

Generali Group

Strategic Plan Update

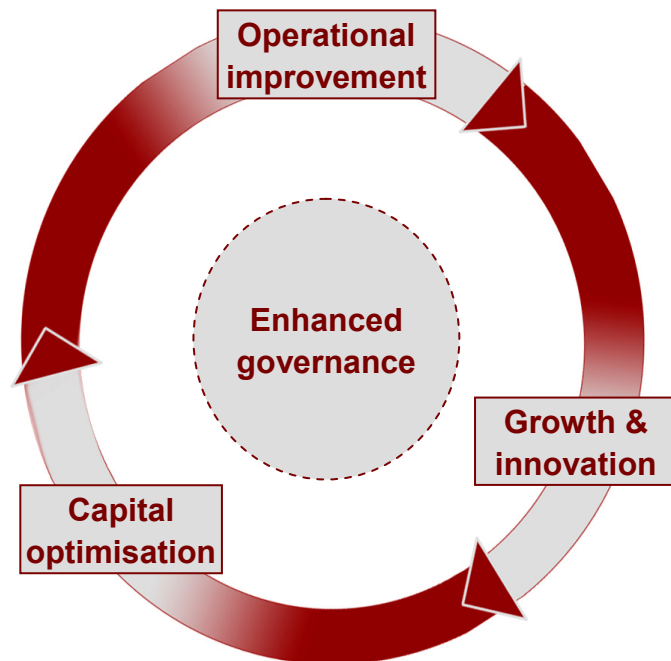
Accelerating the pace of change



Strategy highlights

Strategy confirmed, new and expanded initiatives to support higher aspirations

2006–2008 Plan



2007–2009 Plan¹

- **Restructuring of Group Organization**
 - Enhanced **organization** of the corporate center
 - Step-up of **Italy re-organization** and full leverage of **Toro** acquisition
 - **Restructuring** of operations in **Germany**
- **Expanded and New Group Initiatives**
 - Expanded **Group Programs** (in scope and target)
 - Enlarged portfolio of **Growth and Innovation** initiatives
- Increased effectiveness of **investment strategy**
 - Alternative Investment Platform
 - Global Real Estate Strategy
- New **Capital Management** policy
- **Financial Targets 2009²**
 - **Euro 6.5 bln Operating Result** (vs. 4.0 bln in '06)
 - **Euro 3.8 bln Net Profit** (vs. 2.4 bln in 2006)
 - **16% RoEV**
 - Total **dividend doubled** vs 2006
- Additional mid-term Euro 500 mln pre-tax impact from strategic initiatives beyond 2009

¹ Assuming stable market and regulatory conditions

² Based on a 4.50% 10-year risk free rate

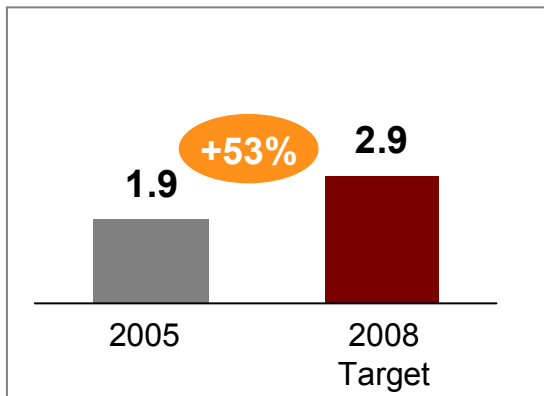
Our course of action

2003–2005	2006	2007–2009	2010+
<ul style="list-style-type: none"> ▪ Focus on value creation ▪ Country based initiatives ▪ Develop role of the corporate centre 	<ul style="list-style-type: none"> ▪ Tackle Group synergies on top of each country plan while optimizing the capital base 	<p><i>Further accelerate the pace of change</i></p> <ul style="list-style-type: none"> ▪ More Group synergies ▪ Invest in sustainable future growth ▪ Focus on customer service quality ▪ Enhanced organization of corporate center 	<ul style="list-style-type: none"> ▪ Further accelerate performance improvement to become the leading insurer measured by value creation

