

GENERALI – LIFE EMBEDDED VALUE 2006

SUPPLEMENTARY INFORMATION



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SUPPLEMENTARY INFORMATION

1. INTRODUCTION

In May 2004 the CFO Forum, a group representing the Chief Financial Officers of major European insurers, published the European Embedded Value (EEV) Principles, with the intention of improving the transparency and comparability of embedded value (EV) reporting across Europe.

Assicurazioni Generali S.p.A. has actively participated in the development of the EEV Principles and views the EEV methodology as an important development of the traditional embedded value, especially in the explicit requirement that all the risks have to be reflected in the valuation and in the guidance on the evaluation of time value of financial guarantees and options (FG&O).

Accordingly, for the EV reporting, Generali has chosen a “bottom-up” methodology based on the analysis of the volatility of the projected distributable profits in 5,000 economic scenarios, so that the EV is valued consistently with financial markets’ historical remuneration of risk. In this way, the EV allows for each business unit’s specific time structure, financial risk and time value of FG&O. The chosen methodology also makes specific allowance for non-financial risks via a cost of capital approach, so that in the aggregate the considered required capital is based on a level of 150% of the EU solvency requirement for companies operating in Europe and equivalent levels for other geographical areas.

For consistency with the traditional presentation of the EV, the value in-force (VIF) is derived as the sum of the present value of the best estimate industrial profits (PVFP) less a cost of capital (CoC) based on 100% of the EU solvency requirement. The cost of holding the additional capital, so that in aggregate the required capital corresponds to a level of 150% of the solvency requirement, is considered as the additional component of the discount rate to allow for non-financial risks. In the traditional presentation of the EV, the PVFP and CoC are based on the same discount rate, which reflects the overall time structure and risks of the VIF, and as such corresponds to a weighted average between the discount rate appropriate to reflect the risks in the PVFP and that appropriate for the CoC.

The same VIF can however be derived as the sum of PVFP based on a discount rate appropriate to reflect its own risks and a cost of capital based on its own specific discount rate, which leads to a CoC corresponding to the costs to the shareholders incurred through the payment of taxes (and any policyholder interests) on the investment income generated by the assets backing the capital. To enhance the comparability of the results, such alternative view is also provided, in addition to the traditional presentation of the EV.

With reference to the covered business, this supplementary information document provides the EV results as at 31 December 2006 and details on the methodology and the assumptions used.

The members of the board of directors of Assicurazioni Generali S.p.A. acknowledge their responsibility for the preparation of the supplementary information in accordance with the EEV Principles. The directors confirm that the embedded value as at 31 December 2005 and 31 December 2006, and the embedded value earnings including the value added by new business in 2006, have been determined using methodology and assumptions which are compliant with EEV Principles. The EV disclosure should not be considered as a substitute for Generali’s primary financial statements.

Tillinghast, the global insurance and financial services consulting business of Towers Perrin, has provided an external opinion on the methodology, assumptions and results as described in Annex B.

2. COVERED BUSINESS

The Life EV results cover all the group's direct and indirect life and pension business. For the purpose of determining the Life net assets value, the perimeter includes all the operating life and pension companies, considered net of any participations held in group companies included in the IFRS financial and non-life segments with the exception of those companies which offer services directly supporting the covered business. Asset gathering companies, health companies and holding companies have not been included in the perimeter.

In addition to the values emerging in the life and pension companies, value is also attributed to the stream of profits that are expected to be generated in Head Office and in holding companies with respect to intragroup life reinsurance and in the group's asset management companies, which are directly associated with life insurance business in Italy, and unit-linked insurance in Germany and Switzerland. All related expenses are taken into account on a look-through basis.

No value is attributed in respect of the reinsurance ceded out of the group or in respect of future new business. The EV refers to contracts in force at the valuation date. Automatic premium increases, characterized by reliable acceptance ratios, are included in the projection of the future cash flows according to historical experience. Correspondingly, new business refers only to new contracts written in the year and excludes other automatic premium increases relating to prior years' business.

In terms of technical reserves of business offering financial guarantees, Generali's "bottom up" methodology covers 95% of life and pension business of the group. The residual business is considered according to a deterministic valuation approach.

All the values shown in this disclosure are in Euro millions, after tax and after minorities unless otherwise stated. The approach to consolidation adopted in the life EV produces results which are comparable with the consolidated primary financial statements.

3. RESULTS

3.1. MAIN RESULTS

An embedded value is an actuarially determined estimate of the value of a company, excluding any value attributable to future new business.

With reference to the covered business, and to the relevant consolidation perimeter (i.e. the operating life and pension companies of the group), the EV is equal to the sum of:

- the Adjusted Net Asset Value (ANAV), which corresponds to the consolidated market value of the assets backing the shareholders' funds, net of taxes and policyholder interests on any unrealized capital gains, after the elimination of goodwill and DAC, net of other adjustments required to maintain consistency with the valuation of the in-force business, and before the payment of dividends from profits in the year.
- the Value In-Force (VIF), i.e. the present value of the projected stream of after-tax industrial profits that are expected to be generated by the business in force at the

valuation date, assuming assets at local statutory book values equal to the technical reserves, less a charge for the cost of holding the capital.

Embedded Value as at 31 December 2006 and 2005

	2006	2005	Change
ANAV	9,473	7,568	25.2%
VIF	11,299	9,620	17.5%
EV	20,772	17,188	20.8%
EV earnings	2,515		
Return on EV	13.7%		

The EV increases by 20.8% benefiting from a positive return on EV at the level of 13.7%, and as a consequence of the Toro acquisition, the minorities buyout (in Germany, Switzerland, Israel and Austria) and the reorganisation of the legal and financial structure in France that brings new assets in the covered perimeter.

The New Business Value (NBV) is determined as the present value at the point of sale, of the projected stream of after-tax industrial profits expected to be generated by the covered new business written in the year, allowing for the actual acquisition costs incurred and end-year operating and economic assumptions, less a charge for the cost of setting up and holding the capital.

New Business Value 2006 and 2005

	2006	2005	Change
NBV	925	775	19.3%
APE	4,178	3,738	11.8%
Profitability on APE	22.1%	20.7%	1.4% pts

The NBV increases by 19.3% (150mln), driven by the improved profitability (over 22%) and the growth of the annual premium equivalent (APE), also due to the increased perimeter.

3.2. MOVEMENT OF EMBEDDED VALUE

The following table shows the movement of EV from the end of 2005 to the end of 2006, with details of the movement of the business in force at the end of 2005, the new business written in 2006 and the ANAV.

Movement of Embedded Value

	EV	In-force at 31.12.2005	New Business	ANAV
Value at 31/12/2005	17,188	9,620	-	7,568
Change in perimeter	1,312	671	-	642
Exchange rate fluctuation	-117	-70	-	-47
Model change	-92	-92	-	-
New business value	925	-	925	-
Unwinding	1,275	1,159	65	51
Expected result	-	-1,953	476	1,477
Economic exp. var. / ch. in ass.	365	438	-	-72
Operating experience variance	13	32	-	-19
Change in operating assumptions	28	28	-	-
Capital movement	-127	-	-	-127
Value at 31/12/2006	20,772	9,833	1,466	9,473
EV earnings	2,515			
Return on EV	13.7%			

The EV earnings (equal to the difference between the closing and opening EV excluding the impact of changes in perimeter, exchange rates fluctuations and capital movements) amount to 2,515 millions. The corresponding return on EV (obtained dividing the EV earnings by the initial EV after the impact of the changes in perimeter and exchange rates fluctuation) is equal to 13.7%.

The main components and explanations of the EV earnings are the following.

- **Model Change (-92mln):** impact on VIF due to model refinements.
The most important model changes refer to Israel (-42mln), Germany (-35mln), Switzerland (-32mln) and France (+24mln).
- **New business value (+925mln):** value at point of sale of the new business written in 2006, based on end of year assumptions.
- **Unwinding (+1,275mln):** effect of rolling forward the beginning of year VIF and NBV at the discount rate, inclusive of the effect of rolling forward the relevant required capital. The amount in the column dedicated to the ANAV (+51mln) refers to the after tax return on the free surplus.
- **Expected result:** the after tax result expected at the end of 2006, inclusive of the expected return on the assets backing the required capital. The expected result is released from the in-force and the new business into the ANAV and has no impact on the Embedded Value Earnings.
- **Economic experience variance and change in assumptions (+365mln):** impact of actual versus expected experience and changes in future assumptions for economic items such as the investment returns and the discount rates.
The positive amount corresponds to the positive development of the stock markets and to the increase in the interest rates in the Euro area and in Switzerland, partially offset by the corresponding increase of the discount rates. Germany, on account of its profit sharing structure which benefits more significantly from the positive economic environment, is the geographical area which shows the most significant impact from the economic experience (+210mln).
- **Operating experience variance (+13mln):** impact of actual versus expected experience for operational items such as mortality, persistency, taxation, expenses and profit sharing levels.

The positive impact is mainly due to portfolio switches from traditional business to the more profitable unit linked business in France and to the improved tax position in Italy and France.

