <th>December 31, 2016</th> </tr> </thead> <tbody> <tr> <td>FCA*</td> <td>111,018</td> </tr> <tr> <td>CNH Industrial</td> <td>22,882</td> </tr> <tr> <td>Ferrari</td> <td>3,105</td> </tr> <tr> <td>PartnerRe</td> <td>3,827</td> </tr> <tr> <td>Minors, elimin/adj.</td> <td>(764)</td> </tr> <tr> <td>Total</td> <td>140,068</td> </tr> </tbody> </table>		Net Revenues (€/million)	December 31, 2016	FCA*	111,018	CNH Industrial	22,882	Ferrari	3,105	PartnerRe	3,827	Minors, elimin/adj.	(764)	Total	140,068
Net Revenues (€/million)		December 31, 2016													
FCA*		111,018													
CNH Industrial		22,882													
Ferrari		3,105													
PartnerRe		3,827													
Minors, elimin/adj.	(764)														
Total	140,068														

Risk	Our audit approach
<p>With regard to the CNH Industrial component, sales transactions are often concluded based upon ex-works or other common shipping terms that can vary by region in which title and risks of ownership transfer to the buyer prior to actual delivery of the product. Revenue recognition for these transactions is susceptible to an increase in risk related to differences in shipping cut-off at the financial reporting date. In addition, the company records the estimated impact of sales allowances in the form of dealer and customer incentives as a reduction of revenue. The determination of sales allowances requires management to make estimates based upon historical data, estimated future market demand, dealer inventory levels, announced incentive programs, competitive pricing and interest rates among other factors.</p> <p>In connection with PartnerRe, the analysis of the reinsurance revenue recognition was significant to our audit because the process of premium estimation is judgmental and based on assumptions that are affected by expected future market or economic conditions.</p> <p>The company disclosed its accounting policy for revenue recognition in the Note 'Basis of preparation and Significant accounting policies to the consolidated financial statements'.</p> <p>*Please note that for FCA revenue is not defined as key audit matter.</p>	<p>We also ensured that assumptions included in the sales incentive reserve analysis and in the premium estimates are properly supported. Finally, we reviewed the adequacy of the disclosures made by the company in this area.</p>

Risk	Our audit response														
Valuation of goodwill and other non-current assets with indefinite useful lives															
<p>At December 31, 2016 the recorded amount of goodwill and intangible assets with indefinite useful life is € 19,463 million, detailed as follows:</p>	<p>We designed our audit procedures to be responsive to this risk. We obtained an understanding of the impairment assessment processes and evaluated the design and tested the effectiveness of controls in this area relevant to our audit. Our focus included evaluating the work of the management specialists used for the valuation, evaluating and testing key assumptions used in the valuation including projected future income and earnings, performing sensitivity analyses, and testing the allocation of the assets, liabilities, revenues and expenses.</p>														
<table border="1"> <thead> <tr> <th data-bbox="271 745 592 846">Goodwill and intangible assets with indefinite useful lives (€/million)</th> <th data-bbox="592 745 762 846">December 31, 2016</th> </tr> </thead> <tbody> <tr> <td data-bbox="271 846 592 902">FCA</td> <td data-bbox="592 846 762 902">15,222</td> </tr> <tr> <td data-bbox="271 902 592 958">CNH Industrial</td> <td data-bbox="592 902 762 958">2,550</td> </tr> <tr> <td data-bbox="271 958 592 1014">Ferrari</td> <td data-bbox="592 958 762 1014">786</td> </tr> <tr> <td data-bbox="271 1014 592 1070">PartnerRe</td> <td data-bbox="592 1014 762 1070">841</td> </tr> <tr> <td data-bbox="271 1070 592 1126">Other minors</td> <td data-bbox="592 1070 762 1126">64</td> </tr> <tr> <td data-bbox="271 1126 592 1182">Total</td> <td data-bbox="592 1126 762 1182">19,463</td> </tr> </tbody> </table>		Goodwill and intangible assets with indefinite useful lives (€/million)	December 31, 2016	FCA	15,222	CNH Industrial	2,550	Ferrari	786	PartnerRe	841	Other minors	64	Total	19,463
Goodwill and intangible assets with indefinite useful lives (€/million)		December 31, 2016													
FCA		15,222													
CNH Industrial		2,550													
Ferrari		786													
PartnerRe		841													
Other minors	64														
Total	19,463														
<p>The majority of these assets relate to goodwill (€ 15,591 million) and brands, trademarks and other intangible assets with indefinite useful lives (€ 3,872 million). Goodwill and intangible assets with indefinite useful lives are allocated to operating segments or to Cash Generating Units (CGU) within the operating segments, which represent the lowest level within the company at which goodwill is monitored for internal management purposes in accordance with IAS 36.</p>	<p>The forecasted cash-flows is an important input for the assessment of the recoverability. We have reconciled these forecasts for the cash generating units with the approved strategic plans.</p>														
<p>Goodwill and intangible assets with indefinite useful lives are tested for impairment annually or more frequently, if there is an indication that an asset may be impaired. Estimating the recoverable amount of the assets requires critical management judgment including estimates of future sales, gross margins, operating costs, terminal value growth rates, capital expenditures and the discount rate and the assumptions inherent in those estimates.</p>	<p>We also assessed the forecasting quality by comparing forecasts as included in tests prepared in prior years to the actuals. Together with the help of our valuation experts, we performed independent calculations to validate the sensitivity analysis.</p>														
<p>The annual impairment test is significant to our audit because the assessment process is complex and requires significant judgment. The company disclosed the nature and value of the assumptions used in the impairment analyses in note 11.</p>	<p>Finally, we reviewed the adequacy of the disclosures made by the company in this area.</p>														

