<u>Speech by Managing Director</u>
<u>Giovanni Perissinotto</u>

Dear Shareholders,

2007 has without a doubt been the best year in our history: the net consolidated profit amounts to € 2.9 billion, an increase of 21.2% on the 2006 figure. This means that we surpassed not only the original targets, but also the higher targets set at a later date.

In view of the good results, we propose a dividend of € 0.90 per share; the total dividend will therefore be 28% up on the preceding year. Having regard to the present share price, the return on the shares deriving from the dividend is over 3%; I believe this is another goal that our shareholders have achieved for the first time!

In our opinion, the results are particularly significant in view of the rather difficult macroeconomic context in which they were obtained, characterised by low growth of the GDP in the main countries in which the company operates and the first consequences of the crisis on the credit market, initially manifested by the well-known problem of sub-prime mortgages.

I must emphasise that the prudent management policy adopted by the Group as regards investments (which has sometimes been criticised as not being very “dynamic”) has enabled Generali to avoid the serious repercussions that have affected the accounts of some of its leading competitors, and this has obviously benefited our shareholders and policyholders.

1. - Among the main events which took place during the year in question, I would mention the following:

- we signed an insurance joint-venture agreement with Czech group PPF, thus creating an organisation that is already among the leading players on the economic scene in the Central and Eastern European countries (which are destined to grow faster than the countries of “old” Europe), and will develop further in the next few years;
- in Switzerland, our subsidiary BSI acquired 100% of the share

capital of Banca del Gottardo, giving rise to a leading company operating in Switzerland in the private banking sector, with assets under management exceeding 100 billion Swiss francs;

- in Austria, subsidiary Generali Holding Vienna acquired from the BAWAG Group the controlling interest in two insurance companies: BAWAG Versicherung and P.S.K. Versicherung. These companies were subsequently merged to form a single company which has access to the extensive network of Austrian Post Office branches and the network of BAWAG bank branches (approx. 1,550 branches available to the Group);
- in Italy, we have completed the sale of Nuova Tirrena Assicurazioni, a company belonging to the Toro Group, which operated in parts of the country already sufficiently covered by other companies in the Group;
- in China we obtained authorisation to operate in the Non-life sector, and Generali is now one of the main players on the local market in the Life sector;
- in India, we obtained the licence to operate in the Non-Life and Life sectors earlier than expected;
- our rationalisation process continues in our major fields of operation, the main objectives being to increase efficiency and reduce costs;
- the buy-back plan whereby the Company has acquired its own shares to a total value of some € 1.5 billion was completed at the end of October.

Finally, the period covered by our Industrial Plan was recently extended to 2009, so that it coincides with the natural expiry of the Directors' mandate. The Plan has even more ambitious objectives, which can be achieved thanks to a considerable improvement in technical results, increased efficiency of our local presence and finally, innovation and growth processes, both organic and by external lines.

2. - It is significant that the consolidated profit has grown by 52% since 2005, whereas the overall dividend (if our proposal is accepted) will have increased even more: by over 77%.

In 2007, the Generali shares gained around 2.49%, rising from € 30.2 at the start of the year (taking account of the rights issue performed in the same year) to about € 31 at the year end. During that period, the Generali shares therefore outperformed the European SXIP Insurance Index by 14.4%.

Since the beginning of 2006, the value of the Generali shares has grown by 15.6%, as against an increase of 12.3% in the SXIP index. If only the last twelve months are analysed, our shares outperformed the industry index by 19.9%.

These results are based on intensive activities designed to transform the Group, commenced in the last five years, which not only guarantee its development and expansion worldwide, but have also enabled Generali to attain its objectives involving innovation and rationalisation of the organisational structure.

I believe we have succeeded in combining solidity with results, bringing the Company's overall profitability to a level which is among the best in the industry.

My heartfelt thanks therefore go to all the staff of Generali who, with their professionalism and dedication, have enabled us to attain these important objectives. As I have already said, the 2007 accounts are the best in the Company's 176-year history, and I am sure that the Company can achieve even more ambitious goals in the future.