- **Change in operating assumptions (+28mln):** impact of changes in future assumptions for operational items such as mortality, persistency, taxation, expenses and profit sharing levels.

The positive impact is due to assumption changes reflecting the experience in 2006, especially with respect to the future impact of the accrued tax benefits in Italy and to the updating of mortality assumptions in France.

The movement from the opening to the closing EV is then completed by the following items which are excluded from the EV earnings.

- **Change in perimeter (+1,312mln):** the impact on the EV due to the difference between the group companies' interest in the covered business at the end of 2005 and 2006. The significant impact mainly refers to the Toro acquisition (+630mln) and to the minorities buyout in Germany (+293mln), Austria (+44mln), Switzerland (+243mln) and Israel (+91mln).
- **Exchange rate fluctuation (-117mln):** impact on the EV due to the difference between the exchange rates at the end of 2005 and 2006. The impact is negative, as a consequence of the strengthening of Euro against US Dollar (-49mln), Swiss Franc (-22mln), Israeli Shekel (-15mln) and Mexican Peso (-25mln).
- **Capital movements (-127mln):** dividends paid in 2006 out of the consolidation perimeter by the covered companies (-1,013mln), net of movements (+883mln in aggregate) corresponding to dividends received from group companies, capital injections and changes in covered companies' interest in other group companies and other consolidation differences. The changes in covered companies interest in group companies mainly refer to the reorganization of the legal and financial structure in France.

3.3. ADJUSTED NET ASSET VALUE

The following table reports the breakdown of the ANAV into free surplus and required capital as at 31 December 2005 and 31 December 2006, and the analysis of the movement of the free surplus and of the required capital from 2005 to 2006.

The required capital considered in the explicit charge for the cost of capital and the cost of non-financial risks is in aggregate based on a level of 150% of the EU solvency requirement for companies operating in Europe, and equivalent levels for other geographical areas, net of implicit items that can be used to support capital requirements.

Movement of Free Surplus and Required Capital

	ANAV	Free Surplus	Required Capital
as at 31/12/2005	7,568	543	7,025
Change in perimeter	642	269	372
Exchange rate fluctuation	-47	-15	-32
Capital required by new business	-	-711	711
Variation of capital required by in-force business	-	310	-310
ANAV result	1,437	1,437	
Capital movement	-127	-127	
as at 31/12/2006	9,473	1,706	7,767

The increase of the Free Surplus, from 543mln to 1,706mln, is explained by the capital movements previously described (-127mln) and the following items:

- the additional Free Surplus added by the increased perimeter (+269mln, mainly from the Toro acquisition);
- a minor impact from exchange rate fluctuation (-15mln);
- a decrease of the Free Surplus for 401mln, corresponding to the difference between the capital required by the new business and the required capital released from the in-force business (net of the variation of the implicit items that can be used to support the required capital);
- the inclusion in the Free Surplus of the ANAV result (+1,437mln), i.e. the sum of the expected result released into the ANAV by the in-force and the new business (+1,477mln), the impact into the ANAV generated by the economic and operating variances (respectively -72mln and -19mln) and the return on the Free Surplus (+51mln).

With reference to the covered business, the following table shows the reconciliation of ANAV to the IFRS Equity, as described in paragraph 2 of Annex A.

ANAV reconciliation to IFRS equity

	2006	2005
IFRS equity	10,072	8,317
Net unrealised gains not in IFRS equity	828	831
Goodwill, DAC and other adjustments	-1,583	-1,736
Own shares	156	156
ANAV	9,473	7,568

ANAV 2006 reported in the table refers to the value at 31 December 2006, before the distribution of dividends in 2007 on 2006 profits. The corresponding definition also applies to ANAV 2005.

Debts included in the perimeter of the covered business (in France, Switzerland and Italy), which in aggregate amount to 376mln, are valued consistently with the value which markets would place on debts with similar characteristics.

3.4. VALUE IN-FORCE

In the traditional presentation of the EV, as reported in the following table, the VIF is derived as the present value of the projected stream of after-tax industrial profits (PVFP) less a charge for the cost of holding the capital (CoC), and the latter is determined as the difference between the initial amount of capital and the present value of the shareholders' share of after-tax investment returns on assets backing the capital and of the releases of the capital according to the development of the solvency requirements.

The explicit charge for the cost of capital in the following table is based on a level of 100% of the EU solvency requirement. The cost of holding the additional capital, so that in aggregate the required capital corresponds to a level of 150% of the solvency requirement, is considered as the additional component of the discount rate to allow for non-financial risks.

Breakdown of value in-force as at 31 December 2006 and 2005

	2006	2005	Change
PVFP ⁽¹⁾	13,149	11,180	17.6%
Cost of capital ⁽¹⁾	-1,849	-1,560	18.5%
VIF ⁽¹⁾	11,299	9,620	17.5%

⁽¹⁾ Values based on following discount rates:

Year	2006	2005	Change
Risk Free	4.10%	3.57%	0.52% pts
Risk Premium	2.69%	2.67%	0.02% pts
Discount Rate	6.79%	6.25%	0.54% pts

Passing from 2005 to 2006, at the group level the discount rate increases by 54bp, due to the increase of the risk free component reflecting the increased interest rates in the Euro area and in Switzerland. The risk premium remains stable (+2bp) as the reduced impact of the time value of FG is offset by the increased impact of the surrender options (the propensity for lapses increases when the market yields are competitive with the crediting rate offered by the insurer).

In the traditional presentation of the EV, the PVFP and CoC are based on the same discount rate (6.79% in 2006), which reflects the overall time structure and risks of the VIF, and as such corresponds to a weighted average between the discount rate appropriate to reflect the risks in the PVFP and that appropriate for the CoC.

The same VIF can however be derived as the sum of PVFP based on the discount rate reflecting its own risks and a cost of capital based on its specific discount rate, which leads to a CoC corresponding to the costs to the shareholders incurred through the payment of taxes (and any policyholder interests) on the investment income generated by the assets backing the capital.

Such alternative presentation is reported in the following table showing:

- the PVFP, calculated on the basis of the discount rate calibrated by reference to the specific time structure and financial risk of the projected industrial profits, with separate details of the time value of the FG&O;
- the cost of holding the capital and the cost of non-financial risks, calculated on the basis of their specific discount rates, and in aggregate corresponding to the costs incurred to the shareholders through the payment of taxes (and policyholder's interests) on the investment income generated by the assets backing a capital at the level of 150% of the EU solvency requirement.

Alternative breakdown of value in-force as at 31 December 2006

	2006	2005	Change
PVFP before Time Value of FG&O	13,943	11,860	17.6%
Time value of FG&O	-1,250	-1,100	13.6%
PVFP after Time Value of FG&O	12,693	10,760	18.0%
Cost of capital and non-financial risks	-1,394	-1,140	22.3%
Value in-force	11,299	9,620	17.5%

3.5. NEW BUSINESS VALUE

The following table reports the NBV 2005 and 2006 (and the discount rates on which they are based), together with the corresponding single premiums, annual premiums, annual premiums equivalent (APE, defined as annualized regular premiums plus 10% of single premiums) and present value of new business premiums (PVNBP). In addition the table also reports two profitability measures, expressing NBV as a percentage of APE and as a percentage of PVNBP. Finally the durations of total premiums (PVNBP divided by new business premiums) and of annual premiums are also reported.

New Business Value 2006 and 2005

	2006	2005	Change
NBV ⁽¹⁾	925	775	19.3%
Single premiums	16,980	16,648	2.0%
Annual premiums	2,480	2,073	19.7%
APE	4,178	3,738	11.8%
Profitability on APE	22.1%	20.7%	1.4% pts
PVNBP ⁽¹⁾	34,599	32,020	8.1%
Profitability on PVNBP	2.7%	2.4%	0.3% pts
Duration of premiums	1.8	1.7	0.1 yrs
Duration of annual premiums	7.1	7.4	-0.3 yrs

⁽¹⁾ Values at following discount rates:

Year	2006	2005	Change
<i>Risk Free</i>	4.08%	3.51%	0.57% pts
<i>Risk Premium</i>	2.29%	2.40%	-0.11% pts
<i>Discount Rate</i>	6.37%	5.91%	0.46% pts

At the group level APE increases by 11.8%, corresponding to significant increases in Germany, Spain, UK, Eastern Europe, Israel and Mexico. On a like for like basis, and excluding the maxi single premium sold in China in 2005, the APE increase is 8.9%, mostly as a result of the increase in annual premiums.

The improvement of the profitability continues (+1.4 pts in terms of profitability on APE, which arrives at 22.1%) due to the aforementioned increase in the weight of annual premium business, as well as the increase in interest rates, which is only partially offset by the increase in the discount rate (the risk free increases by 57bp, while the risk margin decreases by 11bp as a result of the higher weight of new business characterised by lower risk). The profitability expressed in terms of the ratio between the new business value and the PVNBP shows an increase of 30 basis points, confirming the increase in profitability also on annualised basis.

