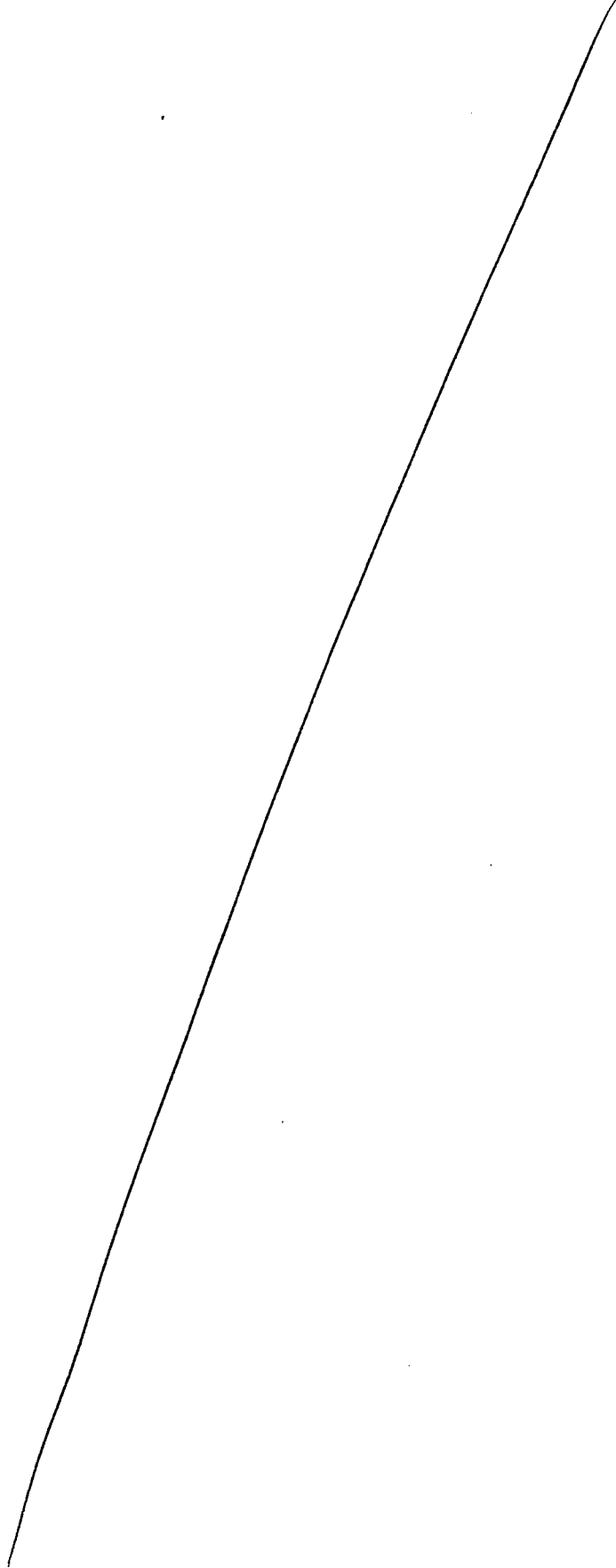




EXTRAORDINARY SHAREHOLDERS' MEETING

**Explanatory report on the proposed agenda of the Extraordinary and Ordinary Shareholders'
Meeting**



BOARD OF DIRECTORS REPORT OF EXOR S.P.A. ON THE COMMON CROSS-BORDER MERGER TERMS BY ACQUISITION OF EXOR S.P.A. WITH AND INTO THE WHOLLY-OWNED DUTCH COMPANY EXOR HOLDING N.V. AND THE SUPPLEMENT TO THE AUTHORIZATION OF THE PURCHASE AND DISPOSAL OF TREASURY SHARES

This report has been prepared pursuant to Article 2501-*quinquies* of the Italian Civil Code, Article 8 of the Legislative Decree no. 108 of May 30, 2008 and Article 70, paragraph 2, of the Consob Resolution No. 11971/1999.

Dear Shareholders,

in the extraordinary part, we hereby submit for your approval the common merger terms relating to the cross-border merger by incorporation ("*fusione per incorporazione*") of EXOR S.p.A. ("**EXOR**") with and into the wholly-owned Dutch company EXOR HOLDING N.V. ("**EXOR HOLDING NV**"), company which will, upon effectiveness of the merger, be renamed "EXOR N.V."

The report, concerning the extraordinary part (the "**Report**"), has been prepared pursuant to Article 2501-*quinquies* of the Italian Civil Code, Article 8 of the Legislative Decree No. 108 of May 30, 2008 (the "**Legislative Decree 108**") and, since EXOR's shares are listed on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. ("**Mercato Telematico Azionario**"), pursuant to Article 70, paragraph 2, of the Consob Resolution no. 11971/1999 (the "**Issuers' Regulation**").

In the ordinary part, the present Shareholders' Meeting is convened to resolve upon the supplement to the resolution of authorization on the purchase and disposal of treasury shares approved by the Ordinary Meeting of May 25, 2016.

EXTRAORDINARY PART

1. Description and rationale of the proposed transaction

1.1. The merger

Preamble

This Report has been prepared by the board of directors of EXOR (the "**Board of Directors**") in order to describe the cross-border reverse merger of EXOR with and into EXOR HOLDING NV (the "**Merger**" or the "**Transaction**"). EXOR HOLDING NV is a wholly-owned direct subsidiary of EXOR.

A different board of directors' report has been prepared by the board of directors of EXOR HOLDING NV (the "**Board of Directors of EXOR HOLDING NV**" and, jointly with the Board of Directors, the "**Boards of Directors**").

EXOR and EXOR HOLDING NV are hereinafter jointly referred to as the "**Merging Companies**".

