



# GENERALI

Assicurazioni Generali S.p.A.

## EXTRAORDINARY AND ORDINARY SHAREHOLDERS' MEETING

OF 15, 18, and 20 JUNE 2007

### ITEMS ON THE AGENDA

#### Extraordinary part

1. **Amendments to Articles 9 (Capital share allocation), 15 (Agenda of the Meeting), 16 (Speeches at the Meeting), 19 (Ordinary Meeting), 24 (Voting), 27 (Composition and appointment of the General Council), 31 (Board of Directors), 39 (Directors' remuneration), 40 (Board of Auditors), 44 (Financial Statements), and 46 (Profit distribution) of the Articles of Association: relevant and ensuing resolutions. Granting of Authority.**

The Meeting will be required to approve a few proposed amendments to the text of the Articles of Association of the Company. Such amendments aim at adapting the Articles of Association to the provisions introduced by laws and regulations; at implementing the indications given by ISVAP (the Italian insurance supervisory authority) to the insurance companies known as "composite" (i.e. companies conducting business both in the Life and Non-Life branch); and at increasing the managerial flexibility of the Company, also in the light of the recent recommendations contained in the Voluntary Self-Regulatory Code of listed companies.

The proposed amendments may be grouped into three main areas, defined by the following respective aims:

#### A. COMPLIANCE WITH NEW PROVISIONS

The following proposals respond to the need to make the Company Articles of Association compliant with:

- a. the provisions introduced by the "Savings Protection Act"<sup>1</sup> and by the Issuers Regulation issued by CONSOB<sup>2</sup> (the Italian companies and stock exchange supervisory authority) as well as
- b. the changes made to the so-called Market Regulation (adopted by CONSOB resolution 11768 of 23 December

<sup>1</sup> Law 262 of 28 December 2005 as amended by the legislative decree 303 of 29 December 2006

<sup>2</sup> Resolution 15915 of 3 May 2007, which integrated and amended the so-called Issuers' Regulations (adopted by CONSOB resolution 11971 on 14 May 1999, as amended),

1998, as amended).

Specifically, the above-mentioned proposals – while aiming at increasing the protection and the rights of minorities – concern the matters listed hereunder:

#### (i) Appointment of the Board of Directors (Articles 24, 27, and 31)

The new text of Article 147-ter of legislative decree 58 of 24 February 1998, (TUIF), as amended by the Savings Protection Act, provides, *inter alia*, that the articles of association of Italian listed companies should prescribe that the Board Directors is to be elected from lists of candidates, so as to ensure the election of at least one minority Director. Hence, it is proposed that Article 31 be amended so that it prescribes:

- a "list voting system" for the appointment of Directors, based on a majority voting system; according to such system, all the members of the Board of Directors are chosen from the list having received the majority of votes cast, except one or more minority Directors, who will be appointed from the list ranking second as to number of votes. Depending on the number of Directors, namely 11, between 12 and 15 or greater than 15, the number of minority Directors shall be 1, 2 or 3 respectively.
- that independent Directors should be at least one third of the members of the Board;
- that the above-mentioned lists may be submitted by the retiring Board or by Shareholders who, alone or with others, own at least 0.5% of the share capital of the Company;
- that such lists should be filed at least 20 or 15 days before the Meeting, if submitted by the Board of Directors, or by the Shareholders, respectively;
- that the Company should make public the names of candidates as well as their personal and professional profiles.

The amendments to Articles 24 and 27 of the Articles of Association are a formal consequence of the adoption - if so resolved by the Shareholders - of the system described above.

#### (ii) Appointment of the Board of Internal Auditors and strengthening of the powers granted to it (article 40)

The proposed amendments to the text of Article 40 of the

Articles of Association aim at implementing the new provisions of Article 148, paragraph 2 of the TUIF.

