

Prospectus



GENERALI FINANCE B.V.

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

€1,275,000,000 5.317 per cent. Perpetual Fixed/Floating Rate Notes

£700,000,000 6.214 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 €1,275,000,000 5.317 per cent. perpetual fixed/floating rate notes (the “Euro Notes”) and the £700,000,000 6.214 per cent. perpetual fixed/floating rate notes (the “Sterling Notes”) and, together with the Euro 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 Euro Notes is 100 per cent. and the Issue Price of the Sterling Notes is 100 per cent.

The Euro Notes will bear interest (i) from and including 16 June 2006 to and excluding 16 June 2016 (the “Euro Reset Date”) at a rate of 5.317 per cent. per annum, payable annually in arrear on 16 June in each year and (ii) from and including the Euro Reset Date at a rate of Euribor plus 210 basis points, payable quarterly in arrear on 16 September, 16 December, 16 March and 16 June of each year, beginning 16 September 2016. The Sterling Notes will bear interest (i) from and including 16 June 2006 to and excluding 16 June 2016 (the “Sterling Reset Date”) at a rate of 6.214 per cent. per annum, payable annually in arrear on 16 June in each year and (ii) from and including the Sterling Reset Date at a rate of Libor plus 208 basis points, payable quarterly in arrear on 16 September, 16 December, 16 March and 16 June of each year, beginning 16 September 2016.

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 Euro Notes and the Terms and Conditions of the Sterling Notes, respectively. The Issuer may, at its option, also redeem the Notes in whole, but not in part, on the relevant “Reset Date” (which, in the case of the Euro Notes means the Euro Reset Date and, in the case of the Sterling Notes means the Sterling Reset Date) and on any Interest Payment Date (as defined herein) of the relevant 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 Euro Notes and the Terms and Conditions of the Sterling Notes, respectively. In addition, the Issuer may, at its option, redeem the Notes in whole, but not in part, at any time before a 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 Euro Notes and the Terms and Conditions of the Sterling Notes, respectively. Also, the Issuer may, at its option, redeem the Notes in whole, but not in part, at any time prior to a 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 Euro Notes and the Terms and Conditions of the Sterling Notes, respectively. 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 Euro Notes and the Terms and Conditions of the Sterling Notes, respectively, 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.

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 Directive 2003/71/EC (the “Prospectus Directive”) in Luxembourg. Application has also been made for the Euro Notes and the Sterling Notes to be listed and admitted to trading on the regulated market of the Luxembourg Stock Exchange.

An investment in Notes involves certain risks. For a discussion of these risks, see “Risk Factors” on page 17.

The Euro Notes have a denomination of €50,000 and the Sterling Notes have a denomination of £50,000.

Joint Lead Managers

HSBC

JPMorgan

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

Co-Lead Managers

Banca Generali S.p.A.

Caboto

CALYON Corporate and Investment Bank

Commerzbank Corporates & Markets

Dated 14 June 2006

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, the Generali Group (as defined herein) 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 one 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 (as amended) (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 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**”, “**Sterling**” 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 Guarantor and its consolidated subsidiaries (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 Euro Notes, Mediobanca – Banca di Credito Finanziario S.p.A. (the “Euro Stabilising Manager”) (or persons acting on behalf of the Euro Stabilising Manager) may over-allot Euro Notes (provided that, the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the Euro Notes) or effect transactions with a view to supporting the market price of the Euro Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Euro Stabilising Manager (or persons acting on behalf of the Euro 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 Euro 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 Euro Notes and 60 days after the date of the allotment of the Euro Notes. Such stabilisation shall be in accordance with all applicable laws and regulations.

In connection with the issue of the Sterling Notes, J.P. Morgan Securities Ltd. (the “Sterling Stabilising Manager”) (or persons acting on behalf of the Sterling Stabilising Manager) may over-allot Sterling Notes (provided that, the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the Sterling Notes) or effect transactions with a view to supporting the market price of the Sterling Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Sterling Stabilising Manager (or persons acting on behalf of the Sterling 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 Sterling 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 Sterling Notes and 60 days after the date of the allotment of the Sterling 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 (as defined herein) 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.

