

**Speech by the Chairman**  
**Gabriele Galateri di Genola**

Ladies and gentlemen,

May I begin by passing on greetings from the Mayor of Trieste, who has asked me to tell you how pleased he is with the collaboration that has developed between the Trieste City Council and Assicurazioni Generali, and that he is willing to support our Company's development.

1. – 2011 was a difficult year. AG tackled it vigorously, firmly maintaining its industrial excellence, further diversifying its products, channels and geographical presence, implementing a derisking policy (namely divestment of sovereign securities in crisis) to protect its assets, and continuing to pursue a rigorous objective of cost efficiency. I am pleased to say that the Group has risen to the challenges posed in this national and global economic context with soundness and consistency, maintaining its characteristics and strategies, and safeguarding its results. We have begun 2012 by consolidating our solvency coefficient, recovering profitability and conducting a major disposal operation, the sale of Migdal, which will contribute to our sound capital base, increase our efficiency by concentrating the capital allocation on our core activities and focusing on our business, and enable the Group to make a major capital gain by exiting from a market that is now mature. As you are well aware, the Generali Group has a strong international presence, with a 90,000-strong workforce in over 60 countries, and a strong international bias.

An even more innovative approach will be needed in the future than in the past. Innovation, a subject which is very important to me, is the main driver of growth, in the economy in general and in our industry in particular. Innovation in products, processes, channels, and expansion and diversification strategies abroad, with particular emphasis on the Eastern European and Asian countries, where our presence has reached a critical mass. Another important factor this year will be the effort to develop new long-term life/pension products, to take the opportunity presented by the impact of the reform of the pension system and the reduction of the Welfare State on individuals, and offer them innovative solutions. This will enable us to consolidate a central role in the life

sector, which appears to be in difficulty today due to competition from banks and other financial institutions as regards traditional products, and to the cost of products with strong guarantees of returns.

**2.** – The economic prospects remain differentiated and volatile, although we are beginning to see the light at the end of the tunnel after a difficult year of crisis and recession in Europe and in Italy. However, the USA is on the road to recovery, and the Eurozone appears to be on the way to stabilisation following a massive intervention by the ECB. Italy is still on the path of rigour, hopefully to be followed by a recovery next year. The emerging countries are still the driver of global growth and trade, although at a low rate and with some new risks, including a possible real estate bubble in China, political and economic upheaval in Hungary, and high geopolitical risk in the Middle East deriving from the situation in Iran. European and Italian policymakers are making a major effort to bring their accounts back under control. In particular, the Italian Government introduced a stringent debt reduction and fiscal equity budget in the early months of this year. What is needed now is completion of employment reform, and above all investment in growth, and therefore in research and development, enabling us to move out of recession and regain lost productivity and competitiveness. This essential objective applies to national economies as it does to the insurance industry, in which innovation and flexibility play a crucial role.

**3.** – In our industry, 2011 brought difficulties for the traditional life sector, whereas good growth was recorded in the non-life sector, where we demonstrated technical excellence, even apart from tariff increases. The challenge for the future is to become a real partner for investors and the public sector in the accumulation and management of long-term savings, especially in the form of pension plans, and in risk management and diversification, which have now increasingly become the responsibility of individuals, families and businesses. Growth requires companies to invest, families to consume and banks to resume lending money to companies, and all these objectives could be achieved more easily with the higher cover offered by better insurance policies.

This is a major challenge, and we are sure that we can rise to it. Customer-orientation, cost efficiency and innovation are and will remain the secrets of our success.

**4.** – However, I would like to remind you of two important points that apply to our Group. The first relates to governance, which was recently strengthened by our ratification of a new, effective Self-regulatory Code, and by a constructive dialogue with shareholders.

Generali's governance principles comply not only with the legislation and regulations in force in Italy, but also with the best international practice and the recommendations of the Listed Companies' Self-regulatory Code, to the renewal of which I personally contributed as Chairman of the corresponding Stock Exchange Committee.

In addition to the Risk and Control Committee, the Remuneration Committee and the Committee for Evaluation of Related-Party Transactions, the Board of Directors resolved to set up a Social and Environmental Sustainability Committee on 5 August 2011 and, as recommended by the Self-regulatory Code, it set up an Appointments Committee on 24 February 2012, combining it with the Corporate Governance Committee. Some important principles, based on the new provisions, were recently introduced into our Articles of Association, such as age limits for the Directors, Chairman and Group Managing Director, and the institution of "gender quotas" for the Board of Directors.

The second point relates to the centrality of the subject of sustainability and corporate social responsibility. Generali has long pursued the aim of situating its business in a wider context of which social commitment is an integral part. We are convinced that this commitment represents a sound investment, and that economic competitiveness should expressly take account not only of ethical aspects but also of direct social involvement, having regard to all categories of stakeholder affected by the Group's activities. Of the major social impacts, we consider the primary impact to be environmental protection, and seek to perform our actions in such a way as to ensure a suitable balance between industrial activities and environmental requirements.

The Group's growing commitment in the field of corporate social responsibility led to the institution in 2007 of the Sustainability Committee, a decision-making body created to establish social and environmental policies, whose members are representatives from all the countries in which the Group operates. In the same context, the Group belongs to Global Compact Italy, an international project promoted by the United Nations to support ten universally agreed principles in the human rights, working conditions, environmental and anti-corruption areas, and the micro-insurance project promoted in India.

The Group is also a signatory of an Ethical Code, the central principles of which are professionalism and making the best use of human resources, health protection, free competition, transparency and correctness of information.

**5.** – I will now hand over to Giovanni Perissinotto and Sergio Balbinot, who will present the Group's industrial and financial performance in more detail, and indicate the forthcoming strategic policies. I will conclude by thanking all our employees and the shareholders who have supported us, and look forward to seeing renewed emphasis on the Group's long-term growth project in the current year.

Thank you all.