In this regard, in the light of the new legal framework, it is proposed that:

- the legal requirement providing that one single member of the above-mentioned auditing body has the power to convene the Board of Directors and the Executive Committee be formally included in the Articles of Association;
- the quorum needed by Shareholders to submit lists be reduced from 3% to 0.5% of the share capital;
- the Permanent Auditor elected from the minority list serve as Chairman of the Board;
- different deadlines be fixed for filing the lists: in case of a submission by the Board of Directors, a 20-day term before the date of the Meeting should be observed; in case of a submission by the Shareholders, a 15-day term should be complied with;
- in the event of death, resignation or removal from office of a minority Auditor, the same should be replaced by the alternate Auditor chosen from the same list, provided that, in any case, the vacancy should be filled respecting the principle that minorities should be necessarily represented.

#### **(iii) Right to add items on the agenda in the Shareholders' Meeting (Article 15)**

The proposal aims at making the Articles of Association compliant with the provisions of new article 126-*bis* of TUIF, it is envisaged that the Shareholders who, alone or with others, reach the quorum fixed by law (currently 2.5% of the share capital) may require, on the grounds, in the form and with due observance of the terms provided for by law, to add items on the agenda of the convened Shareholders' Meeting, specifying the matters to be transacted.

#### **(iv) Manager in charge of the preparation of the company's financial reports (Article 44)**

The Savings Protection Act has also introduced for listed companies the new role of the manager in charge of preparing the company's financial reports.

More specifically, in order to make the Articles of Association compliant with the provisions of Article 154-*bis* of TUIF, a proposal for the amendment of the current text of Article 44 shall be submitted for approval; it is envisaged that:

- the Board of Directors be recognised as the governing body entitled to decide on the appointment of the above-mentioned manager – having heard the mandatory but non binding opinion of the Board of Internal Auditors – provided that the Board may always entrust a Director with this task;
- the requirements of professionalism that the manager in question must meet should be adequate experience in the administration, finance, and management of large companies or in his/her professional activities;
- the same manager must meet, in order to be appointed and to hold that position, those requirements of integrity fixed for the Company's Directors.

#### **(v) Shareholders' Speeches at the Shareholders' Meeting (article 16)**

The recent amendments to the so-called Market Regulations

provide, inter alia, on the *right to speak at the Meeting*, that the certification - which has hitherto been necessary to demonstrate the participation in the central securities system - be replaced with an appropriate notification, given by the intermediary who keeps the accounting records of the shares. It is also envisaged that the broker him/herself should inform the issuer - through appropriate computer connections - of the amount of the stakes held by each shareholder who applied to speak at the Meeting.

The new proposed text for Article 16 of the Articles of Association is therefore compliant with the above-mentioned regulatory provisions.

#### **B. IMPLEMENTATION OF THE GUIDELINES GIVEN BY ISVAP (ARTICLE 9)**

Other amendments are aimed at implementing some of the indications given by the Italian Supervisory Authority. In particular, considering that ISVAP has recently required all so-called mixed Italian insurance companies to specify, in their Articles of Association:

- which part of the share capital and of the related reserves is devoted to either lines( Non-Life and Life);
- that the reserves derived from profits are replenished based on the profits actually gained in the respective lines;

a proposed modification to the text of Article 9 of the Articles of Association aimed at making it consistent with the above statements will be submitted to the Meeting.

#### **C. PURSUIT OF INCREASED MANAGEMENT FLEXIBILITY**

Finally, further changes to the text of the Articles of Association are aimed at increasing the management flexibility of the Company, also in the light of the recent recommendations contained in the Voluntary Self-Regulatory Code of listed companies.

These proposals involve the matters hereunder specified.

#### **(i) Remuneration of the Board of Directors (Articles 19 and 39)**

The Voluntary Self-Regulatory Code of listed companies has recently formally included some important indications to the issuers of listed shares having declared - as did Generali - that they comply with the best practices contained in the same code.

In this regard, Article 7 of said Code recommends that the remuneration of non-executive Directors be commensurate with the effort required of each of them (since it cannot depend mainly from the results achieved by the company in which they hold that position) and that a significant portion of the remuneration to be granted to the executive Directors is instead to be linked to the economic results achieved by the issuer and/or to the attainment of specific goals.

Now, therefore, in order to adjust the Company's Articles of Association to the above recommendations, proposed amendments to its Articles 19 and 39 will be submitted to the

Shareholders, aiming at:

- rescinding the current mechanism governing the remuneration to be granted to Generali Directors, whereby the variable part of their payment today is clearly predominant compared to the fixed part;
- granting the Shareholders' Meeting the exclusive power to determine the remuneration due to the Board of Directors;
- confirming the competence of the administrative body in the determination of the remuneration to be granted to Directors in charge with specific offices according to the Articles of Association (pursuant to the third paragraph of Article 2389 of the Italian Civil Code).

