



**By ordinary and registered mail:**

EXOR S.p.A  
Via Nizza, 250  
Turin  
Italy

EXOR Holding N.V.  
Hoogoordreef 15  
1101 BA AMSTERDAM

**E-mail copy to:**

ir@exor.com

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Subject:           Cross-border merger plan and loyalty voting structure

Dear members of the board of directors,

The Dutch Investors' Association (**VEB**) and the European Investors' Association IVZW (**European Investors**) would like to request your attention for the following.

**1. Introduction**

In accordance with their statutory goal, VEB and European Investors promote the interests of shareholders in the widest sense, including those of investors with a direct or indirect interest in Exor S.p.A. VEB particularly represents retail shareholders.

On 25 July 2016 the board of directors Exor S.p.A. resolved to propose to its shareholders a (re)structuring of the group in order to further 'align' the group's structure with its existing businesses. On 3 September 2016 Exor S.p.A.'s general meeting of shareholders approved this proposal. The envisaged outcome of the cross-border merger was presented to shareholders as a further step in the simplification of the corporate structure of the Exor group.

VEB and European Investors have the following questions, aimed at obtaining clarity on a number of matters.



## 2. Loyalty shares

Part of this merger forms the introduction of loyalty shares. This is presented by Exor S.p.A.'s management as a reward for loyal shareholders' long term-investments and an incentive for keeping the shareholder base stable. Summarizing, the loyalty scheme works as follows. Shareholders may elect to register (a part of) their shares in the so-called loyalty register. Following registration, the registered shares can no longer be traded freely. Subsequent trading is conditional upon deregistration of the relevant shares. On the fifth anniversary of registration (*i.e.* uninterrupted, registered ownership of Exor shares) shareholders will be granted special voting shares (one per registered share), to which 4 voting rights are attached. Upon the 10<sup>th</sup> anniversary this special voting share will be converted into a special voting share to which 9 voting rights are attached.

In the view of European Investors and VEB, the approved structure can serve contrary purposes as well.

After all, granting voting shares to shareholders upon the lapse of 5 and 10 years enables the eligible shareholders to sell part of their stake in Exor without losing control. Especially Exor's majority shareholder Giovanni Agnelli e C. S.a.p.Az. (**GAC**, currently in possession of 52,99% of the issued share capital) may benefit from this new arrangement. Considering that a substantial part of Exor's free float will continue to be traded frequently and therefore never be registered in the loyalty register, the granting of loyalty voting shares will enable GAC to sell substantial parts of its stake in Exor while remaining in control. This would mean that the control exercised by shareholders remains stable, whereas its true shareholding would gradually decrease.

Please explain how this (side)effect is to be perceived in the light of the objectives to stimulate "the development and continuing involvement of a stable base of shareholders over the long term" and to reward loyalty.

*Quote from Information Document regarding the cross-border merger between EXOR S.p.A. (as disappearing entity) and EXOR HOLDING N.V. (as acquiring entity) (which will be renamed "EXOR N.V.") of 19 August 2016.*

The loyalty share scheme can give rise to a situation in which the 'one, one vote principle' is increasingly subject to erosion, whereas control and economic risk decreasingly correspond. Please explain why this is justified in the given circumstances.

## 3. Size of issued capital in the context of inquiry proceedings

Furthermore, as a result of the merger Exor N.V.'s issued capital will be 99% lower than the issued share capital of Exor S.p.A. (par value of shares will be decreased from EUR 1 to EUR 0.01). Although this seems a mere formality, this has clear adverse effects for shareholders.



Depending on the size of the company's issued capital, specified criteria apply to the shareholder's admissibility in inquiry proceedings (article 3:246(1)(a) and (b) of the Dutch Civil Code). For companies of the size of Exor N.V., it would be customary to have an issued capital of at least EUR 22.5 million. In that case, shareholders representing at least 1% of the issued capital or shares with an aggregate value of at least EUR 22.5 million may initiate such proceedings. The envisaged issued capital of EUR 2.5 million, however, can result in the applicability of the small companies' regime. In that case, admissibility requires shareholders to represent 10% of the issued capital or shares with an aggregate par value of EUR 225,000.

This is even more relevant in the context of the dominant position of GAC, as inquiry proceedings also serve to safeguard the interest of minority shareholders.

Please explain whether this has been taken into account when determining the amount of the issued capital of Exor N.V., following the merger. Also, explain Exor N.V.'s position, should the above ever become relevant due to the submission of a request for inquiry proceedings by minority shareholders.

#### **4. Retail shareholder involvement**

As appears from the verbatim records of the ordinary and extraordinary meetings, Exor S.p.A.'s shareholders are actively involved. The records of the meeting contain numerous examples of questions and remarks made by shareholders. As you might appreciate, the move of Exor S.p.A. to the Netherlands and the subsequent merger into Exor N.V. and the future location of the meetings will effectively make it more difficult for retail shareholders to be physically present at general meetings, to ask questions to the company and to engage in discussions). After all significant travelling costs and time will be required.

Please provide us with you view on this issue and explain which measures will be taken in order to facilitate the continued active involvement of retail investors based in Italy, including, for instance, video conferencing for shareholders from Italy.

#### **5. Other**

VEB and European Investors kindly request you to answer their questions ultimately on 10 October 2016. This letter will be published on the website of VEB and European Investors. Both explicitly reserve the right to publish your response as well.

Yours sincerely,

Paul Koster  
Director VEB

Niels Lemmers  
Director European Investors

Quirijn Bongaerts  
Lawyer (*advocaat*)