

# PROSPECTUS



## GENERALI FINANCE B.V.

*(incorporated with limited liability under the laws of The Netherlands  
having its statutory seat in Amsterdam)*

**€1,250,000,000 5.479 per cent. Perpetual Fixed/Floating Rate Notes**

**Guaranteed by**

**ASSICURAZIONI GENERALI S.p.A.**

*(incorporated with limited liability under the laws of the Republic of Italy)*

The €1,250,000,000 5.479 per cent. perpetual fixed/floating rate notes (the “**Notes**”) issued by Generali Finance B.V. (the “**Issuer**”) are unconditionally and irrevocably guaranteed by Assicurazioni Generali S.p.A. (the “**Guarantor**”). The Issue Price of the Notes is 100 per cent.

The Notes will bear interest (i) from and including 8 February 2007 to and excluding 8 February 2017 (the “**Reset Date**”) at a rate of 5.479 per cent. per annum, payable annually in arrear on 8 February in each year and (ii) from and including the Reset Date at a rate of Euribor plus 214 basis points, payable quarterly in arrear on 8 May, 8 August, 8 November and 8 February of each year, beginning 8 May 2017.

The Notes will be redeemed on the date on which voluntary or involuntary winding up proceedings are instituted in respect of the Issuer or in respect of the Guarantor as described in Condition 7 (*Redemption and Purchase*) of the Terms and Conditions of the Notes. The Issuer may, at its option, also redeem the Notes in whole, but not in part, on the Reset Date and on any Interest Payment Date (as defined herein) of the Notes thereafter at an amount equal to their principal amount, together with any accrued interest, as described in Condition 7(a) (*Redemption and Purchase – Redemption at the option of the Issuer*) of the Terms and Conditions of the Notes. In addition, the Issuer may, at its option, redeem the Notes in whole, but not in part, at any time before the Reset Date following the occurrence of a Regulatory Event (as defined herein) at a redemption price equal to the greater of (i) the principal amount together with any accrued interest and (ii) the Make Whole Amount (as defined herein) as described in Condition 7(b) (*Redemption and Purchase – Redemption due to a Regulatory Event*) of the Terms and Conditions of the Notes. Also, the Issuer may, at its option, redeem the Notes in whole, but not in part, at any time prior to the Reset Date at a redemption price equal to their principal amount plus accrued interest, in the event of certain tax changes as described in Condition 7(c) (*Redemption and Purchase – Redemption for tax reasons*) of the Terms and Conditions of the Notes. Any redemption of the Notes, save in accordance with the first sentence of this paragraph, is subject to the prior approval of ISVAP (as defined herein).

Under certain circumstances described in Condition 6 (*Interest deferral*) of the Terms and Conditions of the Notes the Issuer may elect or even be required to defer interest payments on the Notes.

The Notes will be rated A3 by Moody’s Investors Service Limited (“**Moody’s**”), A by Standard & Poor’s Rating Services, a division of The McGraw Hill Companies Inc. (“**S&P**”) and A+ by Fitch Ratings Limited (“**Fitch**”). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

This document constitutes a prospectus (the “**Prospectus**”) for the purposes of Article 5 of Directive 2003/71/EC (the “**Prospectus Directive**”). Application has been made to the *Commission de Surveillance du Secteur Financier* (the “**CSSF**”) in its capacity as competent authority in Luxembourg to approve this document as a prospectus under the Luxembourg Law of 10 July 2005 on Prospectuses for Securities (the “**Luxembourg Prospectus Law**”), which implements the Prospectus Directive in Luxembourg. Application has also been made for the Notes to be listed on the official list of the Luxembourg Stock Exchange and traded on the regulated market (the “**Regulated Market**”) of the Luxembourg Stock Exchange. The Regulated Market of the Luxembourg Stock Exchange is a regulated market for the purposes of the Market and Financial Instruments Directive 2004/39/EC.

**An investment in Notes involves certain risks. For a discussion of these risks, see “Risk Factors” beginning on page 16.**

The Notes have a denomination of €50,000.

### *Joint Lead Managers*

**HSBC**

**JPMorgan**

**Mediobanca – Banca di  
Credito Finanziario S.p.A.**

**UBS Investment  
Bank**

### *Co-Lead Managers*

**Banca Generali S.p.A.**

**Caboto**

**CALYON Corporate and Investment Bank**

**Commerzbank Corporates & Markets**

**Société Générale Corporate & Investment Banking**

Dated 6 February 2007

## IMPORTANT NOTICES

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus to the best of its knowledge is in accordance with the facts and contains no omission likely to affect its import.

This Prospectus should be read and construed together with any documents incorporated by reference herein.

Each of the Issuer and the Guarantor has confirmed to the Managers named under “Subscription and Sale” below (the “**Managers**”) that this Prospectus contains all information regarding the Issuer, the Guarantor, and the Guarantor and its consolidated subsidiaries (the “**Generali Group**”) and the Notes that is (in the context of the issue and the guarantee of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus or any other document entered into in relation to the Notes or any information supplied by each of the Issuer or the Guarantor or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor or any of the Managers.

No representation or warranty is made or implied by the Managers or any of their respective affiliates, and none of the Managers nor any of their respective affiliates makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Prospectus is true subsequent to the date hereof or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of each of the Issuer or the Guarantor since the date hereof or that any other information supplied in connection with the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Prospectus may only be used for the purposes for which it has been published. The distribution of this Prospectus and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Guarantor and the Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Prospectus and other offering material relating to the Notes, see “Subscription and Sale”. In particular, the Notes have not been and will not be registered under the United States Securities Act of 1933 (the “**Securities Act**”) and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. In addition, this Prospectus has not been submitted to the clearance procedure of *Commissione Nazionale per le Società e la Borsa* (the Italian Securities and Exchange Commission or “**CONSOB**”) and may not be used in connection with any offering of the Notes in Italy other than to professional investors, as defined by and in accordance with applicable Italian securities laws and regulations.

This Prospectus does not constitute an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Guarantor, the Managers or any of them that any recipient of this Prospectus should subscribe for or purchase any Notes. Each recipient of this Prospectus shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of each of the Issuer and the Guarantor and the Generali Group.

The Notes will be eligible to form part of the regulatory capital of the Issuer and/or Guarantor (as applicable) and, as such, it is the intention of the Issuer to redeem the Notes only to the extent that the Guarantor or any

of its financing subsidiaries has, in the period of six months preceding any redemption, raised funds in an amount at least equal to the aggregate principal amount of the Notes by the issuance and sale of any ordinary shares or any securities that have equal or greater equity characteristics than the Notes.

In this Prospectus, unless otherwise specified, references to “**EUR**”, “**euro**”, “**Euro**” or “**€**” are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended; references to “**GBP**” or “**£**” are to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland; references to “**US Dollars**” are to the lawful currency of the United States of America; and references to “**Swiss Franc**” are to the lawful currency of Switzerland. Unless otherwise specified or where the context requires, references to laws and regulations are to the laws and regulations of The Netherlands or Italy, as the case may be.

*Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.*

*This Prospectus includes forward-looking statements. These include statements relating to, among other things, the future financial performance of the Issuer, the Guarantor and the Generali Group, plans and expectations regarding developments in the business, growth and profitability of the Generali Group and general industry and business conditions applicable to the Generali Group. The Issuer and the Guarantor have based these forward-looking statements on their current expectations, assumptions, estimates and projections about future events. These forward-looking statements are subject to a number of risks, uncertainties and assumptions that may cause the actual results, performance or achievements of the Generali Group or those of its industry to be materially different from or worse than these forward-looking statements. The Issuer and the Guarantor do not assume any obligation to update such forward-looking statements and to adapt them to future events or developments except to the extent required by law.*

## **STABILISATION**

**In connection with the issue of the Notes, Mediobanca – Banca di Credito Finanziario S.p.A. (the “Stabilising Manager”) (or persons acting on behalf of the Stabilising Manager) may over-allot Notes (provided that, the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the Notes) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Such stabilisation shall be in accordance with all applicable laws and regulations.**

## **MARKET STATISTICS**

Information and statistics presented in this Prospectus regarding business trends, market trends, market volumes and the market share of the Issuer, the Guarantor or the Generali Group are either derived from, or are based on, internal data or publicly available data from various independent sources. Although the Issuer and the Guarantor believe that the external sources used are reliable, the Issuer and the Guarantor have not independently verified the information provided by such sources.

## TABLE OF CONTENTS

	Page
SUMMARY .....	5
RISK FACTORS .....	16
DOCUMENTS INCORPORATED BY REFERENCE .....	25
TERMS AND CONDITIONS OF THE NOTES .....	29
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM .....	49
USE OF PROCEEDS .....	51
DESCRIPTION OF GENERALI FINANCE B.V. ....	52
CAPITALISATION OF GENERALI FINANCE B.V. ....	55
SUMMARY FINANCIAL INFORMATION OF GENERALI FINANCE B.V. ....	56
DESCRIPTION OF ASSICURAZIONI GENERALI S.p.A. ....	61
CAPITALISATION OF ASSICURAZIONI GENERALI S.p.A. ....	85
SUMMARY FINANCIAL INFORMATION OF ASSICURAZIONI GENERALI S.p.A. ....	86
TAXATION .....	93
SUBSCRIPTION AND SALE .....	102
GENERAL INFORMATION .....	105

## SUMMARY

*This summary must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole, including the documents incorporated by reference. No civil liability attaches to the Issuer or the Guarantor in any Member State of the European Economic Area which has implemented the Prospectus Directive solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.*

*Words and expressions defined in the “Terms and Conditions of the Notes” below or elsewhere in this Prospectus have the same meanings in this summary and references to a “Condition” is to such numbered condition in the Terms and Conditions of the Notes.*

### Summary in Respect of the Notes

<b>Issuer:</b>	Generali Finance B.V.
<b>Guarantor:</b>	Assicurazioni Generali S.p.A.
<b>Joint Lead Managers:</b>	HSBC Bank plc J.P. Morgan Securities Ltd. Mediobanca – Banca di Credito Finanziario S.p.A. UBS Limited
<b>Managers:</b>	Banca Caboto S.p.A. Banca Generali S.p.A. CALYON Commerzbank Aktiengesellschaft Société Générale
<b>Principal Amount:</b>	€1,250,000,000
<b>Issue Price:</b>	100 per cent. of the principal amount of the Notes.
<b>Issue Date:</b>	8 February 2007.
<b>Form and Denomination:</b>	The Notes will be issued in bearer form in a denomination of €50,000 each.
<b>Status of the Notes:</b>	The Notes will constitute unsecured and subordinated obligations of the Issuer ranking (i) <i>pari passu</i> without any preference among themselves and <i>pari passu</i> with the Euro Notes and the Sterling Notes, (ii) junior in right of payment to the payment of any present or future claims (A) of all unsubordinated creditors of the Issuer, and (B) of all creditors of the Issuer in respect of Less Deeply Subordinated Obligations of the Issuer, and (iii) in priority to payments of all classes of share capital of the Issuer and any other obligation of the Issuer expressed by its terms to rank junior to the Notes.
<b>Status of the Guarantee of the Notes:</b>	The Guarantee of the Notes will constitute direct, unsecured and subordinated obligations of the Guarantor ranking:  (i) <i>pari passu</i> with the Parity Securities of the Guarantor;

- (ii) junior in right of payment to the payment of any present or future claims of all unsubordinated creditors of the Guarantor (including obligations to policyholders) and to all Less Deeply Subordinated Obligations of the Guarantor; and
- (iii) senior in right of payments to the Junior Securities of the Guarantor.

**Redemption:**

The Notes will mature and be redeemed on the date on which voluntary or involuntary winding up proceedings are instituted in respect of the Issuer or in respect of the Guarantor, in accordance with, as the case may be, (i) a resolution of the shareholders' meeting of the Issuer or of the Guarantor, as applicable, (ii) any provision of the by-laws of the Issuer or of the Guarantor (currently, maturity of the Guarantor is set at 31 December 2131 though if this is extended, redemption of the Notes will be equivalently adjusted), as applicable, or (iii) any applicable legal provision, or any decision of any jurisdictional or administrative authority.

The Issuer may, at its option, also redeem the Notes in whole, but not in part, on the Reset Date and on any Interest Payment Date thereafter at an amount equal to their principal amount, together with any accrued interest, as described in Condition 7(a) (*Redemption and Purchase - Redemption at the option of the Issuer*).

In addition, the Issuer may, at its option, redeem the Notes in whole, but not in part, at any time before the Reset Date following the occurrence of a Regulatory Event (as defined herein) at a redemption price equal to the greater of (i) the principal amount together with any accrued interest and (ii) the Make Whole Amount (as defined herein) as described in Condition 7(b) (*Redemption and Purchase - Redemption due to a Regulatory Event*).

Also, the Issuer may, at its option, redeem the Notes in whole, but not in part, at any time prior to the Reset Date at a redemption price equal to their principal amount plus accrued interest, in the event of certain tax changes as described in Condition 7(c) (*Redemption and Purchase - Redemption for tax reasons*).

Any redemption of the Notes, save in accordance with the first paragraph of this section "*Redemption*", is subject to the prior approval of ISVAP (as defined herein).

**"Regulatory Event"** means that the Guarantor (i) is no longer subject to the consolidated regulatory supervision of a Lead Regulator; or (ii) is subject to the consolidated regulatory supervision of a Lead Regulator and is not permitted under the applicable rules and regulations adopted by such Lead Regulator, or an official application or interpretation of those rules and regulations including a decision of any court or tribunal, at any time whilst any of the Notes are outstanding to treat the Notes as own funds for the purposes of the determination of the Solvency Margin eligible to count for (a) up to 50 per cent. of the Required Solvency Margin, under the Italian Legislation on Solvency Margin, or (b), in case of future amendments to the Italian Legislation on Solvency Margin, up to such other fraction of the Required Solvency Margin



as will apply to perpetual subordinated instruments or liabilities as opposed to dated subordinated instruments or liabilities.

**Interest:**

The Notes will bear interest (i) from and including 8 February 2007 to and excluding 8 February 2017 (the “**Reset Date**”) at a rate of 5.479 per cent. per annum, payable annually in arrear on 8 February in each year and (ii) from and including the Reset Date at a rate of Euribor plus 214 basis points, payable quarterly in arrear on 8 May, 8 August, 8 November and 8 February of each year, beginning May 2017.

**Optional Deferral of Interest:**

The Issuer may elect by giving notice to the Noteholders pursuant to Condition 15 (*Notices*) below to defer payment (A) of all (or some only) of the interest accrued to an Interest Payment Date if (i) during the 12-month (or 6-month or 3-month for securities (other than shares) where remuneration is paid, respectively, every 6 or 3 months) period prior to such Interest Payment Date no dividend or other distribution has been declared, made, approved or set aside for payment in respect of any Junior Securities of the Guarantor or Parity Securities of the Guarantor, or in case there has been any such applicable declaration or payment, so long as such had itself been triggered by previous declaration or payment of dividend or other distribution on any Parity Securities of the Guarantor or Junior Securities of the Guarantor or by the redemption, repurchase or acquisition of any Parity Securities of the Guarantor or Junior Securities of the Guarantor; and (ii) during the 12-month (or 6-month or 3-month for securities (other than shares) where remuneration is paid, respectively, every 6 or 3 months) period prior to such Interest Payment Date neither the Guarantor nor any of its Subsidiaries has redeemed, repurchased or acquired any Junior Securities of the Guarantor (other than a Permitted Repurchase) or Parity Securities of the Guarantor; or (B) of part only, *pari passu* and *pro rata*, of the interest accrued to an Interest Payment Date if and to the extent that during the 12-month (or 6-month or 3-month for securities (other than shares) where remuneration is paid, respectively, every 6 or 3 months) period prior to such Interest Payment Date a partial distribution has been declared, made, approved or set aside for payment in respect of any Parity Securities of the Guarantor.

“**Permitted Repurchase**” means (1) any redemption, repurchase or other acquisition of such Junior Securities of the Guarantor held by any member of the Group, (2) a reclassification of the equity share capital of the Guarantor or any of its Subsidiaries or the exchange or conversion of one class or series of equity share capital for another class or series of equity share capital, (3) the purchase of fractional interests in the share capital of the Guarantor or any of its Subsidiaries pursuant to the conversion or exchange provisions of such security being converted or exchanged, (4) any redemption or other acquisition of Junior Securities of the Guarantor in connection with a levy of execution for the satisfactions of a claim by the Guarantor or any of its Subsidiaries, or (5) any redemption or other acquisition of Junior Securities of the Guarantor in connection with the satisfaction by the Guarantor or any of its Subsidiaries of its obligations under any employee benefit plan or similar arrangement.

In the event that the Issuer may elect to defer part of the interest *pro rata* with distributions on any Parity Securities of the Guarantor, such interest may be deferred in the same proportion that the distribution on such Parity Security bears to the stated scheduled distribution to be paid on such Parity Security.

Where the Issuer elects to defer an interest payment pursuant to Condition 6(a) (*Interest deferral - Optional deferral of interest*) it shall not have any obligation to make such interest payment on the relevant Interest Payment Date and the failure to pay such interest shall not constitute a default of the Issuer or any other breach of obligations under the Conditions or for any purpose.

**Mandatory Deferral of Interest:**

The Issuer will be required to defer payment of all (but not some only) of the interest accrued to an Interest Payment Date if the Fiscal Agent has received written notice from the Issuer and the Guarantor confirming that (A) a Regulatory Intervention regarding the Guarantor has occurred and such Regulatory Intervention is continuing on such Interest Payment Date; or (B) a Mandatory Deferral Event has occurred.

If the Issuer is required to defer a payment of interest following the occurrence of a Mandatory Deferral Event on an Interest Payment Date, then the Issuer will also be required to defer on one or more subsequent Interest Payment Dates the interest that would otherwise be due, save in the case that all Mandatory Deferral Events have been cured.

“**Regulatory Intervention**” means a request from ISVAP or any other relevant supervisory authority to restore any Required Solvency Margin.

“**Required Solvency Margin**” means the Solvency Margin required from time to time by a Lead Regulator;

A “**Mandatory Deferral Event**” shall have occurred if up to the end of the tenth Business Day preceding any Interest Payment Date:

- (i) the aggregate Net Income of the Guarantor for two consecutive Reporting Periods ending on the Lagged Reporting Date is less than zero, and
- (ii) the Adjusted Equity Amount of the Guarantor as at the Lagged Reporting Date has declined by more than 10 per cent. as compared to the Adjusted Equity Amount as at the Reporting Date that is 24 months prior to such Lagged Reporting Date, and
- (iii) the Adjusted Capital Amount of the Guarantor as at the Current Reporting Date has declined by more than 10 per cent. as compared to the Adjusted Equity Amount as at the Reporting Date that is 30 months prior to such Current Reporting Date.

**Payment of Deferred Interest:**

Arrears of interest that have accrued pursuant to Conditions 6(a) (*Interest deferral - Optional deferral of interest*) and 6(b) (*Interest deferral - Mandatory deferral of interest*) may at the option of the Issuer be paid in whole or in part at any time only with funds raised



by way of the ACSM in accordance with Condition 6(d) (*Interest deferral - Alternative Coupon Satisfaction Mechanism (ACSM)*)).

Arrears of interest shall become due and payable:

- (i) in part *pari passu* and *pro rata* if and to the extent that the Issuer or the Guarantor makes payments in part of or in respect of amounts of interest on or in relation to any other *pari passu* claims; and
- (ii) in full on the earlier of:
  - (a) the Interest Payment Date falling immediately on or after the date on which dividends or other distributions on any Junior Securities of the Guarantor or Parity Securities of the Guarantor have been declared or paid;
  - (b) the Interest Payment Date falling immediately on or after the date on which any Parity Securities of the Guarantor or any Junior Securities of the Guarantor are redeemed, repurchased or acquired by the Guarantor or any of its Subsidiaries;
  - (c) the Interest Payment Date immediately following the date upon which (x) no Regulatory Intervention is or will be continuing on such Interest Payment Date and (y) no new Mandatory Deferral Event has occurred and any of the previous Mandatory Deferral Events have been cured, provided, in each case, that the Issuer would not, as at such Interest Payment Date, be entitled to defer payment of interest pursuant to Condition 6(a) (*Interest deferral - Optional deferral of interest*);
  - (d) the date fixed for any redemption of the Notes pursuant to Condition 7 (*Redemption and Purchase*);
  - (e) the date on which the *Liquidazione Coatta Amministrativa* of the Guarantor is commenced pursuant to the Consolidated Law on Private Insurance Companies or on which voluntary winding up proceedings of the Guarantor are instituted or on which the Guarantor becomes subject to a liquidation order; and
  - (f) the date falling five years after the Interest Payment Date on which payment of interest has first been deferred.

Arrears of interest will become payable only where the Issuer is able to make the payment with funds raised by way of the ACSM in accordance with Condition 6(d) (*Interest deferral - Alternative Coupon Satisfaction Mechanism (ACSM)*)). If, despite the Issuer using its best efforts and/or despite the Guarantor doing all that is reasonably possible to raise funds by way of the ACSM in accordance with Condition 6(d) (*Interest deferral - Alternative Coupon Satisfaction Mechanism (ACSM)*)), the Issuer fails to make

the payment with funds raised by way of the ACSM, then, notwithstanding the occurrence of any of the events or circumstances described in Condition 6(c)(ii)(A) or (B), arrears of interest will not be required to be paid.

**Alternative Coupon Satisfaction Mechanism (ACSM):**

Payment of amounts in respect of interest under the ACSM may only be made to the extent of funds raised by either (I) issuing new shares of the Guarantor (save that, in the case of deferral of interest due to a Mandatory Deferral Event, the Guarantor shall not, in any year, issue new ordinary shares for the purposes of the ACSM (including any new shares for the purposes of any equivalent ACSM provisions of any Parity Securities of the Guarantor or any Junior Securities of the Guarantor) in excess of 2 per cent. of the market value of the Guarantor's ordinary share capital, such market value to be determined by the Calculation Agent as at the end of each financial year of the Guarantor on the basis of the *Prezzo Ufficiale* of the Guarantor's ordinary shares and for the avoidance of doubt any such funds so raised shall be applied firstly pro rata in respect of any amounts to be settled in relation to Parity Securities of the Guarantor and only thereafter in respect of any amounts to be settled in relation to any Junior Securities of the Guarantor) or selling treasury shares of the Guarantor (save that for the purposes of selling treasury shares no treasury shares can be sold that have been purchased within the preceding six months), subject to the existence of the appropriate necessary corporate powers applicable to the Guarantor at the time of the issuance or the disposal of the shares; or (II) issuing new Issuer securities ranking junior to or *pari passu* with the Notes and having features at least similar to the Notes. In the case of deferral of interest due to a Mandatory Deferral Event, such junior or *pari passu* ranking securities can only be issued up to a nominal amount of 15 per cent. of the aggregate principal amount of the Notes outstanding from time to time for this purpose.

For any five-year period following the date on which deferred interest becomes payable (the “**ACSM Period**”) pursuant to Condition 6(c) (*Interest deferral - Payment of deferred interest*), (I) the Issuer shall use its best efforts to settle any such deferred amount in accordance with the ACSM and (II) the Guarantor shall do all that is reasonably possible to obtain and maintain delegated authority to issue sufficient new ordinary shares and/or to hold and sell treasury shares, in each case to cover one year of Coupons and any outstanding deferred amount of interest payable by the Issuer.

If at the end of any ACSM Period in respect of any deferred interest payment the Issuer has been unable to make full payment of such deferred interest in accordance with the ACSM, the obligations of the Issuer and the Guarantor to satisfy the amount of interest that was deferred and became due and payable at the beginning of such ACSM Period shall, to the extent not already settled under the ACSM, be cancelled, provided that contingently upon *Liquidazione Coatta Amministrativa* of the Guarantor being commenced pursuant to the Consolidated Law on Private Insurance Companies or voluntary winding up proceedings of the Guarantor being instituted or the Guarantor becoming subject to a liquidation order, Noteholders shall be entitled to claim such unsettled amount in the

liquidation of the Guarantor under the Deed of Guarantee, and such claim shall rank *pari passu* with the obligations of the Guarantor in respect of its saving shares.

**Loss Absorption and Solvency Margin Event:**

To the extent that the Guarantor at any time suffers losses (also taking into account profits and losses relating to previous financial years) which would result in the Solvency Margin being reduced below the Required Solvency Margin (a “**Solvency Margin Event**”), the obligations of the Issuer to make payments in respect of the Notes, will be deferred to the extent necessary to enable the Guarantor to continue to carry on its activities in accordance with applicable regulatory requirements. In any such case, interest will continue to accrue on the nominal value of the Notes. The obligations of the Issuer to make payments in respect of the Notes, will, subject to Conditions 6(a) to (d), be reinstated (in priority to any Junior Securities of the Guarantor and on a *pari passu* basis with any Parity Securities of the Guarantor), as if such obligations of the Issuer had not been so deferred:

- (i) in whole, in the event of winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*) of the Issuer or the Guarantor and with effect immediately prior to the commencement of such winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*); and
- (ii) in whole, in the event of early redemption of the Notes pursuant to Conditions 7(a) (*Redemption and Purchase - Redemption at the option of the Issuer*), 7(b) (*Redemption and Purchase - Redemption due to a Regulatory Event*) or 7(c) (*Redemption and Purchase - Redemption for tax reasons*); and
- (iii) in whole or in part, from time to time, to the extent that the Solvency Margin Event is no longer continuing and, therefore, the Solvency Margin is again at least equal to the Required Solvency Margin.

**Taxation:**

All payments in respect of Notes will be made free and clear of withholding taxes of The Netherlands or the Republic of Italy, as the case may be (and subject to certain customary exceptions), unless the withholding is required by law. In that event, the Issuer will (subject as provided in Condition 9 (*Taxation*)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.

**Governing Law:**

The Notes and the Guarantee of the Notes will be governed by English law.

**Listing and Trading:**

Application has been made for the Notes to be listed on the official list of the Luxembourg Stock Exchange and traded on the Regulated Market of the Luxembourg Stock Exchange. Total expenses related to listing and to admission to trading are estimated to be Euro 2,600.

<b>Rating:</b>	The Notes will be rated A3 by Moody's, A by S&P and A+ by Fitch. <b>A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.</b>
<b>Selling Restrictions:</b>	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the United Kingdom and Italy, see "Subscription and Sale" below.
<b>Clearing Systems:</b>	Euroclear Bank S.A./N.V. (" <b>Euroclear</b> ") and Clearstream Banking, <i>société anonyme</i> , Luxembourg (" <b>Clearstream, Luxembourg</b> ").
<b>ISIN:</b>	XS0283629946
<b>Common Code:</b>	028362994

## Summary in Respect of the Risk Factors

### *Risks Relating to the Notes*

An investment in the Notes involves certain risks associated with the characteristics of the Notes. Such risks could result in principal or interest not being paid by the Issuer and/or a material impairment of the market price of the Notes. Risks result especially from the fact that:

- the Issuer has no obligation to redeem the Notes and the Noteholders have no right to call for their redemption;
- the Notes may be subject to early redemption (A) at a redemption price equal to their principal amount, together with any accrued interest, (i) at any time prior to the Reset Date, in the event of certain tax changes and (ii) on the Reset Date and on any Interest Payment Date thereafter (B) at a redemption price equal to the greater of (i) the principal amount, together with any accrued interest, and (ii) the Make Whole Amount following the occurrence of a Regulatory Event;
- there is no restriction on the amount of debt which the Issuer or the Guarantor may incur in the future;
- the payment obligations of the Issuer under the Notes and the Guarantor under the Guarantee of the Notes constitute subordinated obligations of the Issuer and the Guarantor, respectively;
- the Issuer may elect or even be required to defer interest payments if certain requirements are satisfied;
- there are certain Italian taxation considerations in respect of the qualification of the Notes; and
- the ratings of the Notes may be affected by changes in rating agencies' methodologies.

### *Risks Relating to the Issuer*

The Issuer, *inter alia*, raises funds and on-lends monies to companies within the Generali Group by way of intra-group loans. In the event that a group company fails to make a payment under an intra-group loan, the Issuer may not be able to meet its payment obligations under the Notes.

### *Risks Relating to the Guarantor*

The Generali Group's business, and as a result the value of the Notes, are exposed to a number of risks. The following is a description of certain risks, which may materially adversely affect its financial position and results of operations:

- the Generali Group's financial results may be affected by fluctuations in the financial markets;

- the Generali Group's financial results may be affected by interest rates;
- the Generali Group's financial results may be affected by fluctuations in exchange rates;
- the Generali Group is subject to government regulation in the jurisdictions in which it conducts its business. Failure to comply with regulation or changes in government policy may adversely affect the Generali Group's business;
- the Generali Group is subject to credit risk;
- the Generali Group's financial results may be affected by insurance claims;
- risk management policies, procedures and methods may leave the Generali Group exposed to unidentified or unanticipated risks;
- the Generali Group is subject to operational risk;
- the Generali Group may be affected by increased competition; and
- the Generali Group is exposed to certain risks in connection with its acquisition of Toro Assicurazioni S.p.A.

### Summary in Respect of the Issuer

Generali Finance B.V. ("**Generali Finance**" or the "**Issuer**"), formerly named GME Generali-Midi Expansion B.V., is a finance company of the Generali Group. Generali Finance was incorporated as a limited liability company with unlimited duration ("*besloten vennootschap met beperkte aansprakelijkheid*") under the laws of The Netherlands on 24 April 1990. Generali Finance has its registered office in Diemen, Diemerhof 42, 1112 XN Diemen, The Netherlands, telephone number +31 20 660 1655 and statutory seat ("*statutaire zetel*") in Amsterdam and is registered under number 33219814 with the Trade Register of the Chamber of Commerce of Amsterdam.

The corporate purpose of Generali Finance, as set forth in Article 2 of its Articles of Association, is to take up loans and to grant loans, including public and private borrowings. Generali Finance may also participate in, conduct the management of and finance other companies and business enterprises, of any nature whatsoever. Generali Finance may also acquire, conduct the management of, administer, operate, encumber and dispose of operating assets and other assets. Additionally, Generali Finance may guarantee liabilities of third parties and render services and give other support to legal persons and companies, with which Generali Finance forms a group.

As part of the corporate reorganisation of the Generali Group, over 2004 and 2005 Generali Finance transferred all its shareholdings to other companies within the Generali Group. However, in December 2006, Generali Finance acquired interests in Generali Belgium S.A., Generali Holding Vienna A.G. and Generali Capital Finance B.V.

Generali Finance recorded a total profit of Euro 12 million for the financial year ended 2005. Excluding the profits from the sale of shareholdings of Euro 0.4 million, the net profit would have totalled Euro 11.6 million, representing a decrease of 30.8 per cent. compared to the figure of Euro 16.8 million (excluding the profits of Euro 72.7 million from the sale of certain shareholdings) in 2004.

As at 31 December 2005, issued and paid up share capital amounted to Euro 100 million (compared to Euro 220.1 million in 2004) and reserves amounted to Euro 147.2 million (compared to Euro 543.2 million in 2004).

The Board of Directors of Generali Finance currently consists of the following members: Frans W. H. M. Heus, Gerrit K. Nolles, Aart G. Olivier and Amerigo Borrini. The independent auditors of Generali Finance are PricewaterhouseCoopers Accountants N.V. who have been appointed for an undetermined period from the financial year 2004 to audit the non consolidated financial statements of Generali Finance.

PricewaterhouseCoopers Accountants N.V. are registered in The Netherlands as members of NIVRA or NOvAA.