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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.

*This summary includes forward-looking statements. These include statements relating to, among other things, the future financial performance of the Issuer, the Guarantor and the Guarantor and its consolidated subsidiaries (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 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.*

Words and expressions defined in the “Terms and Conditions of the Euro Notes” and the “Terms and Conditions of the Sterling 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 Euro Notes or the Terms and Conditions of the Sterling Notes, as appropriate.

Summary in respect of the Notes

Issuer:	Generali Finance B.V.
Guarantor:	Assicurazioni Generali S.p.A.
Joint Lead Managers:	HSBC Bank plc J.P. Morgan Securities Ltd. Mediobanca – Banca di Credito Finanziario S.p.A.
Managers:	Banca Caboto S.p.A. Banca Generali S.p.A. CALYON Commerzbank Aktiengesellschaft
Principal Amount:	€1,275,000,000 of Euro Notes £700,000,000 of Sterling Notes
Issue Price:	100 per cent. of the principal amount of the Euro Notes. 100 per cent. of the principal amount of the Sterling Notes.
Issue Date:	16 June 2006 for each of the Euro Notes and the Sterling Notes.
Form and Denomination:	The Euro Notes will be issued in bearer form in a denomination of €50,000 each. The Sterling Notes will be issued in bearer form in a denomination of £50,000 each.
Status of the Notes:	The Notes will constitute unsecured and subordinated obligations of the Issuer ranking (i) <i>pari passu</i> without any preference among

themselves, (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 (including preference shares) and any other obligation of the Issuer expressed by its terms to rank junior to the Notes.

Status of the Guarantee of the Notes:

The Guarantee of the Euro Notes and the Guarantee of the Sterling Notes will constitute direct, unsecured and subordinated obligations of the Guarantor ranking:

- (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.

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 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 a Reset Date and on any Interest Payment Date (as defined herein) 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 a 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 a 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 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 Solvency Margin as will apply to perpetual subordinated instruments or liabilities as opposed to dated subordinated instruments or liabilities.

Interest:

The Euro Notes will bear interest (i) from and including 16 June 2006 to and excluding 16 June 2016 (the **“Euro Reset Date”**) at a rate of 5.317 per cent. per annum, payable annually in arrear on 16 June in each year and (ii) from and including the Euro Reset Date at a rate of Euribor plus 210 basis points, payable quarterly in arrear on 16 September, 16 December, 16 March and 16 June of each year, beginning 16 September 2016.

The Sterling Notes will bear interest (i) from and including 16 June 2006 to and excluding 16 June 2016 (the **“Sterling Reset Date”**) at a rate of 6.214 per cent. per annum, payable annually in arrear on 16 June in each year and (ii) from and including the Sterling Reset Date at a rate of Libor plus 208 basis points, payable quarterly in arrear on 16 September, 16 December, 16 March and 16 June of each year, beginning 16 September 2016.

“Reset Date” means, in relation to the Euro Notes, the Euro Reset Date and in relation to the Sterling Notes, the Sterling Reset Date.

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 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; and (ii) during the 12-month 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 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 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 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 the Mandatory Deferral Event has 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 10 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 25 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 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 are 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 (the “**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.

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 and to be admitted to trading on the Luxembourg Stock Exchange's regulated market. Total expenses related to admission to trading are estimated to be €3,200.
Rating:	The Euro Notes and the Sterling Notes will be rated A3 by Moody's, A by S&P and A+ by 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.
Selling Restrictions:	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, Italy and Japan see, "Subscription and Sale" below.
Clearing Systems:	Euroclear and Clearstream, Luxembourg.
ISIN:	Euro Notes: XS0256975458 Sterling Notes: XS0256975888
Common Code:	Euro Notes: 025697545 Sterling Notes: 025697588

Summary in respect of the Risk Factors

Risk Factors in respect of 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; and
- there are certain Italian taxation considerations in respect of the qualification of the Notes.