Movement of New Business

New business value 2005	775
Change in perimeter	45
Exchange rate fluctuation	-5
Volume	65
Profitability	46
New business value 2006	925

The NBV increase (+19.3%) corresponds to 150 millions, more than 70% of which is explained by the general increase in the profitability and by the increased volumes, especially of the more profitable annual premiums. The remaining part of the NBV increase corresponds to the increased perimeter (the Toro acquisition in Italy and the minorities buyout in Germany, Switzerland, Austria and Israel), and to a minor impact of exchange rates fluctuations.

The total new business strain amounts to 1,187mln, corresponding to the sum of the negative contribution to profit in the year of sale (476mln) and the capital required by the new business (711mln).

4. RESULTS BY GEOGRAPHICAL AREA**4.1. OVERVIEW OF RESULTS BY GEOGRAPHICAL AREA**

In terms of main geographical areas (represented by Italy, Germany, France, Rest of Europe and Rest of World) the NBV, the EV and the returns on EV of the group are summarised in the following tables.

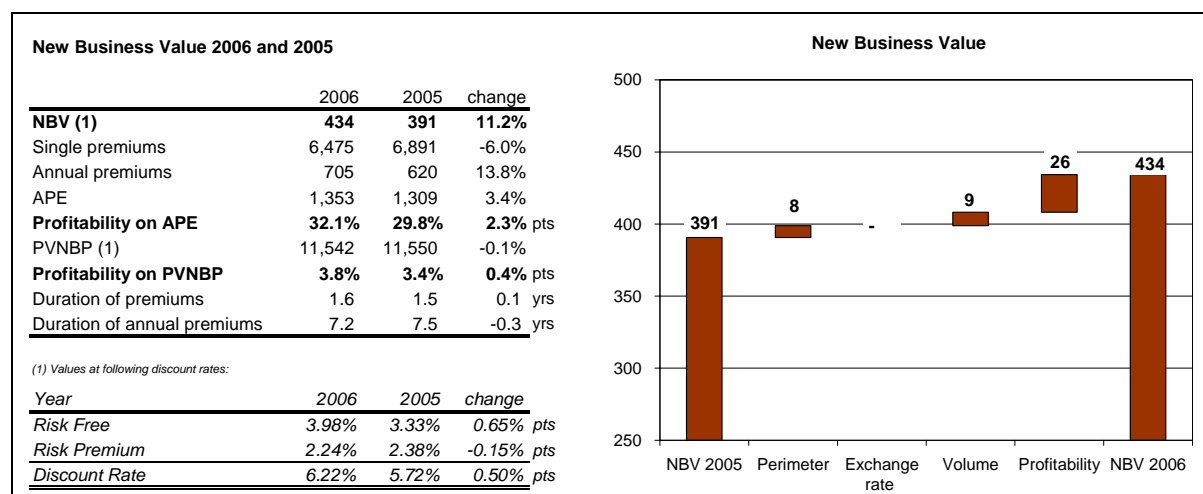
Breakdown of new business value by geographical areas

	NBV			APE			Profitability on APE		
	2006	2005	change	2006	2005	change	2006	2005	change
Italy	434	391	11.2%	1,353	1,309	3.4%	32.1%	29.8%	2.3% pts
Germany	115	76	51.6%	787	598	31.6%	14.7%	12.7%	1.9% pts
France	148	129	15.1%	1,052	966	8.9%	14.1%	13.3%	0.8% pts
Rest of Europe	178	132	35.0%	628	527	19.1%	28.3%	25.0%	3.3% pts
Rest of World	49	48	3.1%	358	337	6.2%	13.8%	14.2%	-0.4% pts
Total	925	775	19.3%	4,178	3,738	11.8%	22.1%	20.7%	1.4% pts

Breakdown of Embedded Value by geographical areas

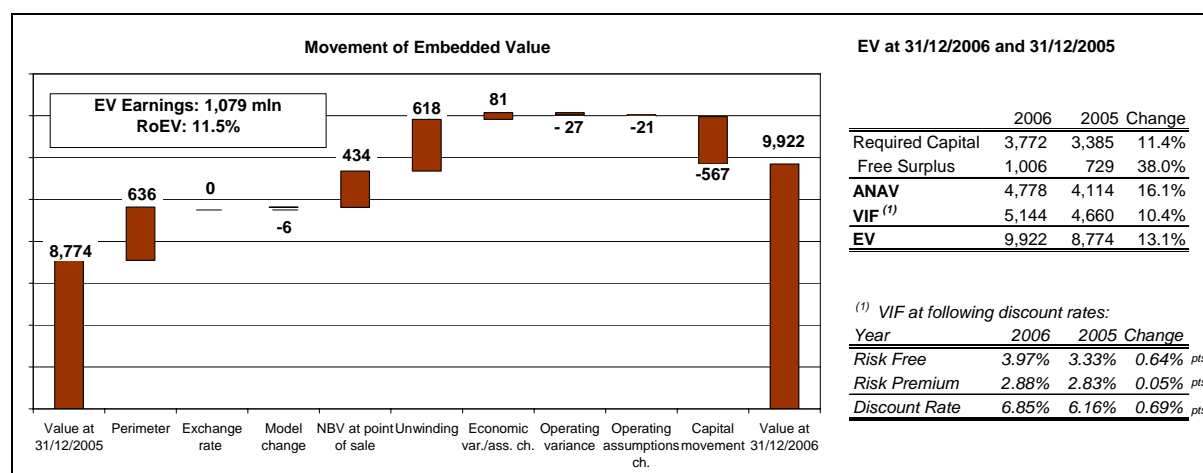
	Return on EV	EV			ANAV			VIF		
		2006	2005	Change	2006	2005	Change	2006	2005	Change
Italy	11.5%	9,922	8,774	13.1%	4,778	4,114	16.1%	5,144	4,660	10.4%
Germany	21.2%	2,122	1,483	43.1%	625	460	35.7%	1,497	1,023	46.3%
France	16.7%	3,620	2,670	35.6%	1,928	1,180	63.4%	1,691	1,490	13.5%
Rest of Europe	16.8%	3,673	2,834	29.6%	1,641	1,268	29.3%	2,032	1,566	29.8%
Rest of World	6.4%	1,436	1,427	0.6%	501	546	-8.2%	935	881	6.1%
Total	13.7%	20,772	17,188	20.8%	9,473	7,568	25.2%	11,299	9,620	17.5%

4.2. ITALY



Despite the difficult year for the Italian market, APE shows an increase of 3.4%. On a like for like basis APE is stable thanks to the increase in annual premiums (+10.6%).

The increase of the NBV (+11.2%) corresponds to 44mln and is basically due to the increase in profitability (which arrives at 32.1% on APE and at 3.8% on the PVNBP), thanks to a new business mix characterised by a higher weight of the more profitable annual premiums. The NBV also benefits from the increase in the perimeter, which explains 8 mln of the increase of the NBV, and basically corresponds to the Toro acquisition.

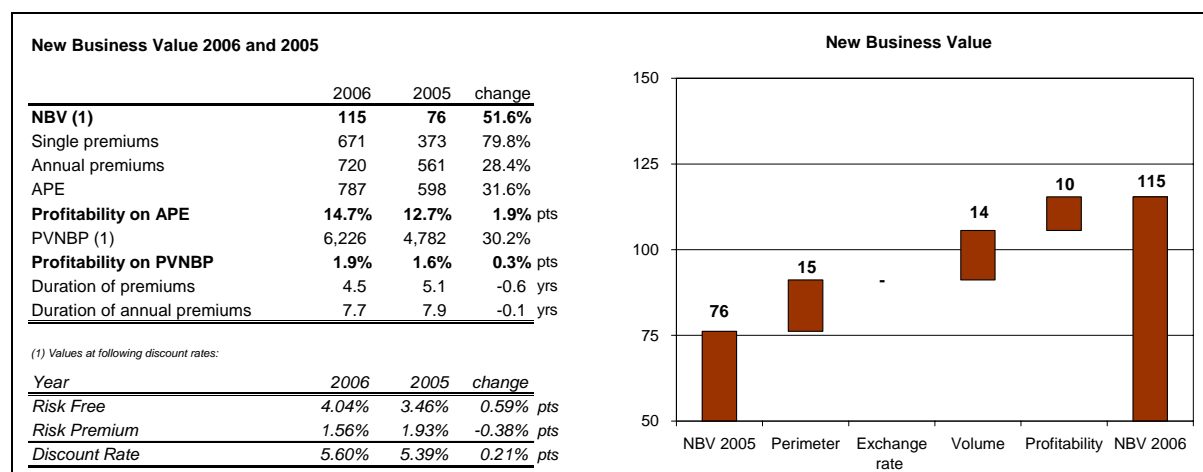


The EV earnings amount to 1,079 millions and the return on EV is equal to 11.5%.

The economic variance and change in assumptions contribute to the EV earnings for 81mln, as a result of the positive effect of the favourable economic environment (positive performance of stock market and increased interest rates) limited by the impact of the increased discount rate (+69bp, from 6.16% in 2005 to 6.85% in 2006, reflecting the increase of the risk free component and a slight increase of the risk margin). The operating variance and the changes in the operating assumptions, in aggregate, reduce the EV earnings by 48mln, due to negative experience and changes in assumptions regarding expenses and persistency, partially compensated by the improved tax position following the increase in the market value of assets qualifying for tax benefits.