### Summary in Respect of the Guarantor

Established in Trieste in 1831 as a company limited by shares (*Società per Azioni*) with a duration of 300 years, Assicurazioni Generali S.p.A. (“**Assicurazioni Generali**” or the “**Guarantor**”) and its consolidated subsidiaries (together the “**Generali Group**”) is the largest insurance group in Italy and the third largest in Europe in terms of total gross premiums written. The Generali Group operates in some 40 countries worldwide through branch offices and subsidiaries. The registered address of Assicurazioni Generali is Piazza Duca degli Abruzzi 2, 34132 Trieste, Italy and the telephone number is +39 040 671111. Assicurazioni Generali is registered at the Companies’ Registry of the Chamber of Commerce of Trieste, Italy under registration no. 00079760328.

### Overview

The corporate purpose of Assicurazioni Generali, as provided by Articles 4.1 and 4.2 of its by-laws, is to: (i) engage in and carry out the business of insurance, reinsurance and capitalisation of every kind and to operate and manage any forms of supplementary pensions, including through the creation of open funds, in Italy and abroad, or the undertaking of any other activities reserved or admitted by the law to insurance companies; and (ii) in general engage in and perform any activity and carry out any transaction that is related to, connected with or conducive to the attainment of the corporate purpose, also through the participation in Italian or foreign companies and bodies.

Assicurazioni Generali has a dual function within the Generali Group, acting as an insurer in its own right, operating through branch offices in Italy and other countries, and also acting as the parent company of the Generali Group.

The Generali Group undertakes a wide range of direct life and non-life insurance business, assumed reinsurance business and activities in fund and asset management and related areas. As at 30 September 2006, the Generali Group fully consolidates 310 companies: 115 insurance companies, 57 financial holding companies, 70 real estate companies and 68 services companies. The Group controls 10 subsidiaries that are accounted for on an equity basis. Such subsidiaries operate in insurance-related areas, such as fund and asset management. Assicurazioni Generali controls a further 313 non-consolidated subsidiaries and has a significant influence on a further 68 companies which are accounted for on a cost method basis.

On 4 October 2006, Assicurazioni Generali acquired a controlling stake in the share capital of Toro Assicurazioni S.p.A. (“**Toro**”) and on 19 December 2006, Assicurazioni Generali completed a tender offer for the remaining ordinary shares of Toro. See “Description of Assicurazioni Generali S.p.A.—Recent Developments”.

Assicurazioni Generali was first quoted on the Trieste stock exchange in 1857. Since 15 April 1994, Assicurazioni Generali shares have been listed on the *Mercato Telematico Azionario*, the electronic stock market of the Italian Stock Exchange.



### ***Selected Financial Information***

The following table sets out certain selected consolidated financial information of the Generali Group as at and for the nine months ended 30 September 2006 and as at and for the year ended 31 December 2005.

	<b>As at and for the nine months ended 30 September 2006</b>	<b>As at and for the year ended 31 December 2005</b>
	<i>IFRS (unaudited)</i>	<i>IFRS (audited)</i>
	<i>(in billions of Euro, except percentages)</i>	
Gross premiums .....	45.35	62.68
Acquisition costs and general expenses .....	7.06	9.44
Investments .....	320.61	307.42
Net investment income .....	9.51	11.70
Net insurance provisions (net of consolidated adjustments) .....	287.14	275.14
Capital and reserves (group) .....	12.51	12.03
Net profit (group) .....	1.94	1.92
Expense ratio (life, net of consolidated adjustments) .....	10.2%	9.4%
Loss ratio (non-life, net of consolidated adjustments).....	69.7%	70.6%
Combined ratio (non-life, net of consolidated adjustments) .....	95.9%	97.9%

### ***Management***

The Board of Directors of Assicurazioni Generali consists of 17 members who are Antoine Bernheim (Chairman), Gabriele Galateri di Genola, Sergio Balbinot, Giovanni Perissinotto, Luigi Arturo Bianchi, Ana Patricia Botin, Gerardo Broggin, Claudio Consolo, Laurent Dassault, Diego Della Valle, Piergaetano Marchetti, Klaus-Peter Müller, Alberto Nicola Nagel, Alessandro Ovi, Alessandro Pedersoli, Reinfried Pohl and Vittorio Ripa di Meana.

The Board of Statutory Auditors of Assicurazioni Generali consists of three permanent auditors and two alternate auditors who are Gianfranco Barbato (Chairman), Gaetano Terrin, Paolo D'Agnolo, Giuseppe Alessio-Verni (alternate auditor) and Paolo Bruno (alternate auditor).

### ***Independent Auditors***

The current independent auditors of Assicurazioni Generali are PricewaterhouseCoopers S.p.A. who were appointed for a term of 6 years at an Ordinary General Meeting of Assicurazioni Generali held on 29 April 2006 to audit the annual non-consolidated and consolidated financial statements of Assicurazioni Generali.

## **RISK FACTORS**

*Each of the Issuer and the Guarantor believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer and the Guarantor are not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.*

*Each of the Issuer and the Guarantor believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons which may not be considered significant risks by each of the Issuer and the Guarantor based on information currently available to it or which it may not currently be able to anticipate.*

*Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.*

*Words and expressions defined in “Terms and Conditions of the Notes” or elsewhere in this Prospectus have the same meaning in this section. References to a “Condition” is to such numbered condition in the Terms and Conditions of the Notes. Prospective investors should read the entire Prospectus.*

### **Risks Relating to the Notes**

An investment in the Notes involves certain risks associated with the characteristics of the Notes. Such risks could result in principal or interest not being paid by the Issuer, the Guarantor not making payment under the Guarantee of the Notes and/or a material impairment of the market price of the Notes. The following is a description of certain risk factors in relation to the Notes.

#### ***The Notes may not be a suitable investment for all investors***

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor’s currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes

will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

***The Notes have an indefinite term and, thus, Noteholders' rights are limited***

The Notes have an indefinite term. The Issuer is under no obligation to redeem the Notes at any time before the date on which voluntary or involuntary winding up proceedings are instituted in respect of the Issuer or in respect of the Guarantor and the Noteholders have no right to call for their redemption.

***There is redemption risk associated with the Notes***

The Notes will be redeemed on the date on which voluntary or involuntary winding up proceedings are instituted in respect of the Issuer or in respect of the Guarantor as described in Condition 7 (*Redemption and Purchase*). In addition, the Issuer may, at its option, also redeem the Notes in whole, but not in part, on the Reset Date and on any Interest Payment Date thereafter at an amount equal to their principal amount, together with any accrued interest, as described in Condition 7(a) (*Redemption and Purchase - Redemption at the option of the Issuer*). In addition, the Issuer may, at its option, redeem the Notes in whole, but not in part, at any time before the Reset Date following the occurrence of a Regulatory Event at a redemption price equal to the greater of (i) the principal amount together with any accrued interest and (ii) the Make Whole Amount as described in Condition 7(b) (*Redemption and Purchase - Redemption due to a Regulatory Event*). Also, the Issuer may, at its option, redeem the Notes in whole, but not in part, at any time prior to the Reset Date at a redemption price equal to their principal amount plus accrued interest, in the event of certain tax changes as described in Condition 7(c) (*Redemption and Purchase - Redemption for tax reasons*). Any redemption of the Notes, save in accordance with the first sentence of this paragraph, is subject to the prior approval of ISVAP. If the Issuer calls and redeems the Notes in any of the circumstances mentioned above, the Noteholders may only be able to reinvest the redemption proceeds in securities with a lower yield.

***There are no restrictions on the amount of liabilities which the Issuer may issue or which Assicurazioni Generali may guarantee***

There is no restriction on the amount of liabilities which the Issuer or the Guarantor may issue or guarantee which rank senior to the Notes or on the amount of liabilities which the Issuer or the Guarantor may issue or guarantee which rank *pari passu* with the Notes.

The occurrence of such issue or guarantee may reduce the amount recoverable by Noteholders on liquidation, dissolution, insolvency, composition or other proceeding for the avoidance of insolvency of, or against, the Issuer or the Guarantor.

***The Guarantee will be a subordinated obligation of Assicurazioni Generali***

The Notes and the Guarantor's obligations under the Guarantee of the Notes will be undated, unsecured, subordinated obligations of the Issuer and the Guarantor, respectively. Upon the occurrence of any winding-up proceedings of the Issuer or the Guarantor, payments on the Notes will be subordinated in right of payment to the prior payment in full of all other liabilities of the Issuer and the Guarantor (including dated subordinated obligations), except those liabilities which rank *pari passu* with, or junior to, the Notes or the Guarantor's obligations under the Guarantee of the Notes. In liquidation, dissolution, insolvency, composition or other proceedings for the avoidance of insolvency of, or against, the Issuer or the Guarantor, the Noteholders may recover proportionally less than the holders of unsubordinated and dated subordinated liabilities of the Issuer or the Guarantor, as the case may be.

The Noteholders explicitly accept that, in the circumstances described above, payments in respect of the Notes will be made by the Guarantor pursuant to the Guarantee of the Notes only in accordance with the subordination described above.

***The Terms and Conditions of the Notes provide for, in certain circumstances, optional deferral or cancellation of interest payments***

Noteholders should be aware that the Issuer may elect by giving notice to the Noteholders pursuant to Condition 15 (Notices) to defer payment (A) of all (or some only) of the interest accrued to an Interest Payment Date if (i) during the 12-month (or 6-month or 3-month for securities (other than shares) where remuneration is paid, respectively, every 6 or 3 months) period prior to such Interest Payment Date no dividend or other distribution has been declared, made, approved or set aside for payment in respect of any Junior Securities of the Guarantor or Parity Securities of the Guarantor, or in case there has been any such applicable declaration or payment, so long as such had itself been triggered by previous declaration or payment of dividend or other distribution on any Parity Securities of the Guarantor or Junior Securities of the Guarantor or by the redemption, repurchase or acquisition of any Parity Securities of the Guarantor or Junior Securities of the Guarantor; and (ii) during the 12-month (or 6-month or 3-month for securities (other than shares) where remuneration is paid, respectively, every 6 or 3 months) period prior to such Interest Payment Date neither the Guarantor nor any of its Subsidiaries has redeemed, repurchased or acquired any Junior Securities of the Guarantor (other than a Permitted Repurchase) or Parity Securities of the Guarantor; or (B) of part only, *pari passu* and *pro rata*, of the interest accrued to an Interest Payment Date if and to the extent that during the 12-month (or 6-month or 3-month for securities (other than shares) where remuneration is paid, respectively, every 6 or 3 months) period prior to such Interest Payment Date a partial distribution has been declared, made, approved or set aside for payment in respect of any Parity Securities of the Guarantor. For further details see Condition 6(a) (*Deferral of interest - Optional deferral of interest*).

The Issuer may elect in its discretion to satisfy any interest payment it defers only to the extent of funds raised by way of the ACSM. Under certain circumstances the Issuer and the Guarantor must use best efforts and do what is reasonably possible to cause settlement in accordance with the ACSM.

Noteholders will not receive any additional interest or compensation for the optional deferral of payment. Noteholders should be aware that under certain limited circumstances a payment of interest may be cancelled and only subsequently be claimed in case of a liquidation, in which circumstance such claim will rank *pari passu* with savings shares of the Guarantor. For further details see Condition 6 (*Interest deferral*).

***The Terms and Conditions of the Notes provide for, in certain circumstances, mandatory deferral or cancellation of interest payments***

Noteholders should be aware that if on an Interest Payment Date (A) a Regulatory Intervention regarding the Guarantor has occurred and such Regulatory Intervention is continuing on such Interest Payment Date or (B) a Mandatory Deferral Event has occurred, then the Issuer will be required to defer interest which accrued during the interest period to but excluding such Interest Payment Date. For further details see Condition 6(b) (*Interest deferral - Mandatory deferral of interest*).

If on an Interest Payment Date a Mandatory Deferral Event has occurred, then the Issuer will be required to defer payment of interest. If the Issuer is required to defer a payment of interest following the occurrence of a Mandatory Deferral Event on an Interest Payment Date, then the Issuer will also be required to defer on one or more subsequent Interest Payment Dates until all Mandatory Deferral Events have been cured.

The Issuer may elect in its discretion to satisfy any interest payment it defers only to the extent of funds raised by way of the ACSM. Under certain circumstances the Issuer and the Guarantor must use best efforts and do what is reasonably possible to cause settlement in accordance with the ACSM.

Noteholders will not receive any additional interest or compensation for the mandatory deferral of payment. Noteholders should be aware that under certain limited circumstances a payment of interest may be cancelled and only subsequently be claimed in case of a liquidation, in which circumstance such claim will rank *pari passu* with savings shares of the Guarantor. For further details see Condition 6 (*Interest deferral*).

### ***Obligations under the subordinated guarantee are limited***

The Guarantor's obligations under the Guarantee of the Notes are limited to the amounts of the payments due and unpaid under the Notes. Only amounts due and payable in accordance with the terms and conditions of the Notes are guaranteed. Under no circumstances does the Guarantee of the Notes provide for acceleration of any payments on, or repayment of, the Notes.

### ***The Notes current have no established trading market, and such markets may never develop***

The Notes have no established trading markets, and such markets may never develop. If markets do develop, they may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of the Notes.

### ***In certain instances, the Notes may be exposed to interest rate risk***

Until the Reset Date, the Notes will carry fixed interest. A holder of a security with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital market (the "**Market Interest Rate**"). While the nominal interest rate of a security with a fixed interest rate is fixed during the life of such security or during a certain period of time, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of such security changes in the opposite direction. If the Market Interest Rate increases, the price of such security typically falls, until the yield of such security is approximately equal to the Market Interest Rate. If the Market Interest Rate falls, the price of a security with a fixed interest rate typically increases, until the yield of such security is approximately equal to the Market Interest Rate. Investors should be aware that movements of the Market Interest Rate could adversely affect the market price of the Notes and lead to losses for Noteholders if they sell Notes before the Reset Date.

### ***The Notes do not contain covenants governing the Generali Group's operations and do not limit its ability to merge, effect asset sales or otherwise effect significant transactions that may have a material and adverse effect on the Notes and the holders thereof***

The Notes do not contain covenants governing its operations and do not limit the Generali Group's ability to enter into a merger, asset sale or other significant transaction that could materially alter its existence, jurisdiction of organization or regulatory regime and/or its composition and its business. In the event the Generali Group was to enter into such a transaction, Noteholders could be materially and adversely affected.

### ***Qualification of the Notes under Italian tax law***

Italian tax law does not provide for any specific and proper definition of the categories of "bonds" and "debentures similar to bonds" referred to in Article 1 and following of Legislative Decree No. 239 of 1 April 1996 ("**Decree No. 239**"). The statements contained in the section "Taxation. 2. Italy", regarding the applicability of the tax regime provided for by Decree No. 239 to the Notes, are based on the clarifications given by the Italian Revenue Agency in Circular No. 4/E of 18 January 2006, according to which bonds may have a maturity which is not scheduled at a specific date, but it is linked to the maturity of the issuing company (as in the case of the Notes whose maturity is linked to the maturity of the Issuer) or to the liquidation thereof, if the company has been set-up with an undetermined maturity pursuant to Article 2328 (2), No. 13, of the Italian Civil Code. Prospective purchasers and holders of the Notes must take into account that the above clarifications (as well as the Italian tax provisions in effect as of the date of this Prospectus) are subject to changes, which could also have retroactive effects. Should, following a change in the Italian tax provisions or in the interpretation followed by the Italian tax authorities, the Notes be qualified as "atypical securities" pursuant to Article 5 of Law Decree No. 512 of 30 September 1983 (instead of being qualified as "bonds" or "debentures similar to bonds" subject to the tax regime described in the section "Taxation. 2. Italy"), interest and other proceeds (including the difference between the redemption amount and the issue price) in respect of the Notes could be subject to an Italian withholding tax at a rate of 27 per cent. if owed to beneficial owners resident of Italy for tax purposes, depending on the legal status of the



beneficial owner of such interest and other proceeds. Based on Condition 9(a)(ii) of the “Terms and Conditions of the Notes”, the above withholding tax would not give rise to any obligation of the Issuer or the Guarantor to pay additional amounts.

***The EU Savings Directive may be applicable to certain payments made under the Notes***

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland). If, following implementation of this Directive, a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a Paying Agent following implementation of this Directive, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

***Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer***

The Notes are represented by Global Notes. Such Global Notes will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg. While the Notes are represented by one or more Global Notes the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes. Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

***Credit ratings assigned to the Notes may not reflect all the risks associated with the Notes***

The credit ratings assigned to the Notes may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

***Ratings of the Notes may be affected by changes in rating agencies' methodologies***

In November 2006, Moody's proposed new guidelines for rating hybrid securities such as the Notes. In addition to the existing guidelines, which address severity of loss in the event of a default, the new guidelines would also take into account the ability of an issuer to defer or otherwise omit scheduled interest payments without triggering a default. If adopted as proposed, it is likely that the new guidelines would result in a lower rating for the Notes than would be achieved under the current guidelines. It cannot be predicted whether these guidelines will be adopted as proposed, or if they are adopted as proposed or with modifications, what impact they would have on the Notes. If, as a result of the application of these or any



other subsequent new rating agency guidelines, the rating of the Notes is downgraded, the market price of the Notes may be adversely affected.

***Legal investment considerations may restrict certain investors from purchasing the Notes***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to the purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

**Risks Relating to the Issuer**

The Issuer, *inter alia*, raises funds and on-lends monies to companies within the Generali Group by way of intra-group loans. In the event that a group company fails to make a payment under an intra-group loan, the Issuer may not be able to meet its payment obligations under the Notes.

**Risks Relating to the Guarantor**

The following is a description of certain risk factors in relation to the Guarantor. The realisation of any of the risks described below may affect the Guarantor's ability to fulfil its payment obligations under the Guarantee of the Notes and/or may adversely affect the market price of the Notes and could lead to losses for Noteholders if they sell Notes before they fall due for redemption. As a result, investors are exposed to the risk of losing their investment in whole or in part.

***The Generali Group's financial results may be affected by fluctuations in the financial markets***

Market levels and investments returns are an important part of the Generali Group's overall profitability and fluctuations in the financial markets such as the fixed income or equity markets can have a material effect on the consolidated results of operations. Changes in these factors can be very difficult to predict. Any adverse changes in the economies and/or financial markets in which funds under management are invested could have a material adverse effect on the Generali Group's consolidated financial condition, results of operations and cash flows.

Fluctuations in interest rates may affect returns on fixed income investments and their market value. Generally, investment income may be reduced during sustained periods of lower interest rates as higher yielding fixed income securities are called, mature or are sold and the proceeds are reinvested at lower rates even though prices of fixed income securities tend to rise and gains realised upon their sale tend to increase. During periods of rising interest rates, prices of fixed income securities tend to fall and gains made upon their sale are lower or the losses made are greater.

In addition, the Generali Group invests a substantial portion of its assets in equities, which are generally subject to greater risks and more volatility than fixed income securities. General economic conditions, stock market conditions and many other factors beyond the control of the Generali Group can adversely affect the equity markets.

In addition to the general insurance and shareholder portfolios, the Generali Group has substantial exposure to fixed income securities, equities and real estate within its life assurance portfolios worldwide. The investment risk on life assurance portfolios is often shared in whole or in part with policyholders, depending on the product sold. Fluctuations in the fixed income and equity markets will directly or indirectly affect the financial results of life assurance operations, in particular through its impact on the levels of charges made on investment policies which in most cases are related to the value of the assets backing the policy liabilities. In addition, such fluctuations will affect the financial condition of the Generali Group as a result of changes to the capital requirements of the life assurance businesses.

The revenues of the Generali Group's asset management businesses around the world are derived primarily from investment management fees, which are based primarily on the market value of funds under management. Consequently, the asset management business's financial results depend on changes in the economic conditions and financial markets in which the funds under management are invested.

Investment returns are also susceptible to changes in general economic conditions, including changes affecting the general creditworthiness of the issuer of debt securities and equity securities held in the businesses' portfolios. The value of fixed income securities may be affected by, amongst other things, changes in the issuer's credit rating. Where the credit rating of the issuer of a debt security drops, the value of the security may also decline. Should the credit rating of the issuer drop to a level such that regulatory guidelines prohibit the holding of such securities to back insurance liabilities, the resulting disposal may lead to a significant loss on the Generali Group's investment.

The value of real estate can be affected by, among other things, changes in economic conditions, disposable income and in interest rate levels.

***The Generali Group's financial results may be affected by interest rates***

Significant changes in interest rates could materially and adversely affect the Generali Group's business and financial performance. The level of and changes in interest rates (including changes in the difference between the levels of prevailing short-term and long-term rates) can affect the Generali Group's life insurance, banking and asset management results and interest payable on debt. In particular, interest rates can affect the availability of disposable income for investment in life assurance and other savings products, asset values, levels of bad debts, levels of investment income gains and losses on investments, funding costs and interest margins. Whilst interest rates increase the margin spread potential for the banking business, they are also likely to result in a decrease in fixed income asset values for life insurance companies. Generally, the impact of rising interest rates on the asset management business is driven by the change in value of funds under management.

Fluctuations in interest rates and returns from equity markets also have an impact on consumer behaviour, especially in the life and asset accumulation businesses, where demand for fixed income products may decline when interest rates fall and equity markets are performing well. The demand of general insurance, particularly commercial lines, can also vary with the overall level of economic activity.

***The Generali Group's financial results may be affected by fluctuations in exchange rates***

The Generali Group presents its consolidated financial statements in euro but a substantial proportion of its operations are accounted for in currencies other than euro, principally the Swiss Franc and the US Dollar.

As a result of the accounting for operations in currencies other than euro, fluctuations in the relevant value of the euro to the Swiss Franc, the US dollar and other currencies could be significant because, amongst other things, these fluctuations could cause the Generali Group's earnings to fluctuate; and affect the comparability between results in one financial period and those in the preceding financial period.

***The Generali Group is subject to significant government regulation and may be exposed to changes in such regulation***

The Generali Group's insurance, asset management and banking subsidiaries are subject to government regulation in the jurisdictions in which they conduct business. Regulatory agencies - in particular, *Istituto per la Vigilanza sulle Assicurazioni Private e di Interesse Collettivo* ("ISVAP") (in the case of the Guarantor) - have broad jurisdiction over many aspects of these businesses, which may include capital adequacy, premium rates, marketing and selling practices, advertising, licensing agents, policy forms, terms of business and permitted investments.

All financial services groups face the risk that regulators may find that they have failed to comply with applicable regulations or have not undertaken corrective action as required. Regulatory proceedings could result in adverse publicity for, or negative perceptions regarding, the Generali Group, as well as diverting

management's attention away from the day-to-day management of the business. A significant regulatory action against a member of the Generali Group could have a material adverse effect on the business of the Generali Group, its results of operations and/or financial condition.

In addition, changes in government policy, legislation or regulatory interpretation applying to the financial services industry in the markets in which the Generali Group operates may adversely affect its product range, distribution channels, capital requirements and, consequently, its results and financing requirements. These changes, which may occur at any time, include possible changes in government pension requirements and policies, the regulation of selling practices and solvency requirements.

#### ***The Generali Group is subject to credit risk***

The Generali Group has counterparty risk in relation to third parties. A failure by its counterparties to meet their obligations could have a material impact on its financial position. The Generali Group is exposed to credit risk, amongst other things, through holdings of fixed income instruments and loan advances.

Additionally, the Generali Group's life assurance and general insurance businesses have substantial exposure to reinsurers through reinsurance arrangements. Under such arrangements, other insurers assume a portion of the costs, losses and expenses associated with policy claims and maturities and reported and unreported losses in exchange for a portion of policy premiums. The availability, amount and cost of reinsurance depend on general market conditions and may vary significantly. Any decrease in the amount of reinsurance cover purchased will increase the Generali Group's risk of loss. When reinsurance is obtained, the Generali Group is still liable for those transferred risks if the reinsurer does not meet its obligations. Therefore, the inability or failure of reinsurers to meet their financial obligations could materially affect the Generali Group's operations and financial condition.

A default by an institution or even concerns as to its credit-worthiness could lead to significant liquidity problems, losses or defaults by other institutions because the stability of many financial institutions may be closely linked to credit, trading, clearing or other relationships between institutions. This risk may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with which the Generali Group interacts on a daily basis and therefore could adversely affect the Generali Group.

#### ***The Generali Group's financial results may be affected by insurance claims***

The frequency and severity of incurred and reported insurance claims are an important part of the Generali Group's overall profitability and fluctuations in insurance claims can have a material effect on the consolidated results of operations. In addition any adverse changes in the rate of claims inflation or in the cost of reinsurance protection could have a material adverse effect on the Generali Group's consolidated financial condition, results of operations and cash flows. Changes in these factors can be very difficult to predict.

#### ***Risk management policies, procedures and methods may leave the Generali Group exposed to unidentified or unanticipated risks***

The Generali Group has devoted significant resources to developing policies, procedures and assessment methods to manage market, credit, liquidity and operating risk and intends to continue to do so in the future. Nonetheless, the Generali Group's risk management techniques and strategies may not be fully effective in mitigating its risk exposure in all market environments or against all types of risks, including risks that the Generali Group fails to identify or anticipate. If existing or potential customers believe that the Generali Group's risk management policies and procedures are inadequate, the Issuer's reputation as well as its revenues and profits may be negatively affected.

#### ***The Generali Group is subject to operational risk***

The Generali Group, like all financial services groups, is exposed to many types of operational risk, including the risk of fraud by employees and outsiders, unauthorised transactions by employees or

operational errors, including errors resulting from faulty computer or telecommunication systems. The Generali Group's systems and processes are designed to ensure that the operational risks associated with the Generali Group's activities are appropriately monitored. Any failure or weakness in these systems or processes, however, could adversely affect the Generali Group's financial performance and business activities.

***The Generali Group may be affected by increased competition***

The Italian insurance market has experienced significant changes in recent years due to the introduction of several laws and regulations as a result of the implementation of a number of insurance directives issued by the European Union (EU). As a result, direct marketing of non-life and life insurance may be carried out on a cross-border basis and therefore for insurance companies it is much easier to operate outside their home state. The development of a single European market together with the reduction of regulatory restrictions is also facilitating the growth of new distribution systems, partially replacing the traditional reliance on insurance intermediaries such as agents. Changes in the regulatory regime have also increased competitive pressure on insurance companies in the Italian market in general. There is no assurance that the Generali Group will be able to compete successfully in the future against existing or potential competitors or that the Generali Group's business, financial condition and results of operations will not be adversely affected by increased competition.

***The business of Toro is subject to operational risks similar to the operational risks the Generali Group faces***

In 2006, the Generali Group acquired Toro Assicurazioni S.p.A. ("**Toro**"). For further details, see "Description of Assicurazioni Generali S.p.A.—Recent Developments".

The business of Toro is affected by market risks and other risks described with respect to the Generali Group elsewhere in this section and in this Prospectus. In particular, its business is subject to many of the same risks that could potentially affect the Generali Group's business and its operating results, including: exposure to fluctuation in the financial markets; interest rate exposure; exposure to fluctuations in exchange rates; regulatory actions; credit risk; insurance claims; competition and operational risk. Any of these risks could have material adverse effects on the Generali Group's future consolidated financial condition, results of operations and cash flows.

Additionally, the business of Toro could be adversely affected by the Italian Antitrust Authority's requirement that Assicurazioni Generali sell Nuova Tirrena S.p.A. di Assicurazioni, Riassicurazioni e Capitalizzazioni ("**Nuova Tirrena**"), a subsidiary of the Toro group which operates primarily in the non-life insurance sector, as a condition to its approval of the Generali Group's acquisition of Toro. However, Assicurazioni Generali has appealed this requirement of the Italian Antitrust Authority. See "Description of Assicurazioni Generali S.p.A.—Recent Developments."

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Prospectus:

- (1) the audited non-consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2004 and 2005;
- (2) the audited non-consolidated interim financial statements of the Issuer as at and for the six months ended 30 June 2005;
- (3) the unaudited non-consolidated interim financial statements of the Issuer as at and for the six months ended 30 June 2006;
- (4) the unaudited non-consolidated interim financial statements of the Issuer as at and for the nine months ended 30 September 2005 and 2006;
- (5) the audited consolidated annual financial statements of the Guarantor as at and for the years ended 31 December 2004 and 2005;
- (6) the unaudited consolidated interim financial statements of the Guarantor as at and for the six months ended 30 June 2005 and 2006;
- (7) the auditor's limited review report on the unaudited consolidated interim financial statements of the Guarantor as at and for the six months ended 30 June 2006; and
- (8) the unaudited consolidated interim financial statements of the Guarantor as at and for the nine months ended 30 September 2005 and 2006,

in each case together with the accompanying notes and auditor's reports where relevant.

The Issuer will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the request of such person, a copy of any or all the documents deemed to be incorporated by reference herein. Requests for such documents should be directed to the Issuer at its offices set out at the end of this Prospectus. In addition such documents will be available, without charge, at the principal office of the Fiscal Agent in Luxembourg and on the Luxembourg Stock Exchange's website ([www.bourse.lu](http://www.bourse.lu)).

The non-consolidated financial statements of the Issuer as at and for the years ended 31 December 2004 and 2005, the non-consolidated financial statements of the Issuer as at and for the six months ended 30 June 2005 and 2006 and the non-consolidated financial statements of the Issuer as at and for the nine months ended 30 September 2005 and 2006, each incorporated by reference herein, have been prepared in accordance with accounting principles prescribed by Dutch law, as interpreted and supplemented by the accounting principles issued by the *Koninklijk Nederlands Instituut van Registeraccountants* (collectively, "**Dutch GAAP**").

The consolidated financial statements of the Guarantor incorporated by reference herein as at and for the year ended 31 December 2005 have been prepared in accordance with international accounting standards IAS/IFRS (International Accounting Standards/ International Financial Reporting Standards) as referred to herein and the consolidated financial statements of the Guarantor incorporated by reference herein as at and for the year ended 31 December 2004 have been prepared in accordance with Italian generally accepted accounting principles ("**Italian GAAP**") and have been restated in accordance with international accounting standards IAS/IFRS as referred to herein. Such restatement is included in the consolidated financial statements of the Guarantor as at and for the year ended 31 December 2005.

The unaudited consolidated financial statements of the Guarantor as at and for the six months ended 30 June 2005 and 2006 incorporated by reference herein have been prepared in accordance with international accounting standards IAS/IFRS as referred to herein. The unaudited consolidated financial statements of the Guarantor as at and for the nine months ended 30 September 2005 and 2006 incorporated by reference herein have been prepared in accordance with Art. 82 of Rules for Issuers No. 11971/99, amended by CONSOB resolution No. 14990 of 14 April 2005. Profit and loss account and balance sheet data has been presented based on Annex 3D, adopting IAS/IFRS.

The non-consolidated financial statements of the Issuer as at and for the years ended 31 December 2004 and 2005 and the non-consolidated financial statements of the Issuer as of and for the six months ended 30 June 2005, each incorporated by reference herein, have been audited by PricewaterhouseCoopers Accountants N.V. The unaudited and non-consolidated financial statements of the Issuer as at and for the six months ended 30 June 2006 incorporated by reference herein have not been reviewed or audited by PricewaterhouseCoopers Accountants N.V. The unaudited and non-consolidated financial statements of the Issuer as at and for the nine months ended 30 September 2005 and 2006 incorporated by reference herein have not been reviewed or audited by PricewaterhouseCoopers Accountants N.V..

