Speech by Managing Director Sergio Balbinot

Dear Shareholder,

At the beginning of 2009, the Group was faced with two main problems inherited from the preceding financial year: firstly, the trend on the financial markets (in view of the fact that life insurance business, which represents approximately 70% of the Group's turnover, is strongly correlated with financial market trends, and therefore with interest rates), and secondly, how to manage the risk of a recession most effectively.

In view of this situation, the first question we considered was obviously whether the Group's business model, constructed in recent years, would be able to cope with a severe crisis from the operational, structural, distribution, geographical and risk standpoints. The second question related to the corrective measures required to mitigate the impact of the crisis and consequently safeguard the Group's profitability.

As regards the business model, in organisational terms we have progressed over the years, by means of a series of company restructuring, merger and takeover projects (the latest of which recently began in Spain) which involved industrialising and standardising the top part of the process by setting up joint back offices and creating transnational activities within the Group, and at the same time "customising" the bottom part of the process by exploiting the various local organisational units' in-depth knowledge of their customers, market and networks.

The model I have just described has certainly brought some important advantages in a scenario characterised by serious economic difficulties which have led to major changes in the attitudes and behaviour of customers and the market alike.

As regards distribution, we have always relied on multidistribution as a crucial element of our business; in times of crisis, it is naturally crucial to be able to offset the business of the networks facing the greatest difficulties against that of better performing networks.

In this dynamic approach to multidistribution we have continued to devote resources to innovation, and the results show that we were right to do so, as demonstrated by the fact that Generali has placed around a billion premiums in the life assurance sector in France this year through the Internet channel.

As regards product policies, the life sector certainly benefited from the interest rate curve, which favourably influenced the development of production. In the non-life sectors, we preferred to reduce our impetus in the Vehicle segment, which was already in a difficult situation, compensating for it with the development of the retail portfolio.

From the geographical standpoint our aim, which we achieved, was to consolidate business in continental Europe and accelerate our growth in the emerging countries.

In view of all those factors, I believe that our model has proved itself suitable to tackle the crisis, and enabled us to do so better than many of our competitors. As regards the corrective measures introduced during the year, in view of the volatility of the period we preferred to act pragmatically rather than focus on long-term strategies. Three main types of measures were therefore implemented:

- firstly, an efficiency drive: in times of crisis, it is essential to cut costs and improve processes. We therefore not only launched some restructuring operations, such as the one in Spain, but above all accelerated the development of those already under way. One example is Germany, where we had already achieved 80% of the target we had expected to meet in the medium term by 2009;
- secondly, customer retention actions: as portfolios are highly volatile in times of crisis, we devoted special attention to retaining our existing customers. Thus, for example, the positive balance achieved in net Life premiums is not only due to high production, but also to the special actions taken to limit premium returns and redemptions;
- and finally, our product policy: in the Life sector, the Company has detected and acted on a substantial change in customers' investment decisions, and focuses increasingly on the production of policies with a guaranteed interest rate. At the same time, in the Non-life sectors, we have sought to offset the intentional reduction in the Vehicle segment with higher production in the retail portfolio.

By pursuing these strategic decisions, the Group's foreign premium income has grown by 9.1% (as against an average of 6.6% in the last four years). We are not aware of any other similarly sized Group which can boast a similar development rate outside its own country.

Good results were also achieved in technical terms: the new business value showed further growth, the combined ratio reached 96.3% (despite serious storms affecting the countries in which the Group operates), and the Operating Profit grew by over 10%.

As forecast last year, the Group has not completed any significant international operations this year. This decision is due to the particularly difficult trend on the mergers and acquisitions market, connoted by evident asymmetry between supply and demand. The general context is also affected by uncertainty about the legislative provisions resulting from the implementation of the Solvency II Directive, and consequently, the solvency requirements that European insurers will have to meet.

Nevertheless, considerable progress has been made in terms of the Group's strategic positioning. I refer in particular to Generali's entry onto the asset management market in China, effected by acquiring a 30% holding in Guotai AMC. This is an operation of great strategic importance, not only because it gives us access to a market with enormous growth potential (the Chinese asset management sector is relatively young, and consequently has high development margins), but also because Generali is accessing this market through the first ever company to be founded in China in this field, which consequently has a very well-known brand.

Moreover, Guotai AMC is one of the few asset management companies (out of a total of 60) which is authorised to handle all classes of assets, including enterprise annuities, namely pension funds for workers in employment. This enables us to complete the range of pension products we offer on the Chinese market.

The importance of the operation, including in the political sphere, is demonstrated by the fact that the agreements were signed in the presence of the President of the People's Republic of China during a visit to Italy.

To return to the questions I raised at the beginning of my speech, I believe that the model adopted by Generali helped us to achieve the good operational results obtained during the 2009 financial year. Nevertheless, the insurance market has not yet returned to normal. On the contrary, signs of rapid, significant change are in the air.

There are many challenges before us, and in order to guarantee the continued success of our Company, we must use all the management levers available, conduct continuous reviews of our operational models, and take a proactive approach to the changes that the future holds in store. By so doing we can consolidate our business in

Europe, and even accelerate our development on the international scene, especially in the emerging countries, which represent a crucial market for the future.

Thank you.