

Explanatory note

This note is aimed to clarify some aspects of the Remuneration Policy, in particular regarding the New Reward system (Short Term and Long Term incentive Plan) and the Entry Bonus for Key Managers and Group CEO.

New Reward System

The New Reward System was designed with the objective to apply a common remuneration structure linked to Group wide results and individual performance to all key managers of the Group (around 200 senior roles). The objective is to align key management with the new business strategy of the Group, which requires direct focus on overall Group results and stresses the importance of international integration.

Short Term Incentive Plan

To clarify the Short Term Incentive Plan (STI):

- *Global funding pool for annual STI*: it is linked to Group wide results according to a funding matrix based on the % of budget achievement of Group Operating Result and Group Net Profit, as illustrated below, provided that an annual Solvency I Ratio hurdle is met (140% for 2013);
- *Maximum STI funding pool for Plan participants*: maximum is 150% of the sum of individual contractual baselines¹. That percentage can be reached only if Group Net Profit is 125% of annual budget or more, and Group Operating Result is 120% of annual budget or more (as per the matrix);
- *STI CAP for each individual*: each individual participating in the system can reach a cap up to 200% of the individual contractual baseline for short term remuneration. This cap can be reached according to: 1) the Group performance on STI funding pool, 2) the achievement of individual objectives on individual Balanced Scorecard, 3) the relative performance of the manager versus others in peer group.

Funding Matrix

| | | Net Profit | | | |
|------------------|-------------|------------|------|------|-------|
| | | < 75% | 75% | 100% | 125%+ |
| Operating Result | % on budget | | | | |
| | < 80% | 0% | 0% | 0% | 0% |
| | 80% | 0% | 60% | 75% | 90% |
| | 100% | 0% | 100% | 115% | 130% |
| 120%+ | 0% | 120% | 135% | 150% | |

- *KPIs in individual Balanced Scorecards*: since STI funding for all participants is based on Group results, individual Balanced Scorecards are focused on Country/Business Unit or Individual measures on which each individual can have a direct impact. Hereafter the main KPIs used in the Balanced Scorecards: Operating Result, Net Profit, Net Combined Ratio, New Business Value,

¹ Baseline: individual contractual entitlement for short term compensation upon achievement of target

General Expenses, Total IT Costs, Total Administration Costs, Net Current Return on Investments, etc.

Long Term Incentive Plan

To clarify the Long Term Incentive Plan (LTI) targetted on the same leadership group:

- *Maximum amount of shares to be set aside:* in the three years of this plan, the maximum amount of shares for each individual is equal to 175% of Base Salary provided that: 1) each year the solvency hurdle is met, 2) relative TSR is 1st quartile, 3) ROE is more than 13%). This amount is identified according to the Matrix below which is defined at the beginning of each three-year period and on the basis of which the relative Total Shareholder Return of Generali (compared with a group of peers, identified in the STOXX Euro Insurance Index) and Return on Equity are assessed annually, provided that a minimum solvency ratio hurdle has been met (for 2013, 140% of Solvency I ratio; for 2014 the maximum between 140% and the value at 31/12/2013 and 160% for 2015, as communicated to the market).

| ANNUAL PERFORMANCE OUTCOME | | Relative Total Shareholder Return | | | |
|----------------------------|---------------|-----------------------------------|--------------------------|--------------------------|--------------------------|
| | | 4 th quartile | 3 rd quartile | 2 nd quartile | 1 st quartile |
| Return on Equity | <10% | 0% | 0% | 0% | 0% |
| | 10% ≤ x ≤ 11% | 0% | 50% | 75% | 100% |
| | 11% < x ≤ 12% | 0% | 75% | 100% | 125% |
| | 12% < x ≤ 13% | 0% | 100% | 125% | 150% |
| | > 13% | 0% | 125% | 150% | 175% |

- *Vesting period (the period running from the time when the right to participate in the incentive plan is assigned to that when the right matures):* maximum shares are awarded at the beginning of each three-year cycle and will all vest at the end of the third year after the assessment of the performance related to the third year.

In detail, the awarded maximum shares are divided into three tranches which are assessed in each of the three years of the cycle according to the above matrix in order to set aside the relevant part based on the achievement of the results. At the vesting date, 50% of the shares granted, depending on results achieved, are immediately available in order to pay taxes, 25% are sales restricted for a period of one more year from the date of vesting and 25% are sales restricted for two years.

Entry Bonus for key management and Group CEO

Generali is facing a period of change in terms of strategy and governance. In this new strategic phase the goal is to build an international team with particular focus on the Head Office positions. In order to do this, it is necessary to hire the best talents in the market. To attract them and persuade those people to leave their current job, in particular those managers who already have attractive retention packages in their own companies, it is necessary and market practice to pay entry bonuses for the losses they will incur upon resignation. We have introduced minimum holding clauses on the granted shares in order to better align the managers to the interest of shareholders. The same situation applies to the Group CEO, whose

entry bonus has been defined and quantified in order to neutralise the loss of shares due to his resignation from his previous employer.