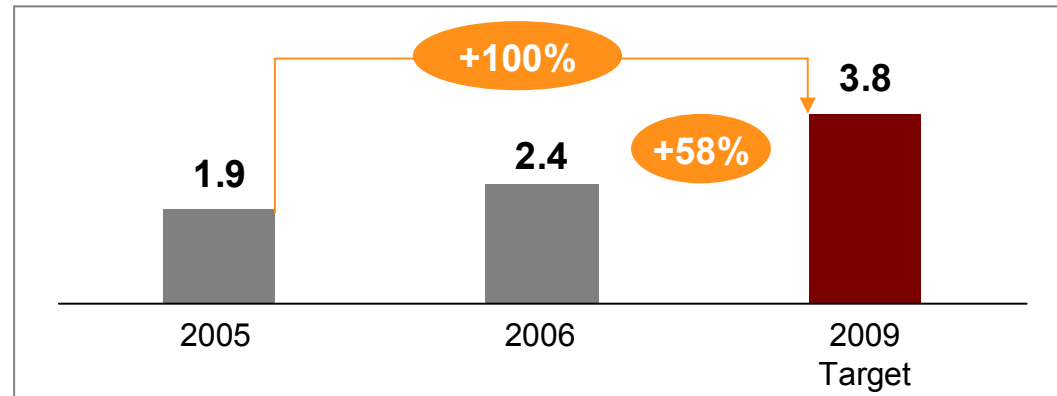


Significant step-up in our aspirations

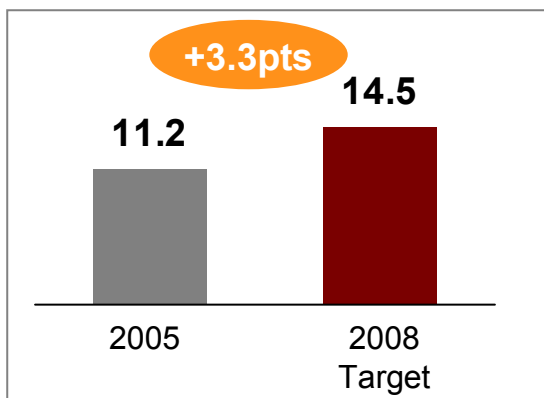
Net Profit (Euro bln)
2006–2008 Plan



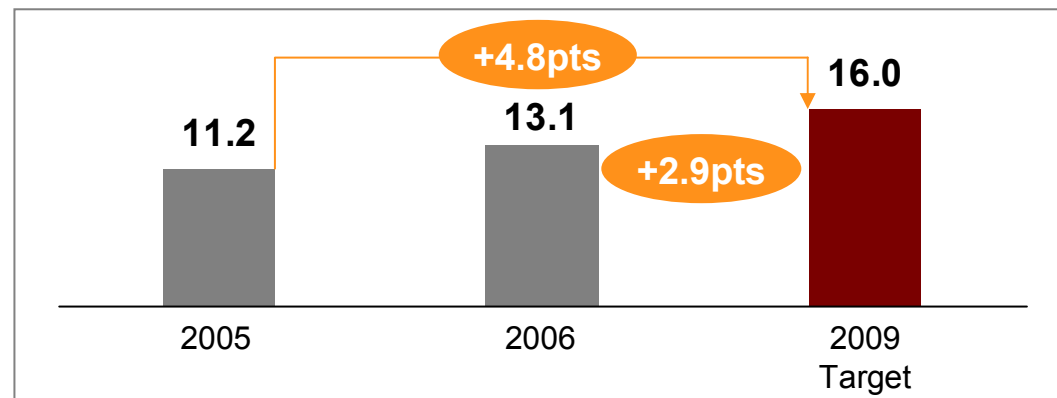
2007–2009 Plan



Normalized RoEV¹ (%)
2006–2008 Plan



2007–2009 Plan

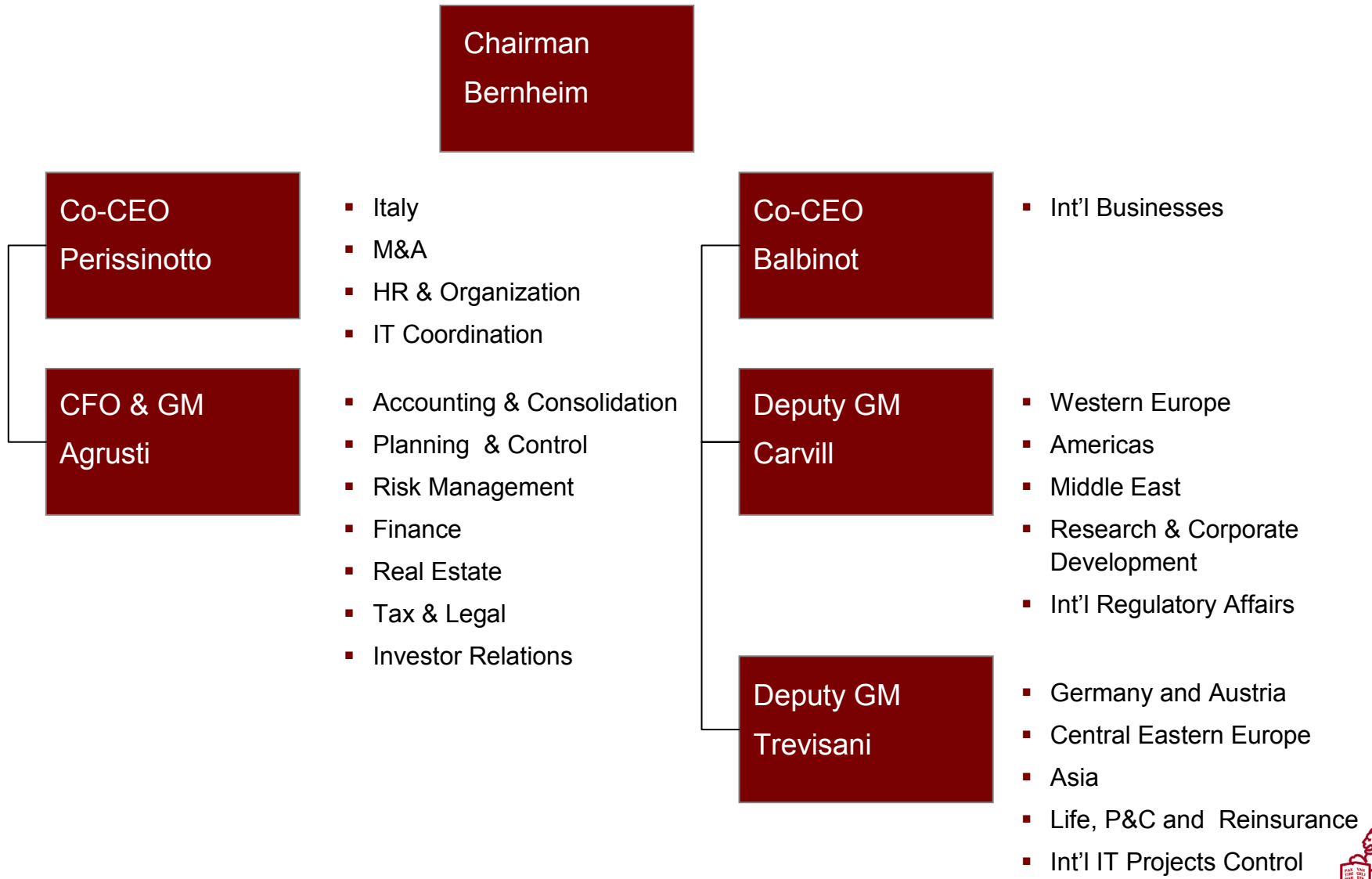


¹ Based on a 10 year risk free rate of 3.70% for 2008 and 4.50% for 2009



- I. **Restructuring of Group Organization**
- II. Expanded Programs and New Group Initiatives
- III. Investment Strategy
- IV. Capital Management Policy
- V. Targets and Conclusions

Corporate Center Team



Italy – Strategy



- Consolidate Italian business with stronger **country coordination**

- **Merge service companies** to leverage integrated approach to IT and operations, in order to streamline processes and enhance quality of customer service
- Further consolidate product engineering, portfolio administration and actuarial services into Generali Business Solutions

- Complete **Toro integration** with expected synergies of Euro 160 mln by 2009, taking into account announced sale of Nuova Tirrena

- Enhance **distribution effectiveness**
 - Multi-brand strategy with stronger Group identity
 - Align incentive system to product profitability
 - Aggressively tackle the retirement/TFR emerging market
 - Exploit innovative distribution opportunities

- Innovate **product strategy**
 - Invest in new products in Life & Savings (e.g. variable annuities and third age) and Non-Life
 - Review motor offering in light of evolving market conditions (e.g. new “Direct Settlement” law)

- **Targets:**
 - Expected gross impact of reorganization: Euro 120 mln in the mid-term, of which Euro 50 mln by 2009
 - Combined Ratio: 93.5% in 2009 (-3.7 pp vs. 2006)
 - Life NBV growth: 9.6% CAGR 2006-09 (“like for like“)

Germany – Strategy



- Reduction of complexity and **merger of main insurance companies, Generali and Volksfürsorge** into Generali Versicherungen (Euro 5.1 bln premiums, 7 mln customers)