Risk Factors in respect of the Issuer

The Issuer is a funding vehicle for the Generali Group. As such it, *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.

Risk Factors in respect of 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; and
- the Generali Group may be affected by increased competition.

Summary in respect of the Issuer

Generali Finance B.V. ("**Generali Finance**"), 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 00 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 main activities of Generali Finance, in accordance with Article 2(b) of its articles of association, are holding and managing shareholdings and borrowing or lending monies including public and private lending.

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. As such, as at 31 December 2005 Generali Finance held no interests in other companies.

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.

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).

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**”) 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 (0039) 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.

As at 31 December 2005, the Generali Group fully consolidates 297 companies: 107 insurance companies, 53 financial holding companies, 66 real estate companies and 71 services companies. Assicurazioni Generali controls a further 387 non-consolidated subsidiaries and 9 subsidiaries that are consolidated on the equity basis operating in insurance business related areas, such as fund and asset management. 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.

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 for the year ended 31 December 2005.

	As at 31 December 2005
	<i>IFRS (Audited) (in billions of Euro)</i>
Gross premiums	62.68
Acquisition costs and general expenses.....	9.44
Investments.....	307.42
Net investment income.....	11.70
Net insurance provisions (net of consolidated adjustments)	275.14
Capital and free reserves (group).....	13.95
Net profit (group).....	1.92
Loss ratio (non-life, net of consolidated adjustments)	70.6%
Combined ratio (non-life, net of consolidated adjustments)	97.9%

Management

The Board of Directors of Assicurazioni Generali consists of 18 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, Enzo Grilli, 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.

References to the “Generali Group” are to the Guarantor and each of its subsidiaries. Otherwise, words and expressions defined in “Terms and Conditions of the Euro Notes” and “Terms and Conditions of the Sterling Notes”, as appropriate, 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 Euro Notes or the Terms and Conditions of the Sterling Notes, as appropriate. Prospective investors should read the entire Prospectus.

Risk Factors in relation 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 Euro Notes and the Guarantee of the Sterling 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.

Perpetual Securities

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.

Redemption risk

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*). The Issuer may, at its option, also redeem the Notes in whole, but not in part, on a 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 a 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 a 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.

No limitation on issuing debt

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 a liquidation, dissolution, insolvency, composition or other proceeding for the avoidance of insolvency of, or against, the Issuer or the Guarantor.

Subordination

The Notes and the Guarantor's obligations under the Guarantee of the Euro Notes and the Guarantee of the Sterling 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 Euro Notes and the Guarantee of the Sterling 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 Euro Notes and the Guarantee of the Sterling Notes only in accordance with the subordination described above.

Optional deferral and possible cancellation of interest payments

Noteholders should be aware that the Issuer may, by giving not less than 15 days prior notice, elect in its discretion to defer payment (A) of all (or some only) of the interest accrued to an Interest Payment Date if (i) during the 12-month 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; and (ii) during the 12-month 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 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*).

Mandatory Deferral and possible 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 the Mandatory Deferral Event has 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 Euro Notes and the Guarantee of the Sterling 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 do the Guarantee of the Euro Notes and the Guarantee of the Sterling Notes provide for acceleration of any payments on, or repayment of, the Notes.

The secondary market generally

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.

Fixed Rate Notes

Until the Reset Date in respect of the Euro Notes and the Sterling Notes, 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 a Reset Date.

Qualification of the Notes under Italian taxation 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”, as for 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 Euro Notes”, and the “Terms and Conditions of the Sterling Notes” the above withholding tax would not give rise to any obligation of the Issuer or the Guarantor to pay additional amounts.

