



05/12/2012

S&P assigns BBB+ rating to today's bond issue

PRESS RELEASE

Trieste. Generali announced that Standard & Poor's, the rating agency, assigned a BBB+ rating to the subordinated bond issue closed earlier today.

Please find below the Standard & Poor's note.

Assicurazioni Generali SpA Dated Subordinated Notes Rated 'BBB+', On CreditWatch Negative

LONDON (Standard & Poor's) Dec. 5, 2012--Standard & Poor's Ratings Services said today that it has assigned its 'BBB+' long-term issue rating to the 30-year subordinated notes of Italy-based global multiline insurer Assicurazioni Generali SpA (Generali; A/Watch Neg/--). The notes are on CreditWatch negative, reflecting the CreditWatch status of the issuer's counterparty credit ratings (see "Research Update: Ratings On Generali And Subs Kept On CreditWatch Negative On Persisting Strategic And Capital Uncertainties," published Nov. 13, 2012). The rating is subject to our review of the final terms and conditions.

The rating incorporates our methodology for subordinated debt issues: We have rated the notes two notches below the long-term counterparty credit rating on the issuer, Generali. The rating is based on our understanding that the holders of the notes will be subordinated to Generali's senior creditors, and that Generali has the option of deferring interest if, during the previous six-month period (or three months for instruments that pay quarterly):

- No dividend or other distribution has been declared, made, approved, or set aside for payment in respect of any securities of Assicurazioni Generali that rank equally or are junior to the new securities, unless such a declaration or distribution was deemed mandatory; and
- Neither Assicurazioni Generali nor any of its subsidiaries has redeemed, repurchased, or acquired any securities of Assicurazioni Generali that rank equally or are junior to the new securities (other than a Permitted Repurchase) unless redemption, repurchase, or acquisition was made below par value.

Furthermore, we note that interest deferral is mandatory if a solvency event has occurred.

Generali can call the notes in December 2022 and subsequently at each quarterly interest payment date thereafter, subject to the conditions of repayment, including approval from the Italian insurance regulator. The coupon is expected to be fixed until the call date, after which time it will convert to floating rate. We understand that a step-up of 100 basis points at maximum would be applied to the fixed rate spread.

We expect to classify the notes as having "intermediate equity content" under our hybrid capital criteria. We include securities of this nature, up to a maximum of 25%, in our calculation of total adjusted capital, which forms the basis of our consolidated risk-based capital analysis of insurance companies. Inclusion is subject to the bonds being considered eligible for regulatory solvency treatment and the aggregate amount of included hybrid capital not exceeding the total eligible for regulatory solvency treatment.

We understand that Generali plans to use the proceeds from the bonds to strengthen its capital position, benefiting from improved market conditions, ahead of its future funding needs. Including this transaction, we estimate that the wider group's financial leverage (debt plus hybrid capital, divided by the sum of economic capital available, debt, and hybrid capital) will remain below but close to 30%. We continue to forecast that the fixed-charge coverage (EBITDA divided by senior and subordinated debt interest) for full-year 2012 and 2013 will significantly rebound to around 5x from the weak 4x level of 2011, taking into account the significant rebound in net profit in the year to date.

CONTACTS

www.generali.com

Media Relations

T. +39.040.671085

T. +39.040.671171

press@generali.com

Investor Relations

T. +39.040.671202

+39.040.671347

generali_ir@generali.com

RELATED RESEARCH AND CRITERIA

- Clarification On Hybrid Capital Step-Ups, Call Options, And Replacement Provisions, Oct. 22, 2012
- Hybrid Capital Issue Features: Update On Dividend Stoppers, Look-Backs, And Pushers, Feb. 10, 2010
- Assumptions: Clarification Of The Equity Content Categories Used For Bank And Insurance Hybrid Instruments With Restricted Ability To Defer Payments , Feb. 9, 2010
- Hybrid Capital Handbook: September 2008 Edition, Sept. 15, 2008
- Research Update: Ratings On Generali And Subs Kept On CreditWatch Negative On Persisting Strategic And Capital Uncertainties, Nov. 13, 2012

Additional Contact:

Financial Institutions Ratings Europe; FIG_Europe@standardandpoors.com

Complete ratings information is available to subscribers of RatingsDirect on the Global Credit Portal at www.globalcreditportal.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column. Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow 7 (495) 783-4009.

THE GENERALI GROUP

The Generali Group is one of Europe's largest insurance providers and the biggest European life insurer, with 2011 total premium income of almost € 70 billion. It is also one of the world's top asset managers and a unique real estate operator. With 82,000 employees worldwide and 65 million clients in more than 60 countries, the Group occupies a leadership position on Western European markets and an increasingly important place in Central and Eastern Europe and Asia.