The Merger is a cross-border merger within the meaning of the provisions of EU Directive 2005/56/EC of the European Parliament and Council of October 26, 2005 on cross-border mergers of limited liability companies, implemented for Dutch law purposes under Title 2.7 of the Dutch Civil Code (the "**Dutch Code**") and for Italian law purposes by Legislative Decree 108.

The common cross-border merger terms have been jointly prepared by the Boards of Directors (the "**Common Cross-Border Merger Terms**"). The Common Cross-Border Merger Terms will be submitted for approval to the extraordinary general meeting of the shareholders of EXOR and to the extraordinary general meeting of the shareholders of EXOR HOLDING NV.

By virtue of the Merger described herein, EXOR will be merged with and into EXOR HOLDING NV and cease to exist as a standalone entity and EXOR HOLDING NV, which is a wholly-owned direct subsidiary of EXOR, will acquire all assets and assume all liabilities and other legal relationships of EXOR under universal title of succession (*verkrijging onder algemene titel*).

As a result of the Merger becoming effective, all shares in the capital of EXOR currently outstanding will be cancelled by operation of law and, in exchange of the shares of EXOR (other than the treasury shares held by EXOR which shall be cancelled without any exchange), EXOR HOLDING NV will allot 1 (one) EXOR HOLDING NV Ordinary Share (each having a nominal value of Euro 0.01) (the "**EXOR HOLDING NV Ordinary Shares**") for each ordinary share in EXOR on the basis of the Exchange Ratio for the Merger as specified under Section 3 below.

The 10,080 EXOR HOLDING NV shares, with a nominal value of Euro 100,00 each, held by EXOR and any additional EXOR HOLDING NV shares issued to or otherwise acquired by EXOR after the date of the Common Cross-Border Merger Terms and that are held by EXOR at the Merger Effective Date, in part will be cancelled, in accordance with Section 2:325, paragraph 3, of the DCC, and in part will be split (and will have a nominal value of Euro 0.01 each) and will be EXOR HOLDING NV Ordinary Shares held as treasury shares.

According to Dutch law and EXOR HOLDING NV's articles of association, during the time that shares in EXOR HOLDING NV are held by EXOR HOLDING NV itself, these shares shall not be entitled to any distribution or voting rights. EXOR HOLDING

NV treasury shares may be allocated to serve the incentive plans indicated in Paragraph 11.3 and, as the case may be, may be used as consideration for the commitments to acquire the Residual Withdrawn Shares (as defined below) assumed by the Investors (as defined below) or may be offered and allocated for trading on the market after the Merger in accordance with applicable laws and regulations or used for any other purpose in compliance with the applicable laws and regulations.

This Merger shall be executed subject to the completion of the pre-merger formalities and the satisfaction (or the waiver) of the conditions precedent, as specified below.

It is envisaged that, as a result of the Merger, EXOR HOLDING NV will replace EXOR as issuer of the following non-convertible bonds: ISIN XS0300900478; ISIN XS0841669871; ISIN XS0861596517; ISIN XS0993438000; ISIN XS1119021357; ISIN XS1329671132; ISIN XS1333667506 and ISIN XS1417003081, listed on the Luxemburg Stock Exchange, and the non-convertible bond ISIN XS0622035524.

As a result of the Merger becoming effective, EXOR shares will be delisted from the Mercato Telematico Azionario. The approval for listing of EXOR HOLDING NV Ordinary Shares on the Mercato Telematico Azionario will be requested. The execution of the Merger is subject to such listing approval.

Purpose of the Transaction

The aim of the Transaction is to align the corporate structure of EXOR with its investments' growing international profile, in line with EXOR's vocation to operate at a global level in consolidating industry and to benefit from the strategic and financial support of long-term shareholders. Moreover, the Board of Directors expects the following benefits from the Transaction:

- simplification of the corporate structure aligned with the one adopted by EXOR's main investments: more than 85% of EXOR's investments, in fact, have been pursued in Dutch companies (CNH Industrial N.V., Fiat Chrysler Automobiles N.V. and Ferrari N.V.) or indirectly owned through Dutch Companies (PartnerRe);
- adoption of a corporate structure consolidated and appreciated by investors; and
- adoption of a share capital structure designed to foster a stable shareholder base and reward long-term investment in the company by encouraging investment by shareholders whose objectives are aligned with EXOR's group long-term strategic interests.

Public documents

In relation to the Transaction and pursuant to Article 2501-*septies* of the Italian Civil Code and Article 70, paragraph 1, of the Issuers' Regulation, in addition to this Report and to the board of directors' report prepared by EXOR HOLDING NV, the following documents will be made available, pursuant to the applicable laws and regulations, on EXOR's website (www.exor.com) and for inspection by the entitled persons at the registered office of EXOR, in Turin, Via Nizza 250, as well as at the operating headquarters of EXOR HOLDING NV:

- (i) the Common Cross-Border Merger Terms, as approved by the Boards of Directors today;
- (ii) the expert report prepared by KPMG Accountants N.V. ("**KPMG**"), as indicated in Section 3 below, upon request of EXOR HOLDING NV, pursuant to Section 2:328, paragraph 1 and 2, of the Dutch Code ("**EXOR HOLDING NV Expert Report**"), on the Exchange Ratio (as defined below);
- (iii) the EXOR interim balance sheet at March 31, 2016 and the EXOR HOLDING NV interim balance sheet at April 1, 2016, pursuant to Article 2501-*quater* of the Italian Civil Code and Section 2:314 of the Dutch Code;
- (iv) the EXOR's 2013, 2014 and 2015 yearly financial statements, together with the relevant reports attached thereto; with reference to EXOR HOLDING NV will be made available only the financial statements for the first financial year ended at December 31, 2015.

The Common Cross-Border Merger Terms will be filed with: (i) the Companies' Register of Turin pursuant to the applicable law provisions and (ii) the Dutch commercial register and filing will be announced to the public in the Netherlands by a notice published on a daily newspaper and in the Dutch Government Gazette.

