



GENERALI
Assicurazioni Generali S.p.A.

PRESS RELEASE

The Generali Group enters the Ukrainian market with the acquisition of 51% of Garant Auto and Garant Life

Garant Auto: no. 2 player in the non-life sector, Garant Life: no. 3 in the Ukrainian life business

**Acquisition further strengthens the Group's operations in Central Eastern Europe
The Generali Group will be amongst the market's leading foreign operators**

Trieste, June 9th, 2006. The Generali Group, through Generali Holding Vienna, has signed an agreement with the UkrAvto Group for the acquisition of 51% shareholding in Garant Auto and Garant Life, insurance companies that operate in the non- life and life segments respectively. The operation is currently awaiting approval from the Antimonopoly Committee of the Ukraine.

With this transaction in the Ukraine, which follows the Group's recent entry into the Serbian market, the Generali Group has taken a further step to strengthen and expand its strategic presence in Central and Eastern Europe. The Group now operates in 9 countries in the region.

Commenting on the transaction, Generali CEO **Sergio Balbinot** said: "The deal that has just been concluded fully complies with the guidelines set out in the 2006-2008 Strategic Plan and widens the Group's business in a country such as Ukraine that in the past few years has recorded a significant economic development, associated with a highly dynamic insurance sector. In such context", Mr Balbinot added "we believe that as a foreign operator it is not only important to be present but also to arrive amongst the first movers in order to establish a leadership position. With the acquisition of the Garant Auto Group, Generali becomes one of the leading operators in the Ukrainian market, and one the top foreign insurers in that country".

Garant Auto Group: premium income doubled in 2005; the no. 1 motor TPL provider

Garant Auto Group closed 2005 with a premium income of € 42.6 million, more than doubling the € 19.7 million recorded in the previous year, with strong growth in both the life and non-life businesses.

Thanks to these results, at the end of 2005 the Ukrainian company ranks second in non-life insurance – the no. 1 provider of motor TPL - and third in life business with a market share of 11%. Garant Auto Group is one of the country's leading companies with a foreign capital participation.

Currently Garant Auto Group has 400,000 clients and an employed salesforce of 720 plus 1,200 independent salesmen. In addition, it can rely on an exclusive distribution agreement with UkrAvto Group's car dealership network, the leader in its business in the Ukrainian auto market. With a view to strengthening the partnership, UkrAvto will continue to be a shareholder holding a significant stake.

The insurance market in Ukraine: +42% average growth rate in the past three years

With a population of approximately 48.7 million, the Ukraine is the region's second-largest country in terms of inhabitants and is undergoing a significant phase of economic development, as testified by the average growth of GDP over the past five years.

The country's insurance industry is expanding rapidly, recording an average growth rate of 42% over the past three years. The growth potential is testified also by low insurance penetration: GDP-to-premium ratio in the life segment in 2004 was 4.77% and 0.05% in non-life, compared to an overall average of 8.41% in western Europe.

Generali in Central Eastern Europe

Generali has a significant presence today in Central and Eastern Europe with approximately 3.5 million clients, operating in eight countries with a historically known brand (Hungary 1989, Czech Republic and Romania 1993, Slovenia 1996, Slovakia 1997, Poland 1999, Croatia 2002 and Serbia 2006). In 2005, the Generali Group ranked fourth amongst foreign players in Central and Eastern Europe with premium income up 22% to € 936.8 million at the end of 2005.

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