



GENERALI
Assicurazioni Generali S.p.A.

PRESS RELEASE

**GENERALI UPDATES STRATEGIC PLAN
ACCELERATION OF GROUP CHANGE PROGRAMMES AND RAISING TARGETS
MISSION CONFIRMED: LEADING INSURER BY VALUE CREATION**

2009 VERSUS 2006: NET PROFIT €3.8 BILLION (+58%) AND DOUBLING OF OVERALL DIVIDEND

**STEP UP IN GERMAN AND ITALIAN COUNTRY REORGANISATION,
CROSS-GROUP PROGRAMMES STRENGTHENED, LAUNCH OF NEW INVESTMENT AND REAL ESTATE
STRATEGIES**

RAFFAELE AGRUSTI APPOINTED CHIEF FINANCIAL OFFICER

FINANCIAL TARGETS FOR 2009 VERSUS 2006

- ROEV (RETURN ON EMBEDDED VALUE) TO INCREASE BY 2.9 P.P. TO 16%
- €2.5 BILLION INCREASE IN OPERATING RESULT TO €6.5 BILLION
- 10% COMPOUND ANNUAL GROWTH IN NEW BUSINESS VALUE (NBV) OVER PLAN PERIOD
- COMBINED RATIO OF LESS THAN 95%
- ABOVE-MARKET GROWTH IN PREMIUM INCOME

HIGHLIGHTS

- ACCELERATION OF ITALY REORGANISATION TO STRENGTHEN COORDINATION ACROSS ALL BUSINESSES. ALL OPERATIONS TO REPORT TO A CHIEF OPERATING OFFICER FOR ITALY – BUSINESS DEVELOPMENT FUNCTIONS TO REPORT TO A HEAD OF INSURANCE DEVELOPMENT FOR ITALY
- DANILO IGNAZZI APPOINTED AS HEAD OF INSURANCE DEVELOPMENT IN ITALY
- RATIONALISATION OF OPERATIONS IN GERMANY WITH THE MERGER OF VOLKSFÜRSORGE AND GENERALI VERSICHERUNGEN (TOTAL PREMIUM INCOME OF €5.1 BILLION AND 7 MILLION CLIENTS) AND CENTRALISATION OF SHARED SERVICES
- STRONG INCREASE IN 2009 OPERATING RESULT THANKS TO DEEPENING AND EXTENSION OF GROUP-WIDE SCALE-BASED PROJECTS (IT, ASSET MANAGEMENT, RISK AND CAPITAL MANAGEMENT, GLOBAL TREASURY), INTERNATIONAL DISSEMINATION OF GROUP BEST PRACTICES (MOTOR PRICING, CLAIMS MANAGEMENT AND OPERATIONAL EXCELLENCE) AND ENHANCED RETURNS FROM FINANCIAL INVESTMENTS AND REAL ESTATE
- CONTINUED GROUP-WIDE FOCUS ON INNOVATION WITH THIRD AGE PRODUCTS AND SERVICES, VARIABLE ANNUITIES AND MULTINATIONAL CORPORATE PENSIONS, EXPANSION OF DIRECT CHANNELS AND DRIVE FOR GROWTH IN CHINA, INDIA AND CENTRAL EASTERN EUROPE. NEW FOCUS ON LATIN AMERICA
- NEW CAPITAL MANAGEMENT MODEL TO KEEP EXCESS CAPITAL WITHIN A MID-TERM RANGE OF 15 – 20% OF RISK CAPITAL

Venice, 27 September 2007. At a meeting today chaired by Antoine Bernheim, the Board of Directors of Assicurazioni Generali approved the updated Strategic Plan for the three-year period 2007-2009, aligning the plan period with the tenure of the Board.

Commenting on the new three-year Strategic Plan, Generali Group Chairman **Antoine Bernheim** said: *“This Plan sets the seal on the excellent achievements of our management and lays the foundation for a new phase of growth notwithstanding the even more challenging financial and economic landscape. The financial strength and stability that are the hallmarks of the Generali Group will be maintained as essential assets as we take our next steps in product and service innovation and extend our business in our traditional markets and across the territories of the future.”*

The 2007-2009 Plan incorporates the earlier-than-expected results achieved in respect of previous targets and is firmly grounded in the previous plan’s strategic pillars of **operational improvement, growth and innovation, capital optimisation** and **enhanced governance**. It also introduces a series of incisive new initiatives designed to achieve further business growth and profitability.