Pursuant to Section 2:316 of the Dutch Code, EXOR HOLDING NV's creditors have the right to oppose the Merger within a month of the announcement, in the Netherlands, of the abovementioned notice; EXOR's creditors have the right to oppose the Merger within sixty days of the registration with the Companies' Register of Turin of the minutes of EXOR extraordinary shareholders' meeting that approved the Merger.

The information document to be prepared pursuant to Article 70, paragraph 6, of the Issuers' Regulation will be published at least 15 (fifteen) calendar days prior to the extraordinary shareholders' meeting of EXOR called for the purposes of approving the Common Cross-Border Merger Terms in accordance with the applicable laws and regulations.

Exchange ratio

As a result of the Merger becoming effective, each holder of shares in the share capital of EXOR at the Merger Effective Date shall be granted 1 (one) EXOR HOLDING NV Ordinary Share (with a nominal value of Euro 0.01 each) for each ordinary share held in EXOR (the "**Exchange Ratio**").

The treasury shares of EXOR held by EXOR as at the Merger Effective Date will not be exchanged and will be cancelled pursuant to Article 2504-*ter* of the Italian Civil Code.

No payments shall be made pursuant to the Exchange Ratio on the occasion of the Merger.

EXOR HOLDING NV is a wholly-owned direct subsidiary of EXOR, therefore the Merger which is a "reverse merger" (*i.e.* a controlling company – acquired – is merged with and into its fully-owned subsidiary – acquiring company), while it gives rise to an exchange of share and requires the determination of an exchange *ratio*, does not imply any variation of the value of the shareholders' shares. Hence, notwithstanding the (merely arithmetical) exchange *ratio* of the EXOR shares, the determination of such Exchange Ratio has not requested the valuation of the economic value of the companies participating to the Transaction and is not relevant in respect to the overall value of the shares due to EXOR's shareholders.

The Common Cross-Border Merger Terms and the Exchange, approved by the Boards of Directors, will be examined by the expert appointed by EXOR HOLDING NV in order to obtain its fairness opinion.

For further information on the Exchange Ratio, please see Section 3.

1.2. Conditions precedent

The proposal of the Board of Directors and the completion of the Merger are subject to the satisfaction of the following conditions precedent or the waiver (whether in the interest of the Companies) by the Merging Companies of the conditions precedent set out at (iii) and (iv) below:

- (i) EXOR HOLDING NV Ordinary Shares which are to be allotted to EXOR shareholders on the occasion of the Merger shall have been approved for listing on the Mercato Telematico Azionario (subject to an official notice of issuance and/or the obtaining of the necessary authorizations by Consob or other authorities);
- (ii) no governmental entity of a competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any order which is in effect and prohibits execution of the Merger and no order shall have been enacted, entered, promulgated or enforced by any governmental entity which prohibits or makes illegal the consummation of the Merger;
- (iii) the amount of cash, if any, to be paid by EXOR to (a) EXOR shareholders exercising withdrawal rights under Article 2437-*quater* of the Italian Civil Code and/or (b) creditors of EXOR exercising their creditor opposition rights, shall not exceed in the aggregate amount of Euro 400 million (**Cap of Withdrawal Right and Oppositions**). With respect to such potential cash outflow, Giovanni Agnelli e C. (as defined below) and the Standby Investors have committed to acquire Residual Withdrawn Shares (as defined below) up to such aggregate amount as described below in Section 10;
- (iv) there has not been or occurred at any time before the date of the Merger Deed, at a national or international level, any event or circumstance involving significant changes in the legal, political, economic, financial, currency exchange or in the capital markets conditions or any extraordinary event or circumstance in the political and geopolitical situation such as any act of terrorism or war (whether threatened, pending or declared) or act of civil disturbance, any armed conflict (or any escalation or worsening of any of the same) or similar events that, individually or taken together, have had, or are reasonably likely to have, a material adverse effect on the business, results of operations or on the economic or financial conditions (whether actual or prospective) of EXOR and/or the market value of the shares of EXOR and/or that could otherwise negatively affect the Merger (**MAC Clause**).

The Merging Companies will communicate to the market the satisfaction of or the failure to satisfy the above conditions or the waiver of the above conditions precedent set out in Paragraphs 1.2(iii) and 1.2(iv). In addition to the above conditions precedent, the Merger shall not be established other than after:

- (i) a declaration shall have been received from the local district Court in Amsterdam, the Netherlands, that no creditor has opposed to the Merger pursuant to Section 2:316 of the Dutch Code or, in case of any opposition pursuant to Section 2:316 of the Dutch Code, such declaration shall have been received within one month of the withdrawal of the opposition or the discharge of the opposition having become enforceable;
- (ii) the 60 day-period following the date upon which the resolution of the EXOR Extraordinary Meeting of Shareholders has been registered with the Companies' Register of Turin shall have expired or have been earlier terminated pursuant to the law or, in case of opposition by creditors, the opposition itself has been waived or rejected or a judicial order authorizing the Merger has been issued by the Court according to Article 2445 of the Italian Civil Code; and
- (iii) the completion of all the pre-merger formalities, including the delivery by the Italian public notary selected by EXOR of the pre-merger compliance certificate to the Dutch civil law notary, such certificate being the pre-merger scrutiny certificate in the meaning of Article 11 of the EU Directive 2005/56/EC of the European Parliament and Council of October 26, 2005 on cross-border mergers of limited liability companies, and subject to the execution of the Merger Deed before a civil law notary, officiating in the Netherlands.

1.3. Companies participating in the Transaction

1.3.1. EXOR HOLDING NV (acquiring company)

- public limited liability company (*naamloze vennootschap*) incorporated under the laws of the Netherlands;
- official seat in Amsterdam, the Netherlands;
- principal office address at Hoogoorddreef 15, 1101 BA Amsterdam, the Netherlands;
- issued share capital: Euro 1,008,000.00, fully paid-in, divided into 10,080 shares, having a nominal value of Euro 100.00 each;
- authorized share capital: Euro 5,000,000.00;
- no shares of EXOR HOLDING NV have been pledged or encumbered with a right of usufruct;
- no depository receipts of shares of EXOR HOLDING NV have been issued with the co-operation of EXOR HOLDING NV;
- registration number in the Dutch commercial register (*Kamer van Koophandel*): 64236277.