 - Full merger of back-offices (Claims, Administrative Services, IT)
 - Simplified corporate structure

- **Distribution specialization**
 - Generali Versicherungen focused on Agents, Brokers and Bancassurance distribution
 - Aachener Münchener dedicated to DVAG as exclusive insurance product provider
 - Cosmos Direkt specialized on direct channel
- **Increased sales effectiveness** through optimization of advertising investments, more focused distribution, improved competences and specialization on channel management

- **Efficiency and cost reduction**
 - Elimination of process duplications, improved governance and communication flows
 - Scale and skill benefits in distribution, sales support and in product lines
- Improvement of **customer service levels**

- **Targets:**
 - Expected gross impact of reorganization: Euro 190 mln in the mid-term, of which Euro 130 mln by 2009
 - Combined Ratio: 94% in 2009 (-1.8 pp vs. 2006)
 - Life NBV growth: 8% CAGR 2006-09

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Existing Group programs – leveraging on recent achievements

Euro mln	Program	Pre-tax impact ¹	Status and approach
Scale-based program	Asset management integration	140	Program completed ahead of schedule
	Risk and capital Management	30 ² 50 ²	Program expanded to facultative re-insurance optimization and risk-based decision making
	IT infrastructure consolidation	80 150	Program managed by a Group IT Coordination Unit, with scope and target enlarged
	Group treasury	30 40	Program deployed at local/country level, target revised
Skill-based program	Motor pricing and strategy	160 215	Program ahead of schedule with very positive extra-results, extended in scope and new territories
	Operational excellence – wave 2	130 250	Program expanded; reinforced focus on customer service while continuing cost reduction efforts
	Claims management	130 150	Program confirmed; on target for 2008, extended to 2009
	Innovation lab	N.A.	Program confirmed targeting especially youth and immigrants solutions
Total		700 ~1,000 (of which 835 by 2009)	