Risk	Our audit response																		
Income taxes-recoverability of deferred tax assets																			
Net deferred tax assets and liabilities as at December 31, 2016 amounted to € 4,265 million, detailed as follows:																			
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #d3d3d3;">Net deferred tax assets and liabilities (€/million)</th> <th style="background-color: #d3d3d3;">December 31, 2016</th> </tr> </thead> <tbody> <tr> <td>Deferred tax assets on temporary differences</td> <td style="text-align: right;">12,765</td> </tr> <tr> <td>Deferred tax liabilities on temporary differences</td> <td style="text-align: right;">(9,081)</td> </tr> <tr> <td>Deferred tax assets on tax losses carried forward</td> <td style="text-align: right;">5,366</td> </tr> <tr> <td>Unrecognized deferred tax assets</td> <td style="text-align: right;">(4,785)</td> </tr> <tr> <td style="background-color: #d3d3d3;">Total</td> <td style="text-align: right; background-color: #d3d3d3;">4,265</td> </tr> <tr> <td colspan="2">Detailed as follows</td> </tr> <tr> <td>Deferred tax assets</td> <td style="text-align: right;">4,792</td> </tr> <tr> <td>Deferred tax liabilities</td> <td style="text-align: right;">(527)</td> </tr> </tbody> </table>	Net deferred tax assets and liabilities (€/million)	December 31, 2016	Deferred tax assets on temporary differences	12,765	Deferred tax liabilities on temporary differences	(9,081)	Deferred tax assets on tax losses carried forward	5,366	Unrecognized deferred tax assets	(4,785)	Total	4,265	Detailed as follows		Deferred tax assets	4,792	Deferred tax liabilities	(527)	
Net deferred tax assets and liabilities (€/million)	December 31, 2016																		
Deferred tax assets on temporary differences	12,765																		
Deferred tax liabilities on temporary differences	(9,081)																		
Deferred tax assets on tax losses carried forward	5,366																		
Unrecognized deferred tax assets	(4,785)																		
Total	4,265																		
Detailed as follows																			
Deferred tax assets	4,792																		
Deferred tax liabilities	(527)																		
<p>At December 31, 2016, the company had deferred tax assets on deductible temporary differences of €12,765 million of which € 894 million which were not recognized and had deferred tax assets on tax losses carried forward of € 5,366 million of which € 3,891 million were not recognized. The majority of these assets relate to FCA Group and to CNH Industrial Group.</p> <p>The analysis of the recognition and recoverability of the deferred tax assets was significant to our audit because the amounts are material, the assessment process is complex and judgmental and is based on assumptions that are affected by expected future market or economic conditions, especially as it relates to future performance in Latin America and the Eurozone.</p> <p>Additionally, due to the complexity of tax rules in certain jurisdictions in which the company operates, the risk of errors in the application of tax rules in determining the company's uncertain tax positions exists.</p> <p>The disclosures in relation to income taxes are included in note 8.</p>	<p>We obtained an understanding of the income taxes process, and evaluated the design and tested the effectiveness of controls in this area relevant to our audit. We performed internal control procedures and substantive audit procedures on the estimate of uncertain tax position and on the recognition of deferred tax balances, based on different local tax regulations and on the analysis of the recoverability of the deferred tax assets based on the estimated future taxable income.</p> <p>We have evaluated the company's assumptions and estimates in relation to the likelihood of generating sufficient future taxable income based on most recent budgets and plans, prepared by management by using the same criteria described for testing the impairment of assets and goodwill, principally by performing sensitivity analyses and evaluating and testing the key assumptions used to determine the amounts recognized.</p> <p>We have involved EY tax specialists to support us in these procedures.</p> <p>Finally, we reviewed the adequacy of the disclosures made by the company in this area.</p>																		