The Free Surplus increase, from 729mln to 1,006mln, is basically due to the Toro acquisition.

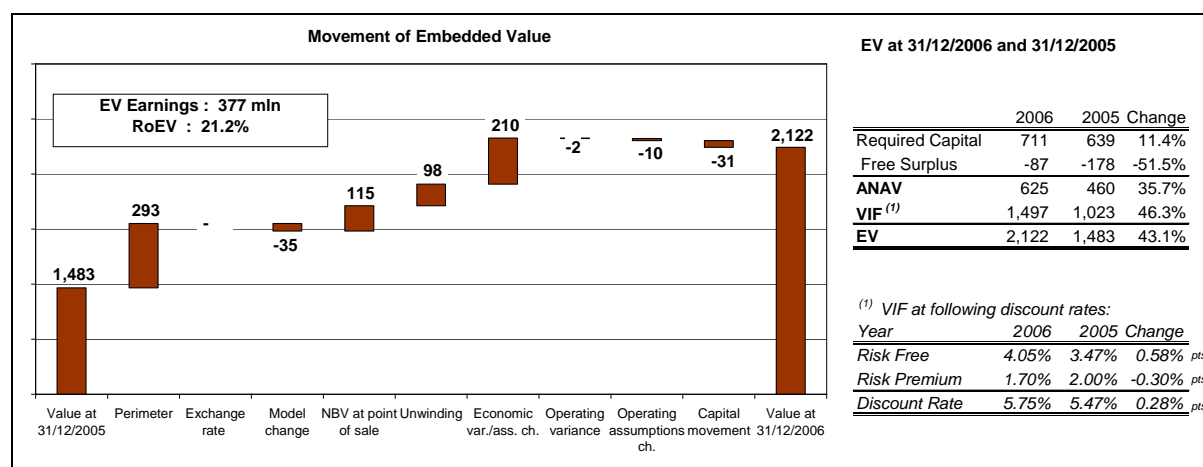
4.3. GERMANY



APE increases by 31.6%, corresponding to a 10.1% on a like for like basis.

The positive economic environment impacts favourably especially the German business which, on account of its profit sharing structure, benefits more significantly from higher interest rates and shows a profitability increase of 1.9pts in term of margin on APE.

The 51.6% increase of the NBV corresponds to 39mln, 15mln from the increased perimeter (minorities buyout), 14mln due to significant increases of the volume and 10mln from the increased profitability.

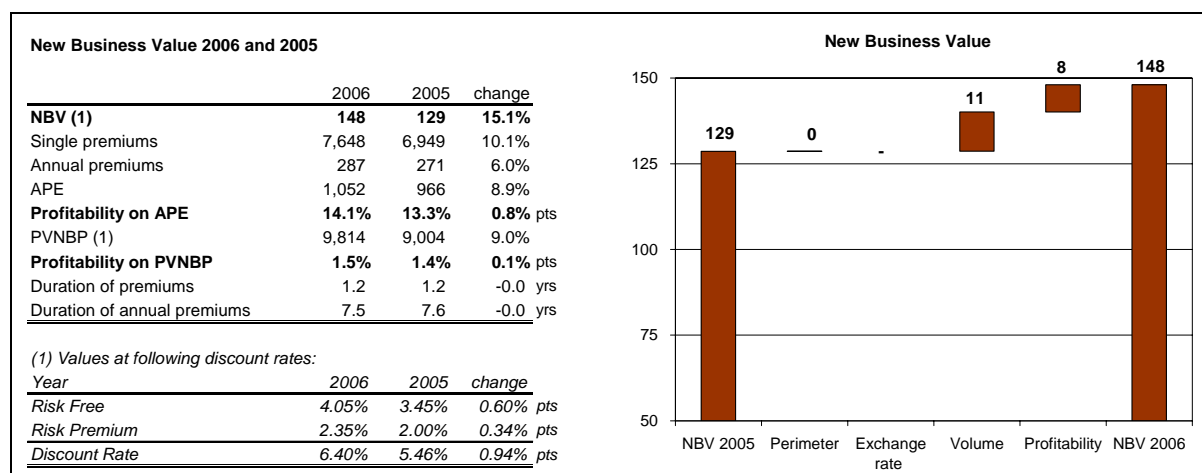


The EV earnings amount to 377 millions and the return on EV is equal to 21.2%.

The significant NBV contributes to the return on EV for 6.5%.

The economic variance and change in assumptions contribute to the EV earnings for 210mln, due to the effects of the positive financial environment (positive performance of stock market and increased interest rates) which are much higher than the impact of the increase in the discount rate. In Germany, in fact, the discount rate only increases by 28bp (from 5.47% in 2005 to 5.75% in 2006), because the 58bp increase of the risk free component is reduced by the 30bp decrease of the risk margin component reflecting the reduced risk profile of the business in presence of higher interest rates and the higher available profit sharing funds ("free RfB").

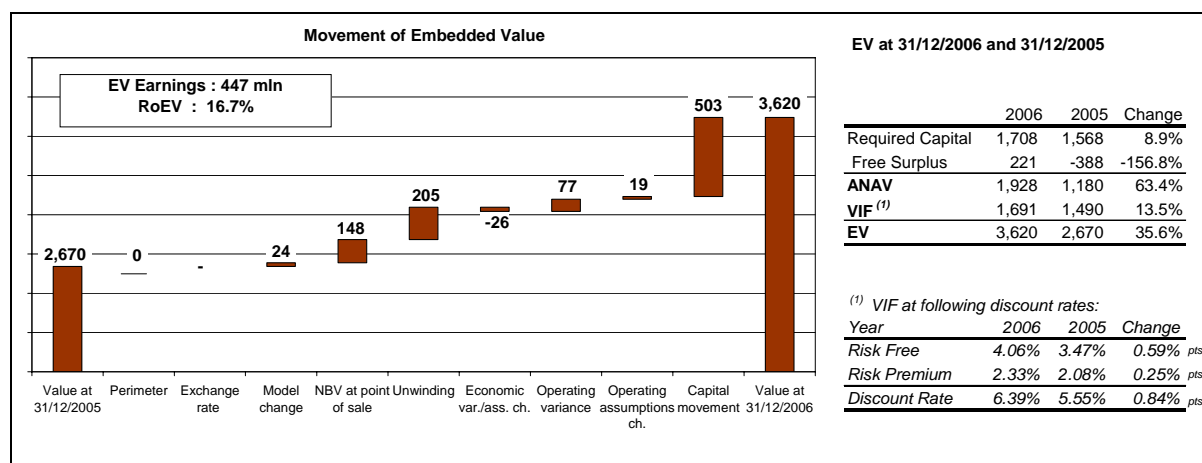
4.4. FRANCE



APE increases by 8.9%, thanks to the 35% increase of APE of the unit linked business while the APE of the traditional business remains stable.

The profitability increases thanks to the higher weight of the more profitable unit linked business (in 2006 the APE of unit linked business represents more than 25% of the total APE).

The increase of the NBV (+15.1%) corresponds to 19mln, 11mln from the volume increase and 8mln from the improved profitability.



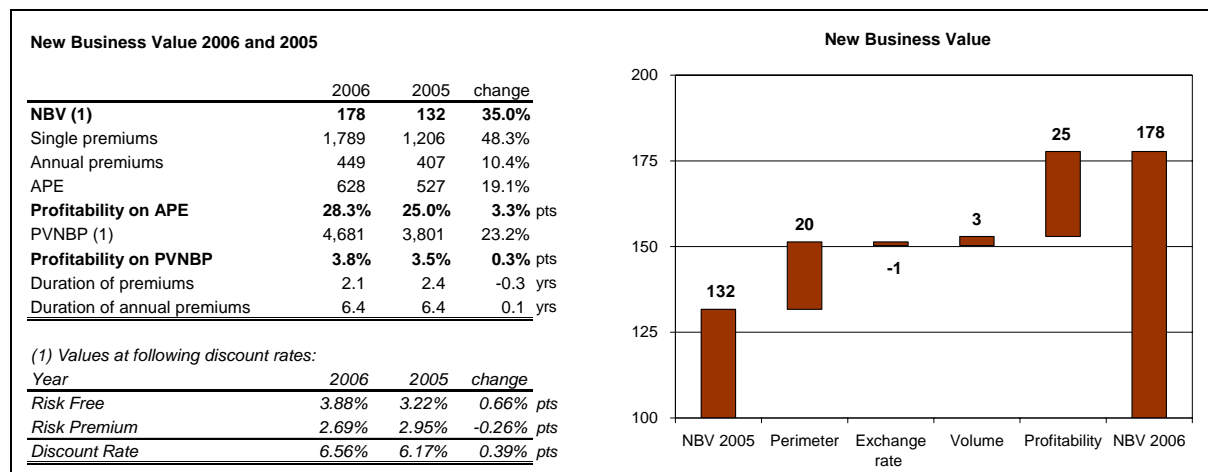
The EV earnings amount to 447 millions and the return on EV is equal to 16.7%.