¹ Before minority interests

² Reinsurance optimization only

Initial target 2006-2008 (vs. 2005) Mid-term target



Growth and Innovation: products, geographies and channels

PRODUCTS

- | | |
|----------------------------------|---|
| Third age service model | ▪ Launch an innovative offer to build leadership position in Continental Europe in the Third Age segment |
| Group variable annuity business | ▪ Launch group-wide initiative with centralised manufacturing platform based in Ireland and local marketing |
| Multinational Corporate Pensions | ▪ Expand Generali Employee Benefits (GEB) business in corporate pensions for multinational clients |

GEOGRAPHIES

- | | |
|------------------------|---|
| China and India | <ul style="list-style-type: none"> ▪ China: launch Non-Life operations in partnership with CNPC (2007) ▪ India: launch Life and Non-Life operations in partnership with leading retailer Future Group ▪ Build a regional Asset Management presence in Asia |
| CEE | ▪ Generali PPF JV as engine for growth in the region |
| Latin America | <ul style="list-style-type: none"> ▪ Organic growth of existing platform following recently completed turn-around ▪ Search for strategic opportunities |
| Austrian bancassurance | ▪ Reap benefits from bancassurance agreement with BAWAG in Austria |

CHANNELS

- | | |
|-----------------|---|
| Direct channels | ▪ Build a leadership position in the direct business with a central competence center |
|-----------------|---|

Euro 160 mln of expected mid-term pre-tax impact, of which Euro 40 mln by 2009¹

¹ Exclusively from product innovation initiatives; before minority interests

Generali – PPF JV: engine for growth in the CEE region



Direct channels

Aspiration

- Reinforce leadership position of existing operations in market like Italy, Germany and France, developing synergies and cross-fertilization
- Leverage direct business platforms to support start-ups in new markets
- Set up a long-term direct sales presence in main insurance markets

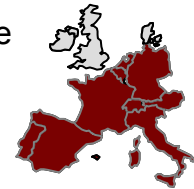
Business model

- Central competence team to support local initiatives with:
 - Process and IT platforms
 - Brand synergies
 - Strategic coordination
 - Best practice sharing
- Local responsibility leveraging existing structures:
 - Pricing strategy
 - Marketing and CRM
 - Operations (contact center, claims, administration)

Roll-out plan by region

Western Europe

- Expand direct sales in core markets (e.g. Life in Italy)
- Improve business models in existing operations
- Develop partnerships with large corporations, retailers, affinity groups



CEE

- Launch P&C direct business in Hungary (end 2007)
- Progressively launch direct operations in other countries of the CEE region



RoW

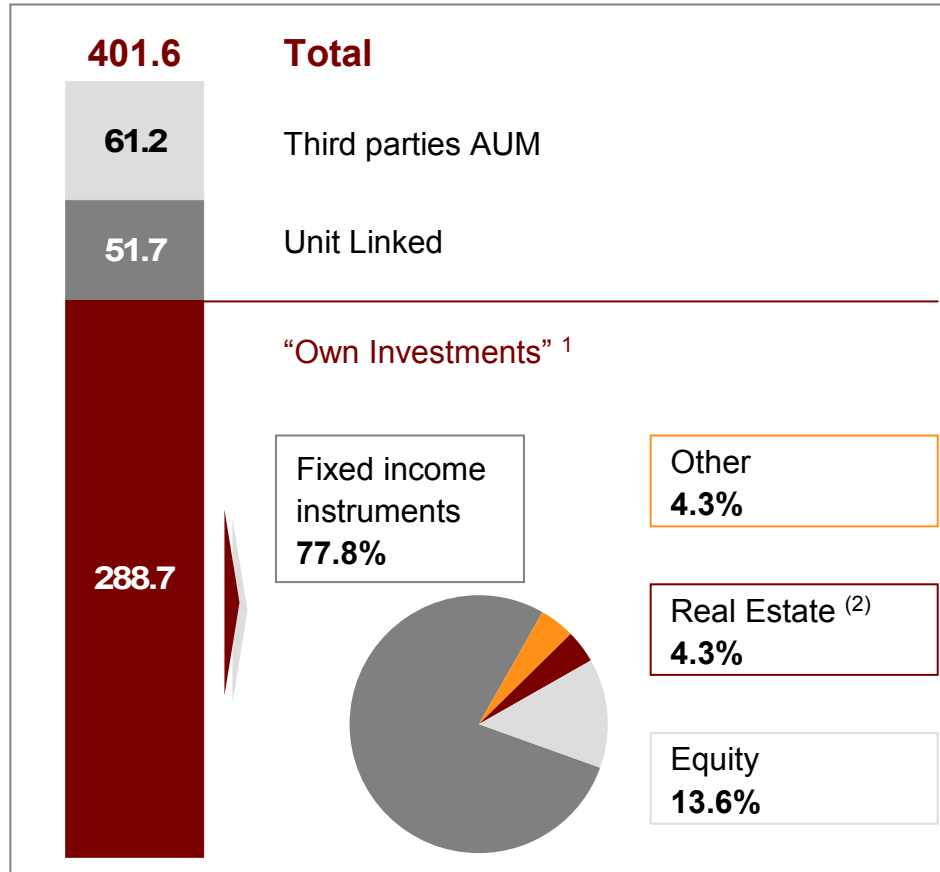
- Explore direct channel opportunities in emerging countries



