

Address by the Group CEO Managing Director
Giovanni Perissinotto

Dear Shareholders:

We are living in a especially challenging context, but it is with legitimate pride that we can state that Generali has obtained outstanding results in this difficult situation.

Generally speaking, we saw an improvement in the macroeconomic picture in 2010 but also the emergence of new problems, such as moments of heightened agitation (in certain cases, crisis) on the sovereign debt securities of certain European countries, tensions on the euro and on price levels, particularly energy and food, and the persistence of high unemployment.

Significant differences in growth remain between the mature and emerging economies; the volatility of exchange rates, interest rates, and the equity markets is high.

As I was saying, in this difficult context, due to our business model and our characteristic financial solidity, we obtained highly positive results in 2010.

In particular, I would like to mention:

- significant growth in new premiums exceeding €73 billion;
- an 11.7% increase in operating result with respect to the previous year;
- net inflows from the Life segment greater than €16 billion, which are confirmed as the highest in the sector worldwide;
- the ongoing program to improve operating efficiency that brought a further reduction in administration expenses;
- a significant increase in overall investments, approaching €471 billion;
- a 30% increase in net profit to €1,702 million;
- a proposal of total cash payout equal to €701 million, well above the 545 million of the previous year.

The current value of Generali stock is basically in line with that at the previous shareholders' meeting (€16.18 versus €16.72 in April 2010).

The performance of the stock certainly does not reflect the accomplishments of the Group, but experience teaches us that, when we pursue a path of commitment, efficiency and technical excellence, the results will inevitably arrive.

Generali has always been characterized by a strong international vocation and I would like to stress that in recent years we have further strengthened our positioning in both mature and emerging markets.

We continue, in fact, to be firmly focused on the principal markets of Western Europe—Italy, France and Germany—where

- we are first or second in market share;
- they generate about two-thirds of Group operating result;
- by achieving economies of scale and implementing initiatives aimed at greater operating efficiency, we have obtained savings of over €600 million in the past five years.

Since 2005, despite the economic-financial crisis, our compound annual growth rate of operating result in the three principal countries has been 3.8%.

We have also bolstered our presence in the emerging markets, where premiums have almost doubled in the past five years, reaching €6.6 billion in 2010. Consequently, their incidence on total group inflows rose from 5.9% to 9.1%.

The contribution of emerging areas has also grown significantly in terms of operating result, from 3.6% to 11.8% of the total, by virtue of a compound annual growth rate of more than 33%.

With reference to the numerous transactions, I would recall that:

- in the Central and Eastern European countries, the formation of a joint venture with the PPF Group was an opportunity for Generali to acquire insurance leadership in an area where our Group has a strong historical presence, which declined for well-known reasons following the Second World War. I would underscore, in fact, the excellent growth of our Group operating result in that area from €90 million in 2007, before the partnership with PPF, to the current 419 million;
- in China, due in part to collaboration with our partner CNPC, we have become the second largest foreign insurer in the country, and we achieved breakeven last year, despite the large investments sustained to organize and develop our activity.

I take this opportunity to thank all our collaborators for their

commitment and dedication, through which we have achieved our ambitions even in the most difficult of times. This, for me, is not just a ritual phrase but a heartfelt statement.

1. – Having said this, let us take a more detailed look at the results achieved, which as usual we shall illustrate graphically in a multi-year context so that you will appreciate our medium-term development.

Through the leadership achieved in the Group's principal markets (Italy, Germany and France) and the excellent positioning in the high-potential markets, premium revenues exceeded € 73 billion, 3.8% more than in 2009.

For the first time, Life premiums exceeded € 50 billion (€ 51.1 billion) thanks to the excellent performance of Italy, Germany, of Eastern Europe and the emerging countries (they rose by 45% in China, for example).

Non-life premiums, though conditioned by an uncertain macroeconomic context, increased by 2.1% to € 22.1 billion, driven by momentum in France and in Italy.