#### (ii) Distribution of the dividend (Article 46)

The consolidated corporate *best practice* grants to the corporate bodies ample administrative autonomy also with reference to the adoption of resolutions on the distribution of the dividend.

The Shareholders will thus be submitted for approval a proposed amendment to Article 46 of the Articles of Association, aimed at removing the limitations currently set by that article on the matter in hand, without prejudice, obviously, to those prescribed for by the current regulations, and at granting the corporate bodies the greatest flexibility in the choices related to the dividend distribution policy.

#### **2. Stock option plans for the Chairman, Managing Directors and Company and Group managers: resolutions resulting from the implementation of the resolution on the increase of the share capital pursuant to Article 2442 of the Italian Civil Code. Relevant and ensuing resolutions and granting of Authority.**

The Shareholders' Meeting of 28 April 2007 also resolved a free share capital increase equal to € 127,828,537.00, pursuant to Article 2442 of the Italian Civil Code.

This initiative also determines, the occurrence of a potential diluting effect on the Generali share, with repercussions on the current stock option Plans resolved in the previous years by the competent corporate bodies of the Company.

The Plans' regulations, in considering possible operations on the Company's capital during their efficacy (with different purposes than implementing the Plans in question), provide explicitly that, in such case, appropriate measures have to be taken to grant to their recipients "*an equitable situation compared to the original one*".

Today all Plans envisage that each option right entitles its holder to subscribe or purchase one Generali share. The proposal being submitted to the Shareholders is to 'neutralise' the penalising effect of the stock split, by consistently changing that exchange ratio, providing that each option should entitle its holder to subscribe - or purchase, depending on the cases and Plans - 1.1 Generali shares.

It is understood that this amendment only concerns the option rights already assigned and still applicable to date. The juridical technicalities of this proposal may be summarised as

follows:

- increase the reserve the administrative body already commands for 1,164,000 shares, pursuant to Article 2443 of the Italian Civil Code and 8.2 of the Articles of Association. The amount set in the powers will thus be increased from a maximum of Euro 4.4 million to a maximum of Euro 5.564;
- increase the share capital, pursuant to the fourth paragraph, second period, of Article 2441 of the Italian Civil Code by up to nominal Euro 600,000, by issuing up to as many ordinary shares for the purposes of the *stock options* granted to the executive Directors of the Company in 2005;
- allow the purchase of Company own shares and the performance of acts of disposal of the same, pursuant to Articles 2357 and 2357-*ter* of the Italian Civil Code, for a maximum amount of further Euro 61,000.

#### Ordinary Part

#### **3. Determination of the amount of the yearly gross overall remuneration due to the members of the Board of Directors in the period 2007/2009, pursuant to Article 2389 of the Italian Civil Code and to Article 19 of the Articles of Association: relevant and ensuing resolutions. Granting of Authority.**

The remuneration of the Company's Directors has been hitherto determined according to the provisions of article 39 of the Articles of Association. This article provides that this is determined as a function of two components: the former is a fixed amount, fixed by the Articles of Association at Euro 5,164.57; the latter is a variable amount, expressed as a percentage of the operating profits.

The proposed modification of the remuneration system of Directors submitted to the Shareholders for their consideration and in extraordinary part approval grants the Meeting a wide decision-making authority, to be wielded as proposed by the Board of Directors, as well as the possibility to also grant a variable remuneration, although much more limited than today, not only as a percentage of the overall amount of the remuneration, but also in absolute terms.

Envisaging that the proposed amendments to the text of Articles 19 and 39 of the Articles of Association are adopted by the Meeting, a proposal should then be put forward to the same Meeting on a new determination of the remuneration due to the members of the Board of Directors, with the remaining mandate period as reference period.