Upon effectiveness of the Merger, EXOR HOLDING NV will be renamed "EXOR N.V.". As a result of the Merger becoming effective, EXOR HOLDING NV will be the surviving company and will maintain its current legal form and official seat and will therefore be subject to the laws of the Netherlands.

The articles of association of EXOR HOLDING NV have been established by deed of incorporation of EXOR HOLDING NV executed before J.J.C.A. Leemrijse, civil law notary, officiating in Amsterdam, the Netherlands, on 30 September 2015. The articles of association of EXOR HOLDING NV have been amended on 28 October 2015 before J.J.C.A. Leemrijse civil law notary officiating in Amsterdam (Netherlands). A copy of the current articles of association of EXOR HOLDING NV effective as of the date hereof is attached to the Common Cross-Border Merger Terms as Schedule 3.

The articles of association of EXOR HOLDING NV will be amended and restated at the Merger Effective Date in accordance with the proposed version of the articles of association attached to the Common Cross-Border Merger Terms as Schedule 4.

1.3.2. EXOR S.p.A. (disappearing company)

- joint stock company (*società per azioni*) organized under the laws of the Republic of Italy;
- registered office in Turin, Via Nizza 250;
- share capital: Euro 246,229,850.00 fully paid-in, divided into no. 241,000,000 ordinary shares, without nominal value, listed on the Mercato Telematico Azionario; and
- VAT code, tax code and registration number with the Companies' Register of Turin: 00470400011.

In the context of the Merger, EXOR HOLDING NV Ordinary Shares will be listed on the Mercato Telematico Azionario.

EXOR and EXOR HOLDING NV are related parties because EXOR HOLDING NV is a wholly-owned subsidiary of EXOR. The transaction – which qualifies as a "significant transaction" pursuant to the regulation on related-party transactions approved by Consob through the resolution no. 17221 dated March 12, 2010 (the "Regulation") – was approved with the favorable vote of the entire Board of Directors of EXOR.

The transaction benefits from the exemption set forth by article 14 of the Regulation and article 5C (intragroup transactions) of the "Procedure for transactions with related parties" adopted by EXOR and published on the website of the Company (www.exor.com). Pursuant to such exemption, EXOR will not publish the relevant information document (*documento informativo*) pursuant to article 5 of the Regulation.

2. Values attributed to companies participating in the Transaction for the purpose of determining the Exchange Ratio

EXOR will be merged with and into its wholly-owned direct subsidiary. As a result of the Merger, new EXOR HOLDING NV shares will be allotted to EXOR shareholders in exchange for the EXOR shares which will be cancelled.

The value of the assets and liabilities of EXOR to be transferred to EXOR HOLDING NV as of the Merger Effective Date will be determined on the basis of the relevant accounting net value as of the Merger Effective Date.

The conditions of the Merger have been established on the basis of the interim balance sheet of EXOR at the date of March 31, 2016 and on the basis of the interim balance sheet of EXOR HOLDING NV at the date of April 1, 2016.

3. Determination of the Exchange Ratio

The Merger Exchange Ratio is equal to No. 1 (one) EXOR HOLDING NV Ordinary Share, having a nominal value of Euro 0.01 each for No. 1 (one) EXOR share, without nominal value.

No cash consideration will be paid as to the Merger.

At the request of EXOR HOLDING NV, KPMG will prepare a report in relation to the fairness of the Exchange Ratio in accordance with Sections 2:328, paragraph 1, and 2:333g of the Dutch Code.

EXOR will be merged with and into EXOR HOLDING NV and cease to exist as a standalone entity and EXOR HOLDING NV, which is a wholly-owned direct subsidiary of EXOR, will acquire all assets and assume all liabilities and other legal relationships of EXOR under universal title of succession (*verkrijging onder algemene titel*).

EXOR shareholders' will be granted with 1 (one) EXOR HOLDING NV Ordinary Share for each ordinary share held in EXOR.

No significant issues have been encountered in connection with the application of the method of assessment or in the determination of the Exchange Ratio.

Furthermore, EXOR's share capital of Euro 246,229,850.00 as at the date of the interim balance sheet at 31 March 2016 was divided into no. 246,229,850 ordinary shares, with a nominal value of Euro 1.00 per share, which, following the resolutions of EXOR extraordinary meeting of shareholders held on 25 May 2016, was reduced to no. 241,000,000 shares upon cancellation of treasury shares; the abovementioned share capital remained unvaried following elimination of the nominal value. Based upon the Exchange Ratio of 1:1, as indicated above, and taking into account that the treasury shares held by EXOR (no. 6,639,896 at the date of the Common Cross-Border Merger Terms) will be cancelled, it is expected that EXOR HOLDING NV will issue at least no. 234,360,104 EXOR HOLDING NV Ordinary Shares, with a nominal value of Euro 0.01 per share, resulting in a total nominal value of at least of Euro 2.34 million.

4. Allocation of EXOR HOLDING NV shares to EXOR shareholders and date of distribution entitlement

As a result of the Merger becoming effective, all shares of EXOR currently outstanding will be cancelled by operation of law and, in exchange of the shares of EXOR (other than the treasury shares held by EXOR which shall be cancelled without any exchange), EXOR HOLDING NV, which upon completion of the Merger will be renamed EXOR N.V., will allot 1 (one) EXOR HOLDING NV Ordinary Share (each having a nominal value of Euro 0.01) for each ordinary share in EXOR, on the basis of the Exchange Ratio for the Merger as specified under Section 3.