In the Life sector, new production, expressed in terms of annual premium equivalent, has shown significant development, setting an all-time record of € 5.3 billion.

The combined ratio for the Non-life business was 98.8%, showing a moderate increase of 0.5 percentage point due to an increase in the claims rate, primarily the result of an increase in catastrophic charges.

2. – The total operating result amounted to € 4.1 billion, 11.7% more than in 2009.

The increase in overall operating result is largely attributable to the result for the Life segment, equal to over € 3 billion (+23.5%).

This is the highest result ever registered by the Group in the Life segment, obtained primarily due to the growth in premiums volume based on high value-added products, excellent net inflows, and a positive contribution from the investment operation to the segment's financial margin.

The operating result for the Non-life segment, despite an 18.1% surge in the final quarter of 2010, totaled € 1,128 million for the year, with a

decline of 11.4%. The primary causes for this decline were:

- natural catastrophes, which cost 380 million, 110 million more than the previous year;
- short-term interest rates, those characteristic of most segment investments, remained at low levels throughout 2010.

The operating result for the financial segment, equal to € 354 million, dropped by 18.2%, due primarily to major investments to develop the BSI group in the Far East, where € 55 million were invested and charged to profit and loss.

The contribution of Banca Generali, on the other hand, was highly positive: the bank closed the year with net profits of € 82.2 million, up 30%.

The operating costs of Holding, equal to € 288 million, increased by 7.3%, due largely to greater costs associated with the variable portion of personnel compensation, as well as the new advertising initiatives on behalf of the Group brand.

3. – Let us now look briefly at the passage from operating result to net profit.

The non-operating result of the Group improved by € 281 million over the previous year, thanks to the positive non-operating performance of investments, only partially offset by higher net non-operating expense.

The non-operating financial result improved by € 506 million, characterized by:

- lower charges related to derivatives to hedge Group assets from the extraordinary volatility of the equities market particularly characteristic of the early months of 2009;
- smaller losses on equity investments;
- higher profits in the Non-life sector.

The other non-operating costs increased. In particular:

- the non-operational costs of holding, which include primarily interest on financial debt, decreased by 11 million to € 726 million;
- other non-operating expense and income (which include nonrecurring income and expense and amortization of the values of portfolios acquired directly or by obtaining control of

insurance and financial companies) was a negative € 479 million; the increase of 234 million with respect to 2009 was attributable primarily to greater provisions for nonrecurring risk.

The pre-tax result closed at € 2,877 million, with an increase of 32.7%.

The result of discontinued operating activities, equal to € 51 million, refers to the equity interest in Intesa Vita, which was sold in September (after obtaining the favorable opinion of the Antitrust Authority).

Unfortunately, we registered a significant increase in taxes, which amounted to € 909 million (the consolidated tax rate rose by 7.6 percentage points to 30.6%).

The minority interests, equal to € 316 million, showed a decline due primarily to the deconsolidation of the Intesa Vita shareholding.

Net profit for the year, as mentioned earlier, was therefore € EUR 1,702 million, 30% more than in 2009.

4. – The performance of the Group is reflected by a capital structure confirmed to be quite solid.

Analyzing the development of equity, it amounted to € 16.7 billion at the end of 2009.

Now considering:

- the € 544 million dividend distributed in 2010;
- the operating profit for the period, equal to 1,702 million;
- the decrease in reserves on financial assets available for sale (€ 914 million, attributable essentially to the bond sector, which was affected by broadening spreads in the peripheral countries);
- the 594 million increase in other reserves due primarily to the growth in the reserve for exchange rate differences;

equity at the end of 2010 reached 17.5 billion, 5% higher than a year earlier.

The solvency margins of our Group, in terms of Solvency 1, equal to 132%, and Economic Solvency, equal to 160%, are high and extremely sound.

I would remind you that debate is currently in progress on the revision

of the rules and capital margins of insurance companies, which our Group is actively monitoring at the European level.