The economic variance and change in assumptions is negative for 26mln. In France the effects of the positive financial environment are lower than the impact of the increase in the discount rate. In France, in fact, the discount rate increases by 84bp (from 5.55% in 2005 to 6.39% in 2006), due to the 59bp increase of the risk free component and the 25bp increase of the risk margin component. The increased risk margin mainly derives from the increased allowance for the impact of the surrender options (because the propensity for lapses increases when the market yields are competitive with the crediting rate offered by the insurer, especially in case of single premium business with reduced surrender penalty). The operating variance and the changes in the operating assumptions, in aggregate, contribute to the EV earnings for 96mln, as a results of portfolio switches from the traditional business to the unit linked business, a positive tax variance and the updating of mortality assumptions.

The capital movement shown as a component of the EV movement is to be read in the context of the general reorganisation of the legal and financial structure in France (with the merger of four companies into one), accompanied by the transferral of participations in group companies out of the Life EV perimeter.

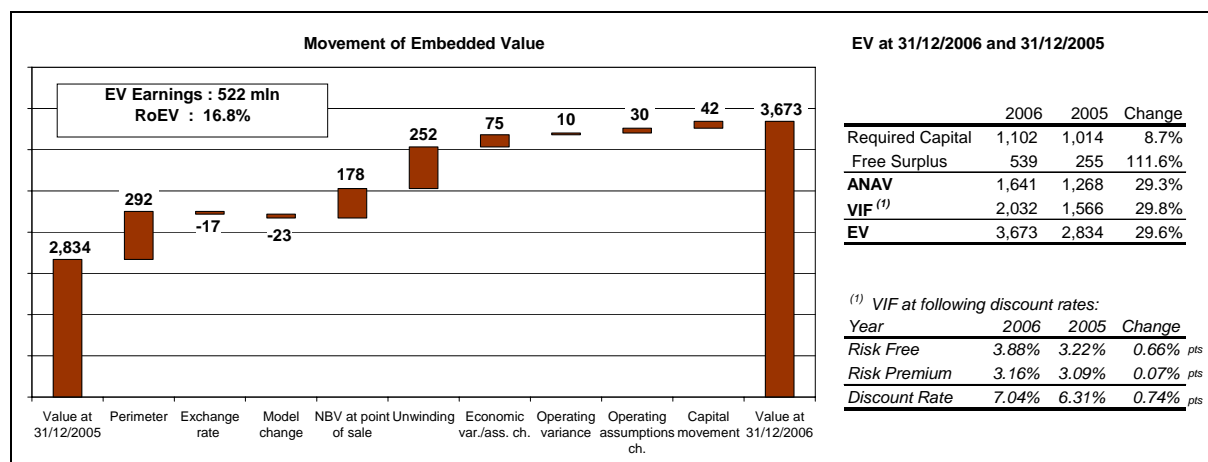
The significant difference between the opening and the closing Free Surplus (from -388mln to +221mln), also benefits from the aforementioned transferral of participations and from the issue of a subordinated loan for 200mln.

4.5. REST OF EUROPE



The APE increases by 19.1%, thanks to the volume increases in Spain, in the Eastern Europe and in the UK.

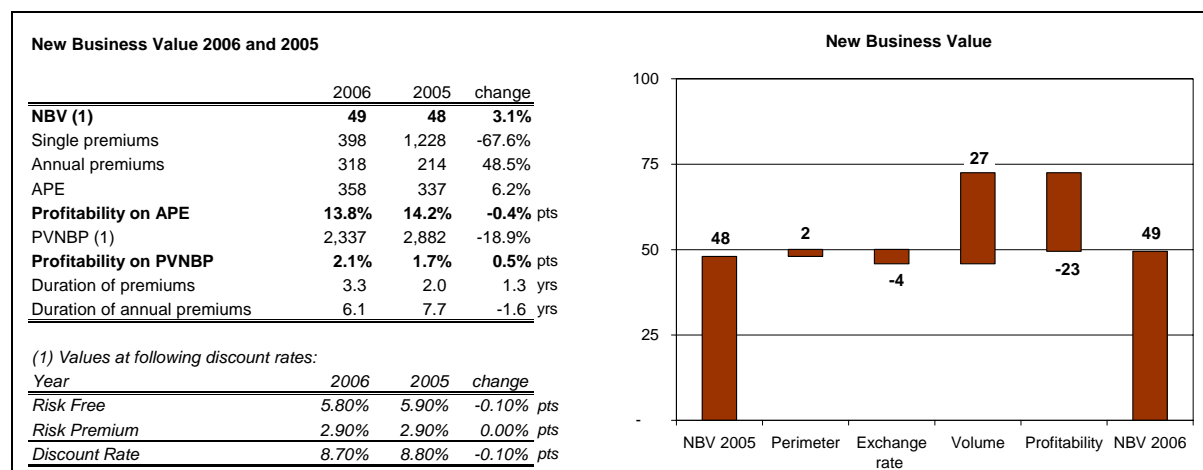
The significant profitability increase of +3.3pts, to arrive at a margin on APE of 28.3%, is mainly driven by the impact of the positive economic environment in Austria and Switzerland. Considering the whole business in the Rest of Europe, the main reasons for the increase of the NBV (+45mln) are the increase of the profitability (+25mln) and the minorities buyout (20mln).



The EV earnings amount to 522 millions and the return on EV is equal to 16.8%.

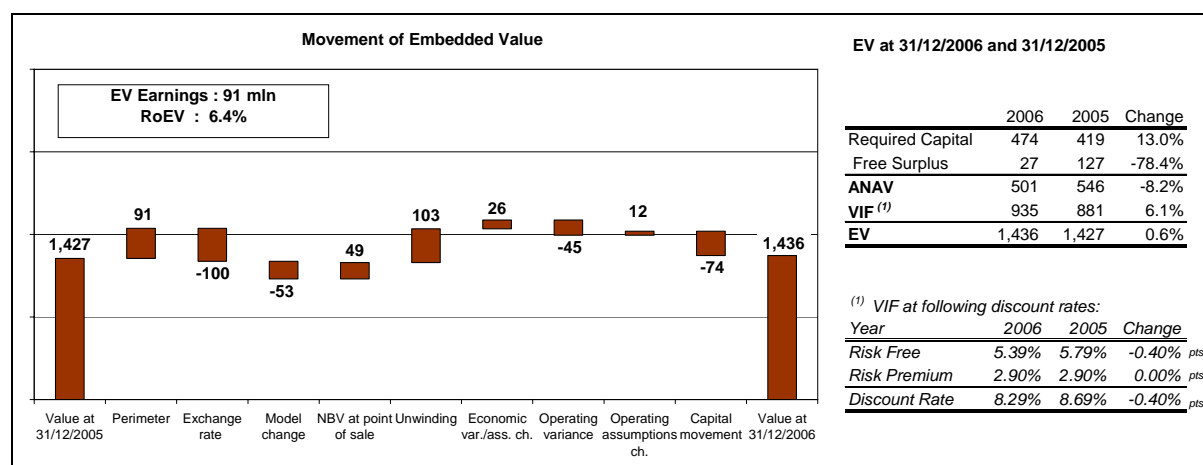
The economic variance and change in assumptions contribute to the EV earnings for 75 millions. The operating variance and the changes in the operating assumptions (in aggregate amounting to 40 millions) mainly reflect the favourable changes in the tax positions in Netherlands, Spain and the positive expense experience in Switzerland and UK.

4.6. REST OF WORLD



The 6.2% increase in APE is a positive result when considering that the volume in 2005 included the maxi single premium in China. The volume decrease in China has been more than offset by the increase in the annual premiums in Mexico and Israel.

The NBV increase is limited to 3.1% as a consequence of a slight decrease in the profitability in terms of APE.



The EV earnings amount to 91 millions and the corresponding return on EV is equal to 6.4%, depressed by the negative return on EV experienced in Mexico due to increased competition in the pension fund business, which determines a reduced profitability and a negative persistency experience (which is the main component of the negative operating variance).

5. ASSUMPTIONS

The calculation of EV makes various assumptions with respect to economic conditions, operating conditions, and other factors, many of which are beyond Generali's control. Although all the assumptions represent estimates which Generali regards to be reasonable, future developments may vary from those assumed in the calculations and such variations could have a significant impact on future profits. Deviations from assumed experience are normal and to be expected.

The projected stream of future after-tax profits is determined using realistic assumptions consistent with observable market data for future economic conditions such as investment returns and inflation. Operating assumptions such as profit-sharing arrangements, expenses, taxation, mortality, morbidity, lapses and annuity take-up rates, have been determined by each company based on their best estimates as of the valuation date, referring to the current experience when available or to appropriate industry benchmarks.

5.1. ECONOMIC ASSUMPTIONS

The structure of the economic assumptions is based on Country specific benchmark rates set equal to the 10-year par yield of local government bonds. The returns of the other asset classes are then set by adding risk premiums to the Country specific benchmark rates. The assumptions used, together with the average asset mix (of assets backing technical reserves, unit linked business excluded), are summarized in the following table.