The consolidated financial statements of the Guarantor as at and for the years ended 31 December 2004 and 2005 incorporated by reference herein have been audited by PricewaterhouseCoopers S.p.A. The unaudited consolidated financial statements of the Guarantor as at and for the six months ended 30 June 2005 and 2006 incorporated by reference herein have been reviewed by PricewaterhouseCoopers S.p.A. The unaudited consolidated financial statements of the Guarantor as at and for the nine months ended 30 September 2005 and 2006 incorporated by reference herein have not been audited or reviewed.

The audit reports of PricewaterhouseCoopers Accountants N.V. and PricewaterhouseCoopers S.p.A. described above in respect of the foregoing audited financial statements of the Issuer and the Guarantor are included in such financial statements incorporated by reference herein.



## Cross reference list

The following table shows where the information required under Annex IX, paragraph 11.1 of Commission Regulation (EC) No. 809/2004 can be found in the above-mentioned documents.

### *Generali Finance - Non-consolidated annual financial statements*

<i>Commission Regulation (EC) No. 809/2004, Annex IX, Paragraph 11.1</i>	<b>2005</b>	<b>2004</b>
Balance sheet	Pages 6-7	Pages 6-7
Statement of income	Page 8	Page 8
Accounting policies and explanatory notes	Pages 9-13	Pages 9-12
Auditors' review/reports	Page 15	Page 16

### *Generali Finance – Non-consolidated six month financial statements*

<i>Commission Regulation (EC) No. 809/2004, Annex IX, Paragraph 11.1</i>	<b>2006</b>	<b>2005</b>
Balance sheet	Pages 2-3	Pages 5-6
Statement of income	Page 4	Page 7
Accounting policies and explanatory notes	Page 5	Pages 8-11
Auditors' review/reports		Page 14

### *Generali Finance - Non-consolidated nine month financial statements*

	<b>2006</b>	<b>2005</b>
Balance sheet	Pages 5-6	Pages 2-3
Statement of income	Page 7	Page 4
Accounting policies and explanatory notes	Pages 8-11	Pages 5-6

Any information not listed in the cross-reference list, but included in the documents incorporated by reference, is given for information purposes only.

### *Assicurazioni Generali - Consolidated annual financial statements*

<i>Commission Regulation (EC) No. 809/2004, Annex IX, Paragraph 11.1</i>	<b>2005</b>	<b>2004</b>
Balance sheet	Pages 52-53	Pages 42-50
Statement of income	Page 55	Pages 52-58
Cash flow statement	Page 58	Page 93
Accounting policies and explanatory notes	Pages 61-150	Pages 63-93
Auditors' review/reports	Pages 197-198	Pages 141-142

### *Assicurazioni Generali – Consolidated six month financial statements*

<i>Commission Regulation (EC) No. 809/2004, Annex IX, Paragraph 11.1</i>	<b>2006</b>	<b>2005</b>
Balance sheet	Pages 54-55	Page 48
Statement of income	Page 57	Page 49
Cash flow statement	Page 60	Page 56
Accounting policies and explanatory notes	Pages 65-83	Pages 59-113
Auditors' review/reports		Pages 140-143

***Assicurazioni Generali – Auditors’ Limited Review Report on consolidated six month financial statements***

*Commission Regulation (EC) No.809/2004, Annex IX, Paragraph 11.1*

**2006**

Auditors’ review/reports

Pages 1-2

***Assicurazioni Generali - Consolidated nine month financial statements***

	<b>2006</b>	<b>2005</b>
Balance sheet	Pages 48-49	Page 40
Statement of income	Page 51	Page 41
Accounting policies and explanatory notes	Pages 59-60	Pages 49-51

Any information not listed in the cross-reference list, but included in the documents incorporated by reference, is given for information purposes only.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions which will be endorsed on each Note in definitive form. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “Summary of Provisions Relating to the Notes While in Global Form” below.*

The issue of the Euro 1,250,000,000 Fixed/Floating Rate Perpetual Guaranteed Subordinated Notes (the “**Notes**”) issued by Generali Finance B.V. (the “**Issuer**”) and guaranteed by Assicurazioni Generali S.p.A. (the “**Guarantor**”) was authorised by a resolution of the board of directors of the Issuer passed on 8 January 2007 and the guarantee of the Notes was authorised by a resolution of the board of directors of the Guarantor passed on 7 September 2006. The Notes are the subject of (a) a deed of guarantee dated 8 February 2007 (as amended or supplemented from time to time, the “**Deed of Guarantee**”) entered into by the Guarantor and (b) a fiscal agency agreement dated 8 February 2007 (as amended or supplemented from time to time, the “**Agency Agreement**”) between the Issuer, the Guarantor, BNP Paribas Securities Services, Luxembourg Branch as fiscal agent (the “**Fiscal Agent**”, which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the paying agent named therein (together with the Fiscal Agent, the “**Paying Agents**”, which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes). Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Guarantee and are subject to their detailed provisions. The holders of the Notes (the “**Noteholders**”) and the holders of the related interest coupons (the “**Couponholders**” and the “**Coupons**”, respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Guarantee applicable to them. Copies of the Agency Agreement and the Deed of Guarantee are available for inspection during normal business hours at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.

### 1. Interpretation

- (a) *Definitions:* In these Conditions the following expressions have the following meanings:

“**ACSM**” is the Alternative Coupon Satisfaction Mechanism described in Condition 6(d) (*Interest deferral – Alternative Coupon Satisfaction Mechanism (ACSM)*);

“**ACSM Period**” has the meaning given in Condition 6(d) (*Interest deferral – Alternative Coupon Satisfaction Mechanism (ACSM)*);

“**Adjusted Capital Amount**” means the Adjusted Equity Amount plus the New Capital Amount, in each case as determined in accordance with Applicable Accounting Standards;

“**Adjusted Equity Amount**” means, as at the relevant date, total shareholders’ equity before minorities as shown in the consolidated balance sheet of the Guarantor, as at the end of any Reporting Period of the Guarantor, minus/plus foreign currency translation adjustments and minus/plus net unrealised gains/losses included in the consolidated balance sheet of the Guarantor, as determined in accordance with Applicable Accounting Standards;

“**Applicable Accounting Standards**” means the accounting standards applied by the Guarantor for its published consolidated financial statements as applicable at the relevant dates and for the relevant periods;

“**Business Day**” means a TARGET Settlement Day;

“**Business Day Convention**”, in relation to any particular date means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

“**Calculation Agent**” means the Fiscal Agent or any successor calculation agent appointed from time to time in connection with the Notes;

**“Comparable German Bund Issue”** means the German Bund security selected by the Calculation Agent as having a maturity comparable to 8 February 2017 that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities having a maturity of 8 February 2017;

**“Comparable German Bund Price”** means (A) the average of five Reference German Bund Dealer Quotations for the Regulatory Event Redemption Date, after excluding the highest and lowest such Reference German Bund Dealer Quotations; or (B) if the Calculation Agent obtains fewer than five such Reference German Bund Dealer Quotations, the average of all such Reference German Bund Dealer Quotations;

**“Consolidated Law on Private Insurance Companies”** means Italian Legislative Decree No. 449 of 13 February 1959, as amended from time to time;

**“Coupon Sheet”** means, in respect of a Note, a coupon sheet relating to the Note;

**“Current Reporting Date”** means the most recent Reporting Date;

**“Deed of Covenant”** means the deed of covenant relating to the Notes dated 8 February 2007 (as amended or supplemented from time to time) entered into by the Issuer;

**“Euro Notes”** means the €1,275,000,000 Fixed/Floating Rate Perpetual Guaranteed Subordinated Notes issued by Generali Finance B.V. on 16 June 2006 and guaranteed by Assicurazioni Generali S.p.A.;

**“Extraordinary Resolution”** has the meaning given in the Agency Agreement;

**“Fixed Rate Day Count Fraction”** means in respect of the calculation of an amount for any period of time in the Fixed Rate Interest Period (for the purposes of this definition, the “Calculation Period”) the actual number of days in the Calculation Period divided by the actual number of days in the relevant calendar year;

**“Fixed Rate Interest Payment Date”** means 8 February of each year beginning on 8 February 2008 up to and including the Reset Date;

**“Fixed Rate Interest Period”** means each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date for so long as Condition 5(a) (*Interest – Fixed Rate*) applies;

**“Fixed Rate of Interest”** has the meaning given in Condition 5(a) (*Interest – Fixed Rate*);

**“Floating Rate Day Count Fraction”** means in respect of the calculation of an amount for any period of time in the Floating Rate Interest Period (for the purposes of this definition, the “Calculation Period”) the actual number of days in the Calculation Period divided by 360;

**“Floating Rate Interest Determination Date”** has the meaning given in Condition 5(b) (*Interest – Floating Rate*);

**“Floating Rate Interest Payment Date”** means 8 May, 8 August, 8 November and 8 February of each year beginning on 8 May 2017 up to and including the date of redemption of the Notes;

**“Floating Rate Interest Period”** means each period beginning on (and including) the Reset Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date when Condition 5(b) (*Interest – Floating Rate*) applies;

**“Floating Rate of Interest”** has the meaning given in Condition 5(b) (*Interest – Floating Rate*);

**“Generali 2006 Perpetual Notes”** means the GBP 350,000,000 Fixed/Floating Rate Perpetual Subordinated Notes issued by Assicurazioni Generali S.p.A. on 16 June 2006;

**“Generali 2007 Perpetual Notes”** means the GBP 495,000,000 Fixed/Floating Rate Perpetual Subordinated Notes issued by Assicurazioni Generali S.p.A. on or about the Issue Date;

**“German Bund Rate”** means, with respect to the Regulatory Event Redemption Date, the rate per annum equal to the equivalent yield to maturity of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price;

**“German Business Day”** means a day other than a Saturday or Sunday or a day on which banking institutions in Frankfurt, Germany, are authorised or required by law or executive order to remain closed;

**“Group”** means the Guarantor and its Subsidiaries;

**“Interest Amount”** means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

**“Interest Payment Date”** means a Fixed Rate Interest Payment Date or a Floating Rate Interest Payment Date, as the case may be;

**“Interest Period”** means a Fixed Rate Interest Period or a Floating Rate Interest Period, as the case may be;

**“ISVAP”** means the *Istituto per la Vigilanza sulle Assicurazioni Private e di Interesse Collettivo*, the Italian supervisory body for private insurance;

**“Issue Date”** means 8 February 2007;

**“Italian Legislation on Solvency Margin”** means provisions of Italian law in force as at the Issue Date governing the instruments or liabilities taken into account in calculating the Solvency Margin;

**“Junior Securities of the Guarantor”** means (A) all classes of share capital (including preference shares – *azioni privilegiate* – and savings shares – *azioni di risparmio*) of the Guarantor, (B) any obligation, including preferred securities, guarantee or similar instrument issued by the Guarantor which ranks junior to the Guarantee of the Notes, and (C) any guarantee or similar instrument from the Guarantor, ranking junior to the Guarantee of the Notes, covering the preferred securities or preferred or preference shares issued by a Subsidiary of the Guarantor;

**“Lagged Reporting Date”** means the Reporting Date immediately prior to the Current Reporting Date;

**“Lead Regulator”** means ISVAP, or any successor entity of ISVAP, or any other competent lead regulator to which the Guarantor becomes subject;

**“Legislative Decree No. 239”** has the meaning given in Condition 9 (*Taxation*);

**“Less Deeply Subordinated Obligations of the Guarantor”** means any obligation of the Guarantor, whether or not having a fixed maturity date, which by its terms is, or is expressed to be, subordinated in the event of liquidation or insolvency of the Guarantor to the claims of any unsubordinated creditors of the Guarantor but senior to the Guarantee of the Notes, including (but without limitation to the generality of the foregoing) obligations of the Guarantor deriving from instruments or liabilities (or subordinated guarantees relating to instruments issued by a Subsidiary of the Guarantor) eligible for a regulatory treatment of (a) up to 25 per cent. of the Required Solvency Margin, in accordance with the Italian Legislation on Solvency Margin, or (b) in case of future amendments to the Italian Legislation on Solvency Margin, up to such other fraction of the Required Solvency Margin as will apply to dated instruments or liabilities, as opposed to perpetual instruments or liabilities;

**“Less Deeply Subordinated Obligations of the Issuer”** means any obligation of the Issuer, whether or not having a fixed maturity, which by its terms is, or is expressed to be, subordinated in the event

of liquidation or insolvency of the Issuer to the claims of any unsubordinated creditors of the Issuer but senior to the Notes;

**“Liquidazione Coatta Amministrativa”** means *Liquidazione Coatta Amministrativa* as described in Articles 245 and 276 of the Consolidated Law on Private Insurance Companies;

**“Make Whole Amount”** in respect of each Note means the principal amount of such Note, assuming such Note to be due on the Reset Date, together with interest to be accrued from the Regulatory Event Redemption Date to the Reset Date, assuming all such to be due in full, in each case discounted to the Regulatory Event Redemption Date on an annual basis (calculated on the basis of the actual number of days in the relevant calendar year and the actual number of days in such period), such discounting to be at the German Bund Rate plus 0.65 per cent.;

A **“Mandatory Deferral Event”** shall have occurred if up to the end of the tenth Business Day preceding any Interest Payment Date:

- (i) the aggregate Net Income of the Guarantor for two consecutive Reporting Periods ending on the Lagged Reporting Date is less than zero, and
- (ii) the Adjusted Equity Amount of the Guarantor as at the Lagged Reporting Date has declined by more than 10 per cent. as compared to the Adjusted Equity Amount as at the Reporting Date that is 24 months prior to such Lagged Reporting Date, and
- (iii) the Adjusted Capital Amount of the Guarantor as at the Current Reporting Date has declined by more than 10 per cent. as compared to the Adjusted Equity Amount as at the Reporting Date that is 30 months prior to such Current Reporting Date;

**“Net Income”** means, for the relevant period, reported net income as shown in the consolidated income statement of the Guarantor, for any Reporting Period of the Guarantor, as determined in accordance with Applicable Accounting Standards;

**“New Capital Amount”** means the net proceeds received by the Guarantor or any other member of the Group from the external issuance and/or sale of ordinary shares and/or saving shares from the Lagged Reporting Date up to the relevant Interest Payment Date;

**“Parity Securities of the Guarantor”** means (A) any obligations, guarantees or instruments issued by the Guarantor which rank equally with the Guarantee of the Notes (including the obligations of the Guarantor deriving from a subordinated guarantee granted in connection with the issue of the Euro Notes and the Sterling Notes, the obligations of the Guarantor in its capacity as issuer of the Generali 2006 Perpetual Notes and the Generali 2007 Perpetual Notes), and (B) any instruments issued by a Subsidiary of the Guarantor which have the benefit of a guarantee or similar instrument from the Guarantor, which guarantee or similar instrument ranks equally with the Guarantee of the Notes;

**“Payment Business Day”** means:

- (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
- (ii) in the case of payment by transfer to an account, a TARGET Settlement Day;

**“Permitted Repurchase”** has the meaning given in Condition 6(a) (*Interest deferral – Optional deferral of interest*);

**“Person”** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

**“Prezzo Ufficiale”** has the meaning given to it in article 1.3 of the Italian Stock Exchange Regulations (*Regolamento dei Mercati Organizzati e Gestiti dalla Borsa Italiana S.p.A.*), as amended, modified or supplemented, from time to time, by the Italian Stock Exchange and CONSOB;



**“Rate of Interest”** means the Fixed Rate of Interest or the Floating Rate of Interest, as the case may be;

**“Reference German Bund Dealer”** means any German Bund dealer selected by the Calculation Agent after consultation with the Issuer and the Guarantor;

**“Reference German Bund Dealer Quotations”** means, with respect to each Reference German Bund Dealer and the Regulatory Event Redemption Date, the average, as determined by the Calculation Agent, of the bid and asked prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Calculation Agent by such Reference German Bund Dealer at 3:30 p.m. Frankfurt time, on the third German Business Day immediately preceding the Regulatory Event Redemption Date;

**“Regulatory Event”** means that the Guarantor (i) is no longer subject to the consolidated regulatory supervision of a Lead Regulator; or (ii) is subject to the consolidated regulatory supervision of a Lead Regulator and is not permitted under the applicable rules and regulations adopted by such Lead Regulator, or an official application or interpretation of those rules and regulations including a decision of any court or tribunal, at any time whilst any of the Notes are outstanding to treat the Notes as own funds for the purposes of the determination of the Solvency Margin eligible to count for (a) up to 50 per cent. of the Required Solvency Margin, under the Italian Legislation on Solvency Margin, or (b), in case of future amendments to the Italian Legislation on Solvency Margin, up to such other fraction of the Required Solvency Margin as will apply to perpetual subordinated instruments or liabilities as opposed to dated subordinated instruments or liabilities;

**“Regulatory Intervention”** means a request from ISVAP or any other relevant supervisory authority to restore any Required Solvency Margin;

**“Regulatory Event Redemption Date”** means the date fixed for redemption of the Notes in a notice delivered by the Issuer pursuant to Condition 7(b) (*Redemption and Purchase – Redemption due to a Regulatory Event*) following a Regulatory Event;

**“Relevant Date”** means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

**“Reporting Date”** means 30 June or 31 December in any year;

**“Reporting Period”** means a six month period ending on a Reporting Date;

**“Required Solvency Margin”** means the Solvency Margin required from time to time by a Lead Regulator;

**“Reset Date”** has the meaning given in Condition 5(a) (*Interest – Fixed Rate*);

**“Solvency Margin”** means the Guarantor’s consolidated and non-consolidated solvency margins (*margine di solvibilità*) as determined pursuant to the rules of a Lead Regulator;

**“Solvency Margin Event”** has the meaning given in Condition 6(e) (*Interest deferral – Loss absorption provisions*);

**“Specified Office”** has the meaning given in the Agency Agreement;

**“Sterling Notes”** means the GBP 700,000,000 Fixed/Floating Rate Perpetual Guaranteed Subordinated Notes issued by Generali Finance B.V. on 16 June 2006 and guaranteed by Assicurazioni Generali S.p.A.;

**“Subsidiary”** means, in relation to any Person (the **“first Person”**) at any particular time, any other Person (the **“second Person”**):

- (i) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

“**Talon**” means a talon for further Coupons;

“**TARGET Settlement Day**” means any day on which the Trans-European Automated Real Time Gross Settlement Express Transfer (TARGET) System is open; and

“**Treaty**” means the Treaty establishing the European Communities, as amended.

(b) *Interpretation:* In these Conditions:

- (i) any reference to principal shall be deemed to include the principal amount of the Notes, any additional amounts in respect of principal which may be payable under Condition 9 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (ii) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 9 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions; and
- (iii) references to Notes being “outstanding” shall be construed in accordance with the Agency Agreement.

## 2. Form, Denomination and Title

The Notes are in bearer form in denominations of Euro 50,000 with Coupons and Talons attached at the time of issue. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such holder. No Person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

## 3. Status and Subordination of the Notes

- (a) *Status of the Notes:* The Notes constitute unsecured and subordinated obligations of the Issuer and rank:
  - (i) *pari passu* without any preference among themselves and *pari passu* with the Euro Notes and the Sterling Notes;
  - (ii) junior in right of payment to the payment of any present or future claims (A) of all unsubordinated creditors of the Issuer, and (B) of all creditors of the Issuer in respect of Less Deeply Subordinated Obligations of the Issuer; and
  - (iii) in priority to payments of all classes of share capital of the Issuer and any other obligation of the Issuer expressed by its terms to rank junior to the Notes.
- (b) *Subordination:* The claims of the Noteholders against the Issuer in respect of the Notes are, in the event of the bankruptcy, moratorium of payments (“*surséance van betaling*”), insolvency, winding-up or liquidation of the Issuer subordinated to all other current and future unsubordinated and unprivileged claims on the Issuer and all Less Deeply Subordinated Obligations of the Issuer.

By virtue of such subordination, payments to Noteholders will, in the event of the bankruptcy, moratorium of payments (“*surséance van betaling*”), insolvency, winding-up or liquidation of the

Issuer only be made after, and any set-off by any Noteholders shall be excluded until, all preferred and non-preferred unsubordinated obligations and all Less Deeply Subordinated Obligations of the Issuer admissible in any such bankruptcy, moratorium of payments (“*surséance van betaling*”), insolvency, winding-up or liquidation of the Issuer have been satisfied in full or after an arrangement or composition has been arrived at with them under which they have given full discharge against receipt of part of their claim. The Notes rank in priority to claims of the shareholders of the Issuer.

#### 4. Guarantee

- (a) *Guarantee of the Notes*: The Guarantor has in the Deed of Guarantee unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes.
- (b) *Status of the Guarantee*: This guarantee (the “**Guarantee of the Notes**”) constitutes direct, unsecured and subordinated obligations of the Guarantor and ranks:
  - (i) *pari passu* with the Parity Securities of the Guarantor;
  - (ii) junior in right of payment to the payment of any present or future claims of all unsubordinated creditors of the Guarantor (including obligations to policyholders) and to all Less Deeply Subordinated Obligations of the Guarantor; and
  - (iii) senior in right of payments to the Junior Securities of the Guarantor.
- (c) *Subordination*: By virtue of such subordination, payments to Noteholders under the Guarantee of the Notes will, in the event of the winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*) of the Guarantor, only be made after, and any set-off by any Noteholders shall be excluded until, the payment of any present or future claims of all unsubordinated creditors of the Guarantor (including obligations to policyholders) and of all Less Deeply Subordinated Obligations of the Guarantor in any such winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*) of the Guarantor have been satisfied in full or after an arrangement or composition has been arrived at with them under which they have given full discharge against receipt of part of their claim.

#### 5. Interest

- (a) *Fixed Rate*: The Notes bear interest from and including the Issue Date to but excluding the Interest Payment Date falling on 8 February 2017 (the “**Reset Date**”) at the rate of 5.479 per cent. per annum (the “**Fixed Rate of Interest**”), payable, subject as provided in these Conditions, annually in arrear on each Fixed Rate Interest Payment Date. The first interest payment shall be made on 8 February 2008 in respect of the period from (and including) the Issue Date to (but excluding) 8 February 2008 and shall be in the amount of Euro 2,739.50 per Note of Euro 50,000 denomination. The amount of interest payable in respect of each Note for any period which is not equal to a Fixed Rate Interest Period shall be calculated by applying the Fixed Rate of Interest to the principal amount of such Note, multiplying the product by the Fixed Rate Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).
- (b) *Floating Rate*:
  - (i) If the Issuer does not redeem the Notes in accordance with Condition 7(a) (*Redemption and Purchase – Redemption at the option of the Issuer*) on the Reset Date, the Notes will bear interest for each Floating Rate Interest Period at the Floating Rate of Interest (as defined below) payable, subject as provided in these Conditions, in arrear on each Floating Rate Interest Payment Date.
  - (ii) The rate of interest applicable to the Notes (the “**Floating Rate of Interest**”) for each Floating Rate Interest Period will be determined by the Calculation Agent on the following basis:

- (A) the Calculation Agent will determine the rate for deposits in Euro for a period equal to the relevant Floating Rate Interest Period which appears on the display page designated 248 on the Moneyline Telerate Service (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying comparable rates) as of 11.00 a.m. (Brussels time) on the second TARGET Settlement Day before the first day of the relevant Floating Rate Interest Period (the “**Floating Rate Interest Determination Date**”);
- (B) if such rate does not appear on that page, the Calculation Agent will:
  - (1) request the principal Euro-zone office of each of four major banks in the Euro-zone interbank market to provide a quotation of the rate at which deposits in Euro are offered by it in the Euro-zone interbank market at approximately 11.00 a.m. (Brussels time) on the Floating Rate Interest Determination Date to prime banks in the Euro-zone interbank market for a period equal to the relevant Floating Rate Interest Period and in an amount that is representative for a single transaction in that market at that time; and
  - (2) determine the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, 0.000005 being rounded upwards) of such quotations; and
- (C) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean (rounded, if necessary, as aforesaid) of the rates quoted by major banks in the Euro-zone, selected by the Calculation Agent, at approximately 11.00 a.m. (Brussels time) on the first day of the relevant Interest Period for loans in Euro to leading European banks for a period equal to the relevant Floating Rate Interest Period and in an amount that is representative for a single transaction in that market at that time,
 

and the Floating Rate of Interest for such Floating Rate Interest Period shall be the sum of 2.14 per cent. per annum and the rate or (as the case may be) the arithmetic mean so determined; *provided, however, that* if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Floating Rate Interest Period, the Floating Rate of Interest applicable to the Notes during such Floating Rate Interest Period will be the sum of 2.14 per cent. per annum and the rate or (as the case may be) arithmetic mean last determined in relation to the Notes in respect of a preceding Floating Rate Interest Period, or, where there has been no such previous determination, the Floating Rate of Interest shall be equal to the Fixed Rate of Interest plus 1 per cent. per annum.
- (iii) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Floating Rate of Interest is to be determined in relation to each Floating Rate Interest Period, calculate the Interest Amount payable in respect of each Note for such Floating Rate Interest Period. The Interest Amount will be calculated by applying the Floating Rate of Interest for such Floating Rate Interest Period to the principal amount of such Note during such Floating Rate Interest Period and multiplying the product by the relevant Floating Rate Day Count Fraction.
- (iv) *Publication:* The Calculation Agent will cause each Floating Rate of Interest and Interest Amount determined by it, together with the relevant Floating Rate Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Floating Rate of Interest, Interest Amount and Floating Rate Interest Payment Date) in any event not later than the first day of the relevant Floating Rate Interest Period. Notice thereof shall also promptly be given

to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Floating Rate Interest Period.

- (v) *Notifications etc*: All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Guarantor, the Paying Agents, the Noteholders and the Coupon holders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.
- (c) *Interest accrual*: Each Note will cease to bear interest from (but excluding) maturity or the due date for redemption pursuant to Conditions 7(a) (*Redemption and Purchase – Redemption at the option of the Issuer*), 7(b) (*Redemption and Purchase – Redemption due to a Regulatory Event*) or 7(c) (*Redemption and Purchase – Redemption for tax reasons*) unless, upon due presentation, payment of principal in respect of the Notes is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

## 6. Interest deferral

- (a) *Optional deferral of interest*: The Issuer may elect, by giving notice to the Noteholders pursuant to Condition 15 (*Notices*) below, to defer payment:
  - (A) of all (or some only) of the interest accrued to an Interest Payment Date if (i) during the 12-month (or 6-month or 3-month for securities (other than shares) where remuneration is paid, respectively, every 6 or 3 months) period prior to such Interest Payment Date no dividend or other distribution has been declared, made, approved or set aside for payment in respect of any Junior Securities of the Guarantor or Parity Securities of the Guarantor, or in case there has been any such applicable declaration or payment, so long as such had itself been triggered by the previous declaration or payment of dividend or other distribution on any Parity Securities of the Guarantor or Junior Securities of the Guarantor or by the redemption, repurchase or acquisition of any Parity Securities of the Guarantor or Junior Securities of the Guarantor; and (ii) during the 12-month (or 6-month or 3-month for securities (other than shares) where remuneration is paid, respectively, every 6 or 3 months) period prior to such Interest Payment Date neither the Guarantor nor any of its Subsidiaries has redeemed, repurchased or acquired any Junior Securities of the Guarantor (other than a Permitted Repurchase) or Parity Securities of the Guarantor; or
  - (B) of part only, *pari passu* and *pro rata*, of the interest accrued to an Interest Payment Date if and to the extent that during the 12-month (or 6-month or 3-month for securities (other than shares) where remuneration is paid, respectively, every 6 or 3 months) period prior to such Interest Payment Date a partial distribution has been declared, made, approved or set aside for payment in respect of any Parity Securities of the Guarantor.

The Issuer shall give not more than 25 nor less than 15 days prior notice to the Paying Agents and to the Noteholders in accordance with Condition 15 (*Notices*) of any Interest Payment Date on which, pursuant to the provisions of this Condition 6(a), it elects not to pay interest and such notice shall include a confirmation of the Issuer's entitlement to defer interest, together with details of the amount of interest to be deferred on such Interest Payment Date and the amount of interest (if any) to be paid on such Interest Payment Date.

**“Permitted Repurchase”** means (1) any redemption, repurchase or other acquisition of such Junior Securities of the Guarantor held by any member of the Group, (2) a reclassification of the equity share



capital of the Guarantor or any of its Subsidiaries or the exchange or conversion of one class or series of equity share capital for another class or series of equity share capital, (3) the purchase of fractional interests in the share capital of the Guarantor or any of its Subsidiaries pursuant to the conversion or exchange provisions of such security being converted or exchanged, (4) any redemption or other acquisition of Junior Securities of the Guarantor in connection with a levy of execution for the satisfactions of a claim by the Guarantor or any of its Subsidiaries, or (5) any redemption or other acquisition of Junior Securities of the Guarantor in connection with the satisfaction by the Guarantor or any of its Subsidiaries of its obligations under any employee benefit plan or similar arrangement.

In the event that the Issuer may elect to defer part of the interest *pro rata* with distributions on any Parity Securities of the Guarantor, such interest may be deferred in the same proportion that the distribution on such Parity Security bears to the stated scheduled distribution to be paid on such Parity Security.

Where the Issuer elects to defer an interest payment pursuant to this Condition 6(a) it shall not have any obligation to make such interest payment on the relevant Interest Payment Date and nor shall the Guarantor be required to pay such amount under the Guarantee of the Notes, and the failure to pay such interest shall not constitute a default of the Issuer or, as the case may be, the Guarantor or any other breach of obligations under the Conditions or for any purpose.

- (b) *Mandatory deferral of interest:* The Issuer will be required to defer payment of all (but not some only) of the interest accrued to an Interest Payment Date if the Fiscal Agent has received written notice from the Issuer and the Guarantor confirming that:

- (A) a Regulatory Intervention regarding the Guarantor has occurred and such Regulatory Intervention is continuing on such Interest Payment Date; or
- (B) a Mandatory Deferral Event has occurred.

If the Issuer is required to defer a payment of interest following the occurrence of a Mandatory Deferral Event in accordance with this Condition 6(b) on an Interest Payment Date, then the Issuer will also be required to defer on one or more subsequent Interest Payment Dates the interest that would otherwise be due without application of this Condition 6(b) on such Interest Payment Dates until all Mandatory Deferral Events have been cured (in accordance with Condition 6(c) (*Deferral of Interest – Payment of deferred interest*)) on any subsequent Interest Payment Date.

- (c) *Payment of deferred interest:* Any unpaid amounts of interest that have been deferred in accordance with this Condition 6 will constitute arrears of interest and no interest will accrue on such arrears of interest.

- (i) *Optional payment:* Arrears of interest that have accrued pursuant to Conditions 6(a) (*Interest deferral – Optional deferral of interest*) and 6(b) (*Interest deferral – Mandatory deferral of interest*) may at the option of the Issuer be paid in whole or in part at any time only with funds raised by way of the ACSM in accordance with Condition 6(d) (*Interest deferral – Alternative Coupon Satisfaction Mechanism (ACSM)*).