Risk	Our audit response
Provisions for product warranties and recall campaigns	
<p>At December 31, 2016 the provisions for product warranties amounted to € 8,556 million; the majority of these warranty provisions relates to FCA Group (€ 7,542 million).</p> <p>The company issues various types of product warranties under which the performance of products delivered is generally guaranteed for a certain period or term; the reserve for product warranties includes the expected costs of warranty obligations imposed by law or contract, as well as the expected costs for policy coverage, recall actions and buyback commitments. In addition, the company periodically initiates voluntary service and recall actions to address various customer satisfaction, safety and emissions issues related to vehicles sold; the estimated future costs of the service and recall actions are based primarily on historical claims experience for the company's vehicles. Considering the level of judgment, estimation, and manual calculation required to determine the warranty (campaign and non-campaign) reserves coupled with the sensitivity surrounding warranty we have determined that this area constitutes a significant risk.</p> <p>Due to the size and the uncertainty and potential volatility of these estimated future costs and other factors, such as new laws and regulations, changes in assumptions used could materially affect the result of the company's operations.</p> <p>The disclosures on warranty provisions are included in note 27.</p>	<p>We obtained an understanding of the warranty process, evaluated the design of, and performed tests of controls in this area. Our focus included evaluating the appropriateness of the Group's methodology, evaluating and testing the basis for the assumptions developed and used in the determination of the warranty provisions, performing sensitivity analyses to evaluate the judgments made by management, and testing the validity of the data used in the calculations.</p> <p>Finally, we reviewed the adequacy of the disclosures made by the company in this area.</p>

Risk	Our audit response								
Allowance on receivables from financing activities									
<p>At December 31, 2016 the recorded amount of receivables from financing activities is detailed as follows:</p>	<p>We designed our audit procedures to be responsive to this risk. We obtained an understanding of the estimation process, performed a walk-through of the process and evaluated the design and effectiveness of the controls in this area relevant to our audit. Our focus included evaluating the significant estimates and underlying assumptions used by management during this process. We designed a combination of internal control and substantive audit procedures related to the allowance on receivables from financing activities. Our key substantive audit procedures were performed at or near year-end and were designed to validate management's assumptions included in the allowance analysis including the completeness of the underlying data in the analysis.</p>								
<table border="1"> <thead> <tr> <th data-bbox="268 725 587 786">Receivables from financing activities (€/million)</th> <th data-bbox="587 725 766 786">December 31, 2016</th> </tr> </thead> <tbody> <tr> <td data-bbox="268 792 587 831">Gross receivables</td> <td data-bbox="587 792 766 831">21,664</td> </tr> <tr> <td data-bbox="268 837 587 875">Allowance</td> <td data-bbox="587 837 766 875">(617)</td> </tr> <tr> <td data-bbox="268 882 587 920">Total</td> <td data-bbox="587 882 766 920">21,047</td> </tr> </tbody> </table>		Receivables from financing activities (€/million)	December 31, 2016	Gross receivables	21,664	Allowance	(617)	Total	21,047
Receivables from financing activities (€/million)		December 31, 2016							
Gross receivables		21,664							
Allowance	(617)								
Total	21,047								
<p>The majority of these assets relate to CNH Industrial Group. The CNH Industrial Group provides financing for dealer stock and retail purchases of new and used equipment and vehicles sold to retail customers and wholesale dealers and finance leases.</p>									
<p>At December 31, 2016, the allowance on receivables from financing activities was € 617 million. The allowance for doubtful accounts on receivables from financing activities is based on management's estimate as to whether there is any objective evidence that a financial asset or group of assets may be impaired, which derives from the past experience with similar receivables, current and historical past due amounts, dealer termination rates, write-offs and collections, and the monitoring of the economic and market conditions.</p>	<p>Finally, we reviewed the adequacy of the disclosures made by the company in this area.</p>								
<p>The company's disclosures related to the allowance on receivables from financing activities are in note 38 to the consolidated financial statements.</p>									