Economic Assumptions

	ITALY	GERMANY	FRANCE	RoE	RoW
10 y Government Bond	4.16%	3.95%	3.95%	3.99%	6.20%
Equity Total Return	6.85%	6.85%	6.85%	6.71%	8.22%
Property Total Return	5.10%	5.10%	5.10%	4.54%	6.47%
Asset Mix (Bond - Eq. - Prop. - Oth.)	84-13-1-2	82-12-5-2	75-14-9-2	81-7-8-4	69-15-2-13

In the stochastic models, 5,000 real world economic scenarios are used to capture the impact of the financial volatility on profits. These econometric scenarios use volatilities and correlations based on a blend of historical analysis and forward-looking expectations, and are calibrated to produce mean yields on each asset class equal to the yields shown in the previous table. Under EV the same set of real world economic scenarios is used for all Countries in the Euro area. Economic scenarios for other currencies are calibrated consistently. The following tables give an overview of the relevant statistics for the euro currency.

31/12/2006 - Scenarios statistics: returns⁽¹⁾ and volatilities

	Mean	Standard deviation
Equity Total Return	6.85%	19.6% - annual return volatility
Property Total Return	5.10%	9.8% - annual return volatility
AAA Long term Govt bonds	4.06% - par yield	9.8% - annual return volatility
AAA 10-yr Govt bonds	3.95% - par yield	6.2% - annual return volatility
AAA 1-yr Govt bonds	3.83%	1.2% - annual yield volatility

⁽¹⁾ Returns are calculated assuming a 1-yr roll over strategy. Term structure of underlying AAA govt bond par yields is the following:

Term	1-yr	5-yr	10-yr	15-yr	20-yr
Par Yield	3.83%	3.87%	3.95%	4.01%	4.06%

31/12/2006 - Scenarios statistics: correlations of returns

	Equity Total Return	Property Total Return	20-yr AAA Govt bonds	10-yr AAA Govt bonds	1-yr AAA Govt bonds
Equity Total Return	1.00	0.42	0.11	0.10	0.07
Property Total Return		1.00	0.24	0.20	0.01
AAA 20-yr Govt bonds			1.00	0.92	0.31
AAA 10-yr Govt bonds				1.00	0.47
AAA 1-yr Govt bonds					1.00

5.2. OTHER ASSUMPTIONS

Regarding expenses, full allowance has been made for all expenses within the life and pension businesses in the group, with the exclusion of about 30 millions of non-recurrent expenses (after tax), mainly in France and consequent to the reorganisation of the legal structure. The value of new business at point of sale is shown after the deduction of all acquisition costs. Maintenance expenses, expressed as per-policy amounts, are assumed to increase at the maintenance expenses inflation rate while no allowance for productivity gains is considered. Commissions and other payments to distribution channels have been projected based on the agreements in-force at the valuation date.

The assumptions for future taxation are based on the prevailing local tax rates as at the respective valuation dates. Where applicable, account has been taken of the beneficial tax treatment of income on certain asset classes backing both technical reserves and solvency capital, including tax credits or exemptions on dividend income, tax credits on investment returns and tax exemptions on certain qualifying participations. In Italy, allowance has also been made for loss of interest which is associated with the taxes payable in advance on reserves according to DL. 168/2004. In consolidating the results, no allowance is made for the effects of any taxation effected on dividends or other distributions either at source or on remittance.

The following table shows assumptions referring to expenses and taxation.

<i>Other Assumptions</i>					
as at 31 December 2006					
	ITALY	GERMANY	FRANCE	RoE	RoW
Expense Inflation	2.06%	1.85%	1.85%	1.76%	3.40%
Taxation	26.1%	39.6%	34.4%	22.1%	33.9%
as at 31 December 2005					
	ITALY	GERMANY	FRANCE	RoE	RoW
Expense Inflation	1.79%	1.63%	1.63%	1.69%	3.19%
Taxation	28.5%	39.0%	34.4%	22.4%	33.8%

The following table shows the assumed end of year exchange rates (foreign currency against 1 Euro).

Exchange rates as at 31 December 2006 and 2005

	2006	2005
USD United States Dollars	1.32	1.18
GBP United Kingdom Pounds	0.67	0.69
CHF Switzerland Francs	1.61	1.55
HUF Hungary Forint	251.40	252.45
PLN Poland Zlotych	3.83	3.84
ILS Israel New Shekels	5.56	5.43
CNY China Yuan Renminbi	10.29	9.52
MXN Mexico Pesos	14.28	12.55

6. SENSITIVITY ANALYSIS

The following tables show the sensitivities of the EV and of the NBV to changes in key parameters using the tests indicated by the CFO Forum.

- RDR +1% / RDR -1%: sensitivity to the corresponding change in the discount rate.
- Yield curve +1%: sensitivity to an upward parallel shift of 100 basis points in the underlying market risk free rates, accompanied by an upward shift of 100 basis points in all economic assumptions. The discount rate is then recalculated.
- Yield curve -1%: sensitivity to a downward parallel shift of 100 basis points in the underlying market risk free rates, accompanied by a downward shift of 100 basis points in all economic assumptions. The discount rate is then recalculated.
- Equity and Property Capital Value -10%: sensitivity to a 10% market value reduction at valuation date for equity and property investments. The discount rate is then recalculated.
- Equity and Property Yield +1%: sensitivity to a 100 basis points increase in the equity/property return. The discount rate is then recalculated.
- Maintenance expenses -10%: sensitivity to a 10% decrease of maintenance expenses.
- Lapse Rate -10%: sensitivity to a 10% decrease of lapse rates (90% of best estimate lapse rates).
- Mortality -10%: sensitivity to a 10% decrease of mortality for all product lines except annuities (90% of best estimate mortality).
- Mortality -10%: sensitivity to a 10% decrease of mortality for annuity business only (90% of best estimate mortality).
- Required capital equal to regulatory solvency requirement: sensitivity to a modification of the required capital, which passes from a level of 150% to a level of 100% of the EU solvency requirement and equivalent levels for other geographical areas.

EV sensitivity analysis

	Italy	Germany	France	RoE	RoW	Total
Discount rate +1%	-4.6%	-8.4%	-7.6%	-5.1%	-6.6%	-5.8%
Discount rate -1%	5.1%	9.9%	9.0%	5.8%	7.6%	6.5%
Yield Curve +1%	1.8%	5.0%	4.9%	4.3%	3.3%	3.2%
Yield Curve -1%	-2.7%	-7.6%	-10.5%	-8.9%	-4.2%	-5.8%
Equity and Property Value -10%	-4.7%	-3.5%	-6.1%	-5.4%	-2.3%	-4.8%
Equity and Property Yield +1%	1.5%	2.0%	2.4%	0.0%	-3.4%	1.1%
Maint. Expenses -10%	1.0%	0.9%	2.3%	2.2%	1.9%	1.5%
Lapse rate -10%	0.5%	2.2%	1.6%	1.1%	2.6%	1.1%
Mortality -10%	0.2%	1.2%	4.2%	0.8%	11.1%	1.8%
Annuity Mortality -10%	-0.1%	-0.1%	-0.7%	-1.0%	-0.2%	-0.3%
Regulatory Capital	2.0%	0.3%	4.2%	1.2%	2.8%	2.1%

NBV sensitivity analysis

	Italy	Germany	France	RoE	RoW	Total
Discount rate +1%	-16.2%	-16.9%	-26.6%	-16.6%	-20.0%	-18.2%
Discount rate -1%	20.4%	20.4%	32.0%	19.2%	22.1%	22.1%
Yield Curve +1%	-2.6%	2.0%	9.3%	1.2%	-5.5%	0.5%
Yield Curve -1%	2.1%	-6.9%	-24.5%	-11.1%	3.9%	-5.7%
Equity and Property Value -10%	-6.3%	-2.4%	-7.5%	-5.7%	-0.6%	-5.6%
Equity and Property Yield +1%	5.0%	-0.3%	7.3%	-5.4%	-18.6%	1.4%
Maint. Expenses -10%	3.0%	2.3%	14.6%	8.5%	7.2%	6.0%
Lapse rate -10%	3.7%	6.5%	8.1%	7.1%	12.7%	5.9%
Mortality -10%	0.7%	3.4%	10.8%	2.9%	39.8%	5.2%
Annuity Mortality -10%	0.0%	0.0%	-0.9%	-0.3%	-0.3%	-0.2%
Regulatory Capital	6.7%	1.2%	13.6%	4.1%	8.7%	6.7%

Annex A: METHODOLOGY

Different discount rates are identified for the different business units via a stochastic analysis of the impact of the financial volatility on the distributable profits. The description of procedure adopted to identify the discount rates is reported in the first paragraph of Annex A. The methodological implications in terms of VIF and NBV are then reported in paragraphs 3 and 4 of Annex A.