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New Investment and Real Estate strategy to enhance risk-adjusted returns 15

1H07 – AuM and Asset Allocation (Euro bln)



Actions to improve Risk-Adjusted Investment returns

- 1** Develop a risk-driven investment organization
- 2** Increase total amount of assets invested in alternative asset classes
- 3** Develop a Global Real Estate strategy and implement a global real estate asset allocation:
 - Strengthened management team and enhanced role of the Real Estate Investment Committee
 - Transfer of Real Estate assets into funds to enhance liquidity and increased share of indirect investments

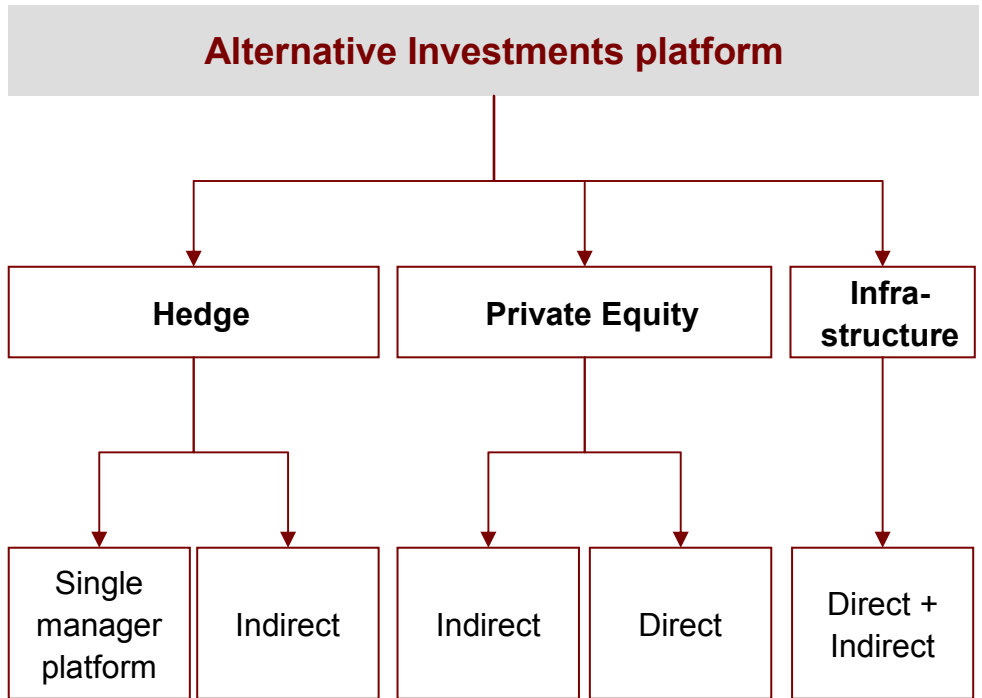
Euro 300 mln of expected mid-term pre-tax impact, of which Euro 220 mln by 2009³

¹ "Own Investments" exclude real estate for own use.

² At book value, including real estate mutual funds

³ Before minority interests

Increased exposure to alternative asset classes



Alternative asset classes offer diversification and low correlation with traditional asset classes, allowing for superior returns in the mid-term

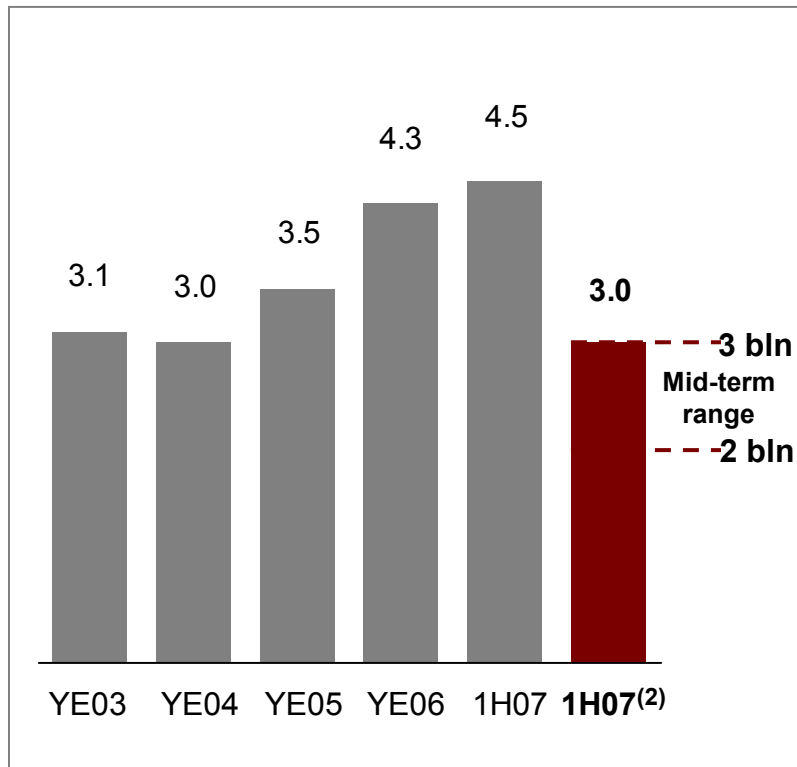
A combination of direct and indirect (FoF) strategies to optimize our strategic position

