

Speech by the GROUP CEO

Mario Greco

Ladies and gentlemen,

First of all, I would like to welcome you and thank you all for attending this General Meeting in such large numbers. This General Meeting represents a very significant occasion for me, as it is my first here at Generali.

2012 was a year of change for Generali; we began a wide-ranging transformation of the Group in order to deal with a decline in performance and profitability that has continued for several years, causing us to lose the traditional position of leadership – leadership in profitability and leadership in capitalisation – that we had held for many years.

A strong, decisive restructuring of the Group was needed to restore its past performance and regain the competitive position it deserves. In January 2013, at the Investor Day in London, we presented our strategy for relaunching the Company.

I should like to briefly share with you all the vision we have of what the Generali Group will be like in 2015, and the strategy we shall follow to achieve the intended results.

- We will increase profitability, partly driven by our non-life business. It will contribute about half of our operating profit, which is forecast to exceed €5 billion in 2015;
- we will restore our capital position to a level that enables us to compete effectively with our international competitors;
- we will be disciplined and transparent in our financial statements, investing prudently, without taking speculative risks;
- we will not invest in strategic shareholdings outside our core insurance business;
- we will generate liquidity more effectively and, as from 2015, will have an annual expectation of over €2 billion of free cash flow;
- we will be less complex, and focus only on the insurance business;
- we will be more efficient, and will make savings amounting to €600 million by the end of 2015;
- we will distribute a stable, progressively increasing dividend. In this context, I must emphasise the management's decision to maintain the 2012 pay-out at the same level as 2011, although 2012 was a year of significant impairments, and consequently of reduced net profit. By so doing we aimed to demonstrate our commitment to keeping the current dividend stable so that it can grow progressively in future years.

With equal clarity I must emphasise that there are some elements of our business which we have no intention of changing; Generali brings to the insurance world a richly unique heritage, consisting of a very long history and success that starts from the city of Trieste, from Italy, and from the foundations built over centuries of history. I am talking about

foundations consisting of competence, credibility and the reputation of a brand known worldwide as a result of the skills and values of our colleagues who work tirelessly in every country in the world. This is a situation we are proud of, and which will serve as a starting point for constructing our actions for the coming years.

I also wish to be very clear on another point: as I have said elsewhere, we have no intention of calling on shareholders to improve our solvency position or to improve the Group's assets. I do not think that would be fair, nor have we ever thought that such an action would be right, or that this company needs it.

We have a clear strategy for improving our capital situation: divestment of the company's non-core assets. In accordance with this policy: (i) we have already sold Migdal, an insurance company we owned in Israel; (ii) not long ago we sold 12% of Banca Generali, thereby increasing that company's float and allowing a further stock market valuation; and (iii) we have announced the start of processes of sale of the US reinsurance businesses and BSI. These sale processes are proceeding in the required direction, so we do not expect any surprises.

However, I must strongly emphasise that the current management will not sell assets unless it is firmly convinced that the price is right: we are not obliged to sell in a hurry, still less to sell at a low price. Of course, the complete, thorough implementation of the transformation we have started will take time. Nevertheless, in order to begin our business transformation immediately, we performed some key actions in 2012, which can be summarised as follows:

- we began to tackle the weakness of Generali's assets and its limited ability to generate capital organically. This problem derives, in our view, from opaque governance, the lack of a clear, targeted strategy, and conflicting business priorities. One of the first tasks we undertook was therefore to simplify the organisational structure, change the internal governance systems and align Generali's management more closely with the levels of its international competitors. For this purpose we immediately set up the Group Management Committee, which is responsible for strategic decisions and for monitoring and evaluation of the financial and industrial performance of the entire Generali Group. The current composition of the Group Management Committee fully reflects the international scope of our business, bringing together talents from outside the company with new and diversified backgrounds, and personnel with thorough knowledge of our Group and unparalleled technical skills;
- we initiated another important project, with the reorganisation of our companies in Italy, to improve their competitiveness and simplify their activities. This involves a € 300 million investment over the next three years, which will be used to reinforce our sales networks and simplify our brand and product portfolio strategy. In the next three years the present ten brands will be reduced to three, each with a distinct product range and position on the reference market. This will enable us to allocate our resources more efficiently, to invest in product innovation and customer services, and consequently to remain the leader on what is undoubtedly our most important market, Italy.

I will now explain the decision relating to our joint venture GPH, based in Central and Eastern Europe. In the past, this joint venture gave rise to considerable uncertainty about Generali, generating doubts about its ability to acquire control of the company with no need for capital increases. At the end of 2012 we reached an agreement to acquire the minority holding, which basically involves a fixed consideration of € 2.5 billion payable in two instalments. We thus obtained a fixed price, and consequently a fixed acquisition cost: the first tranche was acquired at the end of March 2013, and the remaining 24% will be acquired in 2014.

This is a good transaction for Generali, performed at lower values than specified in the 2008 agreement, which provides clarity to shareholders about the future of GPH, establishes the financial commitment required with certainty, and clarifies our strategy in Central and Eastern Europe as a whole. We now hold the market leadership, with good profitability on many of the Central and Eastern European markets, which have higher growth potential than the European average. Central and Eastern Europe, which is the market where Generali began, will continue to be a crucial market for the Group. At the end of March we also acquired managerial control of GPH. From now on, we will apply our managerial and organisational principles to the organisation of these markets, in order to integrate them fully into the Group.

Our strategy from now until 2015 is very simple and straightforward: to refocus our activities on the insurance business, as the Chairman has already said, and to generate high profitability for our shareholders. To do this, the keywords we have in mind are disciplined work, simplicity in implementing our programmes, and focus on the objectives to be achieved. We have started off on the right foot: we have a clear strategy for carrying on our business and resuming our leadership.

To conclude my speech, allow me to summarise again the six key actions we undertook in 2012, as a result of which we can look forward with optimism to 2013:

- we introduced changes designed to reinforce our internal governance structure, and consequently to guarantee the necessary clarity and transparency;
- we eliminated the uncertainty surrounding the joint venture in Central and Eastern Europe;
- we took concrete steps to improve our capital position and balance sheet;
- we completed a detailed review of all our financial assets and real estate, and revalued them;
- we launched a significant investment plan for our business in Italy, to reinforce the brand and its distribution;
- we refocused on the core business and introduced stricter cost controls.

We are convinced that these changes will enable us to start deploying Generali's enormous potential. And this is only the start of a journey that will certainly encounter obstacles and difficulties along the way; however, we have a motivated team behind us. There are 8000 employees all over the world who are enthusiastically working to restore the company to its rightful place on the international markets. We have also aligned the incentives of all the senior management, which includes not only the members of the

Group Management Committee, but also the 200 top-level executives operating worldwide. These incentives are, or will be, aligned with the objectives that interest shareholders, to guarantee the necessary discipline and the necessary focus by the management on the Company's objectives.

As far as the rest of 2013 is concerned, some economic indicators are fortunately beginning to look encouraging, especially in Asia and the USA. The European situation is evidently still weak, and therefore worrying; however, we are looking forward confidently to the rest of the year. 2012 ended with a very strong and favourable fourth quarter, and we begin the current year with the same drive; the actions we have commenced are beginning to produce results, and will certainly help us during the current year.

We have therefore made a good start, which we will endeavour to consolidate further during the year, thanks to the efforts of all our personnel at all levels, to whom we give our heartfelt thanks.

Thank you, Ladies and Gentleman.