The financial volatility is summarized in 5,000 real world economic scenarios. These econometric scenarios use volatilities and correlations based on a blend of historical analysis and forward-looking expectations, and are calibrated to produce mean yields on each asset class equal to best estimate assumptions.

To capture the impact of the financial volatility on the profits, business-specific stochastic models have been set up, allowing appropriately for the business-specific structure of financial guarantees and of profit sharing, and also allowing for management actions and for the corresponding behaviour of policyholders. Management actions mainly consist in decisions in terms of asset investment and disinvestment according to scenario specific cash flow positions, payments to and withdrawals from profit sharing funds, and the determination of crediting rates. The target asset allocation is normally consistent with the asset mix at the valuation date and the principles underlying management actions are in line with the regulatory requirements and with actual strategies as executed in recent years. The stochastic models also allow for policyholder behaviour linked to the development of the capital markets, so that the propensity for lapses increases when market yield is more competitive than the crediting rate offered by the insurer. The stochastic models are used to calculate the streams of after-tax distributable profits, including after-tax investment returns on assets backing the capital and the releases of the capital according to the development of the solvency requirements, arising from the in force business in the different economic scenarios. In addition, on account of their capability of projecting together assets and liabilities and of allowing for the dynamic interaction between them, as resulting after management and policyholder actions, the stochastic models are also used to identify the investment returns underlying the projected stream of profits in the best estimate scenario.

A1. Discount rate

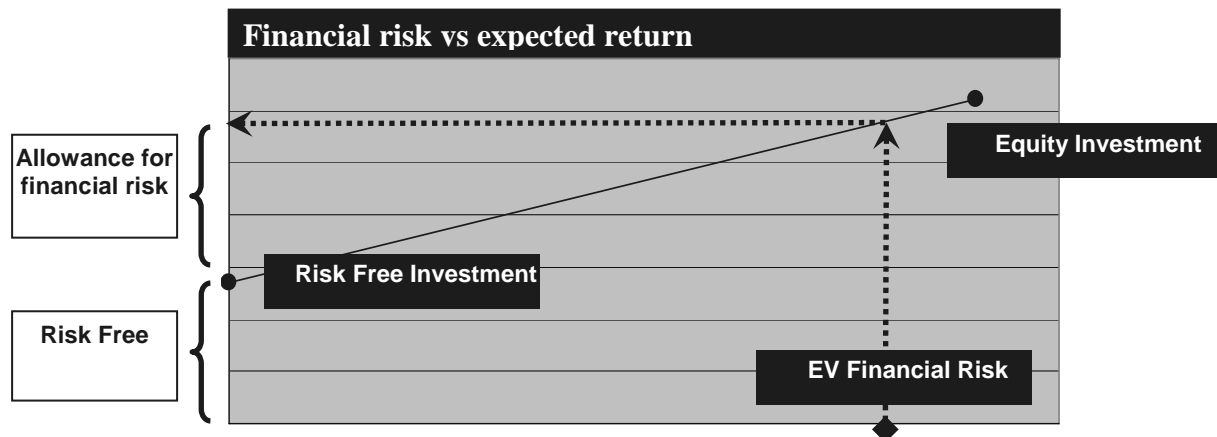
The profits arising from the different business units are discounted at their business-specific discount rates, which consist of the following components:

- allowance for time value of money, “risk free component”;
- allowance for financial risk;
- allowance for time value of FG&O;
- allowance for non-financial risks.

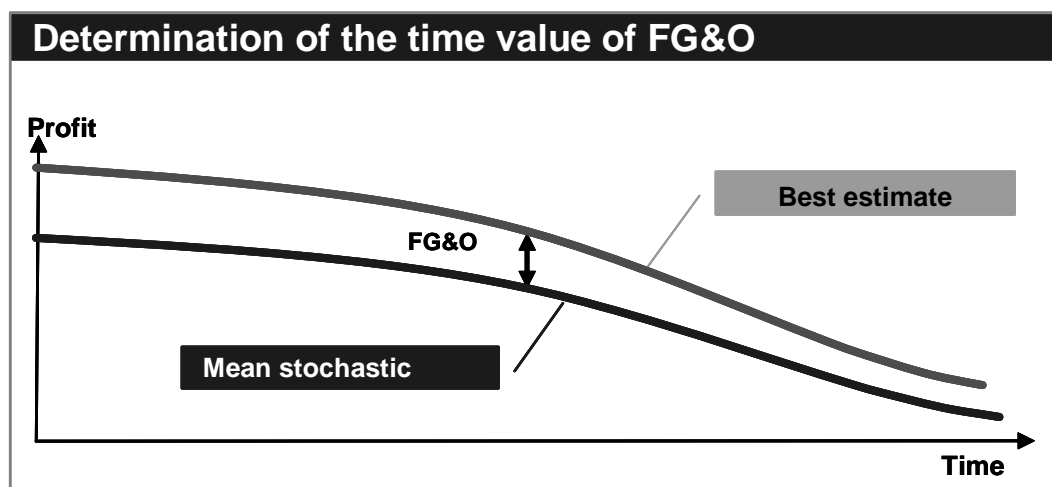
Once the business-specific projected streams of after-tax distributable profits arising from the in force in the different economic scenarios are available, the business specific discount rate is identified as follows.

The allowance for time value of money (“risk free component”) is calculated as the return of a risk free investment characterized by the same time structure of the expected stream of after-tax distributable profits. The “risk free component” is identified as the internal rate of return of the cash flows represented by an initial disbursement equal to the present value of the expected stream of after-tax distributable profits (obtained multiplying them by the corresponding risk free zero coupon prices) which then represent the subsequent reimbursements.

The “allowance for financial risk” is intended to represent the return required by the shareholders to compensate for this risk. This allowance is estimated by comparing the volatility of the return on the EV, due to financial risk, with the historical volatility of the return on other market investments, and deriving a consistent risk premium. This is achieved by identifying a portfolio of risk free and equity investments with the same time structure and financial risk as the EV. The sum of “risk free component” and “allowance for financial risk” is then set equal to the expected return of such a portfolio.



The most material FG&O offered by the covered business are guaranteed interest rates, minimum maturity values and guaranteed minimum surrender values offered by traditional business, and guaranteed maturity values on unit-linked business. The time value of these FG&O is equal to the difference between the present value of the projected stream of after-tax distributable profits arising in the best estimate scenario and the mean of the present values of the projected streams of after-tax distributable profits arising in the different economic scenarios. In other words the time value of FG&O corresponds to the difference between the impact of the FG&O in the best estimate scenario and the mean of their impacts in the 5,000 different economic scenarios, and thus captures the effect of asymmetries due to FG&O and profit sharing mechanisms, as well as to adverse policyholder behaviour.



The “allowance for time value of FG&O” is then identified as the additional component in the discount rate accounting from the previously identified time value of FG&O.

As of today, there is no established market practice for the estimation of non-financial risks, generally referring to insurance and operational risks. Generali has identified an “allowance for non-financial risks” as an additional component in the risk discount rate accounting for the cost incurred to shareholders through the payment of taxes (and any policyholders interests) on the investment income generated by the assets backing the additional capital necessary to meet an overall 150% of solvency capital. The additional capital necessary to meet an overall 150% of solvency capital corresponds to the difference between 150% of the solvency requirement and the capital on which the explicit cost of capital reducing VIF is based, i.e. 100% of the EU solvency requirements for companies operating in Europe and equivalent levels for other territories. The exception is represented by the German companies, where the solvency requirement can be met from free policyholder funds, and hence the additional capital necessary to meet 150% of solvency capital corresponds to the difference between 150% of the solvency requirement and the available solvency coverage represented by shareholders’ net worth and admissible free policyholder funds.

The overall discount rates presented together with the relevant VIFs at 31/12/2005 and 31/12/2006 correspond to weighted averages of the discount rates identified as appropriate for the different business units, with weights equal to the VIFs of the different business units.

The new business written in the year within the different business units are discounted at the same business specific discount rates identified as appropriate for the corresponding in-force business. The overall discount rates presented together with the relevant NBVs at 31/12/2005 and 31/12/2006 correspond to weighted averages of the discount rates identified as appropriate for the different business units, with weights equal to the NBVs of the different business units. Accordingly the discount rates presented together with the relevant NBVs differ from the discount rates presented together with the relevant VIFs only to the extent that different business units have different weights in terms of VIF and NBV.

A2. Adjusted net asset value

With reference to the consolidation perimeter of the covered business, the Adjusted Net Asset Value (ANAV) corresponds to the consolidated market value of the assets backing the shareholders’ funds, net of taxes and policyholder interests on unrealized capital gains. In particular ANAV is derived from corresponding IFRS shareholder’s equity, adjusted to reflect the after tax impact of the following main adjustments:

- marking to market any assets not considered on a market value basis under IFRS, in particular property;
- elimination of the value included in the IFRS equity for Goodwill, DAC and the shareholders’ portion of unrealized gains included in the future cash flows already valued in the VIF;
- addition of the market value of Generali’s shares that life and pension companies own for trading purposes, which are excluded in the consolidation of IFRS equity.