We hope that Parliament and the supervisory authorities will clearly consider the positive role of insurance companies in the crisis and that our different role with respect to other financial sectors will also be reflected in the rules.

5. – Total investments amounted to € 470.8 billion (+8.6%); of these, 98.8 billion consist of assets managed on behalf of third parties (+18.2%).

The Group insurance investments amount to € 372 billion (+6.4%), and 50.3 billion are represented by the assets of internal funds where the risk is borne by the policyholders and 321.7 billion are investments where the risk is borne by the Group (+4.7%).

Our investment strategy has been to maintain current profitability without significantly altering the risk profile, and this has enabled the Group to maintain essentially stable profitability with respect to 2009, equal to 4.2%.

At 31 December 2010:

- fixed-rate investments were equal to 79.2% of the total;
- the equity component represented 8.5%;
- real property, which as you know, according to current accounting principles, is carried at cost, accounted for 4.8% and represents a valuable diversification of our investments;
- the incidence of other investments and cash & cash equivalents were 3.7% and 3.8%, respectively (stable with respect to the end of 2009).

6. – Total net technical provisions amounted to € 339.2 billion (+7.5%).

In particular:

- Non-life provisions rose by 2.2% to € 30.2 billion;
- Life provisions increased by 8.1%, due to an increase in the provisions on the traditional portfolio and the technical provisions associated with linked contracts, resulting from an increase in net revenues and financial income to the benefit of policyholders.

With regard to debt, I would dwell on financial debt, since operating debt derives from the insurance and banking activity and is fully offset in assets.

Financial debt, which has enabled us to fund acquisition deals without weighing on the pocketbooks of our shareholders, amounted to € 12.3 billion.

The decrease in financial debt with respect to the end of 2009 was primarily linked to repayment of the senior obligation of € 1,750 million in July 2010, which had been refinanced in the third quarter of 2009, exploiting a favorable moment in the market, with the issue of another senior obligation of equal amount.

The weighted average interest rate on financial debt at the end of 2010 was 5.36%, stable compared to the end of 2009, with an average duration of 6.9 years.

7. – We shall now take a brief look at the principal information on the parent company, because though its financial statements are fully integrated into the consolidated accounts, their approval is necessary for dividend distribution.

The premiums from direct business written in Italy by the parent company in 2010 totaled € 6.8 billion (+ 1.4%).

Direct Non-life premiums written by the parent company in Italy totaled 3 billion; the slight decline of 1% was the result of actions to improve profitability, especially in the motor and general liability lines, that extended throughout 2010 and whose positive effect are reflected in an improved claims rate in all the lines.

Thanks to the portfolio reform actions, in fact, the claims rate improved from 77% to 75.6%.

The expense ratio improved by 0.7 percentage point to 20.6%, benefiting from a decrease in acquisition costs (1.8%) and administrative expenses, which decreased by 8.8% because of the efficiency-improvement actions in effect for several years now.

Consequently, the combined ratio of the parent company in Italy improved by 2.1% to 96.2%.

The direct life business written in Italy totaled € 3.8 billion, with strong

growth of 3.4%, due in part to the excellent performance of our agency channel, which I never tire of saying is strategic.

The premiums from new production was also positive, amounting to € 490 million.

The net profit for the period was therefore 634 million, with a 14.1% increase over 2009.

8. – Today you are being proposed a cash dividend of € 0.45 per share, 28.6% higher than the € 0.35 paid the previous year.

The payout ratio at the consolidated level (i.e. the ratio of the total proposed dividend to consolidated Group profit) remains above 40% (i.e. 41.1%), in line with the practice applied by the leading international insurance companies.

I would like to stress that the proposed dividend represents a balance between remuneration to shareholders, balance sheet solidity, and important investments to finance new production.

Suffice it to say that the financing of new Life production, which will ensure future profits, cost us € 1.7 billion in 2010.