Commenting on the Plan, Generali Group Co-CEO **Giovanni Perissinotto** said: *“The new Plan builds upon the achievements of the previous four years. Since 2002, Generali has been reorganised and transformed from a loose federation of companies into a Group producing serial record results to the benefit of its customers and shareholders alike. The successful roll-out of much of the 2006-2008 three-year plan in the space of just 18 months means we are in good shape to set ourselves new and challenging objectives to take us to our next phase of development. Our focus will be on product innovation, improved efficiency and even higher customer service and product standards. We shall be pursuing these objectives without sacrificing any of the financial strength that we regard as a key competitive advantage.”*

Commenting on the new initiatives, Generali Group co-CEO **Sergio Balbinot** said: *“The restructuring in Germany, coming after the similar project recently completed with excellent results in France, reflects our determination to raise efficiency and effectiveness to the benefit of our shareholders, customers and employees. The new measures, together with the action being taken in Eastern Europe and Asia, will bring about a significant strengthening in our strategic positioning, both in mature markets and in those markets offering the most interesting growth potential.”*

Reorganisation of the Corporate Centre

To facilitate the achievement of the Plan targets and simplify reporting lines, the Corporate Centre has been reorganised.

Raffaele Agrusti, who until now has held the role of General Manager, has been appointed as Chief Financial Officer, reporting to CEO Giovanni Perissinotto. The following functions will report to Mr Agrusti: Consolidated & Parent Company Reporting, Planning & Control, Enterprise Risk Management, Finance, Real Estate, Legal Affairs, Fiscal Affairs, Investor Relations. The new appointment will ensure more effective coordination and greater transparency.

Two Heads of Regions have also been appointed, reporting to CEO Sergio Balbinot. **Valter Trevisani** will coordinate Germany, Austria, Central Eastern Europe and Asia and provide technical control for Life, Non-Life and Reinsurance. **Mel Carvill** will coordinate all Group operations in Western Europe, the Americas and the Middle East, the Research & Corporate Development Office, and International Regulatory Affairs. Mr Carvill, reporting to CEO Giovanni Perissinotto, will also be responsible for mergers and acquisitions.

All the above appointments reduce the number of direct reports to the Group’s CEOs, thereby clarifying responsibilities for these key areas that will play a critical part in the Group’s development over the Plan period.

Country restructuring in Italy and Germany

The 2006-2008 Strategic Plan set out a series of country-based programmes to drive efficiency and profitability in the Group's key geographies. The new Plan maintains the previous guidelines while accelerating the reorganisation underway in Italy and intensifying the restructuring in Germany.

Italy

Generali's strategy for Italy, its largest market in terms of premium income and net profit, has two objectives:

- the achievement of market-beating growth through a multibrand and multichannel organisation, extending territorial coverage
- faster consolidation of back-office operations and a broader range of shared services with a view to optimising processes and enhancing service quality.

To achieve these key goals for Italy, the business organisation will report to two new senior positions:

- a **Chief Operating Officer** to oversee operations, information technology, claims settlement, shared services and back-office. Under the COO, the companies that handle Claims Settlement (GGL), Administrative Services (GSA) and IT Services (GSI) will be merged into a single entity called Generali Business Solutions, while centralised functions will be extended to include product development, portfolio administration and actuary services;
- a **Head of Insurance Development** to coordinate the market operations of the Italian Business Units. In addition to planning & control, the role will be responsible for closer network coordination and for centralisation of corporate underwriting in Assicurazioni Generali. Danilo Ignazzi, a manager with wide experience in the insurance business, has been appointed Head of Insurance Development.

The new initiatives set out in the Plan will enable Italy to achieve an improvement of 3.7 percentage points in the combined ratio to 93.5% in 2009 and an annual compound growth rate of just under 10% in New Business Value (NBV) over the three year Plan period.

Germany

The Plan launches an extensive restructuring in Germany, Generali's second market. Specifically, the Generali and Volksfürsorge companies in Germany will be merged into a single entity to be named Generali Versicherungen, operating through agents, brokers and banks. The new company will have € 5.1 billion in premiums and more than 7 million clients, to rank as one of the top players on the German market: the country's 4th largest Life operator and 6th largest Non-Life operator. These changes are designed to reduce the complexity of the Group's organisation, thereby raising process efficiency and improving sales support to the traditional distribution channels.

Aachener Münchener will continue to distribute through DVAG, Germany's largest financial advisor network, while Cosmos Direkt will maintain its focus on direct channels, where it is market leader.