Target New investments by 2009 (Euro bln)	<hr/>				
	1.6	2.0	1.9	2.0	0.5
	<hr/>				

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Management of Capital Buffer

Capital Buffer⁽¹⁾ (Euro bln)



Strategic aspects of Capital Model

- Capital Buffer corridor provides balance between uncertainty and cost of excess capital
- Corridor represents mid-term reference framework for applying free cash flow towards capital action, such as additional dividend or share buy-backs
- 15-20% corridor of Risk Capital⁽³⁾ equates at 1H07 to Euro 2-3 bln

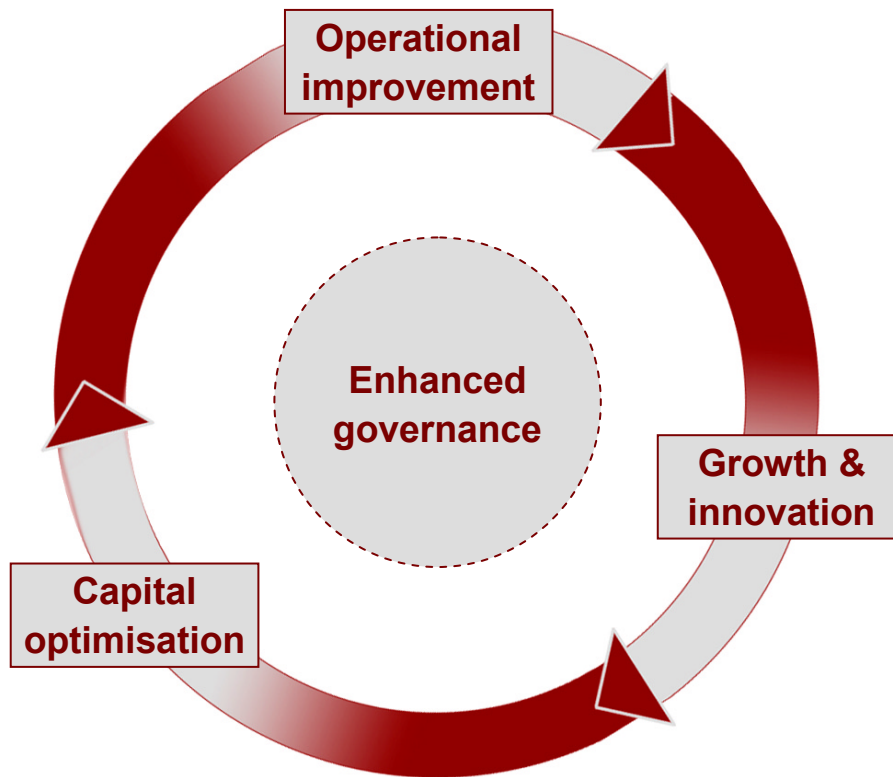
(1) Methodology changed at YE05. Prior to this disclosed Excess Capital did not include the Subordinated Debt. Disclosed Excess Capital at YE03 Euro1.7 bln and YE04 Euro1.6 bln.

(2) After the expected impact of the Ceska JV, the sale of Nuova Tirrena and the announced share buy-back.

(3) Defined as Economic Capital less VIF, calculated according to current model

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Conclusions



Targets 2009 vs. 2006¹

RoEV: 16%
Net profit: Euro 3.8 bln (+58%)
Operating result: Euro 6.5 bln (+62%)
NBV: >10% CAGR
Combined Ratio: <95% (vs. 96.3%)
Total Dividends: doubled

Investments in Growth and Innovation: > Euro 4 bln in 3 years

¹ Assuming stable market and regulatory conditions, based on a 4.50% 10 year risk-free rate