The EXOR HOLDING NV Ordinary Shares being allotted on occasion of the Merger – to be listed, at the time of completion of the Merger, on the Mercato Telematico Azionario – will be allotted in dematerialized form and delivered to the beneficiaries through the centralized clearing system organized by Monte Titoli with effect from the Merger Effective Date (as defined in Section 5 below).

Further information on the procedure for allocation of the EXOR HOLDING NV Ordinary Shares shall be communicated publicly in a notice published on the website of EXOR (www.exor.com) as well as on the daily newspaper "La Stampa". The shareholders of EXOR will bear no costs in relation to the shares exchange.

As a result of the Transaction, EXOR shares will be cancelled pursuant to Italian and Dutch law and all the existing business activities, shareholdings and other assets of EXOR will be transferred to EXOR HOLDING NV. The EXOR HOLDING NV Shares issued in relation to the exchange will be entitled to a regular dividend as from January 1^o, 2016.

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 HOLDING NV with enhanced flexibility when pursuing strategic investment opportunities in the future, the EXOR HOLDING NV new 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 HOLDING NV Ordinary Shares and to promote stability of the EXOR HOLDING NV shareholders-base by granting long-term EXOR HOLDING NV shareholders with Special Voting Shares to which multiple voting rights are attached additional to the one granted by each EXOR HOLDING NV Ordinary Share that they hold.

More precisely, according to the Special-Voting Structure:

- (i) after 5 years of uninterrupted ownership of EXOR HOLDING NV Ordinary Shares held in a special register, each EXOR HOLDING NV shareholder will be entitled to 5 voting rights for each EXOR HOLDING NV Ordinary Share and, to this purpose, will receive – and EXOR HOLDING NV 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 HOLDING NV Ordinary Share owned (to which 1 voting right is attached); and
- (ii) after 10 years of uninterrupted ownership of EXOR HOLDING NV Ordinary Shares held in a special register, each EXOR HOLDING NV shareholder will be entitled to 10 votes for each EXOR HOLDING NV Ordinary Share and, to this purpose, each Special Voting Share-A held will be converted into one special voting share, to which 9 voting rights are attached, and with a nominal value of Euro 0.09 ("**Special Voting Share-B**"), additional to each EXOR HOLDING NV 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**"; Special Voting Shares will not be tradable and will have only minimal economic entitlements.

Following the completion of the Transaction, EXOR HOLDING NV eligible shareholders seeking to qualify to receive Special Voting Shares will have to request to have their EXOR HOLDING NV Ordinary Shares registered (in whole or in part) in the

loyalty register maintained pursuant to the Terms and Conditions for Special Voting Shares ("**Loyalty Register**") by submitting (i) a duly completed form together with a duly completed power of attorney and (ii) a broker confirmation statement attesting the uninterrupted holding of EXOR HOLDING NV Ordinary Shares, pursuant to the Terms and Conditions for Special Voting Shares attached to the Common Cross-Border Merger Terms.

As from the date on which EXOR HOLDING NV Ordinary Shares will have been registered in the Loyalty Register in the name of one and the same shareholder or his loyalty transferee for an uninterrupted period of 5 or 10 years, such EXOR HOLDING NV Ordinary Shares will become electing ordinary shares and the holder thereof will be entitled to be granted with one Special Voting Share in respect of each electing ordinary share held, provided, however, that the Terms and Conditions for Special Voting Shares, attached to the Common Cross-Border Merger Terms, are complied with.

Whilst EXOR HOLDING NV Ordinary shares are freely transferrable, Special Voting Shares may not be transferred to third parties (except for limited circumstances). In order to transfer the qualifying ordinary shares (*i.e.* shares with respect to which Special Voting Shares are allocated) or the electing ordinary shares (*i.e.* shares registered in the Loyalty Register for the purpose of becoming qualifying ordinary shares) the relevant shareholder will have to request the de-registration from the Loyalty Register of its qualifying ordinary shares or of its electing ordinary shares, as the case may be; after such de-registration, the relevant EXOR HOLDING NV Ordinary Shares will cease to be qualifying ordinary shares or electing ordinary shares and shall be freely transferable. The Special Voting Shares must be surrendered when the qualifying ordinary shares are transferred (except in case of transfers to a loyalty transferee in limited specified circumstances), when the holder de-registers from the Loyalty Register and when a change of control over that shareholder occurs. A change of control happens when the shares in the holder of the qualifying ordinary shares are transferred to a third party (so *e.g.* any changes among the group of shareholders in the holder of qualifying ordinary shares are ignored). The change of control applies only if the qualifying ordinary shares represent more than 20% of that shareholders' total assets (so it would not affect *e.g.* large institutional investors).

The characteristics of the Special Voting Shares are set out in the EXOR HOLDING NV new Articles of Association attached as schedule 4 to the Common Cross-Border Merger Terms and in the Terms and Conditions for Special Voting Shares of EXOR HOLDING NV attached as schedule 7 to the Common Cross-Border Merger Terms, to which reference is made.

For the avoidance of doubt, the Special Voting Shares are not part of the Exchange Ratio set out in Section 3 above.

For the sake of clarity, at the Merger Effective Date (as defined in Section 5 below) no Special Voting Shares will be issued by EXOR HOLDING NV. As a consequence, assuming that the request for registration of EXOR HOLDING NV Ordinary Shares in the Loyalty Register is filed at the Merger Effective Date, 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 part of the Transaction, EXOR HOLDING NV – before the Merger Effective Date – will adopt all the necessary resolutions to purchase treasury shares according to the applicable Dutch law provisions.