Regarding operations, the centralisation of the German companies into service companies in claims, administration and IT will be completed to achieve further economies of scale. As part of this programme, the AMB Generali holding will change its name to Generali Deutschland. The reorganisation will add € 130 million to the operating result in 2009 and € 190 million at the same level in the medium term.

The overall plan actions will deliver a 1.8 percentage point improvement in the German combined ratio to 94% in 2009 and a compound annual growth rate in New Business Value of 8% over the three year period.

Update of the programmes started in 2006 - New Group investment strategy and global real estate reorganisation

The 2006-2008 Plan identified eight high potential areas that were the target of projects headed by teams pooling expertise from across the Group's main countries. A target of € 700 million in synergies was set, which, thanks to the progress of the last 18 months, is confirmed and increased to € 835 million by 2009.

The 2007-2009 Plan intends to boost returns from the Group's € 400 billion of assets under management. While Generali is strongly committed to maintaining its core financial strength—a recognised distinguishing feature that has safeguarded client and shareholder interests especially in times of increased market turbulence and uncertainty—the Group's management believes that management of these assets can be enhanced through adoption of a new strategy. Specifically:

- the Group-wide investment style will undergo a major review with a view to achieving an integrated management approach as well as rigorous monitoring of risk budgeting;
- the Group will launch an alternative investments platform comprising an infrastructure investment fund (with investments of €0.5 billion), a private equity fund (€ 3.9 billion) and hedge funds (€ 3.6 billion), to better capture the value of the superior returns these asset classes can offer;
- Generali will create a global Real Estate function, under **Anne-Marie de Chalambert**, with a management strategy designed to enhance yields. The new approach will be focused on the introduction of a global approach to asset allocation, the launch of new real estate funds to increase portfolio liquidity, the development of a third-party business and partnerships with other global real estate specialists.

The initiatives taken, within the framework of the new investment strategy of the Group, and also the global reorganisation of the Real Estate function will create profits of € 220 million in 2009.

New Group-wide initiatives: products, channels, geographical expansion

The 2007-2009 Strategic Plan identifies new opportunities: new product development, enhanced distribution strategy and geographical expansion.

- The launch of an integrated insurance offer in continental Europe targeting the Third Age segment, where the Group aims to become market leader. The launch of a global Variable Annuities offer replicating the success in the Swiss market; the Group's variable annuities specialist company in Ireland will be responsible for product development and management.
- Consolidation of business through direct channels by capitalising on the Group's leadership in the Italian Non-Life market through Genertel—which is to expand into the Life business—in the German Life market with Cosmos, and in the French Life market. A Group Competence Centre will be established to coordinate the enlargement of this offer and support start-ups in new countries.
- Expansion in emerging markets, in particular in China, where Generali plans to grow its pensions business, enter the asset management area and enhance distribution through new bancassurance partnerships; in India, where it plans to establish an asset management operation with its local partner, the Future Group; and a stronger focus on Latin America, following the recently completed turnaround. The Generali PPF joint venture is to become the

platform for development in Central Eastern Europe and for entry into key former CIS countries, with the objective of doubling the value of Generali's stake in the joint venture over the next five years.

Enhanced capital management

In recent years, the objective of Generali's capital management strategy has been to preserve the Group's core financial strength and an AA credit rating. To achieve this it has maintained an appropriate capital buffer through share buybacks, dividend policy, organic growth and acquisitions.

The Group will continue to manage actively its capital structure as a lever to improve the return on capital while maintaining the financial strength and strategic flexibility needed to respond effectively to market dynamics.

The capital buffer will be maintained within a medium-term range of 15 - 20% of the risk capital requirement (the difference between the Economic Capital and VIF - Value In Force). The Group believes this level strikes the appropriate balance between the need for operating and management flexibility and the implicit cost in terms of RoEV.

Benoit Jaspard, the Officer responsible for preparing the company accounts declared, pursuant to article 154-bis, par 2, of the Consolidated Finance Act, that, on the basis of the information available to him by virtue of his position, the accounting data contained in this press release is in conformity with the documented results, to the accounting books and to the accounting entries.

CEOs Sergio Balbinot and Giovanni Perissinotto will host a webcast and conference call tomorrow at 8:30 a.m. CET to present Strategic Plan update.

This can be accessed by connecting to the following site:

<http://projects.eviscobroadcast.com/generali/2007-09-28strategicplanupdate/>

or by dialling the following numbers (listen-only):

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