- (ii) *Mandatory payment:* Arrears of interest shall become due and payable:

- (A) in part *pari passu* and *pro rata* if and to the extent that the Issuer or the Guarantor makes payments in part of or in respect of amounts of interest on or in relation to any other *pari passu* claims; and
- (B) in full on the earlier of:
- (1) the Interest Payment Date falling immediately on or after the date on which dividends or other distributions on any Junior Securities of the Guarantor or Parity Securities of the Guarantor have been declared or paid;



- (2) the Interest Payment Date falling immediately on or after the date on which any Parity Securities of the Guarantor or any Junior Securities of the Guarantor are redeemed, repurchased or acquired by the Guarantor or any of its Subsidiaries;
- (3) the Interest Payment Date immediately following the date upon which (x) no Regulatory Intervention is or will be continuing on such Interest Payment Date and (y) no new Mandatory Deferral Event has occurred and any of the previous Mandatory Deferral Events have been cured, provided, in each case, that the Issuer would not, as at such Interest Payment Date, be entitled to defer payment of interest pursuant to Condition 6(a) (*Interest deferral – Optional deferral of interest*);
- (4) the date fixed for any redemption of the Notes pursuant to Condition 7 (*Redemption and Purchase*);
- (5) the date on which the *Liquidazione Coatta Amministrativa* of the Guarantor is commenced pursuant to the Consolidated Law on Private Insurance Companies or on which voluntary winding up proceedings of the Guarantor are instituted or on which the Guarantor becomes subject to a liquidation order; and
- (6) the date falling five years after the Interest Payment Date on which payment of interest has first been deferred.

Notwithstanding the foregoing, arrears of interest will become payable in accordance with this Condition 6(c) only where the Issuer is able to make the payment with funds raised by way of the ACSM in accordance with Condition 6(d) (*Interest deferral – Alternative Coupon Satisfaction Mechanism (ACSM)*). If, despite the Issuer using its best efforts and/or despite the Guarantor doing all that is reasonably possible to raise funds by way of the ACSM in accordance with Condition 6(d) (*Interest deferral – Alternative Coupon Satisfaction Mechanism (ACSM)*), the Issuer fails to make the payment with funds raised by way of the ACSM, then, notwithstanding the occurrence of any of the events or circumstances described in Condition 6(c)(ii)(A) or (B), arrears of interest will not be required to be paid.

For the purpose of this Condition 6, a Mandatory Deferral Event that was triggered will have been cured if the Adjusted Capital Amount of the Guarantor as at the Current Reporting Date is less than 10 per cent. below the Adjusted Equity Amount as originally measured as at the date the Mandatory Deferral Event was triggered.

(d) *Alternative Coupon Satisfaction Mechanism (ACSM)*:

- (i) Payment of amounts in respect of interest under the ACSM may only be made to the extent of funds raised by either (I) issuing new shares of the Guarantor (save that, in the case of deferral of interest due to a Mandatory Deferral Event, the Guarantor shall not, in any year, issue new ordinary shares for the purposes of the ACSM (including any new shares for the purposes of any equivalent ACSM provisions of any Parity Securities of the Guarantor or any Junior Securities of the Guarantor) in excess of 2 per cent. of the market value of the Guarantor's ordinary share capital, such market value to be determined by the Calculation Agent as at the end of each financial year of the Guarantor on the basis of the *Prezzo Ufficiale* of the Guarantor's ordinary shares and for the avoidance of doubt any such funds so raised shall be applied firstly pro rata in respect of any amounts to be settled in relation to Parity Securities of the Guarantor and only thereafter in respect of any amounts to be settled in relation to any Junior Securities of the Guarantor) or selling treasury shares of the Guarantor (save that for the purposes of selling treasury shares no treasury shares can be sold that have been purchased within the preceding six months), subject to the existence of the appropriate necessary corporate powers applicable to the Guarantor at the time of the issuance or the disposal of the shares; or (II) issuing new Issuer securities ranking junior to or *pari passu* with the Notes and having features at least similar to the Notes. In the case of deferral of interest due to a

Mandatory Deferral Event, such junior or *pari passu* ranking securities can only be issued up to a nominal amount of 15 per cent. of the aggregate principal amount of the Notes outstanding from time to time for this purpose.

- (ii) For any five-year period following the date on which deferred interest becomes payable (the “**ACSM Period**”) pursuant to Condition 6(c)(ii) (*Interest deferral – Payment of deferred interest*), (I) the Issuer shall use its best efforts to settle any such deferred amount in accordance with the ACSM and (II) the Guarantor shall do all that is reasonably possible to obtain and maintain delegated authority to issue sufficient new ordinary shares and/or to hold and sell treasury shares, in each case to cover one year of Coupons and any outstanding deferred amount of interest payable by the Issuer.
  - (iii) If at the end of any ACSM Period in respect of any deferred interest payment the Issuer has been unable to make full payment of such deferred interest in accordance with the ACSM, the obligations of the Issuer and the Guarantor to satisfy the amount of interest that was deferred and became due and payable at the beginning of such ACSM Period shall, to the extent not already settled under the ACSM, be cancelled, provided that contingently upon *Liquidazione Coatta Amministrativa* of the Guarantor being commenced pursuant to the Consolidated Law on Private Insurance Companies or voluntary winding up proceedings of the Guarantor being instituted or the Guarantor becoming subject to a liquidation order, Noteholders shall be entitled to claim such unsettled amount in the liquidation of the Guarantor under the Deed of Guarantee, and such claim shall rank *pari passu* with the obligations of the Guarantor in respect of its saving shares.
  - (iv) For the avoidance of doubt, under no circumstances shall there be an obligation on the part of the Guarantor to issue new shares or sell treasury shares, which may be restricted by provisions of applicable Italian law.
- (e) *Loss absorption provisions:* To the extent that the Guarantor at any time suffers losses (also taking into account profits and losses relating to previous financial years) which would result in the Solvency Margin being reduced below the Required Solvency Margin (a “**Solvency Margin Event**”), the obligations of the Issuer to make payments in respect of the Notes, will be deferred to the extent necessary to enable the Guarantor to continue to carry on its activities in accordance with applicable regulatory requirements. In any such case, interest will continue to accrue on the nominal value of the Notes. The obligations of the Issuer to make payments in respect of the Notes, will, subject to the provisions of Conditions 6(a) to (d), be reinstated (in priority to any Junior Securities of the Guarantor and on a *pari passu* basis with any Parity Securities of the Guarantor), as if such obligations of the Issuer had not been so deferred:
- (i) in whole, in the event of winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*) of the Issuer or the Guarantor and with effect immediately prior to the commencement of such winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*); and
  - (ii) in whole, in the event of early redemption of the Notes pursuant to Conditions 7(a) (*Redemption and Purchase – Redemption at the option of the Issuer*), 7(b) (*Redemption and Purchase – Redemption due to a Regulatory Event*) or 7(c) (*Redemption and Purchase – Redemption for tax reasons*); and
  - (iii) in whole or in part, from time to time, to the extent that the Solvency Margin Event is no longer continuing and, therefore, the Solvency Margin is again at least equal to the Required Solvency Margin.

The Issuer shall forthwith give notice of any such reduction and/or reinstatement to the Noteholders in accordance with Condition 15 (*Notices*) below and such notice shall include a confirmation of the Issuer’s entitlement to such reduction and/or reinstatement, together with details of the amounts to be so reduced and/or reinstated.

## 7. Redemption and Purchase

The Notes will mature and be redeemed by the Issuer on the date on which voluntary or involuntary winding up proceedings are instituted in respect of the Issuer or in respect of the Guarantor, in accordance with, as the case may be, (i) a resolution of the shareholders' meeting of the Issuer or of the Guarantor, as applicable, (ii) any provision of the by-laws of the Issuer or the Guarantor (currently, maturity of the Guarantor is set at 31 December 2131 though if this is extended, redemption of the Notes will be equivalently adjusted), as applicable, or (iii) any applicable legal provision, or any decision of any jurisdictional or administrative authority. The Notes may not be redeemed at the option of the Issuer except in accordance with the provisions of this Condition 7. Any redemption in accordance with this Condition 7, save in accordance with the first sentence of this paragraph, is subject to the prior approval of ISVAP. The Notes may not be redeemed at the option of the Noteholders.

- (a) *Redemption at the option of the Issuer:* The Notes may be redeemed at the option of the Issuer in whole, but not in part, on the Reset Date and on any Interest Payment Date thereafter at a redemption price equal to their principal amount together with interest accrued (if any) up to, but excluding, the date fixed for redemption on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes on the date specified therein).
- (b) *Redemption due to a Regulatory Event:* The Notes may be redeemed at the option of the Issuer on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes in the amount and on the date specified therein) in whole, but not in part, at any time before the Reset Date following the occurrence of a Regulatory Event at a redemption price equal to the greater of (x) the principal amount of the Notes together with interest accrued (if any) up to, but excluding, the Regulatory Event Redemption Date and (y) the Make Whole Amount.
- (c) *Redemption for tax reasons:* The Notes may be redeemed at the option of the Issuer on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes in the amount and on the date specified therein) in whole, but not in part, at any time before the Reset Date at a redemption price equal to their principal amount together with interest accrued (if any) up to, but excluding, the date fixed for redemption if:
  - (A) (1) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of issue of the Notes; and (2) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
  - (B) (1) the Guarantor has or (if a demand was made under the Guarantee of the Notes) would become obliged to pay additional amounts as provided or referred to in Condition 9 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the Notes and (2) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it; or
  - (C) (1) interest payable by the Issuer in respect of the Notes is no longer, or will no longer be, fully deductible by the Issuer for Dutch income tax purposes as a result of any change in, or amendment to, the laws or regulations or applicable accounting standards of the Netherlands, or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or

amendment becomes effective on or after the date of issue of the Notes; and (2) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

*provided, however, that* no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which interest starts accruing in respect of which the Issuer or the Guarantor would, in the case of (A) and/or (B), be obliged to pay such additional amounts if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made, or, in the case of (C), be unable to deduct such amounts for Dutch income tax purposes.

Prior to the publication of any notice of redemption pursuant to Conditions 7(b) or (c), the Issuer shall deliver or procure that there is delivered to the Fiscal Agent (1) a certificate signed by a legal representative of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (2) in the case of Condition 7(c), an opinion of independent legal advisers of recognised standing to the effect that, in the case of (A) and/or (B), the Issuer or (as the case may be) the Guarantor has or will become obliged to pay such additional amounts or, in the case of (C), the Issuer is unable to deduct such amounts for Dutch income tax purposes, in each case as a result of such change or amendment.

Upon the expiry of any such notice as is referred to in this Condition 7, the Issuer shall be bound to redeem the Notes in accordance with this Condition 7.

- (d) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (c) above or upon maturity.
- (e) *Purchase:* The Issuer or any of its Subsidiaries or the Guarantor or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, provided that all unmatured Coupons are purchased therewith.
- (f) *Cancellation:* All Notes so redeemed or purchased by the Issuer or the Guarantor and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold. All Notes so purchased by any Subsidiary of the Issuer or the Guarantor (other than the Issuer) may be held or resold or may be surrendered for cancellation together with any unmatured Coupons.

## **8. Payments**

- (a) *Principal:* Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by Euro cheque drawn on, or by transfer to a Euro account maintained by the payee with, a bank in the Euro-zone.
- (b) *Interest:* Payments of interest shall, subject to paragraph (f) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) (*Principal*) above.
- (c) *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (d) *Unmatured Coupons void:* On the due date for redemption of any Note upon maturity or pursuant to Conditions 7(a) (*Redemption and Purchase – Redemption at the option of the Issuer*), 7(b) (*Redemption and Purchase – Redemption due to a Regulatory Event*) or 7(c) (*Redemption and Purchase – Redemption for tax reasons*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof. If the date on which the Notes become due is not an Interest Payment Date, the interest accrued (if any) from the preceding Interest Payment Date (or the Issue Date, as the case may be) on any Note shall be payable only

against surrender or endorsement of the relevant Coupon, subject to the provisions of Conditions 5 (*Interest*) and 6 (*Interest deferral*) regarding the payment of interest.

- (e) *Payments on business days*: If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (f) *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States.
- (g) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (h) *Exchange of Talons*: On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 10 (*Prescription*)). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

## **9. Taxation**

- (a) *Gross up*: All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer or the Guarantor, as the case may be, shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or on behalf of the Netherlands (in the case of payments made by or on behalf of the Issuer) or the Republic of Italy (in the case of payments made by or on behalf of the Guarantor) or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer or (as the case may be) the Guarantor shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon or under the Deed of Guarantee presented for payment:
  - (i) in the Republic of Italy or the Netherlands (as the case may be); or
  - (ii) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the Republic of Italy or the Netherlands (as the case may be) other than the mere holding of such Note or Coupon; or
  - (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other law implementing or complying with, or introduced in order to conform to, such Directive; or
  - (iv) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the EU; or
  - (v) more than 30 days after the Relevant Date except to the extent that the relevant holder would have been entitled to such additional amounts if it had presented such Note or Coupon on the last day of such period of 30 days; or



- (vi) in the case of payments made by or on behalf of the Guarantor, to the extent that interest or any other amount payable is paid to a non-Italian resident entity or a non-Italian resident individual which is not resident for tax purposes in one of the countries or territories allowing the Italian tax authorities to obtain appropriate information in respect of the beneficiary of the payments made from the Republic of Italy (listed in Ministerial Decree of 4 September 1996, as subsequently amended and supplemented).
- (b) *Taxing jurisdiction*: If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdiction other than the Netherlands or the Republic of Italy (as the case may be), references in these Conditions to the Netherlands or the Republic of Italy (as the case may be) shall be construed as references to such other jurisdiction.

## **10. Prescription**

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

## **11. Replacement of Notes and Coupons**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent (and, if the Notes are then admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such listing authority, stock exchange and/or quotation system), subject to all applicable laws and listing authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

## **12. Agents**

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed below. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent or Calculation Agent and additional or successor paying agents; *provided, however, that*:

- (a) the Issuer and the Guarantor shall at all times maintain a Fiscal Agent; and
- (b) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; and
- (c) the Issuer and the Guarantor shall at all times maintain a Calculation Agent; and
- (d) if and for so long as the Notes are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system the rules of which require the appointment of a Paying Agent in any particular place, the Issuer and the Guarantor shall maintain a Paying Agent having its Specified Office in the place required by the rules of such listing authority, stock exchange and/or quotation system; and
- (e) there will at all times be a Paying Agent in a jurisdiction within continental Europe, other than the jurisdiction in which the Issuer is incorporated.



Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

### 13. Meetings of Noteholders; Modification and Waiver; Substitution

- (a) *Meetings of Noteholders:* The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In relation to the convening of meetings, quorums and the majorities required to pass an Extraordinary Resolution, the following provisions shall apply in respect of the Notes:

- (A) a meeting may be convened by the Issuer and the Guarantor (acting together) and shall be convened by them upon the request in writing of Noteholders holding not less than one-fifth of the aggregate principal amount of the outstanding Notes;
- (B) the quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more Persons holding or representing not less than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, one or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented;
- (C) the majority required to pass an Extraordinary Resolution will be one or more Persons holding or representing not less than 75 per cent. of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, not less than a clear majority;
- (D) a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.
- (b) *Modification:* These Conditions may not be amended without the prior approval of ISVAP. The Notes, these Conditions and the Deed of Guarantee may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer and the Guarantor shall not agree without the consent of the Noteholders to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.
- (c) *Substitution:* Any duly incorporated Subsidiary of the Guarantor in good standing under the laws of its jurisdiction may, without the consent of the Noteholders, but with the prior written approval of the Guarantor, assume liability as the principal debtor in respect of the Notes (the “**Substituted Debtor**”), provided that:
- (i) a deed poll and such other documents (if any) shall be executed by the Substituted Debtor and, to the extent necessary, the Guarantor and the other parties to the Agency Agreement and the Deed of Covenant, as may be necessary to give full effect to the substitution (the “**Documents**”) and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Noteholder and each Accountholder (as defined in the Deed of Covenant) to be bound by these Conditions, the Deed of Covenant and the Agency Agreement as fully as if the Substituted Debtor had been named in the Notes, the Deed of Covenant and the Agency Agreement as the principal debtor in respect of the Notes in place of the Issuer. In addition, the Guarantor shall guarantee in favour of each Noteholder and each Accountholder the payment of all sums payable by the Substituted Debtor as such principal debtor to the extent of, and in the terms specified in, the Deed of Guarantee, *mutatis mutandis* (such guarantee of the Guarantor is herein referred to as the “**Substitution Guarantee**”);

- (ii) the Documents shall contain a warranty and representation by the Substituted Debtor (a) that the Substituted Debtor has obtained all necessary governmental and regulatory approvals and consents for such substitution, (b) that the Substituted Debtor has obtained all necessary governmental and regulatory approvals and consents for the performance by the Substituted Debtor of its obligations under the Documents and that all such approvals and consents are in full force and effect and (c) that the obligations assumed by the Substituted Debtor are legal, valid and binding in accordance with their respective terms and enforceable by each Noteholder and each Accountholder (subject to all applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and general equitable principles);
- (iii) a legal opinion shall have been delivered to the Fiscal Agent from whom copies will be available to Noteholders (and if applicable Accountholders) (a) from lawyers of recognised standing as to matters of law of the jurisdiction of the place of incorporation of the Substituted Debtor confirming that upon the substitution taking place (1) the requirements of this Condition 13(c), save as to the giving of notice to the Noteholders, have been met, (2) the Notes, the Deed of Covenant and the Agency Agreement are legal, valid, binding and enforceable obligations of the Substituted Debtor (subject to all applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and general equitable principles), (3) the Substituted Debtor is validly incorporated under the laws of its jurisdiction, and (4) that the Substituted Debtor has obtained all necessary governmental and regulatory approvals and consents for the substitution and for the entry into and performance of the Documents and (b) from the legal counsel to the Guarantor confirming that upon the substitution taking place, (1) the Substitution Guarantee and the Documents are legal, valid, binding and enforceable obligations of the Guarantor and (2) the Guarantor has the power to enter into and perform the obligations to be assumed by the Guarantor in the Documents and the Substitution Guarantee;
- (iv) Standard & Poor's Rating Services, a division of McGraw-Hill Companies, Inc., Moody's Investors Service Limited and Fitch Ratings Limited or its or their successors shall have confirmed to the Issuer, the Guarantor and the Fiscal Agent that after giving effect to such substitution, the Notes shall continue to be rated the same as immediately prior to the substitution;
- (v) no right of redemption pursuant to Condition 7 (*Redemption and Purchase*) would become applicable on or as a result of such substitution;
- (vi) the appropriate regulatory authorities in Luxembourg shall have confirmed to the Issuer, the Guarantor and the Fiscal Agent that, after giving effect to such substitution, the Notes shall continue to be listed on the Luxembourg Stock Exchange; and
- (vii) a certificate of solvency of the Substituted Debtor, signed by two directors of the Substituted Debtor shall have been delivered to the Fiscal Agent.

Upon the execution of the Documents and the delivery of the legal opinions as referred to in paragraph (a) above; (i) the Substituted Debtor shall be deemed to be named in the Notes, the Deed of Covenant and the Agency Agreement as the principal debtor in place of the Issuer and the Notes, the Deed of Covenant and the Agency Agreement shall thereupon be deemed to be amended to give effect to the substitution and (ii) the Issuer shall be released from all of its obligations under or in respect of the Notes, the Deed of Covenant and the Agency Agreement.

Counterparts of each of the Documents shall be deposited with and held by the Fiscal Agent for so long as any of the Notes remains outstanding and for so long as any claim made against the Substituted Debtor or the Guarantor by any Noteholder or Accountholder in relation to the Notes, the Documents or the Substitution Guarantee shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and the Guarantor shall acknowledge in the Documents and the Substitution Guarantee the right of every Noteholder and Accountholder to the production of the Documents for the enforcement of any of the Notes, Documents or Substitution Guarantee.

Not later than 20 days after the execution of the Documents, the Substituted Debtor together with the Issuer shall give notice thereof to the Noteholders in accordance with Condition 15 (*Notices*).

#### **14. Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

#### **15. Notices**

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) and, if the Notes which are listed or admitted to trading on the Luxembourg Stock Exchange and the rules of that exchange so require, on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

#### **16. Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the “**first currency**”) in which the same is payable under these Conditions or such order or judgment into another currency (the “**second currency**”) for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

#### **17. Rounding**

For the purposes of any calculations referred to in these Conditions, all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.).

#### **18. Governing Law and Jurisdiction**

- (a) *Governing law*: The Notes are governed by, and shall be construed in accordance with, English Law.
- (b) *Jurisdiction*: Each of the Issuer and the Guarantor agrees for the benefit of the Noteholders that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Notes (respectively, “**Proceedings**” and “**Disputes**”) and, for such purposes, irrevocably submits to the jurisdiction of such courts.
- (c) *Appropriate forum*: Each of the Issuer and the Guarantor irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and

determine any Proceedings and to settle any Disputes, and agrees not to claim that any such court is not a convenient or appropriate forum.

- (d) *Service of Process:* Each of the Issuer and the Guarantor agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to the person or persons for the time being registered at the Companies Register under Part XXIII of the Companies Act 1985 and authorised to accept service of process in England on behalf of the Issuer and the Guarantor. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer and the Guarantor, the Issuer and the Guarantor shall, on the written demand of any Noteholder addressed to the Issuer and the Guarantor and delivered to the Issuer and the Guarantor, appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer and the Guarantor and delivered to the Issuer or the Guarantor. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This clause applies to Proceedings in England and to Proceedings elsewhere.
- (e) *Non-exclusivity:* The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of any Noteholder to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

The Notes will initially be in the form of a Temporary Global Note which will be deposited on or around 8 February 2007 (the “**Closing Date**”) with a common depositary for Euroclear and Clearstream, Luxembourg. The Temporary Global Note will be exchangeable in whole or in part for interests in a Permanent Global Note not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form (“**Definitive Notes**”) in the denomination of Euro 50,000 at the request of the bearer of the Permanent Global Note against presentation and surrender of the Permanent Global Note to the Fiscal Agent if Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business.

The Permanent Global Note will also become exchangeable, in whole but not in part only and at the option of the Issuer, for Definitive Notes if, by reason of any change in the laws of the Issuer’s taxing jurisdiction or the Guarantor’s taxing jurisdiction, the Issuer or the Guarantor is or will be required to make any withholding or deduction from any payment in respect of the Notes which would not be required if the Notes were in definitive form.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the Specified Office of the Fiscal Agent within 30 days of the occurrence of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has duly requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) the Permanent Global Note (or any part of it) has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under a deed of covenant dated 8 February 2007 (the “**Deed of Covenant**”) executed by the Issuer in relation to the Notes). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg as being entitled to an interest in the Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or (as the case may be) Clearstream, Luxembourg.

In addition, the Permanent Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Permanent Global Note. The following is a summary of certain of those provisions:

*Payments:* All payments in respect of the Temporary Global Note and the Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Note or (as the case may be) the Permanent Global Note at the Specified Office of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the

Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Temporary Global Note or (as the case may be) the Permanent Global Note, the Issuer shall procure that the same is noted in a schedule thereto.

*Notices:* Notwithstanding Condition 15 (*Notices*), while all the Notes are represented by the Permanent Global Note (or by the Permanent Global Note and/or the Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a common depositary for Euroclear and Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 15 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg, except that, for so long as the Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, such notices shall be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).



## **USE OF PROCEEDS**

The net proceeds from the issue of the Notes are expected to be approximately €1,240,000,000, after deducting the Managers' fees and commissions, less estimated offering expenses. The proceeds of the Notes will be used to repay amounts outstanding under a bridge financing arrangement entered into to finance the acquisition of Toro and for other corporate purposes of the Generali Group. See "Description of Assicurazioni Generali S.p.A.—Recent Developments".

## DESCRIPTION OF GENERALI FINANCE B.V.

### Incorporation and Domicile

Generali Finance B.V. (“**Generali Finance**” or the “**Issuer**”), formerly named GME Generali-Midi Expansion B.V., is a finance company of the Generali Group. Generali Finance was incorporated as a limited liability company with unlimited duration (“*besloten vennootschap met beperkte aansprakelijkheid*”) under the laws of The Netherlands on 24 April 1990. Generali Finance has its registered office in Diemen, Diemerhof 42, 1112 XN Diemen, The Netherlands, telephone number +31 20 660 1655 and statutory seat (“*statutaire zetel*”) in Amsterdam and is registered under number 33219814 with the Trade Register of the Chamber of Commerce of Amsterdam.

### Share Capital

The authorised share capital of Generali Finance is presently Euro 500,000,000, consisting of 5,000,000 shares of a nominal value of Euro 100 each. The issued and paid up share capital of Generali Finance is Euro 100,000,000, consisting of 1,000,000 shares of nominal value of Euro 100 each.

Generali Finance is currently a wholly-owned subsidiary of Assicurazioni Generali S.p.A. (“**Assicurazioni Generali**” or the “**Guarantor**”). The entire share capital of Generali Finance was transferred from Participatie Maatschappij Graafschap Holland N.V. to Assicurazioni Generali on 23 December 2005 as part of the wider corporate reorganisation of the Generali Group.

For information on the Generali Group see “Description of Assicurazioni Generali S.p.A.”

### Business

The corporate purpose of Generali Finance, as set forth in Article 2 of its Articles of Association, is to take up loans and to grant loans, including public and private borrowings. Generali Finance may also participate in, conduct the management of and finance other companies and business enterprises, of any nature whatsoever. Generali Finance may also acquire, conduct the management of, administer, operate, encumber and dispose of operating assets and other assets. Additionally, Generali Finance may guarantee liabilities of third parties and render services and give other support to legal persons and companies, with which Generali Finance forms a group.

### Investments

As part of the corporate reorganisation of the Generali Group, over 2004 and 2005 Generali Finance transferred all its shareholdings to other companies within the Generali Group. However, in December 2006, Generali Finance acquired interests in Generali Belgium S.A., Generali Holding Vienna A.G. and Generali Capital Finance B.V. See “– Recent Developments”.

### Generali Finance’s Activities During 2005

Generali Finance recorded a total profit of Euro 12 million for the financial year ended 2005. Excluding the profits from the sale of shareholdings of Euro 0.4 million, the net profit would have totalled Euro 11.6 million, representing a decrease of 30.8 per cent. compared to the figure of Euro 16.8 million (excluding the profits of Euro 72.7 million for the sale of certain shareholdings) for 2004.

Income from interest on loans to other Generali Group companies was Euro 127.4 million in 2005, compared to Euro 103.8 million in 2004, representing an increase of 22.7 per cent. This income was related to (i) two debt issues made by Generali Finance in 1999, aimed at refinancing the outstanding debt of the entire Generali Group: Euro 1,500,000,000 4.75 per cent. Guaranteed Notes due 2014 and Euro 500,000,000 Fixed and Floating Rate Subordinated Callable Guaranteed Notes due 2019 (the “**1999 Notes**”), and (ii) the issue in 2005 by Generali Finance of Euro 500,000,000 3.875 per cent. Guaranteed Notes due 2015 (the “**2005 Notes**”), in each case guaranteed by Assicurazioni Generali and listed on the Luxembourg Stock Exchange. The net proceeds of the 1999 Notes were lent by Generali Finance to other Generali Group intermediate

holding companies to refinance acquisitions made by the Generali Group during 1998. The net proceeds of the 2005 Notes were also lent by Generali Finance to other Generali Group companies. Generali Finance receives interest payments from other Generali Group companies and uses these sums to pay interest to the holders of the 1999 Notes and the 2005 Notes. These issues enabled the Generali Group to extend the term of its consolidated debt, obtaining more favourable conditions than those obtained from its existing loans.

Interest received by Generali Finance on short-term deposits for the year ended 31 December 2005 amounted to Euro 0.1 million compared to Euro 0.1 million in 2004, representing an increase of 3.3 per cent. Total expenses declined 22.1 per cent. to Euro 0.3 million for the year ended 31 December 2005, compared to Euro 0.4 million in 2004.

Total assets amounted to Euro 2,836.4 million for the year ended 31 December 2005 (Euro 2,836.4 million as at 31 December 2004) and consisted of Euro 2,503.9 million long term loans and Euro 81.2 million short term loans to other Generali Group companies.

During the first half of 2005, Generali Finance B.V. transferred Euro 671.3 million of shareholdings to other Generali Group companies, whilst the long term loans increased by Euro 500 million.

Total liabilities, comprising the 1999 Notes and 2005 Notes amounted to Euro 2,589.2 million compared to Euro 2,073.1 million in 2004.

As at 31 December 2005, paid up and called share capital amounted to Euro 100 million (compared to Euro 220.1 million in 2004) and reserves amounted to Euro 147.2 million (compared to Euro 543.2 million in 2004).

### **Distributable Reserves**

As at 31 December 2005, Generali Finance had a general reserve of Euro 101.6 million and a share premium reserve of Euro 45.6 million both of which are freely distributable. Pursuant to a resolution of shareholders dated 11 November 2005, Generali Finance's shareholders authorised (in connection with a reduction in the company's share capital) the repayment, from the share premium reserve, of Euro 408,074,364 as an interim dividend.

### **Recent Developments**

On 16 June 2006, Generali Finance issued Euro 1,275,000,000 Fixed/Floating Rate Perpetual Guaranteed Subordinated Notes and GBP 700,000,000 Fixed/Floating Rate Perpetual Guaranteed Subordinated Notes (together, the "Perpetual Notes"), in each case guaranteed by Assicurazioni Generali and listed on the Luxembourg Stock Exchange. The net proceeds of the Perpetual Notes were lent by Generali Finance to other Generali Group entities to finance the purchase of certain minority interests in AMB Generali Holding A.G. and in Generali (Schweiz) Holding for purposes of consolidating the Generali Group's holding in such companies. Furthermore, to allow Generali Finance to pursue its business objectives in compliance with applicable law, Euro 1.5 million was invested in two Generali Group insurance companies, Generali Belgium S.A. and Generali Holding Vienna A.G. Additionally, on 22 December 2006, Generali Finance acquired 75 per cent. of the entire share capital of Generali Capital Finance B.V., a newly established company that was incorporated on the same date.

### **Corporate Governance Rules**

To the best of Generali Finance's knowledge and belief, it is in compliance with all applicable corporate governance laws and regulations of The Netherlands.

### **Board of Directors**

The Board of Directors of Generali Finance in office at the date of this Prospectus was reconfirmed at an Extraordinary General Meeting of Generali Finance held on 6 December 2005. The Board of Directors of Generali Finance as at the date of this Prospectus is constituted as follows:

<b>Name</b>	<b>Position</b>	<b>Place and Date of Birth</b>	<b>Principal Activities Performed by the Directors Outside Generali Finance</b>
Frans W. H. M. Heus	Director	's-Gravenhage, 31-08-1944	Chairman of the Board of Supervisory Directors of: – Generali Belgium S.A.; – Participatie Maatschappij Graafschap Holland N.V.; – Participatie Maatschappij Transhol B.V.; – B.V. Algemene Holding and Financieringsmaatschappij; and Generali Kent B.V. Managing Director of: – Generali Asia N.V.; – Redoze Holding N.V.; and – Generali Capital Finance B.V.
Gerrit K. Nolles	Director	Amsterdam, 15-05-1952	General manager of Generali Life Insurance Company Supervisory Director of Participatie Maatschappij Graafschap Holland N.V. Managing Director of: – Redoze Holding N.V.; – Generali Kent B.V.; – Participatie Maatschappij Transhol B.V.; and – Generali Capital Finance B.V.
Aart G. Olivier	Director	Schiedam, 08-09-1954	Chief Financial Officer of Generali verzekeringsgroep N.V. and Managing Director of its subsidiary companies. Managing Director of: – Participatie Maatschappij Graafschap Holland N.V.; – Participatie Maatschappij Transhol B.V.; – Redoze Holding N.V.; – B.V. Algemene Holding and Financieringsmaatschappij; and – Generali Capital Finance B.V.
Amerigo Borrini	Director	Trieste, 06-08-1948	Head of finance department of Assicurazioni Generali S.p.A. President of board of directors of: – BG Fiduciaria Sim – Generali Horizon Managing Director of: – Generali Capital Finance B.V.