5. Effectiveness of the Transaction for the purposes of the EXOR HOLDING NV financial statements

Pursuant to the provisions of Article 15 of Legislative Decree 108 and of Section 2:318 of the Dutch Code, and subject to the completion of the pre-merger formalities and the satisfaction of the condition precedent, as described under Section 1.2, or the waiver of the conditions precedent set out in Section 1.2(iii) (Cap of Withdrawal Right and Oppositions) and 1.2(iv) (MAC Clause), this Merger shall be executed in accordance with and pursuant to Section 2:318 of the Dutch Code and will become effective at 00.00 AM CET following the day on which the deed of Merger (the "**Merger Deed**") is executed before a civil law notary officiating in the Netherlands (the "**Merger Effective Date**").

The Dutch commercial register will subsequently inform the Companies' Register of Turin that the Merger has become effective.

It is envisaged that the Merger will become effective in 2016.

The financial information with respect to the assets, liabilities and other legal relationships of EXOR will be reflected in the accounts and other financial reports of EXOR HOLDING NV as of January 1^o, 2016, and, therefore, the accounting effects of the Merger will be recorded in EXOR HOLDING NV's annual accounts from that date.

EXOR HOLDING NV Ordinary Shares, issued as at the Merger Effective Date, will carry entitlement to participation in the profits of EXOR HOLDING NV as from January 1^o, 2016 in proportion to the participation in the nominal share capital of EXOR HOLDING NV.

6. Accounting treatment applicable to the transaction

EXOR prepares its consolidated financial statements in accordance with IFRS.

Following the Merger, EXOR HOLDING NV will prepare its consolidated financial statements in accordance with IFRS. Under IFRS, the Transaction consists in a reorganization of existing legal entities which does not give rise to any change of control nor to the acquisition of the shares held by EXOR's shareholders in exchange for the EXOR HOLDING NV newly-issued shares, being EXOR HOLDING NV's share capital entirely owned by EXOR; therefore, the Transaction is outside the scope of

application of IFRS 3 – Business Combinations. Accordingly, the assets and liabilities of EXOR will be recognized by EXOR HOLDING NV at the carrying amounts detailed in the consolidated financial statements of EXOR prior to the Transaction.

As anticipated, pursuant to Section 2:321 of the Dutch Code, the accounting effects of the Transaction will be recorded in EXOR HOLDING NV's annual accounts from January 1^o, 2016.

7. Tax impacts of the Transaction

The Merger qualifies as an EU cross-border merger under Article 178 of Presidential Decree no. 917 of December 22, 1986 (the Consolidated Italian Income Tax Act, "ITA"), implementing Council Directive 90/434/EEC of July 23, 1990 on the common system of taxation applicable to mergers, divisions, transfers of assets and exchanges of shares concerning companies of different Member States (recast as Council Directive 2009/133/EC of October 19, 2009, the "merger Directive").

The Merger cannot be backdated for Italian income tax purposes.

Because EXOR HOLDING NV will not have any permanent establishment in Italy following the Merger, all of EXOR's assets (including its shareholdings in other companies) will be deemed to be realized at their fair market value under Article 179(6) ITA, thereby triggering taxable capital gains ("Exit Gain"). However, capital gains on shareholdings may benefit from the participation exemption if all the requirements set forth in Article 87 ITA are met. Moreover, under Article 180 ITA, tax-deferred reserves currently booked in EXOR's balance sheet will be included in EXOR's taxable income of the last tax year in which EXOR is a tax resident of Italy (i.e., the tax year that closes upon the Merger becoming legally effective). EXOR's carryforward losses may be fully offset against:

- (i) the taxable income realized by EXOR in the last tax year before the Merger (i.e., the tax year that closes upon the Merger becoming legally effective) increased by the income arising from the write-off of the tax-deferred reserves under Article 180 ITA for an amount determined so that there will be a corporate income tax (immediately due and not deferrable) that EXOR can fully offset by using its tax credits deriving from the payment of the substitute tax pursuant to Law no. 408 of December 29, 1990 and Law no. 413 of December 30, 1991; and
- (ii) the taxable income arising from the Exit Gains on the shareholdings and the other EXOR's assets realized under Article 179(6) ITA for the amount of carryforward losses remaining after the utilization pursuant to (i) above.

Should an Italian tax ("Italian Exit Tax") arise because the Exit Gains exceed the carryforward losses, EXOR may elect to defer the payment of the Italian Exit Tax under Article 166(2-*quater*), which is now referred to in Article 179 ITA after the amendments enacted by Legislative Decree no. 147 of September 14, 2015. Under Article 1(6) of Ministerial Decree of July 2, 2014, the Italian Exit Tax that has been deferred must then be paid:

- (i) With respect to depreciable and amortizable assets (including intangibles and goodwill), gradually on accrual basis based on the depreciation / amortization recovery period that would have continued to apply for Italian tax purposes if the company had remained a tax resident of Italy;
- (ii) With respect to shareholdings and equity-like securities other than those held for trading, upon distribution of profits or equity reserves by the participated company; and
- (iii) Upon realization (e.g., sale) as determined under the rules set forth in ITA with respect to both the assets indicated under (i) and (ii) above and the other assets of the company that are not subject to depreciation / amortization.

In any event the assets will be deemed to have been realized by EXOR after ten years from the last tax year in which EXOR has been a tax resident of Italy.

Interest accrues on the Italian Exit Tax that has been deferred at the rate set forth in Article 20 of Legislative Decree no. 241 of July 9, 1997 (currently 4% per year). As an alternative to deferring the payment of the Italian Exit Tax, EXOR may request to pay the Italian Exit Tax in installments (up to six) with the application of the same yearly interest rate (i.e., currently equal to 4%).

Under Article 179(3) ITA, the Merger does not give rise to any taxation in Italy for the shareholders of EXOR. The EXOR shareholders will have an exchange basis in the EXOR HOLDING NV Shares that they will receive upon the Merger, i.e., the same tax basis as they had in the EXOR shares before the Merger.

Aside from the above, the Merger should not trigger adverse corporate income tax consequences for EXOR HOLDING NV, which is a Dutch tax resident company ordinarily subject to Dutch corporate income tax.