Generali Group

Strategic Plan Update

Accelerating the pace of change

Back up



Country Manager *Perissinotto*

Chief Operating Officer

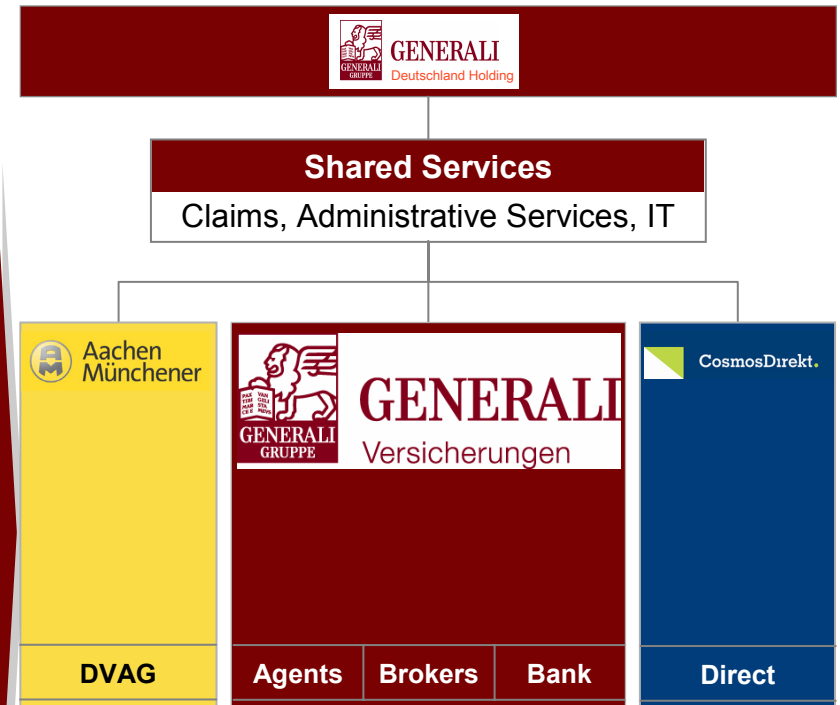
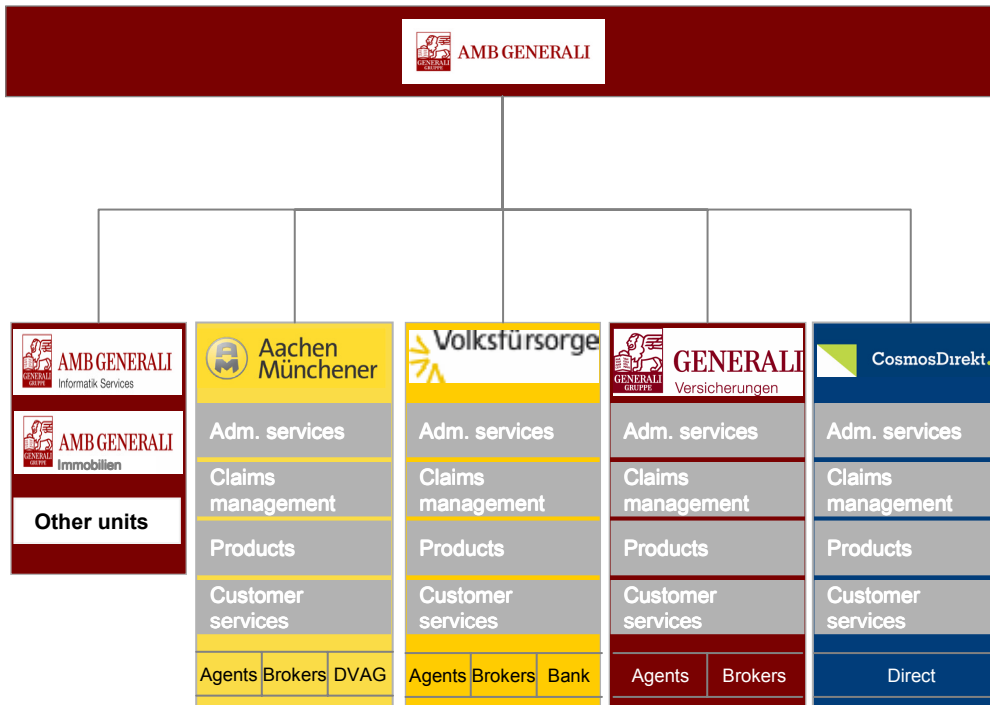
- Generali Business Solutions
Single Company managing all operational processes:
 - Claims handling (former GGL)
 - Administration (former GSA)
 - Information technology (former GSI)
- Further consolidation (Life and Non-Life)
 - Product engineering
 - Actuarial Services
 - Portfolio administration

Head of Insurance Development

- Country support functions
 - Planning & Control
 - Strategic Marketing and Advertising
 - Business Development
 - Customer Care
 - Network Coordination
 - Coordination of corporate lines underwriting

Italian Business Units





- Complex organizational and corporate structure
- Multi-channel distribution in several companies
- Partial integration of back office activities

- Merger of Volksfürsorge and Generali – insurance operations under “Generali” brand
- Focusing Aachen Münchener on DVAG and Cosmos on direct channels
- Full integration of back office activities
- Holding to be re-named into Generali Deutschland



Building on recent achievements...

- 28 major initiatives up-and-running in 6 countries delivering Euro 61 mln in 2007
- Developed Generali methodology (toolkit and approach) to structurally improve process efficiency
- Implemented Group approach in selected pilots, achieving 30-50 % productivity improvements and cycle time reductions
- Implemented common country model with consolidated shared support functions at country level
- Activated Group procurement coordination and reviewed Italy procurement model

...to expand program scope and aspirations

- Scale-up initiatives in all core countries
 - Create a team of “champions of change” at Group level to support local implementation
 - Speed-up parallel roll-out of Generali methodology in multiple countries
- Re-configure operating model to enhance quality of service to customers and agents
- Institutionalize cost and service quality benchmarking

Euro 250 mln of expected mid-term pre-tax impact, of which Euro 190 mln by 2009



Customer value proposition

Health protection

Income preservation

Assistance

Advice

Key features

- Simple integrated solution
- Flexibility and control over own wealth
- Service oriented proposition