The business address of each of the directors is Diemerhof 42, 1112 XN, Diemen, The Netherlands.

There are no conflicts of interests between any of the Directors' duties to Generali Finance and their private interests or other duties.

## **Employees**

As at the date of this Prospectus, Generali Finance has seven employees.

## **Independent Auditors**

The independent auditors of Generali Finance are PricewaterhouseCoopers Accountants N.V. who have been appointed for an undetermined period from the financial year 2004 to audit the non consolidated financial statements of Generali Finance. PricewaterhouseCoopers Accountants N.V. are registered in The Netherlands as members of NIVRA or NOvAA.

## **Litigation Pending**

As at the date of this Prospectus, Generali Finance is not involved in any or is aware of any pending or threatened litigation, arbitration or administrative proceedings that are likely, individually or in the aggregate, to have a material effect on the results of operations or financial position of Generali Finance.

## **Operations**

Generali Finance has all material consents, permits, authorisations and licences required for carrying out its business in the sectors in which it operates and has observed them in all material respects.

## CAPITALISATION OF GENERALI FINANCE B.V.

The following table sets out the capitalisation on a non-consolidated basis of the Issuer as at 30 June 2006. This information has been extracted from and should be read in conjunction with, and is qualified in its entirety by reference to, the non-consolidated financial statements of Generali Finance as at and for the six months ended 30 June 2006 which are incorporated by reference herein. Save as disclosed in this Prospectus, there has been no material change in the capitalisation of the Issuer since 30 June 2006.

	<b>As at 30 June 2006</b>
	<i>Dutch GAAP (unaudited) (Euro)</i>
<b>Short-term liabilities</b> .....	20,954,245
<b>Long-term liabilities</b>	
Insurance liabilities .....	—
Other liabilities and debts .....	4,799,665,154
Amortisable discount .....	36,681,424
	<u>4,857,300,823</u>
<b>Shareholders' equity</b>	
Share capital and surplus <sup>(1)</sup> .....	102,336,972
Reserves <sup>(2)</sup> .....	45,634,689
General reserve .....	101,573,197
Total shareholders' equity .....	249,544,858
<b>Total capitalisation</b> .....	<u><b>5,106,845,681</b></u>

(1) Share capital and profit as at 30 June 2006.

(2) Share premium reserve. See "Description of Generali Finance B.V.—Distributable Reserves".

## **SUMMARY FINANCIAL INFORMATION OF GENERALI FINANCE B.V.**

Set out below is summary financial information on the Issuer which is derived from the audited non-consolidated financial statements of the Issuer as at and for the years ended 31 December 2005 and 2004 and the unaudited non-consolidated financial statements of the Issuer as at and for the nine months ended 30 September 2006 and 2005, in each case presented in accordance with Dutch GAAP. Such financial statements are incorporated by reference into this Prospectus. The financial information and balance sheet and profit and loss account data below should be read in conjunction with, and is qualified in its entirety by reference to, such financial statements and any notes thereto. See also “Documents Incorporated by Reference”.

The Issuer does not publish consolidated financial statements as, in accordance with Article 408 of the Dutch Civil Code, Book 2, Title 9, it has opted not to draw up consolidated financial statements. The consolidation as referred to in Directive 83/349/EEC on consolidated accounts takes place at the ultimate parent company, Assicurazioni Generali S.p.A., in Italy.



# ANNUAL NON-CONSOLIDATED BALANCE SHEETS OF GENERALI FINANCE B.V.

	As at 31 December 2005		As at 31 December 2004	
	(audited)		(audited)	
	Dutch GAAP		Dutch GAAP	
	(Euro)		(Euro)	
<b>Assets</b>				
Financial fixed assets				
<i>Investments</i> .....		–		671,341,124
<i>Loans to group companies</i> .....		2,503,871,970		2,003,871,970
<i>Amortisable discount</i> .....		13,285,001		11,504,083
Current assets				
<i>Deposits</i> .....	2,400,000		640,000	
<i>Accrued interest</i> .....	227,126,009		132,578,807	
<i>Short term loan to group companies</i> ..	81,225,666		1,981,390	
<i>Receivables</i> .....	–		144,298	
<i>Cash</i> .....	8,544,689	319,296,364	14,400,715	149,745,210
<b>Total Assets</b> .....		<b>2,836,453,335</b>		<b>2,836,462,387</b>
<b>Shareholders' Equity and Liabilities</b>				
Capital and reserves				
<i>Paid up and called up share capital</i> ..		100,000,000		220,083,500
<i>Reserves</i> .....		147,207,886		543,249,904
		247,207,886		763,333,404
Long-term loans				
<i>Eurobond notes</i> .....	1,500,000,000		1,500,000,000	
<i>Medium term notes</i> .....	500,000,000			
<i>Eurobond subordinated notes</i> .....	500,000,000	2,500,000,000	500,000,000	2,000,000,000
Long term liabilities				
<i>Amortisable discount</i> .....		13,364,201		11,592,334
Current liabilities				
<i>Accruals and deferred income</i> .....	73,535,959		60,810,961	
<i>Other amounts payable</i> .....	2,345,289	75,881,248	725,688	61,536,649
<b>Total Liabilities</b> .....		<b>2,836,453,335</b>		<b>2,836,462,387</b>

**ANNUAL NON-CONSOLIDATED PROFIT AND LOSS ACCOUNTS  
OF GENERALI FINANCE B.V.**

	<b>For the year ended 31 December 2005 (audited)</b>		<b>For the year ended 31 December 2004 (audited)</b>	
	<i>Dutch GAAP (Euro)</i>		<i>Dutch GAAP (Euro)</i>	
<b>Income from</b>				
Financial fixed assets				
<i>Dividend participations .....</i>		–		12,676,137
<i>Loans to group companies.....</i>		115,181,227		101,792,949
Realised result on participation .....		363,870		72,682,488
Current assets				
<i>Short term deposits .....</i>		90,243		87,393
<i>Bank accounts .....</i>		389,740		153,816
<i>Short term loans .....</i>		12,171,483		1,967,911
<i>Other assets .....</i>		14,718		–
Other benefits.....		43,910		22,118
Currency results.....		-3,368		234,639
Total income .....		128,251,823		189,617,451
<b>Interest paid</b>				
Eurobonds .....		97,698,250		97,698,250
Medium Term Notes .....		12,948,058		–
Other liabilities .....		23,367		550,852
		110,669,675		98,249,102
<b>Operational and other expenses</b>				
Personnel expenses .....		29,665		29,087
Legal and fiscal advice .....		24,159		9,540
Rating fee.....		–		64,307
MTN Programme.....		96,874		–
Auditors' fee.....		18,708		11,600
Administration costs .....		80,900		73,900
Safe custody bank charges.....		32,491		175,576
Transfer costs.....		1,413		1,123
Other costs .....		423		244
		284,633		365,377
Operating profit before tax .....		17,297,515		91,002,972
Corporate tax book year .....		5,265,169		1,462,121
<b>Result for the year .....</b>		<b>12,032,346</b>		<b>89,540,851</b>

**INTERIM NON-CONSOLIDATED BALANCE SHEETS  
OF GENERALI FINANCE B.V.**

	<b>As at 30 September 2006</b>		<b>As at 30 September 2005</b>	
	<i>(unaudited)</i>		<i>(unaudited)</i>	
	<i>Dutch GAAP</i>		<i>Dutch GAAP</i>	
	<i>(Euro)</i>		<i>(Euro)</i>	
<b>Assets</b>				
Financial fixed assets				
<i>Investments</i> .....		—		—
<i>Loans to group companies</i> .....		4,803,537,124		2,503,871,970
<i>Amortisable discount</i> .....		32,292,138		13,647,063
Current assets				
<i>Short term loans to group companies</i> ....		—		609,383,530
<i>Deposits</i> .....	27,600,000			10,750,000
<i>Receivables</i> .....	299,820,692			193,493,789
<i>Cash</i> .....	10,505,607	337,926,299	68,107	813,695,426
<b>Total Assets</b> .....		<b>5,173,755,561</b>		<b>3,331,214,459</b>
<b>Shareholders' Equity and Liabilities</b>				
Capital and reserves				
<i>Paid up and called up share capital</i> ..		100,000,000		220,083,500
<i>Reserves</i> .....		147,207,886		543,249,904
<i>Profit as at 30 September</i> .....		3,616,520		8,340,246
		250,824,406		771,673,650
Long-term loans				
<i>Eurobond notes</i> .....	1,500,000,000		1,500,000,000	
<i>Medium Term Note</i> .....	500,000,000		500,000,000	
<i>Eurobond subordinated notes</i> .....	500,000,000		500,000,000	
<i>Perpetual Notes</i> .....	2,299,665,154	4,799,665,154	—	2,500,000,000
Long-term liabilities				
<i>Amortizable discount</i> .....		35,713,437		13,728,526
Current liabilities				
<i>Accruals and deferred income</i> .....	82,852,247		44,854,785	
<i>Other amounts payable</i> .....	4,700,317	87,552,564	957,498	45,812,283
<b>Total Liabilities</b> .....		<b>5,173,755,561</b>		<b>3,331,214,459</b>

**INTERIM NON-CONSOLIDATED PROFIT AND LOSS ACCOUNTS  
OF GENERALI FINANCE B.V.**

	<b>For the nine months ended 30 September 2006 (unaudited)</b>	<b>For the nine months ended 30 September 2005 (unaudited)</b>
	<i>Dutch GAAP (Euro)</i>	<i>Dutch GAAP (Euro)</i>
<b>Income from</b>		
Financial fixed assets		
<i>Loans to group companies</i> .....	131,762,868	84,375,451
Realized results on participations .....	–	363,870
Current assets		
<i>Short term deposits</i> .....	329,115	67,995
<i>Bank accounts</i> .....	4,407	358,118
<i>Short term loans to group companies</i>	697,537	8,606,611
<i>Other assets</i> .....	137,189	43,910
Currency results.....	–	(3,368)
Total income .....	132,931,116	93,812,587
<b>Interest paid</b>		
Eurobonds .....	73,075,272	73,649,155
Medium Term Notes .....	14,725,813	8,054,200
Perpetual Notes .....	39,142,553	–
Other liabilities .....	13,351	(96,830)
	126,956,989	81,606,525
	5,974,127	12,206,062
<b>Operational and other expenses</b>		
Personnel expenses .....	31,593	29,665
Legal and fiscal advice .....	161,344	14,758
Costs Eurobonds/MTN and Perpetual notes.....	743,351	57,004
Auditors' fee .....	20,825	7,403
Administration costs .....	62,250	56,250
Safe custody bank charges.....	–	32,491
Transfer costs.....	689	1,598
Other costs .....	404	169
Result before tax .....	1,020,456	199,338
Operating profit before tax .....	4,953,671	12,006,724
Corporate tax book year .....	1,337,151	3,666,478
<b>Results for first nine months</b> .....	<b>3,616,520</b>	<b>8,340,246</b>

## DESCRIPTION OF ASSICURAZIONI GENERALI S.p.A.

### General

Established in Trieste in 1831 as a company limited by shares (*Società per Azioni*) with a duration of 300 years, Assicurazioni Generali S.p.A. (“**Assicurazioni Generali**” or the “**Guarantor**”) and its consolidated subsidiaries (together the “**Generali Group**”) is the largest insurance group in Italy and the third largest in Europe in terms of total gross premiums written. The Generali Group operates in approximately 40 countries worldwide through branch offices and subsidiaries. The registered address of Assicurazioni Generali is Piazza Duca degli Abruzzi 2, 34132 Trieste, Italy and the telephone number is +39 040 671111. Assicurazioni Generali is registered at the Companies’ Registry of the Chamber of Commerce of Trieste, Italy under registration no. 00079760328.

The corporate purpose of Assicurazioni Generali, as provided by Articles 4.1 and 4.2 of its by-laws, is to: (i) engage in and carry out the business of insurance, reinsurance and capitalisation of every kind and to operate and manage any forms of supplementary pensions, including through the creation of open funds, in Italy and abroad, or the undertaking of any other activities reserved or admitted by the law to insurance companies; and (ii) in general engage in and perform any activity and carry out any transaction that is related to, connected with or conducive to the attainment of the corporate purpose, also through the participation in Italian or foreign companies and bodies.

Assicurazioni Generali has a dual function within the Generali Group, acting as an insurer in its own right, operating through branch offices in Italy and other countries, and also acting as the parent company of the Generali Group.

Assicurazioni Generali was first quoted on the Trieste stock exchange in 1857. Since 15 April 1994, Assicurazioni Generali shares have been listed on the *Mercato Telematico Azionario*, the electronic stock market of the Italian Stock Exchange. As at 29 December 2006, Assicurazioni Generali had a market capitalisation of approximately Euro 42.5 billion.

### Generali Group

The Generali Group undertakes a wide range of direct life and non-life insurance business, assumed reinsurance business and activities in fund and asset management and related areas. As at 30 September 2006, the Generali Group fully consolidates 310 companies: 115 insurance companies, 57 financial holding companies, 70 real estate companies and 68 services companies. The Group controls 10 subsidiaries that are accounted for on an equity basis. Such subsidiaries operate in insurance-related areas, such as fund and asset management. Assicurazioni Generali controls a further 313 non-consolidated subsidiaries and has a significant influence on a further 68 companies which are accounted for on a cost method basis.

### Financial Overview

The audited consolidated financial statements of Assicurazioni Generali as at and for the year ended 31 December 2005 have been prepared in accordance with IFRS and the audited consolidated financial statements of Assicurazioni Generali as at and for the year ended 31 December 2004 have been restated in accordance with IFRS. The unaudited consolidated financial statements of Assicurazioni Generali as at and for the nine months ended 30 September 2006 and 2005 have been prepared in accordance with Art. 82 of Rules for Issuers No. 11971/99, amended by CONSOB resolution No. 14990 of 14 April 2005. Profit and loss account and balance sheet data has been presented based on Annex 3D, adopting IAS/IFRS.

For the year ended 31 December 2005, gross premiums written by the Generali Group amounted to Euro 62.83 billion (for the year ended 31 December 2004: Euro 55.7 billion; for the nine months ended 30 September 2006: Euro 45.35 billion), of which Euro 45.77 billion (for the year ended 31 December 2004: Euro 38.67 billion; for the nine months ended 30 September 2006: Euro 32.22 billion) was attributable to its life insurance business and Euro 17.06 billion (for the year ended 31 December 2004: Euro 17.03 billion; for the nine months ended 30 September 2006: Euro 13.14 billion) to its non-life insurance business.

The consolidated net profit of the Generali Group for the full year 2005 was Euro 1.92 billion (for the year ended 31 December 2004: Euro 1.67 billion; for the nine months ended 30 September 2006: Euro 1.94 billion).

Total investments of the Generali Group as at 31 December 2005 amounted to Euro 307.42 billion (for the year ended 31 December 2004: Euro 271.77 billion; for the nine months ended 30 September 2006: Euro 320.61 billion), representing a 13.12 per cent. increase compared to the 2004 year end figure. Total net investment income, not at fair value, for the full year 2005 amounted to Euro 11.70 billion (for the year ended 31 December 2004: Euro 10.87 billion; for the nine months ended 30 September 2006: Euro 9.51 billion).

Net insurance provision, net of consolidated adjustments of the Generali Group as at 31 December 2005 amounted to Euro 275.14 billion (as at 31 December 2004: Euro 244.53 billion; as at 30 September 2006: Euro 287.14 billion), representing a 12.52 per cent. increase over the 2004 year end figure.

### Selected Financial Information

The section “Summary Financial Information of Assicurazioni Generali S.p.A.”, included elsewhere in this Prospectus, contains consolidated balance sheet and income statement information in summary form, extracted from the audited consolidated financial statements of Assicurazioni Generali as at and for the years ended 31 December 2004 and 2005 and the unaudited consolidated financial statements as at and for the nine months ended 30 September 2006 and 2005.

The following table sets out certain selected consolidated financial information of the Generali Group as at and for the nine months ended 30 September 2006 and as at and for the year ended 31 December 2005.

	As at and for the nine months ended 30 September 2006	As at and for the year ended 31 December 2005
	<i>IFRS</i> <i>(unaudited)</i>	<i>IFRS</i> <i>(audited)</i>
	<i>(in billions of Euro, except percentages)</i>	
Gross premiums .....	45.35	62.68
Acquisition costs and general expenses .....	7.06	9.44
Investments .....	320.61	307.42
Net investment income .....	9.51	11.70
Net insurance provisions (net of consolidated adjustments) .....	287.14	275.14
Capital and reserves (group) .....	12.51	12.03
Net profit (group) .....	1.94	1.92
Expense ratio (life, net of consolidated adjustments) .....	10.2%	9.4%
Loss ratio (non-life, net of consolidated adjustments) .....	69.7%	70.6%
Combined ratio (non-life, net of consolidated adjustments) .....	95.9%	97.9%

### Strategy

In March 2006 the Board of Directors adopted a business plan for the three-year period 2006-2008 (the “**Business Plan**”). The plan seeks to accelerate the model implemented in the previous 2003-2005 plan.

The Business Plan, building on the growth and efficiency achieved under the previous plan, sets significant new targets for further growth: a rise in non-life premiums that outperform the industry average and new business value in the life sector expanding at an average annual rate of 10 per cent. Moreover, it sets out objectives whereby the aim is to achieve the following targets at the end of the three years: a combined ratio



falling to 95.5 per cent., consolidated earnings up 50 per cent. and normalised return on embedded value rising to 14.5 per cent.

The new plan envisages three pillars: growth and innovation; a single national organisational model and Generali Group-wide structures and capital optimisation.

Management expects that the tools for growth and innovation will be the Generali Group's widespread network of agents and financial advisers, the professionalism of the Generali Group's salesmen, leadership in some countries in direct channels (telephone, Internet), entry into the Indian market and expansion in fast-growing markets such as China and Central and Eastern Europe. The Generali Group's expansion in these emerging markets may be executed through acquisitions, joint venture agreements or strategic alliances. The Generali Group continues to evaluate a variety of such transactions and may finance these transactions through cash on hand, newly issued debt or equity securities or a combination of the foregoing.

Management believes that an essential factor in improving the Generali Group's efficiency will be a single, simplified operational model at national level, flanked by four key Generali Group-wide projects designed to achieve economies of scale.

As part of the new model in each country administrative services, procurement, claims management, strategic marketing and product development are centralised and shared by Generali Group companies creating a series of networks, each designed to provide its own clients with customised services, products and channels that best serve their needs.

The Generali Group-wide plans will pool capital-intensive activities such as IT, large scale activities such as asset management and treasury management, and activities that require the sharing of specialised skills, such as risk management. Management expects that the sharing of Generali Group's best practices at an international level in strategic sectors such as pricing of motor insurance and claims handling will also be extended.

Management aims to undertake measures for more efficient use of capital in order to preserve the Generali Group's financial wellbeing and credit rating and to ensure there is sufficient capacity for external growth.

### **Significant Recent Events**

In April 2006, in Germany, by means of a voluntary public offering, the Generali Group increased its stake in AMB Generali Holding to 85.05 per cent. and, in doing so, now has full control of AMB Generali Holding's shareholders' general meeting. In July 2006 in Austria and August 2006 in Switzerland, the Generali Group consummated similar transactions to obtain the entire share capital of Generali Holding Vienna A.G. and Generali (Schweiz) Holding, respectively. Additionally, in Israel, the Generali Group increased its stake in Migdal Insurance and Financial Holding from approximately 60 per cent. to approximately 70 per cent.

In 2005, in China, Generali China Life moved into the market for group insurance by underwriting a large pension plan for the payment of annuities. Management believes that as a result of the one-off premium paid under this contract, Generali China Life is now a leader in premium income compared to other foreign joint ventures in China. An agreement with Industrial and Commercial Bank of China signed in Beijing in 2004 became operational for the Canton region, and distribution agreements were also entered into with other leading Chinese banks. In December 2005, a new branch in Shanghai began insurance underwriting and in 2006 the Generali Group obtained from the competent regulatory body a permit to operate in non-life lines, enabling the Generali Group to provide insurance in China both in the life and non-life sector.

In line with its expansion strategy in Eastern Europe, in March 2006, the Generali Group acquired a majority stake in Delta Osiguranje, the country's third largest insurance company, which operates in both the life and non-life sectors.

In India, in May 2006, the Generali Group entered into an agreement for the establishment of a life and non-life joint venture with the most important Indian retail distribution group: Pantaloon Retail. The joint venture, which will mark the Generali Group's entry into the Indian market, will take the name of "Future

Generali” and the Generali Group will hold a stake within the limit of 26 per cent., as laid down by current Indian legislation on foreign investments in Indian companies.

In May 2006, in Croatia the Generali Group acquired 100 per cent. of Libertas Osiguranje, a company operating in the life sector, and authorised to operate in the accident and health sectors.

In June 2006, in Ukraine the Generali Group acquired 51 per cent. of the capital of Garant Auto and Garant Life, respectively the second largest company in the non-life sector and the third largest company in the life sector in Ukraine.

In June 2006, in Switzerland, our Swiss bank, BSI - Banca della Svizzera Italiana agreed to acquire Banca Unione Credito from the Fiat Group in an effort to further solidify its position in the asset management business. In January 2007, the merger between Banca Unione di Credito and BSI was concluded.

In July 2006, in Bulgaria, the Generali Group acquired 51 per cent. of the Orel-G group, which operates in the Bulgarian market through three separate companies: Orel AD (non-life insurance), Orel Life AD (life insurance) and Zakrila Ad.

The realisation of single Generali Group-wide systems has proceeded at both a national and an international level as part of the reorganisation of the Generali Group’s activities by geographical area with the aim of achieving cost savings and optimising the use of resources, especially in IT and administration. In Italy in particular, the single data processing platforms for life and non-life portfolio management went operational and the centralisation of Generali Group’s administrative and operational functions has proceeded.

In the first half of 2006, the Generali Group has initiated organisational restructuring initiatives aimed at optimising management in Italy. With a view to simplifying the structure, the Generali Group resolved to incorporate Generali Vita into Assicurazioni Generali as well as to merge INA and Assitalia.

On 4 October 2006, Assicurazioni Generali acquired a controlling stake in the share capital of Toro and on 19 December 2006, Assicurazioni Generali completed a tender offer for the remaining ordinary shares of Toro. See “—Recent Developments”.

## **Generali Group Business**

The Generali Group’s operations are comprised of two major businesses – the insurance business and the asset and financial management business.

The Generali Group’s insurance business consists of two segments – Life and Non-Life. The Generali Group’s Life segment provides several types of life and health insurance. The Generali Group’s Non-Life segment provides several types of property and casualty insurance.

The Generali Group’s Life and Non-Life segments offer a wide range of insurance products and services and cater to both retail and corporate customers. In order to distribute its insurance products and services, the Generali Group’s Life and Non-Life segments rely on a multi-channel and multi-brand strategy that primarily uses sales agents. Both segments also rely on paid sales persons, financial advisers, bancassurance networks (distribution through the counters of the Generali Group’s partner banks) and strategic partnerships with third party distribution networks to distribute the Generali Group’s insurance products and services. The Generali Group’s Life and Non-Life segments also distribute insurance products and services through “direct sales companies”. These companies utilise the telephone and the Internet to sell and provide services to the Generali Group’s customers.

The Generali Group’s asset and financial management business primarily focuses on managing the Generali Group’s assets, together with private wealth management services.

The following table sets forth selected figures for the Generali Group's consolidated results of operations for the year ended 31 December 2005:

For the year ended 31 December 2005					
	Non-Life Segment	Life Segment	Financial Segment	Consolidation Adjustments	Total
<i>IFRS</i>					
<i>(audited) (in millions of Euro)</i>					
Earned premiums.....	15,270.1	44,876.8	–	(64.6)	60,082.4
Fee and commission income and income from financial service activities.....	–	99.3	733.3	(79.0)	753.6
Net income from financial instruments at fair value through profit or loss.....	139.7	5,654.4	109.2	–	5,903.4
Income from subsidiaries, associated companies and joint ventures .....	577.0	295.0	13.2	(796.5)	88.8
Income from other financial instruments and land and buildings (investment properties) .....	2,271.4	10,742.4	508.8	(260.4)	13,262.3
Other income .....	1,332.3	1,010.6	176.6	(890.8)	1,628.8
<b>Total income .....</b>	<b>19,590.6</b>	<b>62,678.6</b>	<b>1,541.2</b>	<b>(2,091.2)</b>	<b>81,719.2</b>
Net insurance benefits and claims .....	10,746.6	52,890.5	–	(73.7)	63,563.4
Fee and commission expenses .....	–	63.3	265.5	(9.1)	319.6
Expenses for subsidiaries, associated companies and joint ventures .....	194.6	129.1	0.3	(155.1)	169.0
Expenses for other financial instruments and land and buildings (investment properties) .....	794.8	1,277.7	332.1	(159.3)	2,245.3
Acquisition and administration costs ....	4,316.7	4,745.5	460.8	(81.9)	9,441.0
Other expenses.....	2,074.0	1,097.8	186.3	(924.3)	2,433.8
<b>Total expenses.....</b>	<b>18,126.7</b>	<b>60,203.8</b>	<b>1,245.1</b>	<b>(1,403.4)</b>	<b>78,172.1</b>
<b>Earnings before taxes .....</b>	<b>1,463.9</b>	<b>2,474.8</b>	<b>296.1</b>	<b>(687.7)</b>	<b>3,547.1</b>

The following table sets forth selected figures for the Generali Group's consolidated results of operations for the year ended 31 December 2004:

For the year ended 31 December 2004					
	Non-Life Segment	Life Segment	Financial Segment	Consolidation Adjustments	Total
					<i>(audited)</i>
					<i>Restated to IFRS</i>
					<i>(unaudited)</i>
					<i>(in millions of Euro)</i>
Earned premiums.....	15,058.1	37,991.8	–	–	53,049.9
Fee and commission income and income from financial service activities.....	27.7	85.9	681.9	(104.6)	691.0
Net income from financial instruments at fair value through profit or loss.....	131.7	3,162.4	77.2	-	3,371.3
Income from subsidiaries, associated companies and joint ventures .....	236.3	157.5	5.0	(292.0)	106.8
Income from other financial instruments and land and buildings (investment properties) .....	2,215.0	9,751.2	473.9	(107.9)	12,332.1
Other income .....	1,317.3	966.2	200.6	(947.2)	1,536.9
<b>Total income .....</b>	<b>18,986.7</b>	<b>52,115.0</b>	<b>1,438.6</b>	<b>(1,451.7)</b>	<b>71,088.0</b>
Net insurance benefits and claims .....	10,824.4	42,894.1	–	–	53,718.5
Fee and commission expenses .....	14.9	53.6	259.6	(37.2)	290.9
Expenses from subsidiaries, associated companies and joint ventures .....	2.0	61.9	0.2	-	64.2
Expenses for other financial instruments and land and buildings (investment properties) .....	813.3	1,321.7	350.0	(169.2)	2,315.7
Acquisition and administration costs ....	4,402.8	4,868.6	330.3	(23.7)	9,578.1
Other expenses.....	1,659.1	1,081.5	289.8	(1,004.9)	2,025.5
<b>Total expenses.....</b>	<b>17,716.5</b>	<b>50,281.4</b>	<b>1,229.9</b>	<b>(1,235.0)</b>	<b>67,992.8</b>
<b>Earnings before taxes .....</b>	<b>1,269.7</b>	<b>1,833.6</b>	<b>208.6</b>	<b>(216.7)</b>	<b>3,095.2</b>

### Generali Group Insurance Business

The Generali Group premium income, prior to reinsurance and after consolidated adjustments, amounted to Euro 62.68 billion for the year ended 31 December 2005 (Euro 55.60 billion for the year ended 31 December 2004 and Euro 45.35 billion for the nine months ended 30 September 2006).

## Life Segment

Life business income of the Generali Group amounted to Euro 45.77 billion in 2005, a growth of 18.36 per cent. compared to Euro 38.67 billion in 2004 and accounted for 72.85 per cent. of its overall portfolio.

The following table sets out certain selected figures for the Generali Group's life operations for the years ended 31 December 2005 and 2004.

	For the years ended 31 December	
	2005	2004
	IFRS (audited)	Restated to IFRS (unaudited)
	(in billions of Euro)	
Gross premiums written .....	45.77	38.67
Net premiums written.....	44.88	37.99
Net income from financial instruments at fair value .....	5.66	3.16
Total income of life segment .....	62.68	52.11
Net insurance benefit and claims .....	52.89	42.89
Total expenses of life segment .....	60.20	50.28
Result of the period gross of income taxes and minorities interests .....	2.47	1.83

## Breakdown of Investments of the Life Segment

The following table presents a breakdown of the investments of the Generali Group's life segment as at 31 December 2005 and 2004:

	As at 31 December			
	2005		2004	
	Total book value	Impact	Total book value	Impact
	(in millions of Euro)	(%)	(in millions of Euro)	(%)
Land and buildings (investment properties) (*) .....	4,239.3	1.8	3,878.5	1.9
Investments in subsidiaries, associated companies and joint ventures .....	11,103.4	4.8	11,974.5	5.8
Held to maturity investments .....	890.1	0.4	588.9	0.3
Loans and receivables .....	28,927.9	12.5	27,549.7	13.3
Available for sale financial assets .....	166,976.7	72.0	146,948.2	70.8
Financial assets at fair value through profit or loss ....	19,736.5	8.5	16,608.1	8.0
<b>Total .....</b>	<b>231,873.8</b>	<b>100.0</b>	<b>207,547.9</b>	<b>100.0</b>
Investments back to policies where the investment risk is borne by the policyholders .....	41,187.5		34,791.4	
<b>Total investments of life segment .....</b>	<b>273,061.4</b>		<b>242,339.3</b>	

(\*) In accordance with IAS, Euro 1,129.2 million (as at 31 December 2005) and Euro 865.3 million (as at 31 December 2004) of land and buildings used for own activities are classified as tangible assets.

## Non-Life Segment

Non-life business premiums of the Generali Group rose by 0.15 per cent. to Euro 17.06 billion for the year ended 31 December 2005.

The following table sets out certain selected figures for the Generali Group's non-life operations for the years ended 31 December 2005 and 2004.

	For the years ended 31 December	
	2005	2004
	<i>IFRS</i> <i>(audited)</i>	Restated to <i>IFRS</i> <i>(unaudited)</i>
	<i>(in billions of Euro)</i>	
Gross premiums written .....	17.06	17.03
Net premiums written.....	15.27	15.06
Net income from financial instruments at fair value .....	0.14	0.13
Total income of non life sector .....	19.59	18.99
Total expenses of non life sector .....	18.13	17.72
Result of the period gross of income taxes and minorities interests .....	1.46	1.27

## Breakdown of Investments of the Non-Life Segment

The following table presents a breakdown of the investments of the Generali Group's non-life segment as at 31 December 2005 and 2004:

	As at 31 December			
	2005		2004	
	Total book value	Impact	Total book value	Impact
	<i>(in millions of Euro)</i>	<i>(%)</i>	<i>(in millions of Euro)</i>	<i>(%)</i>
Land and buildings (investment properties) <sup>(*)</sup> .....	5,979.3	14.2	6,426.9	15.7
Investments in subsidiaries, associated companies and joint ventures .....	8,313.3	19.8	9,553.6	23.3
Held to maturity investments .....	83.9	0.2	79.5	0.2
Loans and receivables .....	6,243.1	14.9	6,017.0	14.7
Available for sale financial assets .....	20,131.4	48.0	17,819.1	43.5
Financial assets at fair value through profit or loss ....	1,229.6	2.9	1,041.8	2.5
<b>Total investments of non-life segment .....</b>	<b>41,980.6</b>	<b>100.0</b>	<b>40,937.9</b>	<b>100.0</b>

(\*) In accordance with IAS, Euro 1,664.9 million (as at 31 December 2005) and Euro 1,909.6 million (as at 31 December 2004) land and buildings used for own activities are classified as tangible assets.