In the light of the *benchmarking* carried out, the proposal is that each member of the Board of Directors should receive, in addition to the reimbursement of out-of-pocket expenses incurred to participate in the meetings,

- a gross remuneration of Euro 100,000.00 per annum, with a 50% increase for those who are members of the Executive Committee;
- a variable remuneration, corresponding to the ratio between 0.01% of the consolidated surplus with an overall maximum

- limit of Euro 300,000.00 and the number of Directors in office,;
- an attendance fee of Euro 4,000.00 for each meeting of the Board of Directors and of the Executive Committee.

This new system – which will allow, in principle, to grant around Euro 150,000 to the Directors and around Euro 200,000 to those who are also members of the Executive Committee – does not directly concern the Directors holding particular offices in accordance with the Articles of Association – and, as a consequence, the Chairman and the Managing Directors, whose remuneration is determined by the Board of Directors pursuant to the third paragraph of Article 2389 of the Italian Civil Code, having heard the opinion of the Board of Auditors.

**4. Licenses, pursuant to Articles 2357 and 2357-ter of the Italian Civil Code, for the purchase of own shares and the performance of acts of disposal with the same, in relation to investments to be made by the open-ended pension funds managed by the Company, by its internal insurance funds and by its separate internal management accounts: relevant and ensuing resolutions. Granting of Authority.**

Through the merger into Generali of its subsidiary Generali Vita, as of 31<sup>st</sup> December 2006, our Company has also resumed doing directly business in Italy in the Life Branch.

As regards the investments to be made by the Open-Ended Pension Funds managed by the Company, by its Internal Insurance Funds and by its Internal Separate Account Management, a proposal concerning the issue of the licenses envisaged in Articles 2357 and 2357-*ter* of the Italian Civil Code should be appropriately submitted to the Meeting for consideration.

Its aim is to enable the Directors to make investments in the stock market, to the extent of the purposes explained above, without any absolute exclusion restriction for Generali shares, which not only account for more than 8% of capitalization of the SPMIB Index, but also play a significant role in those very benchmarks used in the Management Accounts and Funds.

The purchases will obviously be made in full compliance with the limits set by the current regulations and, at any rate, will not exceed an overall amount of Euro 250 million.

The license to purchase will be requested for a period of 18 months as of the Meeting date, whereas the disposal license will be requested without any time limits.

The minimum purchase price cannot be lower than the nominal

value of the share, equalling Euro 1.00, while the maximum purchase price cannot exceed by 5% the reference Stock Exchange quotation of the share on the trading day preceding each purchase operation.

The consideration for the disposal may not be lower by 5% than the reference Stock Exchange quotation of the share on the trading day preceding each purchase operation.

The purchase operations of own shares will be carried out, following the procedures established in the regulations concerning the organisation and management of the markets organized and managed by Borsa Italiana, so as to ensure equal treatment of all Shareholders.

**5. Authorisation to underwrite an insurance liability policy for the corporate bodies. Relevant and ensuing resolutions**

The recourse to the instrument of the liability insurance against the professional risks faced by Directors (known as *Directors' and Officers' Liability Insurance – D&O*) is, to date, common practice in the most developed financial markets.

Indeed, the increasing cases of exposure to direct property liability for activities carried out while holding their corporate positions not only faced by Directors, but also by Auditors, is today a common feature of the reference regulatory framework in force in developed countries.

Therefore, it follows that the use by listed companies of D&O policies today represents a veritable best practice in the United States and in Europe. The Directors of such an insurance company as Generali can only be fully aware of this.

In this scenario, it is therefore advisable to introduce a D&O insurance coverage providing the Directors and Auditors of the Company with a defence instrument relating to the decision-making and controlling processes, as well as to the consequent liabilities that they may incur: however, those cases of intentional violation of the obligations pertaining to the functions performed by those who hold the above offices will have to be excluded.

In this connection, a proposal aimed at enabling the Board of Directors to conclude a D&O insurance policy, subject to terms and conditions in line with the common *best practices* of the international insurance market, considering the characteristics of the performance of Company and Group business activities, will be also submitted to the Shareholders' Meeting for approval.

For further information on the items on the agenda, please go to [www.generali.com](http://www.generali.com) or request also per e-mail at [azionisti@generali.com](mailto:azionisti@generali.com) that they be sent to your address the Reports of the Board of Directors.