8. Shareholder structure and control of EXOR HOLDING NV subsequent to the Transaction

The following table shows the current shareholdings of major shareholders of EXOR (i.e., shares representing 2% or more of voting rights, including the shares held by EXOR) as of 25 July 2016, on the basis of the publicly available information.

Shareholder(*)	% on the issued capital
Giovanni Agnelli e C. S.a.p.az.	52.99%
Harris Associates LP	5.13%
Exor	2.76%
Other Shareholders(**)	39.12%

(*) Information provided to EXOR and to Consob by the shareholders may not be updated

(**) Within "Other Shareholders", directors of the Group who hold shares of EXOR are included

Based on the Exchange Ratio, as determined pursuant to Section 3 above, whereby each EXOR shareholder shall receive 1 (one) EXOR HOLDING NV Ordinary Share (having a nominal value of Euro 0.01 each) for each EXOR share, EXOR shareholders will be entitled to the same percentage of EXOR HOLDING NV's shares as the one held before the Merger (subject to the effects of the potential exercise of the withdrawal rights, to the cancellation of EXOR treasury shares as at the Merger Effective Date and to the commitment to acquire assumed by Giovanni Agnelli e C. – as defined below – as described in Section 10 below).

In particular, Giovanni Agnelli e C. (as defined below) – which, as of 25 July 2016 holds a participation in the issued capital of EXOR equal to 52.99% – will hold the same participation represented by EXOR HOLDING NV Ordinary Shares as of the date of completion of the Merger (subject to the effects of the potential exercise of the withdrawal rights, to the cancellation of EXOR treasury shares as at the Merger Effective Date and to the commitment to acquire assumed by Giovanni Agnelli e C. (as defined below) as described in Section 10 below).

As a consequence of the Special-Voting Structure, the future voting power of a shareholder of EXOR HOLDING NV will depend on the extent to which the shareholders will take part to the Special-Voting Structure in EXOR HOLDING NV. For further information as regards the Special Voting Shares issued by EXOR HOLDING NV and the relative impact on EXOR HOLDING NV's ownership structure, please see Paragraph 4 above. It needs to be recalled, however, that the Special-Voting Structure will be effective solely as from the fifth year from the Merger Effective Date, assuming that shareholders who own EXOR HOLDING NV Ordinary Shares are eligible to be granted with the Special Voting Shares. At the Merger Effective Date, in fact, no Special Voting Share will be issued.

9. Effects of the Transaction on shareholders' agreements

On the basis of the information available to the public, as of the date of this Report, no shareholders agreements pursuant to Article 122 of Legislative Decree 58 of 1998 ("TUF") have been executed in relation to EXOR.

10. Evaluation on the withdrawal rights – shareholders entitled to exercise withdrawal rights

EXOR shareholders who do not vote in favor of the Common Cross-Border Merger Terms will be entitled to exercise their withdrawal rights pursuant to:

- (i) Article 2437, paragraph 1, letter c) of the Italian Civil Code, given that EXOR's registered office is to be transferred outside Italy; and
- (ii) Article 5 of Legislative Decree 108, given that EXOR HOLDING NV is organized and managed under the laws of a country other than Italy (*i.e.*, the Netherlands).

Given that those events will only occur upon the execution of the Transaction the exercise of the withdrawal rights by EXOR shareholders is conditional upon the Merger becoming effective.

In accordance with Article 2437-*bis* of the Italian Civil Code, Qualifying Shareholders may exercise their withdrawal rights, in relation to some or all of their shares, by sending notice via registered mail to the registered offices of EXOR no later than 15 days following registration with the Companies' Register of Turin of the minutes of the EXOR Extraordinary Meeting of Shareholders passing the Common Cross-Border Merger Terms. Notice of the registration will be published in the daily newspaper "La Stampa" and on the EXOR corporate website.

In accordance with Article 2437-*ter* of the Italian Civil Code, the redemption price payable to shareholders exercising their withdrawal right is equal to Euro 31.2348 per each EXOR ordinary share. The redemption price is equivalent to the arithmetic average of the daily closing price (as calculated by Borsa Italiana S.p.A.) of EXOR ordinary shares for the six-month period prior to the date of publication of the notice for convening the EXOR extraordinary meeting of shareholders called for the purposes of approving the Common Cross-Border Merger Terms (the "EXOR Extraordinary Meeting of Shareholders").

Once the fifteen-day exercise period has expired and the Merger had become effective, the redemption price of the shares with respect to which withdrawal rights have been exercised will be paid pursuant to Article 2437-*quater* of the Italian Civil Code.

In addition to the conditions provided below as well as the provisions of Article 127-*bis* of TUF, shareholders exercising their withdrawal rights must submit the specific communication - to be issued by an authorized intermediary - stating the continuous ownership of the shares for which the shareholder has exercised his withdrawal right immediately prior to the EXOR

Extraordinary Meeting of Shareholders and up to the date of the notification. Further details for the exercise of the withdrawal right will be provided to EXOR shareholders in accordance with the applicable laws and regulations.

In order to mitigate the potential cash outflows resulting from the obligation of EXOR to purchase from shareholders who have exercised their withdrawal rights all of the shares that have not been purchased by shareholders or third parties pursuant to Article 2437-*quater* of the Italian Civil Code (the “Residual Withdrawn Shares”) and in order to mitigate the risks relating to changes in market conditions between the date hereof and the Merger Effective Date, Giovanni Agnelli e C. S.p.a. (“Giovanni Agnelli e C.”), owner, at the date hereof, of the 52.99% of EXOR’s issued capital, and a number of long-term oriented entrepreneurs and institutions (the “Standby Investors” and, together with Giovanni Agnelli e C. referred to as the “Investors”) have committed to acquire Residual Withdrawn Shares at a price per share equivalent to the price payable to shareholders exercising the withdrawal right determined pursuant to Article 2437-*ter*, paragraph 3, of the Italian Civil Code, less a commitment fee to be deducted from such price as consideration for the aforesaid commitments assumed by the Investors. In particular, Giovanni Agnelli e C. has committed to acquire a certain number of Residual Withdrawn Shares up to an aggregate maximum amount equal to Euro 100 million and the Standby Investors, severally and not jointly, have committed to acquire the Residual Withdrawn Shares, exceeding the mentioned aggregate maximum amount equal to Euro 100 million, up to the aggregate maximum amount of Euro 300 million.