## Geographic Distribution

### Italy

Over the course of 2005, the life insurance market in Italy expanded, with premiums growing by approximately 10 per cent. compared with 4.4 per cent. in 2004. Demand for mixed insurance policies continued, but other products, especially those with greater financial content, staged a recovery after



contracting significantly in the previous year. The improvement in 2005 is generally considered to be attributable to bancassurance (up by 15.5 per cent.) and strong demand for index-linked contracts. By contrast, there was a slowdown over the course of 2005 in business growth through the agency network and direct sales (up by 7 per cent.) and a further contraction of 15 per cent. in the contribution of the network of financial advisers.

The growth in Generali Group premiums in Italy (an increase of 16.8 per cent. during 2005 on equivalent terms) was driven by individual insurance, especially recurring single premium contracts. Premiums from new business acquired by the banking channel and the proprietary networks registered gains over the course of 2005 (39.2 per cent. and 9.8 per cent., respectively, as compared to 2004). The premiums of the network of financial advisers declined in 2005, reflecting the reorientation of business towards recurring premium products with greater insurance content, while over the same period new business in these products rose by 40.4 per cent.

The following table sets out the performance of the life business in Italy as at and for the years ended 31 December 2005 and 2004.

	<b>As at and for the years ended 31 December</b>	
	<b>2005</b>	<b>2004</b>
Gross direct premiums written (in millions of Euro).....	18,863.5	16,157.5
Market Share (%) .....	26.6	25.2
Expense Ratio (%) .....	6.4	7.0

During the course of 2005 there was a further slowdown compared to 2004 in the expansion of the non-life insurance market due to economic stagnation and the small rise in rates in the motor sector.

For the Generali Group, premiums rose by 1.4 per cent. during 2005 on equivalent terms, as business continued to be affected by the contraction in the volume of Assitalia's premiums for motor and general liability insurance as a result of portfolio restructuring and stricter underwriting policies. The other Generali Group companies registered an increase in sales over 2005 higher than 3 per cent. compared to 2004.

The following table sets out the performance of the non-life business in Italy as at and for the years ended 31 December 2005 and 2004.

	<b>As at and for the years ended 31 December</b>	
	<b>2005</b>	<b>2004</b>
Gross direct premiums written (in millions of Euro).....	5,630.7	5,786.6
Market Share (%) .....	15.6	16.4
Loss ratio (%) .....	74.5	76.1
Expense Ratio (%) .....	23.2	22.4
Combined Ratio (%).....	97.7	98.5

### *Germany*

In Germany, the expansion of the life insurance market was sustained over 2005 by the substantial contribution of the recurring premium policies underwritten towards the end of 2004, ahead of the introduction of more restrictive tax rules, and by the flow of premiums from retirement policies. Health insurance in 2005 again showed good growth and outperformed the market, albeit less than in 2004.

Generali Group's premiums rose by 8.4 per cent. in 2005 compared to 2004, an increase higher than that recorded by the market, as a result of the performance of the risk policies and of the state-supported

retirement policies, a sector where the Generali Group consolidated its leadership of the market with more than a million contracts in its portfolio at the end of 2005.

The following table sets out the performance of the life business in Germany as at and for the years ended 31 December 2005 and 2004.

	<b>As at and for the years ended 31 December</b>	
	<b>2005</b>	<b>2004</b>
Gross direct premiums written (in millions of Euro).....	9,813.4	9,052.9
Market Share (%) .....	9.6	9.4
Expense Ratio (%) .....	15.4	20.5

After years of modest expansion, the non-life insurance market suffered a decline in premium volume in 2005, owing to the state of the economy and more intense competition. The downtrend was sharpest in the motor and corporate risk insurance.

The Generali Group's non-life premiums declined slightly in 2005 (by 0.6 per cent.), in line with the contraction of the market as a whole. This performance reflects the heightened competition in the motor sector, which counts heavily in the overall insurance portfolio.

The following table sets out the performance of the non-life business in Germany as at and for the years ended 31 December 2005 and 2004.

	<b>As at and for the years ended 31 December</b>	
	<b>2005</b>	<b>2004</b>
Gross direct premiums written (in millions of Euro).....	2,986.5	3,003.0
Market Share (%) .....	5.4	5.4
Loss Ratio (%) .....	65.0	66.8
Expense Ratio (%) .....	32.0	32.6
Combined Ratio (%).....	97.0	99.4

### *France*

In France, performance in the life insurance market over 2005 matched the very buoyant growth of the previous year, with continuing expansion of unit-linked products, good sales of traditional contracts and a further uptrend in retirement products.

Similarly, the large increase in premiums over 2005 (13.7 per cent. on equivalent terms) came mainly from a rapid expansion in unit-linked policies, which now account for a substantial share of the portfolio of savings products. All sales channels contributed to the above-mentioned results. As in the previous years, the expense ratio continued its trend of reduction.

The following table sets out the performance of the life business in France as at and for the years ended 31 December 2005 and 2004.

	<b>As at and for the years ended 31 December</b>	
	<b>2005</b>	<b>2004</b>
Gross direct premiums written (in millions of Euro).....	9,351.6	8,226.2
Market Share (%) .....	7.6	7.6
Expense Ratio (%) .....	7.0	7.9

The development of the non-life insurance market slowed further during 2005, chiefly because of stagnation in motor insurance and in the corporate lines, owing in both cases to heightened competitive pressure. An exception was medical and accident insurance, which continued to expand mainly as a result of the demand for increased coverage as a response to the recent health service reform.

Against this background, after strong growth in 2004 the Generali Group's premiums fell slightly in 2005 (by 0.6 per cent. on equivalent terms), reflecting a reduction in premiums especially in the transport business, the restructuring of portfolios showing a loss and on the whole a focus on technical profitability.

The following table sets out the performance of the non-life business in France as at and for the years ended 31 December 2005 and 2004.

	<b>As at and for the years ended 31 December</b>	
	<b>2005</b>	<b>2004</b>
Gross direct premiums written (in millions of Euro).....	3,237.1	3,255.8
Market Share (%) .....	6.7	6.7
Loss Ratio (%) .....	72.3	74.2
Expense Ratio (%) .....	26.6	26.0
Combined Ratio (%).....	98.9	100.2

### *Spain*

In Spain, the life insurance market extended its growth trend during 2005. The expansion was led by individual insurance products, where the banking channel is dominant. Agencies also made good progress in sales of both risk policies and unit-linked and index-linked products. Volumes for group retirement products grew, following a number of operations connected with corporate restructuring.

Against this backdrop, the Generali Group achieved 8.7 per cent. growth in premiums during 2005.

The following table sets out the performance of the life business in Spain as at and for the years ended 31 December 2005 and 2004.

	<b>As at and for the years ended 31 December</b>	
	<b>2005</b>	<b>2004</b>
Gross direct premiums written (in millions of Euro).....	837.8	771.1
Market Share (%) .....	4.1	4.1
Expense Ratio (%) .....	5.0	5.5

Non-life insurance market growth rate remained positive in all lines of business, but there was a further slowdown in the motor sector due to high levels of competition.

The Generali Group's non-life premium growth in 2005 (an increase of 8.2 per cent.) was consistent in all branches, with both individual and corporate risks enjoying gains equalling or exceeding the performance of the market as a whole.

The following table sets out the performance of the non-life business in Spain as at and for the years ended 31 December 2005 and 2004.

	<b>As at and for the years ended 31 December</b>	
	<b>2005</b>	<b>2004</b>
Gross direct premiums written (in millions of Euro).....	1,340.3	1,238.5
Market Share (%) .....	4.8	4.7
Loss Ratio (%) .....	65.2	63.4
Expense Ratio (%) .....	24.9	25.3
Combined Ratio (%).....	90.1	88.8

#### *Austria*

In Austria the life market accelerated, as a result of the positive showing of the capital markets (which favoured the expansion of linked products), the launch of company level supplementary policies and the good results on sales of supplementary retirement plans. There was faster growth in the health business as well.

The increase in the Generali Group's premiums in 2005 (7.4 per cent.) was mainly attributable to the success of linked policies, especially the positive reception of an index-linked pension product launched at the end of 2004. There was a sharp rise in single premium policies but income from recurring premium policies also continued to grow, especially as regards new business.

The following table sets out the performance of the life business in Austria as at and for the years ended 31 December 2005 and 2004.

	<b>As at and for the years ended 31 December</b>	
	<b>2005</b>	<b>2004</b>
Gross direct premiums written (in millions of Euro).....	767.8	714.9
Market Share (%) .....	9.5	9.8
Expense Ratio (%) .....	22.1	22.0

The non-life market grew, although growth was slower than in 2004.

The Generali Group's premium income grew at a modest rate in 2005 (an increase of 0.8 per cent.) The gain was due in part to an increase in personal and corporate insurance premiums and in part to the motor sector, which showed definite signs of improvement thanks to new tariffs. The loss ratio for 2005 worsened following floods in August, while the expense ratio, positively influenced by the processes carried out to improve efficiency, showed a reduction equal to 1 per cent. compared to 2004.

The following table sets out the performance of the non-life business in Austria as at and for the years ended 31 December 2005 and 2004.

	<b>As at and for the years ended 31 December</b>	
	<b>2005</b>	<b>2004</b>
Gross direct premiums written (in millions of Euro).....	1,219.0	1,209.3
Market Share (%) .....	17.9	18.7
Loss Ratio (%) .....	69.3	68.5
Expense Ratio (%) .....	28.7	29.7
Combined Ratio (%).....	98.1	98.1

### *Switzerland*

In Switzerland, in the life business, market-wide premium income fell over 2005, although slightly less than in the two previous years. The decline reflected the negative performance of group policies, which are the main product in the Swiss market. Individual policies showed signs of recovery.

These trends benefited the Generali Group. Its new business is orientated towards the acquisition of recurring premiums, individual unit-linked contracts, a segment in which the Generali Group consolidated its leadership. The overall increase in the premiums for 2005 came to 1.4 per cent. at equivalent exchange rates. The agency network was again the principal sales channel, followed by the networks of independent financial advisers.

The following table sets out the performance of the life business in Switzerland as at and for the years ended 31 December 2005 and 2004.

	<b>As at and for the years ended 31 December</b>	
	<b>2005</b>	<b>2004</b>
Gross direct premiums written (in millions of Euro).....	802.6	794.1
Market Share (%) .....	4.7	4.2
Expense Ratio (%) .....	21.0	20.2

The non-life insurance market grew in 2005, though more slowly than in 2004. Premium income growth was greatest in the motor sector, which benefited from a revision of rates and the increasing incidence of cars of higher value.

The Generali Group's premiums rose in 2005 by 5.8 per cent. at equivalent exchange rates, led by the motor business, which is the largest in the portfolio. The gain was the product in part of the revision of rates. The accident and health lines of the business also contributed strongly to the gain.

The following table sets out the performance of the non-life business in Switzerland as at and for the years ended 31 December 2005 and 2004.

	<b>As at and for the years ended 31 December</b>	
	<b>2005</b>	<b>2004</b>
Gross direct premiums written (in millions of Euro).....	455.1	431.3
Market Share (%) .....	3.4	3.3
Loss Ratio (%) .....	71.2	70.0
Expense Ratio (%) .....	28.1	30.1
Combined Ratio (%).....	99.3	100.1

### *Israel*

In Israel, the life insurance market over 2005 was characterised by moderate growth following an improvement in economic conditions. There was an increase in shifts from life policies to pension funds, due in part to the reduction in the limits of deductibility of life policies providing for lump-sum payments.

The modest size of the increase for 2005 (1 per cent. at equivalent exchange rates) in Generali Group premiums reflected the termination of an important group insurance plan with death coverages showing a loss and a reduction of single premiums.

The following table sets out the performance of the life business in Israel as at and for the years ended 31 December 2005 and 2004.

	<b>As at and for the years ended 31 December</b>	
	<b>2005</b>	<b>2004</b>
Gross direct premiums written (in millions of Euro).....	830.0	823.1
Market Share (%) .....	29.8	32.2
Expense Ratio (%) .....	16.5	18.0

The non-life insurance market showed limited growth in 2005, as a consequence of strong rate competition and further cuts imposed by the supervisory authority in compulsory motor third party liability insurance rates, which are semi-administered.

The Generali Group saw a decline of 2.6 per cent. over 2005 at equivalent exchange rates in premiums, owing mainly to a negative trend in the first half of the year affecting first of all the motor sector, given the market situation described, and health insurance, in which an important group contract showing a loss was not renewed.

The following table sets out the performance of the non-life business in Israel as at and for the years ended 31 December 2005 and 2004.

	<b>As at and for the years ended 31 December</b>	
	<b>2005</b>	<b>2004</b>
Gross direct premiums written (in millions of Euro).....	303.6	312.3
Market Share (%) .....	9.6	10.1
Loss Ratio (%) .....	69.7	68.9
Expense Ratio (%) .....	30.0	30.2
Combined Ratio (%).....	99.7	99.1



### *Belgium*

In Belgium, the life market registered strong growth for 2005, mainly as a result of the expansion of single premium policies. Sales of group policies remained stable.

Over 2005, the Generali Group's premiums held at the previous year's level following the exit from the Luxembourg market and the decision to focus business on recurring premium products, which showed good growth both for group and individual policies.

The following table sets out the performance of the life business in Belgium as at and for the years ended 31 December 2005 and 2004.

	<b>As at and for the years ended 31 December</b>	
	<b>2005</b>	<b>2004</b>
Gross direct premiums written (in millions of Euro).....	379.3	380.5
Market Share (%) .....	1.5	1.9
Expense Ratio (%) .....	8.5	7.4

The non-life insurance market in Belgium slowed its growth over 2005 in the motor sector in particular, due primarily to strong competition.

In this context, the Generali Group's premiums increased by 1.5 per cent. for 2005, in part because of a more restrictive approach both to new policies and to renewals.

The following table sets out the performance of the non-life business in Belgium as at and for the years ended 31 December 2005 and 2004.

	<b>As at and for the years ended 31 December</b>	
	<b>2005</b>	<b>2004</b>
Gross direct premiums written (in millions of Euro).....	219.2	216.1
Market Share (%) .....	2.5	2.5
Loss Ratio (%) .....	65.3	64.2
Expense Ratio (%) .....	34.3	34.8
Combined Ratio (%).....	99.6	99.0

### *Other Countries*

In Central and Eastern Europe, the life market's overall expansion in 2005 reflected the rapid pace of economic growth. The 27.1 per cent. rise compared to 2004, at equivalent exchange rates, in Generali Group premiums came primarily from the progress of unit-linked products, recently launched on several markets. The 2005 growth recorded in the Czech Republic (60.7 per cent.), Poland (50.5 per cent), Slovakia (20.1 per cent.) and Hungary (11 per cent.) was most noteworthy.

The following table sets out the performance of the life business in Central and Eastern Europe as at and for the years ended 31 December 2005 and 2004.

	<b>As at and for the years ended 31 December</b>	
	<b>2005</b>	<b>2004</b>
Gross direct premiums written (in millions of Euro).....	249.8	188.7
Expense Ratio (%) .....	32.2	33.7

The total number of insurance premiums in the non-life sector in Central and Eastern Europe expanded, fuelled by the rapid rate of economic growth.

Over 2005, the Generali Group's premiums increased by 5.2 per cent. at equivalent exchange rates, as a result of good performance in motor and personal insurance. The largest contributions came from the Czech Republic and Hungary.

The following table sets out the performance of the non life business in Central and Eastern Europe as at and for the years ended 31 December 2005 and 2004.

	As at and for the years ended 31 December	
	2005	2004
Gross direct premiums written (in millions of Euro).....	581.5	528.6
Loss Ratio (%) .....	65.6	62.9
Expense Ratio (%) .....	29.9	31.0
Combined Ratio (%).....	95.6	93.9

In China, the volume of the life business benefited from a major single premium of Euro 1,874.7 million from a contract signed by Generali China Life for the payment of annuities. Excluding that contract, premiums nearly doubled compared to 2004, with a total of Euro 63.1 million for 2005, as a result of the contribution of the banking channel which distributes traditional policies.

In Latin America, the Generali Group's life premiums amounted to Euro 310.1 million for 2005 (an increase of 31.4 per cent. on equivalent terms). In Mexico, growth was driven by major group policies. Pension funds business turned in another positive performance, despite the pressure of competition, and the permanent disability annuity sector also produced good results on new business. In Argentina, the acquisition of new group contracts and premium increases on renewals in 2005 offset the effect of the termination of certain large policies with high loss ratios.

The Generali Group's total non life premiums in Latin America amounted to Euro 434 million for 2005 (an increase of 11.7 per cent. at equivalent exchange rates). In Mexico the growth in the motor sector was affected by the sharp rise in competition in the whole market. However, there was a significant increase in health underwriting. In Argentina, in contrast, premium growth was sustained principally by the motor insurance, which benefited from an increase in the number of vehicles insured and a rise in the average premium as a consequence of marketing targeted at the high-end market segments that demand broader coverage and are less sensitive to competition.

### **Generali Group Asset and Financial Management Business**

The Generali Group's asset and financial management business includes its banking and asset management operations. These operations focus on managing the Generali Group's assets and conduct most of the Generali Group's financial activities. The largest business units within the Generali Group's asset and financial management business are (i) its captive asset management companies based in Italy, Germany and France and (ii) its Swiss bank, BSI-Banca della Svizzera Italiana ("**BSI Group**"), and its Italian bank, Banca Generali ("**Banca Generali**").

As at 31 December 2005, assets managed by the Generali Group's asset management companies and banks amounted to Euro 279,292.2 million (an increase of 17.1 per cent. as compared to 31 December 2004).

#### ***Captive Asset Management Activities***

The Generali Group's captive asset management activities are primarily conducted by Generali Asset Management SGR (based in Italy), AMB Generali Asset Management Kapitalanlagegesellschaft (based in Germany) and Generali Finances (based in France). During the first quarter of 2007, management intends to unify these three entities under a single holding company, Generali Investments S.p.A.

### *Swiss and Italian Banking Activities*

In 2005 Banca Generali more than doubled its 2004 figure for net fund-raising with a total of Euro 2,309 million. An increase in intermediation business with the exploitation of significant synergies across the Generali Group in distributing financial products, brought the total amount of assets under management at the end of 2005 to Euro 18,290 million, up by 18.7 per cent. from 31 December 2004. Substantial gains in 2005 compared to 2004 levels were recorded in both net commissions (an increase of 14.3 per cent.) and intermediation margin (an increase of 19.3 per cent.). Banca Generali launched a plan for investment in the distribution network – which as at 31 December 2005 resulted in 2,006 financial advisers and 2,809 financial advisers in the Simgenia S.p.A. subsidiary's proprietary network, who belong to the agency networks of the Italian Generali Group companies – in order to increase both the volume of assets under management and their profitability.

During 2005, as part of the concentration of wealth management for retail customers in Banca Generali, the Generali Asset Management division responsible for running investment funds and third-party portfolio management services was incorporated into a new asset management company controlled by Banca Generali, which went fully operational at the start of 2006.

In Switzerland, the BSI Group benefited from a positive trend in the financial markets which led to an increase in both fund-raising and earnings. Over 2005, operating revenue rose by 17.4 per cent. to Euro 345.5 million, including Euro 192.2 million in commissions, while operating costs amounted to Euro 253.1 million or 73.3 per cent. of income, up from 70.4 per cent. in 2004. BSI's net profit for 2005 came to Euro 71.2 million, a gain of 22 per cent. compared to 2004. At the end of 2005 the BSI Group had Euro 33,564.3 million in assets under management, an increase of 16.8 per cent. from 31 December 2004. The BSI Group launched a major plan to develop more competitive, higher-value-added asset management products. In June 2006, the BSI Group acquired Banca Unione Credito (BUC) from the Fiat Group. This transaction forms part of BSI's expansion programme into the asset management sector.

See also “—Recent Developments” for more information on Banca Generali's listing on the Italian Stock Exchange.

### Breakdown of Investments of the Financial Segment

The following table presents a breakdown of the investments of the Generali Group's financial segment as at 31 December 2005 and 2004:

	As at 31 December			
	2005		2004	
	Total book value	Impact	Total book value	Impact
	(in millions of Euro)	(%)	(in millions of Euro)	(%)
<b>Equities<sup>(*)</sup></b> .....	<b>267.5</b>	<b>1.8</b>	<b>188.7</b>	<b>1.3</b>
Available for sale financial assets .....	205.1		118.7	
Financial assets at fair value through profit or loss ....	62.5		70.1	
<b>Bonds<sup>(**)</sup></b> .....	<b>3,829.0</b>	<b>25.6</b>	<b>3,495.5</b>	<b>24.6</b>
Held to maturity investments .....	19.0		0.0	
Loans and receivables .....	29.9		29.9	
Available for sale financial assets .....	1,781.5		1,730.6	
Financial assets at fair value through profit or loss ....	1,998.6		1,735.1	
<b>Other financial investments<sup>(***)</sup></b> .....	<b>10,842.7</b>	<b>72.6</b>	<b>10,552.3</b>	<b>74.1</b>
Land and buildings (investment properties) .....	16.9		20.5	
Investments in subsidiaries, associated companies and joint ventures .....	88.4		46.7	
Derivatives .....	731.3		562.8	
Receivables from banks or customers.....	4,379.1		4,087.7	
Other investments .....	5,627.0		5,834.5	
<b>Total investments of financial segment</b> .....	<b>14,939.2</b>	<b>100.0</b>	<b>14,236.5</b>	<b>100.0</b>

(\*) Investment fund units amounted to Euro 2.7 million.

(\*\*) Investment fund units amounted to Euro 254.4 million.

(\*\*\*) Investment fund units amounted to Euro 155.6 million.

At 31 December 2005 investments of the financial segment amounted to Euro 14,939.2 million, an increase of 4.9 per cent. compared to the end of the previous year.

### Regulatory

Italian insurance companies are subject to a comprehensive regulatory scheme determined by law and supplemented by guidelines issued by the Interministerial Committee for Economic Planning ("CIPE") and administered primarily by the *Ministero delle Attività Produttive* (the "Ministry of Industry and Commerce") and the *Istituto per la Vigilanza sulle Assicurazioni Private e di Interesse Collettivo* ("ISVAP"). The most important insurance laws have recently been consolidated into the Code of Insurance (*Codice delle Assicurazioni Private*) (Legislative Decree No. 209/2005), with certain amendments, some of which became effective as from 1 January 2006, while others will only become effective upon the issuance by ISVAP of certain implementing regulations. The provisions of the Code of Insurance *inter alia*: (i) regulate access to insurance activities; (ii) require the maintenance of certain solvency margins, in part through a guarantee fund; (iii) determine the form of financial statements for insurance companies; and (iv) regulate the activities of insurance intermediaries. In addition, the Italian Civil Code contains certain provisions applicable to insurance contracts.

Under the regulatory scheme currently in force, with the exception of certain powers specifically reserved to the Ministry of Industry and Commerce, all control and supervisory power in respect of the insurance industry is exercised autonomously by ISVAP. ISVAP's purposes include: (i) monitoring technical, financial and asset and liability management and monitoring solvency ratios; (ii) review of financial statements; (iii) supervision of the activities of insurance brokers and agencies; (iv) advising the Ministry of Industry and Commerce on its views regarding business plans submitted by companies seeking authorisation to conduct insurance activities (upon the entry into force of the relevant provisions of the Code of Insurance, ISVAP will

be directly responsible for the granting of the licence to conduct insurance activities, so will itself review business plans submitted by companies seeking authorisation); (v) proposing disciplinary measures, including revocation of authorisations; (vi) approving restructuring plans; (vii) advising the Ministry of Industry and Commerce with respect to admission to the forced liquidation procedure for financially troubled entities; and (viii) communicating and collaborating with other EU insurance regulatory bodies. ISVAP has the power to request information from insurance companies, conduct audits of their activities and question their legal representatives, managing directors and statutory auditors and to convene shareholders', directors' and statutory auditors' meetings in order to propose measures necessary to conform the management of the insurance company to the requirements of law. In addition to the foregoing, the minutes of meetings of the boards of directors of insurance companies and the reports of their statutory auditors, must be transmitted to ISVAP within 15 and 10 days, respectively, of their adoption.

The acquisition by insurance companies of controlling interests or interests which exceed certain limits in companies other than insurance companies, must be communicated to ISVAP which will give authorisation for such acquisitions when required by then applicable laws and regulations. ISVAP has the power to order a reduction in such holdings if they do not satisfy conditions prescribed by law and to apply sanctions. In certain cases, ISVAP may also propose to the Ministry of Industry and Commerce the revocation of the authorisation to conduct insurance activities.

### **Corporate Governance Rules**

To the best of Assicurazioni Generali's knowledge and belief, it is in compliance with all applicable corporate governance laws and regulations of Italy.

### **Board of Directors, Executive Committee, General Council**

The Board of Directors of Assicurazioni Generali in office at the date of this Prospectus was appointed at an Ordinary General Meeting of Assicurazioni Generali held on 24 April 2004 for a term expiring on approval of the financial statements for the year ending 31 December 2006. The Board of Directors of Assicurazioni Generali as at the date of this Prospectus is constituted as follows:

<b>Principal Occupation</b>	<b>Name</b>	<b>Principal Activities Performed by the Directors Outside the Assicurazioni Generali Group</b>
Chairman	Antoine Bernheim	Member of the Board of Mediobanca, Vice-chairman of LVMH and Bolloré Investissement, Director of BSI – Banca della Svizzera Italiana and Christian Dior S.A., Auditor of Eurazeo, Vice-chairman of the Supervisory Board of Intesa San Paolo S.p.A.
Vice-Chairman	Gabriele Galateri di Genola	Chairman of Mediobanca, Director of Pirelli & C. S.p.A, Ifi S.p.A., Banca Esperia S.p.A., Banca CRS S.p.A. and Accor S.A.
Managing Directors	Sergio Balbinot	Vice Chairman of Generali España Holding Entidades de Seguros S.A., Member of the supervisory body of Participatie Maatschappij Graafschap Holland N.V., Generali Investments S.p.A. and Director of AMB Generali Holding A.G. and Commerzbank A.G.

<b>Principal Occupation</b>	<b>Name</b>	<b>Principal Activities Performed by the Directors Outside Assicurazioni Generali Group</b>
	Giovanni Perissinotto	Director of Alleanza, INA Assitalia S.p.A., Participatie Maatschappij Graafschap Holland N.V., BSI-Banca della Svizzera Italiana, Generali España Holding Entidades de Seguros S.A., Pirelli & C. S.p.A, Banca Generali S.p.A. Member of the Board of Directors and of the Council of Assonime, Member of the Executive Committee of ANIA and Member of the Board of Managing Directors of Intesa San Paolo S.p.A.
Directors (An asterisk marks the names of those Directors who, together with the Chairman, Vice-Chairman and Managing Directors, form the Executive Committee)	Luigi Arturo Bianchi	Director of Benetton Group and Anima SGR Chairman of Banesto, Member of the Executive Committee of Santander Central Hispano.
	Ana Patricia Botin	
	Gerardo Brogгинi(*)	Vice Chairman of INA Assitalia S.p.A., Director of UBS Securities Italia Finanziaria, Danieli & C. S.p.A. and Berco S.p.A. (Thyssen Krupp).
	Claudio Consolo	Member of various Italian ministerial committees entrusted with the preparation of civil and administrative law reform projects. Permanent Auditor of Autostrada Brescia-Verona-Vicenza-Padova S.p.A.
	Laurent Dassault	Holder of several primary offices within the Dassault Group.
	Diego Della Valle	Chairman and a Managing Director of Tod's S.p.A., Director of Ferrari S.p.A., Maserati S.p.A., LVMH and RCS Mediagroup S.p.A.
	Piergaetano Marchetti(*)	Notary Public in Milan, Editor in chief of "Rivista delle Società", Chairman of the Board of Directors of RCS Quotidiani S.p.A. Chairman of the Board of the Mediobanca Shareholders' Agreement.
	Klaus-Peter Müller	Chairman of the Vorstand of Commerzbank A.G., Director of Parker Hannifin Co, Member of the Supervisory Board of Linde A.G. and of the German Financial Supervisory Authority (BaFin).
	Alberto Nicola Nagel(*)	Director of Banca Esperia, General Manager of Mediobanca – Banca di Credito Finanziario S.p.A.
	Alessandro Ovi	Director of STMicroelectronics, Telecom Italia Media S.p.A. and Finsel S.p.A.
	Alessandro Pedersoli	Director of BPU Banca S.p.A., RCS Mediagroup S.p.A., Effe 2005 Finanziaria Feltrinelli S.p.A.



<b>Principal Occupation</b>	<b>Name</b>	<b>Principal Activities Performed by the Directors Outside Assicurazioni Generali Group</b>
	Reinfried Pohl	Member of the Vorstand of Deutsche Vermögensberatung A.G. and Member of the Supervisory Board of Aachener Muenchener Lebensversicherung A.G.
	Vittorio Ripa di Meana	Chairman of IPSE 2000 and of the Association for the Economics of Culture and Vice Chairman of FAI (the Italian Fund for the Environment), Director of Ansa, Chairman of Capitalia Bank Group Shareholders' Agreement.
General Council (Comprising, besides the listed Members appointed by the general shareholders' meeting, the Members of the Board of Directors and the General Managers)	Giorgio Davide Adler José Ramón Álvarez Rendueles José María Amusátegui de la Cierva Francesco Maria Attaguile Raymond Barre Claude Bébéar Kenneth J. Bialkin Giacomo Costa Maurizio de Tilla Enrico Filippi Carlos Fitz-James Stuart y Martínez de Irujo Albert Frère Roberto Gonzales Barrera Georges Hervet Dietrich Karner Khoon Chen Kuok Stefano Micossi Benedetto Orsini Arturo Romanin Jacur Guido Schmidt-Chiari Theo Waigel Wilhelm Winterstein	
General Managers	Raffaele Agrusti Sergio Balbinot Giovanni Perissinotto	
Deputy General Managers	Mel Carvill Claudio Cominelli Aldo Minucci Vittorio Rispoli Lodovico Floriani	

The business address of each of the Directors is Piazza Duca degli Abruzzi, 2, 34132 Trieste, Italy.

### **Conflicts of Interest of Members of the Board of Directors**

There are no conflicts of interests between any of the Directors' duties to Assicurazioni Generali and their private interests or other duties, other than (i) Gabriele Galateri di Genola who is the Chairman of the board of directors of Mediobanca – Banca di Credito Finanziario S.p.A., one of the Joint Lead Managers and (ii) Alberto Nicola Nagel who is a general manager of Mediobanca – Banca di Credito Finanziario S.p.A., one of the Joint Lead Managers.