Risk	Our audit response
Valuation of technical reinsurance reserves	
<p>At December 31, 2016 the recorded amount of the technical reinsurance reserves was € 11,947 million, entirely related to the PartnerRe Group.</p> <p>Non-life and health technical reinsurance reserves include amounts determined from loss reports on individual treaties (case reserves), additional case reserves when Group's loss estimate is higher than reported by the cedants (ACRs) and amounts for losses incurred but not yet reported to PartnerRe (IBNR).</p> <p>The process of IBNR estimation is non-routine, complex and involves judgment, actuarial and statistical projections at a given time to reflect Group management's expectations and therefore subject to potential over/understatement.</p> <p>Estimates of ultimate liabilities are contingent on many future events and the eventual outcome of these events may be different from the assumptions underlying the reserve estimates.</p> <p>The company's disclosures related to the valuation of technical reinsurance reserves are in note 27 to the consolidated financial statements.</p>	<p>We have performed tests of internal control at the key locations of the company in the North America, Global, Life and Group Actuarial reserving processes. This included testing the precision set by management when performing controls involving the review of reports and data.</p> <p>IT audit professionals tested the design and operation of IT controls relevant to the reserving process.</p> <p>We engaged our EY non-life and life actuarial specialists to review the appropriateness of the reserve estimate developed by management. Our EY actuarial team independently re-projected the loss reserves for specific lines of business as of December 31, 2016 and compared the results against the company's best estimate.</p> <p>The EY audit team in each significant location tested the integrity of the underlying data that is used by the EY actuarial team.</p> <p>Finally, we reviewed the adequacy of the disclosures made by the company in this area.</p>

Risk	Our audit approach
Investments of reinsurance companies	
<p>At December 31, 2016 the investments of reinsurance companies amounted to € 14,623 million, entirely related to the PartnerRe Group.</p> <p>Reinsurance investments include fixed income securities, short-term investments, equities, accrued interest, non-foreign exchange derivatives, other invested assets and funds held by reinsurance companies.</p> <p>The company elects the fair value option for all of its fixed maturities, short-term investments, equities and certain other invested assets (excluding those that are accounted for using the cost or equity methods of accounting).</p>	<p>We updated our understanding of the Group's investment valuation processes, performed a walk-through of the processes and evaluated the design and effectiveness of controls in this area relevant to our audit.</p> <p>We have reviewed the company's investment valuation methodologies, re-priced a sample of investments through a combination of corroborative and independent pricing sources.</p>

Risk	Our audit approach
<p>Other invested assets consist primarily of investments in non-publicly traded companies, private placement equity and fixed maturity investments, derivative financial instruments and other specialty asset classes. The remaining other invested assets are recorded based on valuation techniques depending on the nature of the individual assets. The valuation techniques used by the company are generally commensurate with standard valuation techniques for each asset class.</p> <p>The valuation of internally modelled investments of reinsurance companies was significant to our audit because the process is complex and judgmental and based on assumptions that are affected by expected future market or economic conditions.</p> <p>Due to the application of valuation techniques for the valuation of investments and the more complex assumptions applied, this imposes a higher risk to the company.</p> <p>The company disclosed its accounting policies related to the investments of reinsurance companies in the notes to the consolidated financial statements: Basis of preparation and significant accounting policies.</p>	<p>With the assistance of our EY valuation specialists, we have reviewed models and assumptions used to value a sample of securities in situations where independent pricing sources are not available, particularly with regard to the remaining level 3 investments held by the Group.</p> <p>We engaged EY derivative valuation specialists to test the valuation of the specific derivatives of the Company including foreign exchange forwards and options, mortality swaps and interest rate swaps.</p> <p>Finally, we reviewed the adequacy of the disclosures made by the company in this area.</p>

Risk	Our audit approach
Acquisition of PartnerRe	
<p>On March 18, 2016 the company completed the acquisition of PartnerRe after having received all necessary approvals. The total payment made by EXOR at the closing was €5,415 million (\$6,108 million). At acquisition date the investment is recorded at fair value which generated a goodwill of € 586 million which represents the excess in purchase price paid over of the fair value of the net assets.</p> <p>Due to the significance and complexity of the assumptions and estimates there is a significant risk on this transaction.</p> <p>The company disclosed its accounting policies related to the purchase price allocation in the notes to the consolidated financial statements: Basis of preparation and significant accounting policies</p>	<p>We designed our audit procedures to be responsive to this risk. We obtained an understanding of the purchase price process, and evaluated the design of controls in this area relevant to our audit.</p> <p>Our focus included evaluating the purchase price allocation performed by management, evaluating and testing key assumptions used in the purchase price allocation including projected future income and earnings, performing sensitivity analyses, and testing the recognition and valuation of assets and liabilities, including goodwill.</p> <p>We have involved EY tax specialist, EY Actuaries and EY valuation specialists to support us in these procedures.</p>

Risk	Our audit approach
	Finally, we reviewed the adequacy of the disclosures made by the company in this area.

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- ▶ The report on operations
- ▶ Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- ▶ Is consistent with the financial statements and does not contain material misstatements
- ▶ Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the report on operations in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were initially engaged by the shareholder of EXOR N.V. on March 2, 2016 to perform the audit of its 2016 financial statements.

Description of responsibilities for the financial statements

Responsibilities of management and the audit committee for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The audit committee is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- ▶ Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Rotterdam, April 5, 2017

Ernst & Young Accountants LLP

signed by Pieter Laan