In summary, considering the difficult context in which we operated and the investments to ensure the solidity and future profits of our business, we feel that his payout is a good trade-off among these various requirements.

9. – I would now give you, as in the past, a few anticipations on our business performance in the first quarter.

On the basis of preliminary data, total premiums collected in the first quarter amounted to € 19.1 billion, with a decline of 8.3%.

It should be said immediately that this decline is attributable entirely to a decrease in single-premium products in the Life line, which in the first three months of 2010 had shown growth never before registered. In fact, we expect the situation to become more homogeneous within a few months.

The volume of annual premiums, however, has been good (still speaking of Life segment), with growth of 3.1%.

The premiums for the elementary lines, equal to 6.8 billion, show

growth of 2.1%, confirming the positive trend that characterized the closing months of last year.

The accounts, both technical and financial are looking good, so we expect increases in both the operating result and the bottom-line for the quarter.

I would conclude with the outlook for the entire year, which, I would remind you, must be analyzed with prudence, considering the volatility of the financial markets and the possibility of catastrophic events, which have struck with greater frequency and intensity in recent years. These uncertainties are typical of our business, however.

In any case, we believe that the good results achieved in the first quarter of 2011, the current actions to improve efficiency, careful underwriting policy, and effective management of investments in properties and securities let us look with optimism to a further improvement in our performance and results.

10. – Lastly, I would like to provide you some information on the settlement the Company afforded to Mr. Geronzi upon his departure from the Board of Directors, in part to respond to queries recently received via e-mail from a few shareholders.

I would begin by saying that the € 16,650,000 that the Company has undertaken to pay to Mr. Geronzi is a large amount.

But to understand how this amount was determined and above all how the decision was made in the interest of the Company, the resignation of the chairman must be viewed in a broader context.

We must remember, in fact, that the mandate the shareholders attributed to the chairman in 2010 was for a three-year term. So when the majority of the members of the Board of Directors took a position that amounted to an expression of no-confidence toward the chairman, it created a highly delicate situation.

If that situation, which ended with the chairman's decision to tender his resignation, had developed differently, and if the termination of the relationship had ultimately occurred differently and with conflict, the consequences in financial terms might have been much more costly for the Company possibly reaching "multiples" of what was paid.

Under these circumstances, it was decided to pay the former chairman an amount that, in essence, was the present value of what

would have been due to him had he been able to collect his legally established compensation for the two years remaining on his mandate, as well as the indemnity prescribed in case of non-renewal.

Nor should we forget that the objective of the reorganization we initiated with regard to the structures created to enable the chairman to exercise the powers assigned to him by the Board of Directors in 2010 was to realize cost savings over time much greater than the amount paid out.

On the whole, I therefore believe that the agreement reached not only does not differ significantly from what has occurred in other major businesses but also protected the interests of the company and its shareholders in a difficult time in the life of the company.

Before concluding, I would also inform you that CONSOB, on 21 April, sent a memorandum to the Board of Directors and the Board of Statutory Auditors requesting us:

- to indicate during this shareholders' meeting the amount paid to Mr. Geronzi as a termination settlement;
- to illustrate the procedure followed in deliberating that settlement;
- to record that information in the minutes of this meeting.

With regard to the above, I would therefore inform you as follows:

- with a resolution of 6 April 2011, at the proposal and with the favorable opinion of the Compensation Committee, the Board of Directors established to offer to Mr. Geronzi a lump-sum payment of € 16,560,000 as a liquidation settlement;
- the procedure adopted to arrive at this resolution is consistent with our internal procedures regarding related party transactions, since the Board resolution was passed with the favorable opinion of the Board of Statutory Auditors, based on a proposal by the Compensation Committee;
- these procedures require, in fact, that for related party transactions regarding the compensation of managers with strategic responsibilities (which included Mr. Geronzi), the functions of the Committee pursuant to Article 7 of CONSOB Regulation no. 17221 of 12 March 2010 are performed by the Compensation Committee.

Thank you for your attention.