## **Board of Statutory Auditors**

Pursuant to Italian law, Assicurazioni Generali maintains a Board of Statutory Auditors (*Collegio Sindacale*) composed of at least three independent experts in accounting matters.

The Board of Statutory Auditors consists of three permanent and two alternate auditors, who may be re-elected. Once elected, auditors shall forfeit their assignment should situations of incompatibility arise as envisaged by the law and should they hold the office of permanent auditor in more than five Italian firms listed on Italian regulated markets. At least one third of permanent and alternate auditors are chosen from among candidates complying with the professional and competence requirements established for the office of chairman of the Board of Statutory Auditors.

The Board of Statutory Auditors in office at the date of this Prospectus was appointed at an Ordinary General Meeting of Assicurazioni Generali held on 30 April 2005 for a term expiring on approval of the financial statements for the year ending 31 December 2007. The Board of Statutory Auditors is currently made up of the following members:

<b>Name</b>	<b>Office Held</b>
Gianfranco Barbato	Chairman
Gaetano Terrin	Auditor
Paolo D'Agnolo	Auditor
Giuseppe Alessio-Verni	Alternate Auditor
Paolo Bruno	Alternate Auditor

The business address of the Statutory Auditors is Piazza Duca degli Abruzzi 2, 34132 Trieste, Italy.

## **Conflicts of Interest of Members of the Board of Statutory Auditors**

There are no conflicts of interests between any of the Statutory Auditors' duties to Assicurazioni Generali and their private interests or other duties other than that Paolo D'Agnolo is a permanent auditor of Banca Generali.

## **Independent Auditors**

The current independent auditors of Assicurazioni Generali are PricewaterhouseCoopers S.p.A. who were appointed for a term of 3 years at the Ordinary General Meeting of Assicurazioni Generali held on 26 April 2003 and for a further term of 6 years at an Ordinary General Meeting of Assicurazioni Generali held on 29 April 2006 to audit the annual non-consolidated and consolidated financial statements of Assicurazioni Generali.

PricewaterhouseCoopers S.p.A. is registered on the special register of auditing firms held by CONSOB (*Albo Speciale delle Società di Revisione*) with registration number 43.

## **Employees**

As at 31 December 2005, the Generali Group had approximately 61,561 permanent employees compared to approximately 58,354 as at 31 December 2004.

## **Assicurazioni Generali Shares and Shareholders**

At 30 September 2006, the share capital of Assicurazioni Generali totalled Euro 1,276,985,320, divided into an equal number of ordinary shares with a nominal value of Euro 1 each. As at 30 September 2006, Assicurazioni Generali held 10,088,285 treasury shares amounting to Euro 291.1 million, as compared to Euro 167.1 million as at 31 December 2005.

The annual general meeting of Assicurazioni Generali, held on 29 April 2006, approved the payment of a dividend of Euro 0.54 for each outstanding share. This implies a total disbursement of Euro 688,985,753. Both the dividend per share and the total dividend payable are 25.6 per cent. higher than in the previous year.

Based on information available, as at 1 January 2007 the principal shareholders of Assicurazioni Generali were Mediobanca - Banca di Credito Finanziario S.p.A. (one of the Joint Lead Managers holding, directly and indirectly, 14.10 per cent.), Banca d'Italia (holding, directly and indirectly, 4.47 per cent.), Unicredito Italiano S.p.A. (holding, directly and indirectly, 3.71 per cent.), Capitalia S.p.A. (holding, directly and indirectly, 2.82 per cent.), Premafin Finanziaria S.p.A. (holding, directly and indirectly, 2.42 per cent.), Intesa San Paolo (holding, directly and indirectly, 2.28 per cent.), Carlo Tassara S.p.A. (holding, directly and indirectly, 2.27 per cent.) and Gruppo B&D Holding (holding, directly and indirectly, 2.00 per cent.).

## Dividend and Share Price Performance

	2005	2004	2003
		(Euro)	
Per share dividend .....	0.54	0.43	0.33
Share price <sup>(*)</sup> .....	29.49	24.98	21.13
Dividend/price .....	1.83 per cent.	1.72 per cent.	1.56 per cent.

(\*) Calculated as the weighted average share price on the last trading day of the relevant year.

In 2005, Assicurazioni Generali's shareholders' funds amounted to Euro 13.95 billion (compared to Euro 11.38 billion in 2004). Minority shareholders' interest in capital and reserves totalled Euro 3.12 billion, while minority shareholders' interest in the result for 2005 amounted to Euro 0.5 billion.

Changes to Assicurazioni Generali's interest in shareholders' funds are reported in the notes to the financial statements for the year ended 31 December 2005. See "Documents Incorporated by Reference".

## Litigation Pending

As at the date of this Prospectus, no member of the Generali Group is involved in any or is aware of any pending or threatened litigation, arbitration or administrative proceedings that are likely, individually or in the aggregate, to have a material effect on the results of operations or financial position of any member of the Generali Group or on the Generali Group as a whole.

## Recent Developments

On 17 July 2006, Assicurazioni Generali signed an agreement with De Agostini S.p.A. for the acquisition of a controlling stake of 65.5 per cent. of the share capital of Toro for an aggregate consideration of Euro 2.52 billion, or Euro 21.20 per Toro share. The transaction was completed on 4 October 2006. Assicurazioni Generali completed a tender offer for the remaining ordinary shares of Toro on 19 December 2006, acquiring an additional approximate 33.8 per cent. of the share capital of Toro (after the exercise of stock options granted to Toro's management) for an aggregate consideration of Euro 1.318 billion, or Euro 21.20 per Toro share, taking Assicurazioni Generali's stake in Toro to 98.44 per cent.

For the year ended 31 December 2005, gross premiums written by Toro amounted to approximately Euro 2.9 billion (Euro 2.7 billion for the year ended 31 December 2004) and net profit amounted to approximately Euro 344 million (Euro 163 million for the year ended 31 December 2004). As at 31 December 2005, shareholders' equity was approximately Euro 2.4 billion (Euro 2.3 billion as at 31 December 2004).

Assicurazioni Generali entered into a committed Euro 2.5 billion bridge loan facility agreement with a syndicate of banks for the purposes of funding the Toro acquisition. On 4 October 2006, Assicurazioni Generali drew down Euro 700 million under this bridge loan facility agreement, and on 19 December 2006, Assicurazioni Generali drew down a further Euro 1.321 billion under this agreement.

On 22 September 2006, ISVAP approved the acquisition of Toro. On 4 December 2006, the Italian antitrust authority ("AGCM") concluded its investigation concerning the acquisition of Toro. AGCM has authorized the acquisition, subject to the sale by Assicurazioni Generali of Nuova Tirrena, a subsidiary of the Toro group which operates primarily in the non-life insurance sector. Assicurazioni Generali has appealed the decision of AGCM to require the sale of Nuova Tirrena.

For the year ended 31 December 2005, gross premiums written by Nuova Tirrena amounted to approximately Euro 0.78 billion (Euro 0.75 billion for the year ended 31 December 2004) and net profit amounted to approximately Euro 108 thousand (Euro 33 thousand for the year ended 31 December 2004). As at 31 December 2005, shareholders' equity was approximately Euro 366 thousand (Euro 299 thousand as at 31 December 2004).

On 16 June 2006, Assicurazioni Generali issued GBP 350,000,000 Perpetual Fixed/Floating Rate Notes listed on the official list of the Luxembourg Stock Exchange. On 16 June 2006, Assicurazioni Generali guaranteed the issuance of Euro 1,275,000,000 and GBP 700,000,000 Perpetual Fixed/Floating Rate Notes, by Generali Finance B.V. listed on the official list of the Luxembourg Stock Exchange. The net proceeds of the Notes were used for corporate purposes of the Generali Group.

Banca Generali, a subsidiary of Assicurazioni Generali operating in the Italian financial services market through its group with an integrated distribution network for a variety of financial, banking and insurance products, was listed on the Italian Stock Exchange on 15 November 2006. In connection therewith, the Generali Group sold shares in Banca Generali in an Italian public and international institutional offering. As at 31 December 2006, the Generali Group held, directly and indirectly, 60.9 per cent. of Banca Generali.

## CAPITALISATION OF ASSICURAZIONI GENERALI S.p.A.

The following table sets out the capitalisation on a consolidated basis of Assicurazioni Generali as at 30 June 2006. This information has been extracted from and should be read in conjunction with, and is qualified in its entirety by reference to, the unaudited consolidated financial statements of Assicurazioni Generali as at and for the six months ended 30 June 2006 which are incorporated by reference herein. Save as disclosed in this Prospectus, there has been no material change in the consolidated capitalisation of Assicurazioni Generali since 30 June 2006.

	<b>As at 30 June 2006</b>
	<i>(in millions of Euro) (unaudited) IFRS</i>
<b>Liabilities</b>	
Insurance liabilities .....	283,708
Other liabilities and debts .....	49,660
<i>Total liabilities</i> .....	333,368
<b>Shareholders' equity</b>	
Share capital (authorised and paid-up, ordinary shares, Euro 1.00 par value) .....	1,277
Reserves .....	13,373
Retained earnings.....	1,742
Total shareholders' equity <sup>(1)</sup> .....	16,392
<b>Total capitalisation</b> .....	<b>349,760</b>

(1) Includes minority interests equal to Euro 3,189 million.

## **SUMMARY FINANCIAL INFORMATION OF ASSICURAZIONI GENERALI S.p.A.**

Set out below is summary financial information of Assicurazioni Generali which is derived from: (i) the audited consolidated financial statements of Assicurazioni Generali as at and for the years ended 31 December 2005 (presented in accordance with IFRS) and 31 December 2004 (restated in accordance with IFRS) which have been audited by PricewaterhouseCoopers S.p.A.; and (ii) the unaudited consolidated financial statements of Assicurazioni Generali as at and for the nine months ended 30 September 2006 and 2005 presented in accordance with Art. 82 of Rules for Issuers No. 11971/99, amended by CONSOB resolution No. 14990 of 14 April 2005. Profit and loss account and balance sheet data has been presented based on Annex 3D, adopting IAS/IFRS. Such financial statements, together with the audit report of PricewaterhouseCoopers S.p.A. (as appropriate) and the accompanying notes, are incorporated by reference into this Prospectus. The financial information below should be read in conjunction with, and is qualified in its entirety by reference to, such financial statements, reports and the notes thereto. See also “Documents Incorporated by Reference”.



**ANNUAL CONSOLIDATED BALANCE SHEETS OF ASSICURAZIONI GENERALI S.p.A.**

	<b>As at 31 December</b>	
	<b>2005</b>	<b>2004</b>
	<i>(audited)</i>	
	<i>IFRS</i>	<i>Restated to IFRS</i>
	<i>(in millions of Euro)</i>	
<b>INTANGIBLE ASSETS</b> .....	<b>2,909.4</b>	<b>2,905.7</b>
Goodwill .....	2,085.2	2,080.9
Other intangible assets .....	824.3	824.8
<b>TANGIBLE ASSETS</b> .....	<b>3,425.3</b>	<b>3,496.7</b>
Land and buildings (self used) .....	2,889.3	2,872.0
Other tangible assets .....	536.0	624.7
<b>AMOUNTS CEDED TO REINSURERS FROM INSURANCE</b>		
<b>PROVISIONS</b> .....	<b>5,249.0</b>	<b>5,034.2</b>
<b>INVESTMENTS</b> .....	<b>307,417.4</b>	<b>271,774.6</b>
Land and buildings (investment properties) .....	10,235.6	10,322.9
Investments in subsidiaries, associated companies and joint ventures ....	802.9	840.5
Held to maturity investments .....	993.0	668.4
Loans and receivables .....	41,173.9	38,434.1
Available for sale financial assets .....	189,008.7	166,529.2
Financial assets at fair value through profit or loss .....	65,203.3	54,979.5
of which financial assets where the investment risk is borne		
by the policyholders and related to pension funds .....	41,187.5	34,791.4
<b>RECEIVABLES</b> .....	<b>8,475.6</b>	<b>8,833.6</b>
Receivables arising out of direct insurance operations .....	6,022.9	5,916.6
Receivables arising out of reinsurance operations .....	959.8	1,019.6
Other receivables .....	1,492.9	1,897.4
<b>OTHER ASSETS</b> .....	<b>12,346.1</b>	<b>11,432.7</b>
Non-current assets or disposal groups classified as held for sale .....	186.6	0.0
Deferred acquisition costs .....	1,000.5	751.7
Deferred tax assets .....	3,483.1	3,349.8
Tax receivables .....	1,922.9	2,204.9
Other assets .....	5,753.1	5,126.3
<b>CASH AND CASH EQUIVALENTS</b> .....	<b>5,730.7</b>	<b>6,868.8</b>
<b>TOTAL ASSETS</b> .....	<b>345,553.6</b>	<b>310,346.3</b>

**ANNUAL CONSOLIDATED BALANCE SHEETS OF ASSICURAZIONI GENERALI S.p.A.**

	<b>As at 31 December</b>	
	<b>2005</b>	<b>2004</b>
	<i>(audited)</i>	
	<i>IFRS</i>	<i>Restated to IFRS</i>
	<i>(in millions of Euro)</i>	
<b>EQUITY</b> .....	<b>17,554.2</b>	<b>14,575.4</b>
<b>Shareholders' equity</b> .....	<b>13,947.2</b>	<b>11,385.0</b>
Share capital .....	1,276.0	1,276.0
Other equity instruments .....	0.0	0.0
Capital reserve .....	4,562.7	4,562.3
Revenue reserve and other reserves.....	3,115.9	2,078.2
(Own shares) .....	(167.1)	(295.0)
Reserve for currency translation differences.....	94.2	(40.3)
Reserve for unrealised gains and losses on available for sale financial assets .....	3,146.9	2,138.0
Reserve for other unrealised gains and losses through equity .....	0.0	0.0
Result of the period .....	1,918.6	1,665.8
<b>Minority interests</b> .....	<b>3,607.0</b>	<b>3,190.4</b>
Minority interests: Share capital and reserves.....	2,623.6	2,340.1
Minority interests: Reserve for unrealised gains and losses through equity .....	491.8	405.5
Minority interests: Result of the period .....	491.7	444.8
<b>OTHER PROVISIONS</b> .....	<b>1,610.6</b>	<b>1,342.4</b>
<b>INSURANCE PROVISIONS</b> .....	<b>280,390.5</b>	<b>249,561.6</b>
of which insurance provisions for policies where the investment risk is borne by the policyholders and related to pension funds .....	35,481.2	29,007.1
<b>FINANCIAL LIABILITIES</b> .....	<b>28,647.8</b>	<b>28,746.9</b>
Financial liabilities at fair value through profit or loss .....	7,155.7	8,571.4
of which financial liabilities where the investment risk is borne by the policyholders and related to pension funds .....	5,932.2	5,624.9
Other financial liabilities .....	21,492.1	20,175.5
of which subordinated liabilities .....	1,407.4	1,428.6
<b>PAYABLES</b> .....	<b>6,571.8</b>	<b>6,685.0</b>
Payable arising out of direct insurance operations .....	3,736.1	3,844.1
Payables arising out of reinsurance operations .....	688.0	585.6
Other payables .....	2,147.7	2,255.3
<b>OTHER LIABILITIES</b> .....	<b>10,778.8</b>	<b>9,435.0</b>
Liabilities directly associated with non-current assets classified as held for sale .....	0.0	0.0
Deferred tax liabilities .....	4,806.2	4,509.9
Tax payables .....	1,264.8	727.0
Other liabilities .....	4,707.8	4,198.1
<b>TOTAL EQUITY AND LIABILITIES</b> .....	<b>345,553.6</b>	<b>310,346.3</b>

**ANNUAL CONSOLIDATED PROFIT AND LOSS ACCOUNTS OF  
ASSICURAZIONI GENERALI S.p.A.**

	<b>For the year ended 31 December</b>	
	<b>2005</b>	<b>2004</b>
	<i>(audited)</i>	
	<i>IFRS</i>	<i>Restated to IFRS</i>
	<i>(in millions of Euro)</i>	
Earned premiums .....	60,082.4	53,049.9
Gross earned premiums .....	62,678.3	55,604.8
Earned premiums ceded .....	(2,595.9)	(2,554.9)
Fee and commission income and income from financial services activities .....	753.6	691.0
Net income from financial instruments at fair value through profit or loss .....	5,903.4	3,371.3
of which net income from financial instruments where the investment risk is borne by the policyholders and related to pension funds .....	3,998.0	1,655.8
Income from subsidiaries, associated companies and joint ventures .....	88.8	106.8
Income from other financial instruments and land and buildings (investment properties) .....	13,262.3	12,332.1
Interests .....	8,359.6	7,978.6
Other income .....	1,898.3	1,767.8
Realised gains .....	2,893.7	2,415.4
Unrealised gains and reversal of impairment losses .....	110.7	170.3
Other income .....	1,628.8	1,536.9
<b>TOTAL INCOME .....</b>	<b>81,719.2</b>	<b>71,088.0</b>
Net insurance benefits and claims .....	63,563.4	53,718.5
Claims paid and change in the insurance provisions .....	65,281.7	55,057.8
Reinsurers' share .....	(1,718.4)	(1,339.3)
Fee and commission expenses and expenses from financial services activities .....	319.6	290.9
Expenses from subsidiaries, associated companies and joint ventures .....	169.0	64.2
Expenses from other financial instruments and land and buildings (investment properties) .....	2,245.3	2,315.7
Interest expenses .....	767.8	807.8
Other expenses .....	290.9	335.8
Realised losses .....	715.2	513.1
Unrealised losses and impairment losses .....	471.4	659.0
Acquisition and administration costs .....	9,441.0	9,578.1
Commissions and other acquisition costs .....	6,379.5	6,612.1
Investment management expenses .....	458.5	472.0
Other administration costs .....	2,603.0	2,494.0
Other expenses .....	2,433.8	2,025.5
<b>TOTAL EXPENSES .....</b>	<b>78,172.1</b>	<b>67,992.8</b>
<b>EARNINGS BEFORE TAXES .....</b>	<b>3,547.1</b>	<b>3,095.2</b>
Income taxes .....	1,136.9	984.5
<b>EARNINGS AFTER TAXES .....</b>	<b>2,410.3</b>	<b>2,110.7</b>
<b>RESULT OF DISCONTINUED OPERATIONS .....</b>	<b>0.0</b>	<b>0.0</b>
<b>CONSOLIDATED RESULT OF THE PERIOD .....</b>	<b>2,410.3</b>	<b>2,110.7</b>
Result of the period .....	1,918.6	1,665.8
Minority interests: Result of the period .....	491.7	444.8
<b>EARNING PER SHARE:</b>		
Earning per share (in euro) .....	1.51	1.31
Diluted earning per share (in euro) .....	1.51	1.31

**INTERIM CONSOLIDATED BALANCE SHEETS**  
**OF ASSICURAZIONI GENERALI S.p.A.**

	As at 30 September 2006	As at 31 December 2005
	<i>(unaudited)</i> <i>IFRS</i>	<i>(audited)</i> <i>IFRS</i>
	<i>(in millions of Euro)</i>	
<b>INTANGIBLE ASSETS</b> .....	<b>3,911.2</b>	<b>2,909.4</b>
Goodwill .....	3,050.0	2,085.2
Other intangible assets.....	861.2	824.3
<b>TANGIBLE ASSETS</b> .....	<b>3,519.7</b>	<b>3,425.3</b>
Land and buildings (self used) .....	2,989.0	2,889.3
Other tangible assets .....	530.8	536.0
<b>AMOUNTS CEDED TO REINSURERS FROM INSURANCE</b>		
<b>PROVISIONS</b> .....	<b>5,358.8</b>	<b>5,249.0</b>
<b>INVESTMENTS</b> .....	<b>320,608.2</b>	<b>307,417.4</b>
Land and buildings (investment properties) .....	10,711.4	10,235.6
Investments in subsidiaries, associated companies and joint ventures .....	876.7	802.9
Held to maturity investments.....	1,087.7	993.0
Loans and receivables .....	51,475.9	41,173.9
Available for sale financial assets .....	186,609.5	189,008.7
Financial assets at fair value through profit or loss.....	69,847.0	65,203.3
Of which financial assets where the investment risk is borne by the policyholders and related to pension funds .....	45,098.2	41,187.5
<b>RECEIVABLES</b> .....	<b>8,379.8</b>	<b>8,475.6</b>
Receivables arising out of direct insurance operations .....	5,800.5	6,022.9
Receivables arising out of reinsurance operations .....	958.8	959.8
Other receivables .....	1,620.4	1,492.9
<b>OTHER ASSETS</b> .....	<b>12,231.6</b>	<b>12,346.1</b>
Non-current assets or disposal groups classified as held for sale .....	128.5	186.6
Deferred acquisition costs .....	1,142.5	1,000.5
Deferred tax assets.....	3,601.8	3,483.1
Tax receivables .....	1,935.3	1,922.9
Other assets .....	5,423.5	5,753.1
<b>CASH AND CASH EQUIVALENTS</b> .....	<b>6,917.9</b>	<b>5,730.7</b>
<b>TOTAL ASSETS</b> .....	<b>360,927.2</b>	<b>345,553.6</b>

**INTERIM CONSOLIDATED BALANCE SHEETS  
OF ASSICURAZIONI GENERALI S.p.A.**

	As at 30 September 2006	As at 31 December 2005
	<i>(unaudited)</i> IFRS	<i>(audited)</i> IFRS
	<i>(in millions of Euro)</i>	
<b>SHAREHOLDERS' EQUITY</b> .....	17,777.6	17,554.2
Shareholders' equity attributable to the Group .....	14,447.7	13,947.2
Share capital .....	9,879.9	1,276.0
Other equity instruments .....	0.0	0.0
Capital reserves .....		4,562.7
Revenue reserves and other reserves .....		3,115.9
(Own shares) .....		(167.1)
Reserve for currency translation differences .....		94.2
Reserve for unrealised gains and losses on available for sale financial assets .....	2,626.5	3,146.9
Reserve for other unrealised gains and losses through equity .....	0.0	0.0
Result of the period .....	1,941.3	1,918.6
<b>Shareholders' equity attributable to minority interests</b> .....	3,330.0	3,607.0
Share capital and reserves .....		2,623.5
Reserve for unrealised gains and losses through equity .....		491.8
Result for the period .....		491.7
<b>OTHER PROVISIONS</b> .....	<b>1,494.7</b>	<b>1,610.6</b>
<b>INSURANCE PROVISIONS</b> .....	<b>292,493.9</b>	<b>280,390.5</b>
of which insurance provisions for policies where the investment risk is borne by the policyholders and related to pension funds .....	39,402.1	35,481.2
<b>FINANCIAL LIABILITIES</b> .....	<b>33,395.1</b>	<b>28,647.8</b>
Financial liabilities at fair value through profit or loss .....	7,296.1	7,155.7
of which financial liabilities where the investment risk is borne by the policyholders and related to pension funds .....	5,963.4	5,932.2
Other financial liabilities .....	26,099.1	21,492.1
of which subordinated liabilities .....	4,397.7	1,407.4
<b>PAYABLES</b> .....	<b>6,226.6</b>	<b>6,571.8</b>
Payables arising out of direct insurance operations .....	3,160.0	3,736.1
Payables arising out of reinsurance operations .....	757.6	688.0
Other payables .....	2,308.9	2,147.7
<b>OTHER LIABILITIES</b> .....	<b>9,539.3</b>	<b>10,778.8</b>
Liabilities directly associated with non-current assets and disposal groups classified as held for sale .....	0.0	0.0
Deferred tax liabilities .....	4,261.6	4,806.2
Tax payables .....	929.9	1,264.8
Other liabilities .....	4,347.8	4,707.8
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b> .....	<b>360,927.2</b>	<b>345,553.6</b>

**INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNTS  
OF ASSICURAZIONI GENERALI S.p.A.**

	<b>For the nine months ended 30 September 2006</b>	<b>For the nine months ended 30 September 2005</b>
	<i>(unaudited)</i> <i>IFRS</i> <i>(in millions of Euro)</i>	<i>(unaudited)</i> <i>IFRS</i>
Net earned premiums .....	43,327.3	43,882.7
Gross earned premiums .....	45,351.6	45,735.7
Earned premiums ceded .....	(2,024.3)	(1,853.0)
Fee and commission income and income from financial services activities .....	644.4	557.1
Net income from financial instruments at fair value through profit or loss .....	1,908.5	4,491.5
of which net income from financial instruments where the investment risk is borne by the policyholders and related to pension funds .....	1,260.1	2,913.3
Income from subsidiaries, associated companies and joint ventures .....	44.4	25.1
Income from other financial instruments and land and buildings (investment properties) .....	10,672.1	9,416.6
Other income .....	1,129.4	1,156.3
<b>TOTAL INCOME</b> .....	<b>57,726.1</b>	<b>59,529.3</b>
Net insurance benefits and claims .....	43,796.3	46,198.0
Claims paid and change in the insurance provisions .....	44,964.0	47,316.0
Reinsurers' share .....	(1,167.6)	(1,118.0)
Fee and commission expenses and expenses from financial services activities .....	260.5	232.3
Expenses from subsidiaries, associated companies and joint ventures .....	11.3	142.8
Expenses from other financial instruments and land and buildings (investment properties) .....	1,922.0	1,363.0
Acquisition and administration costs .....	7,056.1	6,791.2
Other expenses .....	1,491.0	1,831.9
<b>TOTAL EXPENSES</b> .....	<b>54,537.2</b>	<b>56,559.2</b>
<b>EARNINGS BEFORE TAXES</b> .....	<b>3,188.9</b>	<b>2,970.1</b>
Income taxes .....	829.5	1,017.0
<b>EARNINGS AFTER TAXES</b> .....	<b>2,359.3</b>	<b>1,953.1</b>
<b>RESULT OF DISCONTINUED OPERATIONS</b> .....	<b>0.0</b>	<b>0.0</b>
<b>CONSOLIDATED RESULT OF THE PERIOD</b> .....	<b>2,359.3</b>	<b>1,953.1</b>
<b>Result of the period attributable to the Group</b> .....	<b>1,941.3</b>	<b>1,576.3</b>
<b>Result of the period attributable to minority interests</b> .....	<b>418.0</b>	<b>376.9</b>

## TAXATION

*The following is a general summary of certain tax consequences in The Netherlands and Italy of acquiring, holding and disposing of Notes. It does not purport to be a complete analysis of all tax considerations that may be relevant to the decision to purchase, own or dispose of Notes and does not purport to deal with the tax consequences applicable to all categories of prospective beneficial owners of Notes, some of which may be subject to special rules. This summary is based upon tax laws and/or practice in force as at the date of this Prospectus, which are subject to any changes in law and/or practice occurring after such date, which could be made on a retroactive basis. The Issuer will not update this summary to reflect changes in law and, if any such change occurs, the information in this summary could be superseded.*

*Prospective purchasers of Notes should consult their tax advisers as to the overall tax consequences of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws.*

### 1. THE NETHERLANDS

#### **Withholding Tax**

All payments by the Issuer of interest and principal under the Notes or Coupons can be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein.

#### **Taxes on Income and Capital Gains**

A holder of a Note or Coupon who derives income from a Note or Coupon or who realises a gain on the disposal or redemption of a Note or Coupon will not be subject to Dutch taxation on such income or capital gains unless:

- (i) the holder is, or is deemed to be, resident in The Netherlands, or, where the holder is an individual, such holder has elected to be treated as a resident of The Netherlands; or
- (ii) such income or gain is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in The Netherlands; or
- (iii) the holder is not an individual and the holder has, directly or indirectly, a substantial interest (*aanmerkelijk belang*) or a deemed substantial interest in the Issuer and such interest does not form part of the assets of an enterprise; or
- (iv) the holder is an individual and the holder has, directly or indirectly, a substantial interest (*aanmerkelijk belang*) in the Issuer or such income or gain otherwise qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in The Netherlands as defined in the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*).

#### **Gift, Estate or Inheritance Taxes**

Dutch gift, estate or inheritance taxes will not be levied on the occasion of the transfer of a Note or Coupon by way of gift by, or on the death of, a holder, unless:

- (i) the holder is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions; or
- (ii) the transfer is construed as an inheritance or as a gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions; or



- (iii) such Note or Coupon is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment or a permanent representative in The Netherlands.

### **Value Added Tax**

There is no Dutch value added tax payable by a holder of a Note or Coupon in respect of payments in consideration for the issue of the Notes or Coupons or in respect of the payment of interest or principal under the Notes or Coupons, or the transfer of the Notes or Coupons.

### **Other Taxes and Duties**

There is no Dutch registration tax, stamp duty or any other similar tax or duty payable in The Netherlands by a holder of a Note or Coupon in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgement in the courts of The Netherlands) of the Notes or Coupons or the performance of the Issuer's obligations under the Notes or Coupons.

### **Residence**

A holder of a Note or Coupon will not be treated as resident of The Netherlands by reason only of the holding of a Note or Coupon or the execution, performance, delivery and/or enforcement of the Notes or Coupons.

## **2. ITALY**

### ***Tax Treatment of the Notes***

*Interest and other proceeds–Notes that qualify as “obbligazioni o titoli similari alle obbligazioni”*

Pursuant to Legislative Decree No. 239 of 1 April 1996 (“**Decree No. 239**”), as amended and restated, and pursuant to Art. 44(2) (c) of Presidential Decree No. 917 of 22 December 1986 (“**Decree No. 917**”), in general, interest and other proceeds (including the difference between the redemption amount and the issue price) in respect of notes that qualify as “bonds” or “debentures similar to bonds” (“*obbligazioni*” or “*titoli similari alle obbligazioni*”) for Italian tax purposes and are issued by a non-Italian resident issuer may be subject to final Italian substitute tax if owed to beneficial owners resident of Italy for tax purposes, depending on the legal status of the beneficial owners. Both (i) “bonds”, which are the securities qualifying as “*obbligazioni*” pursuant to Art. 2410-*et seq.* of the Italian Civil Code, and (ii) other securities (defined as “debentures similar to bonds” by Art. 44(2)(c) of Decree No. 917), which incorporate an unconditional obligation to pay, at maturity, an amount not less than their nominal value and that do not give any right to directly or indirectly participate in the management of the relevant issuer or of the business in relation to which they are issued, are included in the category of “bonds and debentures similar to bonds” referred to in Decree No. 239, subject to the above regime. The Italian tax authorities have clarified (Revenue Agency Circular No. 4/E of 18 January 2006) that bonds may have a maturity which is not scheduled at a specific date, but it is linked to the maturity of the issuing company or to the liquidation thereof, if the company has been set-up with an undetermined maturity pursuant to Article 2328 (2), No. 13, of the Italian Civil Code.

### ***Italian Resident Noteholders–Applicability of Imposta Sostitutiva***

Pursuant to Decree No. 239, as amended and restated, payments of interest and other proceeds (including the original issue discount) in respect of Notes that qualify as “*obbligazioni o titoli similari alle obbligazioni*” and have an original maturity of not less than eighteen months to Italian resident beneficial owners (either when interest and other proceeds are paid or when payment thereof is obtained by a beneficial owner on a transfer of the Notes) will be subject to final *imposta sostitutiva* (substitute tax) at a 12.5 per cent. rate in Italy if made to Italian resident beneficial owners that are: (i) private individuals holding the Notes not in connection with an entrepreneurial activity (unless they have entrusted the management of their financial assets, including the Notes, to an Italian authorised financial intermediary and have opted for the *Risparmio Gestito* regime provided for by Article 7 of Legislative Decree No. 461 of 21 November 1997–the “**Asset Management Option**”); (ii) partnerships (other than *società in nome collettivo*, *società in accomandita*

*semplice* or similar partnerships), *de facto* partnerships not carrying out commercial activities and professional associations; (iii) public and private entities, other than companies, not carrying out commercial activities as their exclusive or principal activity; or (iv) entities exempt from corporate income tax. Based on Condition 9(a)(ii) of the “Terms and Conditions of the Notes”, the above *imposta sostitutiva* would not give rise to any obligation of the Issuer to pay additional amounts.