EU Savings Directive

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 depository 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 depository 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 may not reflect all risks

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.

Legal investment considerations may restrict certain investments

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.

Risk Factors in relation to the Issuer

The Issuer is a funding vehicle for the Generali Group. As such it, *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.

Risk Factors in relation 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 Euro Notes and the Guarantee of the Sterling Notes and/or may adversely affect the market price of the Notes and can 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.

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.

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.

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.

Regulatory compliance and regulatory changes

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.

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.

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 consolidated annual financial statements of the Guarantor as at and for the years ended 31 December 2004 and 2005; and
- (3) the unaudited consolidated interim financial statements of the Guarantor as at and for the three months ended 31 March 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. Request 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*).

The financial statements of the Issuer incorporated by reference herein as at and for the years ended 31 December 2004 and 2005 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 restated 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 three months ended 31 March 2006 incorporated by reference herein have been prepared in accordance with international accounting standards IAS/IFRS as referred to herein and the unaudited consolidated financial statements of the Guarantor as at and for the three months ended 31 March 2005 incorporated by reference herein have been restated in accordance with international accounting standards IAS/IFRS as referred to herein.

The non-consolidated financial statements of the Issuer as at and for the years ended 31 December 2004 and 2005 incorporated by reference herein have been 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 three months ended 31 March 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>	2005	2004
Balance sheet	Pages 6-7	Pages 6-7
Statement of income	Pages 8	Pages 8
Cash flow statement	Not prepared	Not prepared
Accounting policies and explanatory notes	Pages 9-14	Pages 9-15
Auditors' review/reports	Page 1	Page 16

Assicurazioni Generali - Consolidated annual financial statements

<i>Commission Regulation (EC) No. 809/2004, Annex IX, Paragraph 11.1</i>	2005	2004
Balance sheet	Pages 51-53	Pages 41-50
Statement of income	Page 55	Pages 51-58
Cash flow statement	Page 58	Page 93
Accounting policies and explanatory notes	Pages 61-168	Pages 61-93
Auditors' review/reports	Pages 197-198	Pages 141-142

Assicurazioni Generali - Consolidated three monthly financial statements

	2006	2005
Balance sheet	Pages 46-48	Pages 13
Statement of income	Page 49	Pages 14
Cash flow statement	Not applicable	Not applicable
Accounting policies and explanatory notes	Pages 57-58	Page 9
Auditors' review/reports	Not applicable	Not applicable

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 EURO NOTES

The following is the text of the terms and conditions which will be endorsed on each Euro Note in definitive form. The terms and conditions applicable to any Euro Note in global form will differ from those terms and conditions which would apply to the Euro 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 1,275,000,000 Fixed/Floating Rate Perpetual Guaranteed Subordinated Notes (the “**Euro 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 11 May 2006 and the guarantee of the Euro Notes was authorised by a resolution of the board of directors of the Guarantor passed on 10 May 2006. The Euro Notes are the subject of (a) a deed of guarantee dated 16 June 2006 (as amended or supplemented from time to time, the “**Euro Deed of Guarantee**”) entered into by the Guarantor and (b) a fiscal agency agreement dated 16 June 2006 (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 Euro 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 Euro Notes). Certain provisions of these Conditions are summaries of the Agency Agreement and the Euro Deed of Guarantee and are subject to their detailed provisions. The holders of the Euro Notes (the “**Euro 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 Euro Deed of Guarantee applicable to them. Copies of the Agency Agreement and the Euro 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, for the relevant period, 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 Euro Notes;

“Comparable German Bund Issue” means the German Bund security selected by the Calculation Agent as having a maturity comparable to 16 June 2016 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 16 June 2016;

“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 Euro Note, a coupon sheet relating to the Euro Note;

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

“Euro Deed of Covenant” means the deed of covenant relating to the Euro Notes dated 16 June 2006 (as amended or supplemented from time to time) entered into by the Issuer;