3. - I will now illustrate in detail the main items in the 2007 consolidated accounts of the Generali Group:

- overall premium income, gross of reinsurance, stands at € 66.2 billion, up 2.6% on 2006;
- the improvement of technical profitability in both insurance segments has successfully continued;
- new Life business amounts to € 1,199 million, up 14.4% on the preceding year and 45 percentage points higher than at 31 December 2005;
- in the Non-Life sector, the combined ratio has improved by 0.5 percentage points compared with 2006, and no less than 2.1 percentage points compared with 2005, falling below 96% for the first time;
- the operating profit, namely the profit deriving from the Group's core business, net of extraordinary factors, grew by 19.3% in 2007 and has grown by 48% since 2005, now standing at € 4.86 billion.

4. – As regards the main items in the consolidated Profit and Loss Account, net premiums for the year amount to € 61.8 billion (up 2.4%), while net commissions amount to € 563.5 million (up 7.8% on 2006): this is due to the considerable increase in commissions on investment policies in the Life sector.

The total operating profit of investments amounts to € 15 billion, a decline of 2.3% on the same period in the preceding year. That reduction, amounting to some € 355 million, is basically due to a decline in operating income and expenditure deriving from financial instruments with a fair value entered in the Profit and Loss Account, and is substantially offset by the corresponding variation in the reserve relating to this class of business.

Interest and other income increased by a total of 8.4%, to € 12.3 billion.

To move onto the cost items, net charges relating to claims have fallen from € 61.98 billion to € 61.41 billion (down 0.9%). Management costs amount to a total of € 10.4 billion (up 9.9% on 2006), € 9.98 billion of which relates to insurance business, which has grown by 11% compared with the preceding year.

In the Non-Life Divisions, our cost-cutting measures led to an 0.3% reduction in the ratio of administration costs to premiums, which fell from 6.3% to 6%.

The operating costs of the holding company, which are expressly indicated in the Accounts for the first time, and include the costs incurred by the parent company and the local sub-holding companies for management and coordination activities, have increased from € 230.5 million as at 31 December 2006 to € 269 million (up 16.7%). This increase is mainly due to higher investments associated with the Group's strategic development and rationalisation projects included in our Industrial Plan. The ratio of those costs to the total operating profit has fallen by 0.2% to 5.5%, one of the lowest ratios in the industry.

The other operating income and expenditure items, which mainly comprise depreciation and amortisation, the net forex position and appropriations to the risks fund, have fallen by 14.1%.

The operating profit thus amounts to € 4.86 billion, an improvement of 19.3% on the 2006 financial year.

5. – If the contribution made by the different lines of business to the operating profit is considered at this point, the operating profit has increased by 10.5% in the Life sector, mainly due to the results obtained by the Group in Italy, France, Germany and Eastern Europe.

In the Non-Life sectors, the operating profit, which amounts to approx. € 555 million, has grown by 35.7% compared with 2006 (up 25.5% on standardised conditions, ie. net of the contribution made by subsidiary Toro Assicurazioni): that figure was mainly achieved as a result of the excellent technical performance of Italy, followed by Germany, Austria and France.

The contribution made by the financial segment is basically stable, however; business in this segment mainly involves management of investments owned by the Group, while most of the profit derives from management of third parties' assets, mainly concentrated in BSI and Banca Generali. If captive assets are excluded, the profit for the segment amounts to € 346 million, an increase of 8.2% on the preceding year.

The operating costs of the holding company grew by 16.7%, as forecast, while intersectoral spillover fell to € 59 million.

6. – The non-operating result fell from € 154.9 million as at 31 December 2006 to € 143.6 million at the end of 2007.

Non-operating income from investments consequently exceeded € 888.6 million, a significant improvement on the figure for the same period in the preceding year, mainly due to the non-operating profits deriving from the sale of Nuova Tirrena Assicurazioni.

The non-operating costs of the holding company, which amounted to € 710 million, consist of the following items:

- interest payable on the financial debt, which amounts to € 611.3 million;
- other non-operating costs of the holding company, amounting to € 98.7 million, which mainly relate to costs deriving from the allocation of stock grants to all employees of the Group to mark the 175th anniversary of the Company's foundation.