As anticipated, the exercise of the withdrawal rights by EXOR shareholders will be subject to the completion of the Transaction. Accordingly, if the aforesaid conditions precedent will not be satisfied, the offer and the possible subsequent redemption of the relevant withdrawn shares by EXOR will not take place or become effective, unless the conditions precedent are waived (to the extent permitted by applicable law).

11. Impact of the Transaction on the shareholders, creditors and employee

Pursuant to Article 8 of the Legislative Decree 108, the impact of the Merger on the current EXOR’s shareholders, creditors and employees is described below.

11.1 Impact of the Transaction on the shareholders

As to the new shareholder structure and control of EXOR HOLDING NV subsequent to the Transaction, please refer to Section 8 above, while as to the tax impacts on shareholders, please refer to Section 7 above.

With respect to the rights and obligations of shareholders of a Dutch company (*i.e.*, EXOR HOLDING NV), please refer to the EXOR HOLDING NV articles of associations attached to the Common Cross-Border Merger Terms.

11.2 Impact of the Transaction on creditors

EXOR creditors whose claims precede the registration of the Common Cross-Border Merger Terms with the Companies’ Register of Turin will be entitled to oppose the Merger pursuant to Article 2503 of the Italian Civil Code within 60 days of the registration provided by Article 2502-*bis* of the Italian Civil Code, unless such period is terminated earlier because of the posting of a bond by EXOR sufficient to satisfy EXOR creditors’ claims, if any, without prejudice to Article 2503 of the Italian Civil Code. In case of opposition, the competent Court – if it deems the risk of prejudice to creditors ungrounded or where the company has posted a bond sufficient to satisfy creditors’ claims – may nonetheless authorize the Merger despite the opposition, pursuant to Article 2503 of the Italian Civil Code.

EXOR HOLDING NV creditors will have the right to oppose the Merger by filing a formal objection to the Common Cross-Border Merger Terms with the local Court of Amsterdam, the Netherlands, pursuant to Section 2:316 of the Dutch Code, within a period of one month starting from the day following the day of public announcement of the filing of the Common Cross-Border Merger Terms in a newspaper with national circulation in the Netherlands.

EXOR HOLDING NV must provide sufficient security to any opposing creditor unless the Court finds that the opposing creditor has not sufficiently proven that the financial state of the incorporating company (*i.e.*, EXOR HOLDING NV) will provide less safeguard that his claim will be settled than before the Merger. If creditor’s opposition was filed in time (*i.e.*, before the end of the month period) the notarial deed of merger may not be executed unless the Court ruling to release the opposition has immediate effect or the opposition was withdrawn.

11.3 Impact of the Transaction on employees

Article 19 of Legislative Decree 108 regulating participation of employees is not applicable to the Merger as EXOR HOLDING NV as the surviving company in the Merger is not an Italian company and neither EXOR nor EXOR HOLDING NV applies an employee participation system in the meaning of Directive 2005/56/EC of October 26, 2005 on cross-border mergers of limited liability companies.

EXOR will carry out the consultation procedure set out under Article 47 of Italian Law no. 428 of December 29, 1990, as amended. Additionally, in accordance with the provisions of Article 8 of Legislative Decree 108, this Report will be made available to EXOR’s employees at least 30 days prior to EXOR Extraordinary Meeting of Shareholders.

EXOR has adopted (i) a stock option plan named “Stock Option Plan 2008-2019”, (ii) an incentive plan named “Nuovo Piano di Incentivazione” made up of two parts, of which the first part is under form of stock grant (named “Long Term Stock Grant”) and

the second part is under form of allotment of stock option (named "*Company Performance Stock Option*"), (iii) an incentive plan named "*Incentive Plan 2015*" and (iv) a stock option plan named "*Long Term Stock Option Plan 2016*". For each right held (the **EXOR Rights**), the beneficiaries of said plans shall be awarded a comparable right with respect to an equitable number of EXOR HOLDING NV Ordinary Shares calculated taking into account the Exchange Ratio.

Following the Merger, the shares held by EXOR, including the shares servicing the EXOR Rights, will be cancelled without any cash consideration according to the applicable law provisions.

ORDINARY PART

1. Supplement to the authorization on the purchase and disposal of treasury shares

In the ordinary part, the Shareholders' Meeting is convened to resolve upon the supplement to the resolution of authorization on the purchase and disposal of treasury shares approved by the Ordinary Meeting of May 25, 2016 to provide that, by the way of exception to what resolved in the abovementioned resolution, (i) EXOR may purchase the shares from the shareholders that exercised their right to withdrawal pursuant to Section 10 above, with the possibility of obtaining the settlement of such shares even before the end of the procedure laid down in Article 2437-*quarter* of the Italian Civil Code and the related purchase and sale price is defined according to Article 2437-*ter* of the Italian Civil Code as indicated in the abovementioned Section 10, and (ii) EXOR may dispose of the shares, acquired from the shareholders who may have exercised the withdrawal right – as described in Paragraph 10 above – in favor of the Investors at a purchase price equal to the price payable to shareholders exercising the withdrawal right determined pursuant to Article 2437-*ter*, paragraph 3, of the Italian Civil Code, after deduction of the Commitment Fee as described in Paragraph 10 above.

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Turin, 25 July 2016

On behalf of the Board of Directors
Chairman and Chief Executive Officer

John Elkann