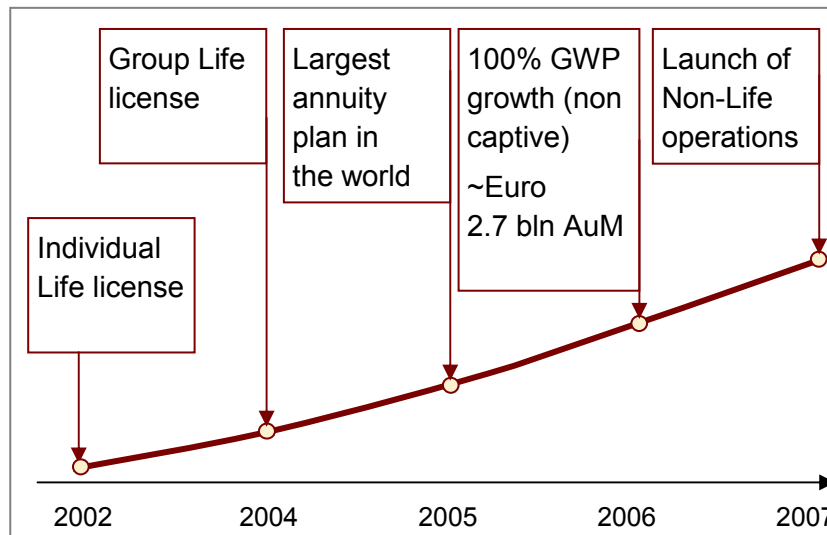
Go-to-market strategy

- Specialized advisors, certified on Third Age offering
- Centralized customer care, supported by direct/worksite platforms
- Implementation of new Third Age solutions underway in Italy, Germany and France
- New product launch expected by 1Q 2008

Current strategic positioning

Future plans

China



- Actively pursuing newly reformed pension market offering Asset Management capabilities
- Expand into asset management also by acquisitions and partnerships
- Strengthening multi-channel distribution and bancassurance platform
- Continue geographical expansion

Current strategic positioning

Future plans

India

- License for Life and Non-Life operations obtained in September 2007
- Partnership with Future Group, country leader in the retail industry (500,000 sqm of shopping malls in 40 cities equivalent to 25% of the whole available commercial space in India)

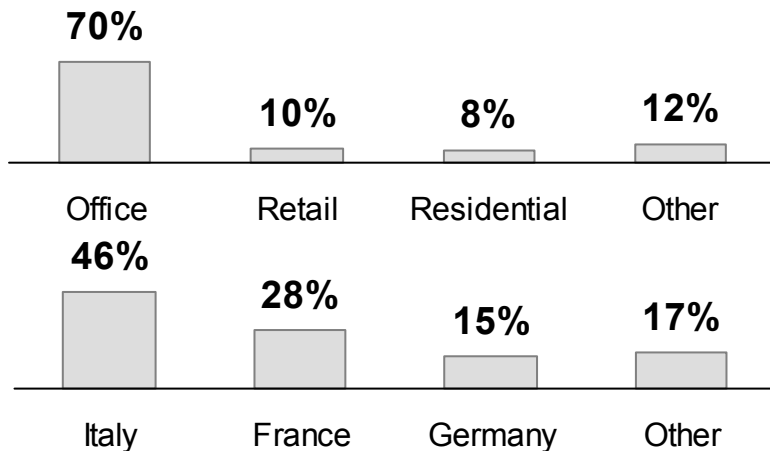
- Launch of operations leveraging Future Group customer base (est. 200 mln visits in 2007)
- Multi-distribution approach leveraging on “Money Bazaar” concept as a source of competitive advantage
- Target: Euro 500 mln premiums in 5 years (Life and Non-Life)
- Start greenfield asset management operations with local partner



Financial objectives	<ul style="list-style-type: none">▪ Transparent risk-based capital allocation to investments▪ Optimization of economic value, within accounting and regulatory constraints▪ Expansion of investable universe in SAA and TAA▪ Alternative asset platform to increase risk adjusted returns and exploit diversification
Risk budgeting	<ul style="list-style-type: none">▪ Economic Balance Sheet approach▪ Optimization of capital usage to drive risk and performance management▪ Dynamic selection of risk allocation based on ALM/SAA optimization algorithm and “tactical” market view
Investment process	<ul style="list-style-type: none">▪ Integrated asset and liabilities optimization▪ Differentiate Life (spread on ALM portfolio) and Non-Life (total return) investment approaches▪ Split between liability-driven investments (LDI) and alpha investments▪ Expand the selective use of third party money-managers▪ New risk-monitoring tools (based on RiskMetrics system)

Current assets

- Market value of Real Estate assets Euro 20.2 bln (of which: Euro 3.6 bln in self-use properties and Euro 2.2 bln in indirect investments)
- 5.4 mln square meters



2007–2009 Plan

Develop a global real estate business with local execution:

- Global RE asset allocation and portfolio diversification
- Enhanced governance
- Local asset and property management

Transfer RE assets into tax-efficient financial instruments (RE SICAV, funds and SIIQs) to enhance liquidity and marketability

Develop third-party business and co-investments with professional partners

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These expectations are based on management's current views and assumptions and involve known and unknown risks and uncertainties.

The user of such information should recognise that actual results, performance or events may differ materially from such expectations because they relate to future events and circumstances which are beyond our control including, among other things, general economic and sector conditions.

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