Other non-operating income and expenditure amounted to € 322.3 million. This increase is almost entirely attributable to the reorganisation activity performed in Germany and Austria.

The result is a *pre-tax* profit of € 4,716.3 million (up 20.4% on the preceding year). After deduction of taxes and third parties' shares, the net profit attributable to the Group amounts to € 2,915.6 million, an increase of 21.2% on the 2006 financial year.

7. – The sound equity of the Group is demonstrated by its “AA” rating (only given to a very few companies, not only in our industry, but on the market as a whole).

The proportion of the net equity attributable to the Group amounts to € 14.8 billion, a decline of 2.7% compared with 2006. This reduction was mainly caused by the expenditure of € 1.5 billion incurred by the parent company for the purchase of its own shares: net of that item, the figure shows an increase of 7.1%.

The Group’s insurance investments amounted to approx. € 336.6 billion; if assets managed for third parties, amounting to € 61.4 billion, are included, the total investments at the 2007 year end amounted to about € 400 billion (which represents 25-30% of the entire Gross Domestic Product of Italy).

Assets relating to unit-linked policies, where the risk is borne by the insured, amounted to € 50.7 billion, while investments in which the risk is entirely borne by the Group amounted to €285.9 billion.

If the portfolio is analysed by categories of asset, it will be seen that exposure to the fixed-income investment sector amounts to 77.6% of the entire securities portfolio, while stock market investments account for 12.9% of the portfolio and real estate investments for 4.7%. Finally, other investments (mainly loans and/or debts receivable) amount to 4.8%.

The overall profitability of the investments in 2007 was 5.2%, an increase of 0.3% compared with 2006.

In view of the present particularly difficult market context, I feel it is important to provide some details about the Group’s exposure to structured financial products.

Generali’s exposure to this type of product is minimal, amounting to around € 1.5 billion: in particular, our portfolio does not include investments in subprime products, while our exposure towards monoline products is not significant, amounting to € 32 million net of the proportion attributable to policyholders.

The total technical reserves stand at € 305.5 billion, 1.9% up on 31

December 2006. Specifically, the reserves of the Life Sector stand at € 277.2 billion, whereas the Non-Life reserves amount to €28.4 billion.

Financial indebtedness has fallen by approx. € 400 million to €11.4 billion.

8. - We will now briefly examine the main data (determined in accordance with the national accounting standards) relating to the parent company's trend during the period in question. On the basis of the parent company's profit, the distribution of a dividend is recommended.

The gross premium volume amounted to a total of € 9.76 billion (up 5.2% on the preceding year); direct insurance business premiums amounted to €7.5 billion, and indirect business premiums to €2.25 billion.

Direct insurance business premiums relating to Non-Life policies taken out in Italy amounted to € 3.15 billion, an increase of 4.7% compared with 2006 (whereas the market as a whole increased by around 1.5 percentage points).

The combined ratio stands at 95.4%.

Direct insurance business premiums relating to the Life Segment amounted to € 4.1 billion; new business, in terms of annual premium equivalents, showed growth of 32.3% compared with the end of the preceding year.

The total balance of the industrial management has consequently improved by € 66.1 million, and the profit for the year amounts to €1,401.1 million, 26.1% up on the standardised profit for the year ending on 31 December 2006.

9. – We therefore propose the distribution of a unit dividend of € 0.90 per share, 20% more than the dividend paid in the preceding year (€ 0.75).

If the bonus issue resolved on by the General Meeting last year to mark the 175th anniversary of the Company's foundation is taken into account, the increase in question amounts to approximately 28%.

As the growth of the dividend is greater than that of the consolidated net profit, the Company's pay-out level has risen from 40% to 42%. As regards the statutory accounts, not including the effect of the buy-back of the Company's own shares, the pay-out amounts to roughly 87%.

I will conclude with a brief report on the initial evidence of the Group's trend during the first three months of this year.

We expect the net profit to show significant growth (the percentage should actually reach double figures!) compared with the same period in 2007.

The operating profit for the Non-life sector should also show considerable development, due to the further improvement in the technical indexes, whereas the profit of the Life sector is expected to show a reduction due to the trend on the financial markets which, as you know, was particularly unfavourable in the first quarter of this year.

Thank you.