In case the Notes are held by an individual or by an entity indicated above under (iii), in either case in connection with an entrepreneurial activity, interest and other proceeds relating to the Notes will be subject to the *imposta sostitutiva* and will be included in the relevant beneficial owner’s income tax return. As a consequence, the interest and other proceeds will be subject to the ordinary income tax and the *imposta sostitutiva* may be recovered as a deduction from the income tax due.

The 12.5 per cent. *imposta sostitutiva* will be applied by the Italian resident qualified financial intermediaries provided by law (including banks, *società di intermediazione mobiliare* (or SIMs), fiduciary companies, *società di gestione del risparmio* (or SGRs), stock brokers and other qualified entities expressly indicated in Ministerial Decrees, as well as permanent establishments in Italy of banks or intermediaries resident outside Italy—collectively referred to as “**Intermediaries**” and each as an “**Intermediary**”) that will intervene, in any way, in the collection of interest and other proceeds on the Notes or, also as transferee, in the transfer of the Notes. If the Notes are not deposited with any qualified intermediary, *imposta sostitutiva* will be applied and withheld by any Italian Intermediary (including a permanent establishment in Italy of a foreign entity) paying interest to a beneficial owner.

If interest and other proceeds on the Notes are not collected through the intervention of an Italian resident qualified intermediary and as such no *imposta sostitutiva* is levied, the Italian resident beneficial owners listed above under (i) to (iv) will be required to include interest and other proceeds in their yearly income tax return and subject them to final substitute tax at a rate of 12.5 per cent., unless an option is allowed and made for a different regime. Alternatively, Italian resident individuals indicated above under (i) may elect to pay ordinary personal income taxes at progressive rates in respect of interest and other proceeds on the Notes; if so, the beneficial owners should generally benefit from a tax credit for foreign withholding taxes, if any.

Investors should note that the Italian Council of Ministers has approved a draft law based on which the Italian Government would be delegated to, *inter alia*, amend and make uniform by means of a Legislative Decree (expected to be approved by the end of 2007) the tax rates for withholding and substitute taxes currently applicable to income from the investment of capital and financial gains. Based on the above draft law, the forthcoming uniform tax rate (that should also be applicable for the *imposta sostitutiva* regulated by Decree No. 239) may be up to 20%.

#### ***Italian Resident Noteholders—Imposta Sostitutiva Not Applicable***

Pursuant to Decree No. 239, as amended and restated, payments of interest and other proceeds (including the original issue discount) in respect of Notes that qualify as “*obbligazioni o titoli simili alle obbligazioni*” and have an original maturity of not less than eighteen months to Italian resident beneficial owners will not be subject to the *imposta sostitutiva* at the rate of 12.5 per cent. if made to beneficial owners that are: (i) Italian resident individuals holding Notes not in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an Italian authorised financial intermediary and have opted for the *Asset Management Option*; (ii) Italian resident collective investment funds and SICAVs and pension funds referred to in Legislative Decree No. 124 of 21 April 1993; (iii) Italian resident real estate investment funds referred to in Law Decree No. 351 of 25 September 2001; (iv) Italian resident corporations or permanent establishments in the Republic of Italy of non-resident corporations to which the Notes are effectively connected; (v) Italian resident partnerships qualified as *società in nome collettivo* or *società in accomandita semplice* and other similar partnerships, even *de facto*, carrying out a commercial activity; or (vi) public and private entities, other than companies, carrying out commercial activities and holding Notes in connection with the same commercial activities.

If the Notes are part of an investment portfolio managed on a discretionary basis by an Italian authorised intermediary and the beneficial owner of the Notes has opted for the *Asset Management Option*, annual

substitute tax at a rate of 12.5 per cent. (the “**Asset Management Tax**”) applies on the increase in value of the managed assets accrued, even if not realised, at the end of each tax year (which increase includes interest, premium and other proceeds accrued on Notes). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised intermediary.

Italian resident collective investment funds and SICAVs are subject to a 12.5 per cent. annual substitute tax (the “**Collective Investment Fund Tax**”) on the increase in value of the managed assets accrued at the end of each tax year (which increase includes interest and other proceeds accrued on Notes).

Italian resident pension funds subject to the regime provided by Art. 14, 14-ter and 14-quarter, paragraph 1, of Italian Legislative Decree No. 124 of 21 April 1993, are subject to an 11 per cent. annual substitute tax (the “**Pension Fund Tax**”) on the increase in value of the managed assets accrued at the end of each tax year (which increase includes interest and other proceeds accrued on Notes).

Investors should note that the Italian Council of Ministers has approved a draft law based on which the Italian Government would have the power to, *inter alia*, amend and make uniform, by means of a Legislative Decree (to be approved within six months from the entry into force of the law), the tax rates for withholding and substitute taxes currently applicable to income from the investment of capital and financial gains. In particular, based on this draft law, the forthcoming uniform tax rate (that should also be applicable for the Asset Management Tax, the Collective Investment Fund Tax and, potentially, for the Pension Fund Tax) may be up to 20%.

Pursuant to Law Decree No. 351 of 25 September 2001, converted into law with amendments by Law No. 410 of 23 November 2001 (“**Decree No. 351**”), Italian resident real estate investment funds established starting from 26 September 2001 pursuant to Art. 37 of Legislative Decree No. 58 of 24 February 1998, and Art. 14-bis of Law No. 86 of 25 January 1994, or in any case subject to the tax treatment provided for by Decree No. 351 as a consequence of option for application of such treatment having been promptly made by the managing company, are not subject to any taxation at the fund level.

Interest and other proceeds on the Notes accrued to Italian resident corporations or to permanent establishments in Italy of foreign companies to which the Notes are effectively connected, to Italian resident partnerships qualified as *società in nome collettivo* or *società in accomandita semplice* or similar partnerships carrying out a commercial activity and to Italian resident public and private entities, carrying out commercial activities and holding the Notes in connection with the same commercial activities, generally will be included in the taxable business income for income tax purposes (and, in certain cases, depending on the status of the noteholders, may also be included in the taxable net value of production for purposes of regional tax on productive activities–IRAP) of such beneficial owners, subject to tax in Italy in accordance with ordinary tax rules. In these cases, a tax credit for withholding taxes applied outside Italy, if any, should be generally available.

To ensure payment of interest and other proceeds in respect of the Notes without application of the *imposta sostitutiva*, where allowed, investors indicated herein under (i) to (vi) above must be the beneficial owners of payments of interest and other proceeds on the Notes and must timely deposit the Notes, together with the coupons relating to such Notes, directly or indirectly, with an Italian authorised financial Intermediary.

### ***Early Redemption***

Without prejudice to the above provisions, in the event that Notes are redeemed, in full or in part, prior to eighteen months from their date of issue, Italian resident beneficial owners will be required to pay an additional amount equal to 20 per cent. of the interest, premium and other proceeds accrued up to the time of the early redemption. If Italian withholding agents intervene in the collection of interest, premium and other proceeds on the Notes or in the redemption of the Notes, this additional amount will be levied by such withholding agents by way of withholding. In accordance with one interpretation of Italian fiscal law, the above 20 per cent. additional amount may be due also in the event of purchase of Notes by the Issuer with subsequent cancellation thereof prior to eighteen months from the date of issue.

### ***Payments Made by a Guarantor***

There is no authority directly regarding the Italian tax regime of payments on securities made by an Italian resident guarantor. Accordingly, there can be no assurance as to the tax treatment of such payments that may be asserted by the Italian tax authorities or that the Italian courts may support.

In particular, pursuant to one interpretation of Italian tax law, payments made by the Guarantor under the Guarantee should not be considered as income deriving from the investment of capital and should not be subject to Italian withholding tax.

However, under a different interpretation of Italian tax law, payments made by the Guarantor under the Guarantee may be subject in certain circumstances to a 12.5 or 27 per cent. withholding tax. In particular, according to this interpretation:

- (a) in the case the beneficial owner is an Italian pension fund, collective investment fund or SICAV, the payment should be subject to 12.5 per cent. final withholding tax. Based on Condition 9(a)(ii) of the “Terms and Conditions of the Notes”; the above withholding tax would not give rise to any obligation of the Guarantor to pay additional amounts;
- (b) in the case the beneficial owner is (i) an Italian resident individual (holding the Notes not in connection with entrepreneurial activities); or (ii) a non commercial entity, payments under the Guarantee should be subject to withholding tax at a rate of 12.5 per cent., on account of income taxes due thereon (therefore those payments should be included in the beneficial owners’ taxable income and subject as such to the tax rates applicable to them). Based on Condition 9(a)(ii) of the “Terms and Conditions” of the Notes; the above withholding tax would not give rise to any obligation of the Guarantor to pay additional amounts;
- (c) in the case the beneficial owner is an Italian resident corporate entity, the payments should form part of the annual taxable business income subject to tax according to the ordinary rules;
- (d) in the case the beneficial owner is a non-resident of Italy, the payments should be subject to 12.5 per cent. final withholding tax (reduced rates provided for by double taxation treaties may apply; for instance, payments made to beneficial owners that are resident for tax purposes of the United Kingdom should be subject to 10 per cent. withholding tax, while payments made to beneficial owners that are resident for tax purposes of the United States should be subject to 12.5 per cent. withholding tax); and
- (e) in the case of payments under the Guarantee to non-Italian resident beneficial owners who are resident for tax purposes in tax haven countries (as defined in Article 110(10), of Decree No. 917, and identified by a Decree of the Treasury Ministry of 23 January 2002), final withholding tax should apply at a rate of 27 per cent.

Finally, according to a third line of interpretation, any payments made by the Guarantor under the Guarantee should be treated in certain circumstances as payments made by the Issuer under the Notes, accordingly:

- (i) payments made by the Guarantor to holders of the Notes that are not resident of Italy for tax purposes would not be subject to any Italian withholding tax or the substitute tax.
- (ii) payments made by the Guarantor to holders of the Notes that are resident of Italy for tax purposes may be subject to the *imposta sostitutiva* regulated by Decree No. 239 of 1 April 1996, as amended, according to the same regime described in paragraph “*Italian Resident Noteholders – Applicability of Imposta sostitutiva*” above. Based on Condition 9(a)(ii) of the “Terms and Conditions of the Notes”, the above withholding tax would not give rise to any obligation of the Guarantor to pay additional amounts.

## Capital Gains Tax

### Capital Gains Realised by Italian Resident Noteholders

Any capital gain realised upon the sale for consideration or redemption of the Notes would be treated as part of the taxable business income (and, in certain cases, may also be included in the taxable net value of production for IRAP purposes), subject to tax in Italy according to the relevant tax provisions, if realised by noteholders that are:

- Italian resident corporations;
- Italian resident partnerships qualified as *società in nome collettivo* or *società in accomandita semplice* and other similar partnerships, even *de facto*, carrying on a commercial activity;
- permanent establishments in Italy of foreign corporations to which the Notes are effectively connected;
- Italian resident individuals carrying out a commercial activity, as to any capital gains realised within the scope of the commercial activity carried out; or
- Italian resident public or private entities, other than companies, carrying out commercial activities, holding Notes in connection with the same commercial activities.

Pursuant to Decree No. 461, any capital gain realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity and certain other persons upon sale for consideration or redemption of the Notes would be subject to an *imposta sostitutiva* at the current rate of 12.5 per cent. Under the tax return regime, which is the standard regime for taxation of capital gains realised by Italian resident individuals not engaged in an entrepreneurial activity, *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any relevant incurred capital loss, realised by Italian resident individual holders of Notes holding Notes not in connection with an entrepreneurial activity pursuant to all disposals of Notes carried out during any given fiscal year. Italian resident individuals holding Notes not in connection with entrepreneurial activity must report overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return to be filed for such year and pay *imposta sostitutiva* on such gains together with any income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains of the same kind realised in any of the four succeeding tax years.

As an alternative to the tax return regime, Italian resident individual noteholders holding the Notes not in connection with entrepreneurial activity may elect to pay a 12.5 per cent. *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the “*Risparmio Amministrato*” regime). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and (ii) an express election for the *Risparmio Amministrato* regime being timely made in writing by the relevant noteholder. Under the “*Risparmio Amministrato*” regime, the financial intermediary is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised at revocation of its mandate), net of any relevant incurred capital loss, and is required to pay the relevant amount to the Italian fiscal authorities on behalf of the taxpayer. Under the *Risparmio Amministrato* regime, where a sale or redemption of the Notes results in capital loss, such loss may be deducted from capital gains of the same kind subsequently realised within the same relationship of deposit in the same tax year or in the following tax years up to the fourth. Under the *Risparmio Amministrato* regime, the noteholder is not required to declare capital gains in its annual tax declaration and remains anonymous.

Any capital gains accrued on Notes held not in connection with entrepreneurial activity by Italian resident individuals who have elected for the Asset Management Option will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to the Asset Management Tax to be applied on behalf of the taxpayer by the managing authorised intermediary. Under the Asset Management Option, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years.



Under the Asset Management Option, the noteholder is not required to report capital gains realised in its annual tax declaration and remains anonymous.

In the case of Notes held by Italian resident collective investment funds or SICAVs, capital gains on Notes will be included in the computation of the taxable basis of the Collective Investment Fund Tax.

In the case of Notes held by Italian resident pension funds subject to the regime provided by articles 14, 14-*ter* and 14-quarter, paragraph 1, of Legislative Decree No. 124 of 21 April 1993, capital gains on Notes will be included in the computation of the taxable basis of the Pension Fund Tax.

### ***Transfer Tax***

Italian Legislative Decree No. 435 of 21 November 1997 (“**Decree No. 435**”), which partly amended the regime set forth by Royal Decree No. 3278 of 30 December 1923, governs the application of Italian transfer tax on the transfer of securities (so-called “*tassa sui contratti di borsa*”), with Italian transfer tax being in general applicable as follows in relation to transfers of Notes executed in the Republic of Italy:

- (i) Euro 0.0083 per Euro 51.65 (or a fraction thereof) of the price at which the Notes are transferred in the event that the transfer takes place directly between investors (i.e., without the intervention of an intermediary) or through the intervention of intermediaries other than banks, other investment companies regulated by Legislative Decree No. 58 of 1998 (“**Decree No. 58**”), stockbrokers or SIMs (the “**Qualified Intermediaries**” and each of them a “**Qualified Intermediary**”);
- (ii) Euro 0.00465 per Euro 51.65 (or a fraction thereof) of the price at which the Notes are transferred, but with a cap of Euro 929.62 for each transaction, in the event that the transfer is made either (i) between investors and Qualified Intermediaries or (ii) between investors through the intervention of such Qualified Intermediaries;
- (iii) Euro 0.00465 per Euro 51.65 (or a fraction thereof) of the price at which the Notes are transferred, but with a cap of Euro 929.62 for each transaction, when the transfer is made between Qualified Intermediaries.

The above transfer tax does not apply, *inter alia*, to the following:

- (i) contracts concluded in regulated markets (e.g. the Luxembourg Stock Exchange) regarding the transfer of securities, including contracts between a Qualified Intermediary and his principal or between Qualified Intermediaries;
- (ii) off-market transactions regarding securities listed on an exchange, provided that such transactions take place:
  - (a) between Qualified Intermediaries, or
  - (b) between Qualified Intermediaries, on the one hand, and non-Italian residents, on the other hand, or
  - (c) between Qualified Intermediaries, on the one hand, and undertakings for collective investment of saving income, on the other hand;
- (iii) sales of securities which take place in the context of a public sale offer (“*offerta pubblica di vendita*”) either aimed at listing the securities on a regulated stock exchange, or involving securities already listed on a stock exchange

A change of depositary (e. g. Euroclear or Clearstream, Luxembourg) not involving a transfer of the ownership of the transferred securities will not trigger the transfer tax.

For transfer tax purposes, transfers of securities to or by Italian residents are presumed to be executed in the Republic of Italy. Moreover, contracts for the transfer of Notes executed outside the Republic of Italy between non-Italian residents will have legal effect (*efficacia giuridica*) in the Republic of Italy to the extent that transfer tax is paid.

## ***Inheritance and Gift Taxes***

Pursuant to Decree No. 262 of 3 October 2006, as converted with amendments by Law No. 286 of 24 November 2006, inheritance and gift taxes have been re-introduced in Italy, with effect as of 3 October 2006.

Consequently, any transfer of Notes by reason of death or donation made on or after 3 October 2006 is liable to inheritance or gift tax, if the holder is an Italian resident individual or the Notes are issued by an Italian resident company.

Inheritance and gift taxes apply according to the following rates and exclusions:

- (i) if assets (including money) pass to a spouse or civil partner, as well as to any linear descendent, tax is levied at a rate of 4%. The tax applies to the value of the assets (net of liabilities) left to each heir/beneficiary which exceed Euro 1,000,000;
- (ii) if assets (including money) pass to a relative within the fourth degree or to a linear relative-in-law, as well as to a collateral relative within the third degree, tax is levied at a rate of 6%. The tax applies to the value of the assets (net of liabilities) exceeding Euro 100,000, if assets are left to a brother or sister;
- (iii) if assets (including money) pass to any other individual, tax is levied at a rate of 8% of the value of the assets (net of liabilities).

### **3. EUROPEAN WITHHOLDING TAX DIRECTIVE**

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident of that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. A number of non-EU countries and territories, including, *inter alia*, Switzerland, have agreed to adopt similar measures (which will be a withholding system in the case of Switzerland) with effect from the same date.

#### **Implementation in Italy of the EU Savings Directive**

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of 18 April 2005 (“**Decree No. 84**”). Under Decree No. 84, subject to a number of important conditions being met, with respect to interest paid starting from 1 July 2005 (including the case of interest accrued on the Notes at the time of their disposal) to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another EU Member State or in a dependent or associated territory under the relevant international agreement (currently, Jersey, Guernsey, Isle of Man, Netherlands Antilles, British Virgin Islands, Turks and Caicos, Cayman Islands, Montserrat, Anguilla and Aruba), Italian paying agents (i.e. banks, SIMs, fiduciary companies, SGRs resident for tax purposes in Italy, permanent establishments in Italy of non-resident persons and any other economic operator resident for tax purposes in Italy paying interest for professional or commercial reasons) shall report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner. Such information shall be transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner. In certain circumstances, the same reporting requirements must be complied with also in respect of interest paid to an entity established in another EU Member State, other than legal persons (with the exception of certain Finnish and Swedish entities), whose profits are taxed under general arrangements for business taxation and, in certain circumstance, UCITS recognised in accordance with Directive 85/611/EEC.

Either payments of interest on the Notes or the realisation of the accrued interest through the sale of the Notes would constitute “payments of interest” under Article 6 of the Directive and, as far as Italy is concerned, Article 2 of Decree No. 84. Accordingly, such payment of interest arising out of the Notes would



fall within the scope of the Directive being the Notes issued after 1 March 2001. Noteholders who are individuals and receive Interest on the Notes should note that additional amounts which, at present, may become due as described in Condition 9 (*Taxation*) above should not be due in respect of withholding tax imposed under or pursuant to the Directive, or any law implementing or complying with, or introduced in order to conform to the Directive.

## SUBSCRIPTION AND SALE

HSBC Bank plc, J.P. Morgan Securities Ltd., Mediobanca – Banca di Credito Finanziario S.p.A. and UBS Limited (together the “**Joint Lead Managers**”) and Banca Caboto S.p.A., Banca Generali S.p.A., CALYON, Commerzbank Aktiengesellschaft and Société Générale (together with the Joint Lead Managers, the “**Managers**”) have, in a subscription agreement dated 6 February 2007 (the “**Subscription Agreement**”) and made between the Issuer, the Guarantor and the Joint Lead Managers, on behalf of the Managers, upon the terms and subject to the conditions contained therein, jointly and severally agreed to subscribe for the Notes at their issue price of 100 per cent. of their principal amount less commissions of 0.80 per cent. of their principal amount. The Issuer (failing which, the Guarantor) has also agreed to reimburse the Joint Lead Managers for certain of the expenses incurred in connection with the management of the issue of the Notes. The Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

### **United States of America**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### **United Kingdom**

Each Manager has represented, warranted and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

### **Italy**

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, each Manager has represented and agreed that it has not offered or sold, and will not offer or sell, any Notes in Italy in a solicitation to the public and that sales of the Notes by such Manager in Italy will be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Each of the Managers has represented and agreed that it will not offer, sell or deliver any Notes or distribute copies of the Prospectus or any other document relating to the Notes in Italy except:

- (i) to “**Professional Investors**”, as defined in Article 31, paragraph 2 of CONSOB Regulation No. 11522 of 1 July 1998, as amended (“**Regulation No. 11522**”), pursuant to Article 30, paragraph 2 and Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (“**Decree No. 58**”); or
- (ii) in any other circumstances where an express exemption from compliance with the solicitation restrictions provided under Decree No. 58 or CONSOB Regulation No. 11971 of 14 May 1999, as amended, applies.

Any such offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in Italy must be:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993 as amended (“**Decree No. 385**”), Decree No. 58, Regulation No. 11522 and any other applicable laws and regulations;
- (b) in compliance with Article 129 of Decree No. 385 and the implementing instructions of the Bank of Italy, pursuant to which the issue, trading or placement of securities in Italy is subject to prior notification to the Bank of Italy, unless an exemption applies, depending, *inter alia*, on the aggregate amount and the characteristics of the Notes issued or offered in Italy; and
- (c) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

#### ***Transfer Restriction Due to Certain Tax Considerations***

The Notes have only been offered and sold to investors who are resident for income tax purposes in those countries listed in the Italian Ministerial Decree of 4 September 1996, as subsequently amended and supplemented. A copy of the Decree can be obtained from the website of the Ministry of Finance of Italy at [www.finanze.it](http://www.finanze.it). It is the intention of the Guarantor that the Notes will be held only by investors resident in countries identified in the above Decree. In the case of payments made by or on behalf of the Guarantor, there would be no obligation to gross up such payments to investors not resident in the countries identified in the above Decree (including investors resident in the United States who do not furnish the required certifications under applicable Italian tax requirements). See “*Terms and Conditions of the Notes – Taxation*”.

The following is the current exclusive list of countries or territories where, if the Notes were held by residents for income tax purposes of such countries or territories, and in the case of payments by the Guarantor, the Guarantor would have an obligation to gross up payments in the event of a withholding on any payments on the Notes, subject to the limitations set out under “*Terms and Conditions of the Notes – Taxation*”: Albania, Algeria, Argentina, Australia, Austria, Bangladesh, Belarus, Belgium, Brazil, Bulgaria, Canada, China, Croatia, Czech Republic, Denmark, Ecuador, Egypt, Estonia, Finland, France, Germany, Greece, Hungary, India, Indonesia, Ireland, Israel, Ivory Coast, Japan, Kazakhstan, Kuwait, Lithuania, Luxembourg, Macedonia, Malta, Mauritius, Mexico, Morocco, The Netherlands, New Zealand, Norway, Pakistan, Philippines, Poland, Portugal, Romania, Russian Federation, Singapore, Slovakia, Slovenia, South Africa, South Korea, Spain, Sri Lanka, Sweden, Tanzania, Thailand, Trinidad and Tobago, Tunisia, Turkey, Ukraine, United Arab Emirates, United Kingdom, United States of America, Uzbekistan, Venezuela, Vietnam, Yugoslavia and Zambia.

#### **General**

Each Manager has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Prospectus or any other offering material relating to the Notes. Persons into whose hands this Prospectus comes are required by the Issuer, the Guarantor and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they

purchase, offer, sell or deliver Notes or possess, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

## **GENERAL INFORMATION**

### **Authorisations**

The creation and the issue of the Notes has been authorised by a resolution of the Board of Directors of the Issuer dated 8 January 2007. The giving of the Guarantee of the Notes has been authorised by a resolution of the Board of Directors of the Guarantor dated 7 September 2006.

### **Clearing of the Notes**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for the Notes are as follows:

ISIN	XS0283629946
Common Code	028362994

The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

### **Listing and Trading Expenses**

Total expenses related to the listing of the Notes on the official list of the Luxembourg Stock Exchange and the admission of the Notes to trading on the Regulated Market of the Luxembourg Stock Exchange are estimated to be Euro 2,600.

### **Litigation**

Save as disclosed in this Prospectus, there are no governmental, legal or arbitration proceedings against or affecting the Issuer, or the Guarantor or any of their respective subsidiaries or any of their respective assets, nor is the Issuer or the Guarantor aware of any pending or threatened proceedings of such kind during the 12 months before the date of this Prospectus, which may have, or had in the recent past, significant effects on the Issuer's, the Guarantor's or the Generali Group's financial position or profitability or which are or might be material in the context of the issue of the Notes or the giving of the Guarantee of the Notes.

### **No Significant Change**

Save as otherwise disclosed in this Prospectus and since 30 September 2006, which was the last day of the financial period in respect of which the most recent interim financial statements of the Issuer or, as the case may be, the Guarantor have been published, there has been no significant change, or any development reasonably likely to involve a significant change, in the condition (financial or otherwise), trading position or general affairs of the Issuer or its subsidiaries or, as the case may be, of the Guarantor or any of its subsidiaries.

### **Material Adverse Change**

There has been no material adverse change in the prospects of the Issuer, the Guarantor or the Generali Group since 31 December 2005.

### **Trend Information**

Save as disclosed in this Prospectus, the Issuer is not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for the current financial year since 31 December 2005, the date of the last published audited financial statements of the Issuer.

## **Material Contracts**

There are no material contracts that are not entered into in the ordinary course of the Issuer's business, which could result in any Generali Group member being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to Noteholders in respect of the Notes being issued.

## **Change in Control**

There are no arrangements known to the Issuer or the Guarantor, respectively, the operation of which may result in a change of control of the Issuer or the Guarantor, as the case may be, other than as described herein.

## **Documents Available for Inspection**

For so long as the Notes are outstanding, copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the specified office of the Paying Agent, namely:

- (a) the Agency Agreement;
- (b) the Deed of Covenant;
- (c) the Subscription Agreement;
- (d) the by-laws of each of the Issuer and the Guarantor; and
- (e) the Deed of Guarantee.

## **Documents Available**

For so long as the Notes are outstanding, copies and, where appropriate, English translations of the following documents may be obtained during normal business hours at the specified office of each Paying Agent, namely:

- (a) a copy of this Prospectus (including any supplement to this Prospectus);
- (b) the audited non-consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2004 and 2005;
- (c) the audited non-consolidated interim financial statements of the Issuer as at and for the six months ended 30 June 2005;
- (d) the unaudited non-consolidated interim financial statements of the Issuer as at and for the six months ended 30 June 2006;
- (e) the unaudited non-consolidated interim financial statements of the Issuer as at and for the nine months ended 30 September 2005 and 2006;
- (f) the audited consolidated annual financial statements of the Guarantor as at and for the years ended 31 December 2004 and 2005;
- (g) the unaudited consolidated interim financial statements of the Guarantor as at and for the six months ended 30 June 2005 and 2006;
- (h) the auditor's limited review report on the unaudited consolidated interim financial statements of the Guarantor as at and for the six months ended 30 June 2006; and
- (i) the unaudited consolidated interim financial statements of the Guarantor as at and for the nine months ended 30 September 2005 and 2006.

The Issuer does not currently produce consolidated annual financial statements or consolidated quarterly financial statements.

**Auditors**

The auditors of the Issuer are PricewaterhouseCoopers Accountants N.V. who are registered in The Netherlands as members of NIVRA or NOvAA. The auditors of the Guarantor are PricewaterhouseCoopers S.p.A. who are registered on the special register of accounting firms held by CONSOB (*Albo Speciale delle Società Revisione*) with registration number 43.

**Legend**

The Notes and any Coupons appertaining thereto will bear a legend to the following effect: “*Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.*”

**Potential Conflicts of Interest**

Save for the commissions payable to the Managers (for further detail, see “Subscription and Sale” above), there are no interests, conflicting or otherwise, of natural and legal persons involved in the issue of the Notes that are material to the issue of the Notes.



#### THE ISSUER

**Generali Finance B.V.**

Diemerhof 42  
1112 XN Diemen  
The Netherlands

#### THE GUARANTOR

**Assicurazioni Generali S.p.A.**

Piazza Duca degli Abruzzi 2  
34132 Trieste  
Italy

#### JOINT LEAD MANAGERS

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

**J.P. Morgan Securities Ltd.**  
125 London Wall  
London EC2Y 5AJ  
United Kingdom

**Mediobanca - Banca di  
Credito Finanziario S.p.A.**  
Piazzetta E. Cuccia 1  
20121 Milan  
Italy

**UBS Limited**  
1 Finsbury Avenue  
London EC2M 2PP  
United Kingdom

#### CO-LEAD MANAGERS

**Banca Caboto S.p.A.**  
Piazzetta Giordano  
dell'Amore 3  
20121 Milan  
Italy

**Banca Generali S.p.A.**  
Via Crispi 4  
34125 Trieste  
Italy

**CALYON**  
Via Brera 21  
20121 Milan  
Italy

**Commerzbank  
Aktiengesellschaft**  
Kaiserplatz  
60261 Frankfurt am Main  
Germany

**Société Générale**  
29 boulevard Haussman  
75009 Paris  
France

#### FISCAL AGENT

**BNP Paribas Securities Services, Luxembourg Branch**

33, Rue de Gasperich, Howald - Hesperange  
L-2085 Luxembourg

#### PAYING AGENT

**BNP Paribas Securities Services, Luxembourg Branch**

33, Rue de Gasperich, Howald - Hesperange  
L-2085 Luxembourg

#### LEGAL ADVISERS

*To the Issuer and the Guarantor  
as to English law:*

**Skadden, Arps, Slate, Meagher & Flom (UK) LLP**  
40 Bank Street  
London E14 5DS  
United Kingdom

*To the Issuer and the Guarantor  
as to Italian law:*

**Legal Department of Assicurazioni Generali S.p.A.**  
Via Machiavelli 4  
34125 Trieste  
Italy

*To the Managers as to  
English and Italian law:*

**Clifford Chance Studio Legale Associato**  
Piazzetta M. Bossi 3  
20121 Milan  
Italy

*To the Managers as to Dutch law:*

**Clifford Chance LLP**  
Droogbak 1a  
1013 GE Amsterdam  
The Netherlands

*To the Managers as to  
Italian tax law:*

**Studio Vitali Romagnoli  
Piccardi e Associati**  
Via Crocefisso 12  
20122 Milan  
Italy

#### AUDITORS TO

**ASSICURAZIONI GENERALI S.p.A.**  
**Pricewaterhouse Coopers S.p.A.**  
Viale Monterosa 91  
20149 Milan  
Italy

#### AUDITORS TO

**GENERALI FINANCE B.V.**  
**Pricewaterhouse Coopers N.V.**  
Thomas R. Malthusstraats  
1088 JB Amsterdam  
The Netherlands

#### LISTING AGENT

**BNP Paribas Securities Services, Luxembourg Branch**

33 Rue de Gasperich, Howald - Hesperange  
L-2085 Luxembourg