Being derived from IFRS equity, ANAV already includes the impact of any actuarial gains or losses on employee benefit plans, measured in compliance with IFRS requirements.

Debts included in the perimeter of the covered business are valued consistently with the value which markets would place on debts with similar characteristics.

A3. Value in-force

With reference to the covered business, the VIF is identified as the present value of the projected stream of after-tax industrial profits that are expected to be generated in the best

estimate scenario by the business in force at the valuation date, assuming assets at local statutory book value equal to the technical reserves, less a charge for the cost of holding the capital. Account is taken, therefore, of the impact of unrealized gains and losses on assets backing technical reserves. Calculations are performed at the local company level, based on local statutory reserving regulations. Allowance is made for the impact on profits of deferred acquisition costs or zillmer assets, where these are set up in the local statutory accounts.

For the German Companies the profit is determined as the shareholders' share of the projected gross surplus, i.e. taking into account each company's strategy for policyholder profit-sharing and the regulatory constraints. The treatment of free profit sharing fund ("free RfB") makes use of the "attribution" approach, whereby "free RfB" is assumed to be managed as a fixed proportion of reserves. Essentially, the whole "free RfB" is allocated to policyholders and shareholders benefit from their share of the uplift to the investment return on reserves. This method explicitly recognizes the mutuality between generations, and is applied equally to in-force and new business. No additional value is ascribed to the release of "free RfB" over time, over and above the explicitly projected shareholders' share.

The profits arising from the different business units are discounted at their business-specific discount rates. Accordingly, the covered business is divided into business units characterized by different risk profiles. In Italy, different business units are identified for each company's unit linked business and traditional business divided according to the different segregated funds. In the other territories different business units are identified for each companies' unit linked and traditional business, while in Germany each company corresponds to a unique business unit, due to the mutuality existing among the different business lines.

On account of the illustrated structure of business-specific discount rates, the VIF is net of the total cost of FG&O, because the intrinsic value of FG&O already reduces the projected stream of after-tax industrial profits in the best estimate scenario and is complemented with the impact of the "allowance for time value of FG&O" included in the discount rate.

The VIF is also net of a total cost of capital referring to 150% of the solvency requirement, because the explicit charge for the cost of capital is complemented with the impact of the "allowance for non-financial risks" that accounts for the additional cost of capital necessary to meet an overall 150% solvency coverage.

According to the traditional presentation of the EV, the same discount rate is used to calculate both the PVFP and the explicit charge for the cost of capital, and the latter is determined as the difference between the initial amount of capital and the present value of the shareholders' share of after-tax investment returns on assets backing the capital and of the releases of the capital according to the development of the solvency requirements.

The cost of solvency capital considered as an explicit charge reducing the VIF is based on a level of 100% of the EU solvency requirement for companies operating in Europe and equivalent levels for other territories. Where allowed by local regulations, the possibility to cover solvency requirements using DAC or subordinated loans has been allowed for, by reducing proportionally both the current and projected level of required shareholders' assets, taking into account appropriately the run-off of these implicit items of non-shareholder coverage. In Germany the solvency requirement can be met from free policyholder funds and the cost of capital considered as an explicit charge reducing the VIF is based on an amount corresponding to the shareholders' net worth at valuation date, which then runs off in the subsequent projection years according to the solvency requirements. More specifically the cost of capital considered as an explicit charge reducing the VIF corresponds to the difference between the initial shareholders' net worth and the present value of the releases of the shareholders' net worth – assumed in accordance to the development of the solvency requirements – and of the investment returns on the assets backing the shareholders' net worth, after deduction of taxes and policyholders' profit sharing on such investment returns.

In France the solvency requirement can be also met from unrealized gains on assets backing technical reserve. The possibility to meet the solvency capital with this implicit item, in accordance to the actual situation at valuation date but anyway subject to a maximum level equal to 1/3 of the solvency capital, is allowed for in the cost of capital considered as an explicit charge reducing the VIF.

The cost of solvency capital considered as an explicit charge reducing the VIF is then complemented with the “allowance for non-financial risks” included in the discount rate which accounts for the cost incurred through the payment of taxes on the investment income generated by the assets backing the additional capital necessary to meet an overall 150% of solvency capital. Also in this case, allowance is made for implicit items of non-shareholder coverage. In Germany the additional capital necessary to meet an overall 150% of solvency requirement corresponds to the capital in addition to the available solvency coverage represented by shareholders’ net worth and admissible free policyholder funds. In France, as in the case of the solvency requirement, the unrealised gains on assets backing technical reserves are considered as supporting items in accordance to the actual situation at valuation date but anyway subject to a maximum level of 1/3 of the additional capital.

A4. New business value

The methodology adopted to calculate VIF is also extended to the NBV, which is defined as the present value, at the point of sale, of the projected stream of after-tax industrial profits that are expected to be generated in the best estimate scenario by the covered new business written in the year, less a charge for the cost of setting up and holding the relevant capital.

The NBV of the German Companies is explicitly burdened with a cost of capital referring to the quota of the shareholders’ net worth identified in accordance to weight of the solvency requirement of the new policies issued in the year compared to the total solvency requirement.

The new business profits that are expected to be generated in the best estimate scenario in the different business units are based on the same business-specific investment returns and are discounted at the same business-specific discount rates identified as appropriate for the corresponding in-force business. However, to the extent that different business units have different weights in terms of VIF and NBV, the overall discount rate of new business is different from the overall discount rate of in-force business.

On account of the illustrated structure of business-specific discount rates, the NBV is net of the total cost of FG&O, because the intrinsic value of FG&O already reduces the projected stream of after-tax industrial profits in the best estimate scenario and is complemented with the impact of the “allowance for time value of FG&O” included in the discount rate. The NBV is also net of a total cost of capital referring to 150% of the solvency requirement, because the explicit charge for the cost of capital is complemented with the impact of the “allowance for non-financial risks” that accounts for the additional cost of capital necessary to meet an overall 150% solvency coverage.

Annex B: TILLINGHAST OPINION

The scope of Tillinghast's review covered the Generali group life embedded value and value of in-force life business as at 31 December 2006 and the value added by new life business in 2006, calculated according to the EEV Principles. Tillinghast has reviewed the methodology and assumptions used by the group, as set out in Annex A and paragraph 5 respectively, and has reviewed the resulting values, without, however, undertaking detailed checks of all the models, processes and calculations involved.

Tillinghast has concluded that, except as noted below, the methodology and assumptions used to calculate the value of in-force life business and the value of new life business comply with the EEV Principles and Guidance as published by the CFO Forum, and in particular that:

- The methodology makes allowance for the aggregate risks in the covered business through risk margins in the business-specific risk discount rates and the deduction of an explicit cost of capital based on the minimum EU solvency requirement for the group. The overall allowance for risk in the aggregate values may not necessarily correspond to a capital markets valuation of such risk.
- The business-specific risk discount rates i) consider the average expected duration of projected profits, ii) include a margin to allow for the volatility of the shareholder earnings due to financial risks, determined using stochastic projections based on a set of real world scenarios, iii) include an assessment of the time value of financial options and guarantees using stochastic projections, and iv) include an allowance for non-financial risk, based on the frictional cost of capital for additional capital to meet 150% of minimum solvency capital.
- The operating assumptions have been set with appropriate regard to past, current and expected future experience.
- The economic assumptions used are internally consistent and consistent with observable market data.
- For participating business, the assumed bonus rates, and the allocation of profit between policyholders and shareholders, are consistent with the other projection assumptions and are broadly consistent with current company practice and local market practice.

Tillinghast has noted that the values of in-force and new business for the smaller life entities have been determined using methodology typically used in traditional embedded value reporting. In particular, for these entities, the assumptions have been set in a deterministic fashion which does not, therefore, reflect explicitly the consequences of the natural volatility of certain experience assumptions, particularly those for investment returns. Allowance for risk has been made through the use of a single risk discount rate per currency and an explicit assumption for the cost of holding a certain level of solvency capital.

Tillinghast has reviewed the calculations of the value of in-force business as at 31 December 2006 and the value added by new business in 2006 and considers that in aggregate the results are reasonable for the purpose of embedded value reporting.

Tillinghast has also performed limited high-level checks on the derivation of adjusted net assets as at 31 December 2006 based on the consolidation perimeter provided by the Generali group for its life EV reporting, and has confirmed that any issues discovered do not have a material impact on the disclosed Life embedded value.

In arriving at these conclusions, Tillinghast relied on data and information made available by Generali.

Disclaimer

To the extent that this paper includes prognoses or expectations or forward-looking statements, these statements may involve known and unknown risk and uncertainties. The actual results and developments may, therefore, differ materially from the stated prognoses or expectations. Besides other reasons not specified here, deviations may be the result of changes in the overall economy or the competitive situation, especially in core activities and core markets. Deviations may also result from lapse ratios, mortality and morbidity rates or tendencies. The development of financial markets and foreign currency exchange rates as well as amendments of national and international law, particularly in respect of tax rules, may have an influence. Terrorist attacks and their consequences may increase the probability and the extent of deviations. The company is under no obligation to update the statements made in this paper.