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

“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 16 June of each year beginning on 16 June 2007 up to and including the Euro 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 16 September, 16 December, 16 March and 16 June of each year beginning on 16 September 2016 up to and including the date of redemption of the Euro Notes;

“Floating Rate Interest Period” means each period beginning on (and including) the Euro 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 Perpetual Notes” means the GBP 350,000,000 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 Euro Note and an Interest Period, the amount of interest payable in respect of that Euro 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 16 June 2006;

“**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 Euro Notes, and (C) any guarantee or similar instrument from the Guarantor, ranking junior to the Guarantee of the Euro 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 Euro 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 an accounting treatment of (a) up to 25 per cent. of the 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 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 Euro 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 Euro Note means the principal amount of such Note, assuming such Euro Note to be due on the Euro Reset Date, together with interest to be accrued from the Regulatory Event Redemption Date to the Euro 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 Euro Notes (including the obligations of the Guarantor deriving from a subordinated guarantee granted in connection with the issue of the Sterling Notes, the obligations of the Guarantor in its capacity as issuer of the Generali 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 Euro 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 Euro Notes are outstanding to treat the Euro 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 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 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 Euro 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 Euro 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;

“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. in denominations of GBP 50,000 on or about the Issue Date 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 Euro Notes, any additional amounts in respect of principal which may be payable under Condition 9 (*Taxation*), any premium payable in respect of a Euro 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 Euro Notes being “outstanding” shall be construed in accordance with the Agency Agreement.

2. **Form, Denomination and Title**

The Euro Notes are in bearer form in denominations of Euro 50,000 with Coupons and Talons attached at the time of issue. Title to the Euro Notes and the Coupons will pass by delivery. The holder of any Euro 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 Euro Note under the Contracts (Rights of Third Parties) Act 1999.

3. **Status and Subordination of the Euro Notes**

- (a) *Status of the Euro Notes:* The Euro Notes constitute unsecured and subordinated obligations of the Issuer and rank:
 - (i) *pari passu* without any preference among themselves and *pari passu* with 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 (including preference shares) and any other obligation of the Issuer expressed by its terms to rank junior to the Euro Notes.
- (b) *Subordination:* The claims of the Euro Noteholders against the Issuer in respect of the Euro 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 Euro 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 Euro 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 Euro Notes rank in priority to claims of the shareholders of the Issuer.

4. **Guarantee**

- (a) *Guarantee of the Euro Notes:* The Guarantor has in the Euro 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 Euro Notes.
- (b) *Status of the Guarantee:* This guarantee (the “**Guarantee of the Euro 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 Euro Noteholders under the Guarantee of the Euro 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 Euro 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 Euro Notes bear interest from and including the Issue Date to but excluding the Interest Payment Date falling in 16 June 2016 (the “**Euro Reset Date**”) at the rate of 5.317 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 16 June 2007 in respect of the period from (and including) the Issue Date to (but excluding) 16 June 2007 and shall be in the amount of Euro 2,658.50 per Euro Note of Euro 50,000 denomination. The amount of interest payable in respect of each Euro 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 Euro 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 Euro Notes in accordance with Condition 7(a) (*Redemption and Purchase – Redemption at the option of the Issuer*) on the Euro Reset Date, the Euro 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 Euro Notes (the “**Floating Rate of Interest**”) for each Floating Rate Interest Period will be determined by the Calculation Agent on the following basis:
 - (1) 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**”);

- (2) if such rate does not appear on that page, the Calculation Agent will:
- (I) 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
 - (II) 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
- (3) 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 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 2.10 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 Euro Notes during such Floating Rate Interest Period will be the sum of 2.10 per cent. per annum and the rate or (as the case may be) arithmetic mean last determined in relation to the Euro 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 Euro 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 Euro 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 Euro 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 Euro 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 Euro 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 Euro 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 Euro 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 Euro Note up to that day are received by or on behalf of the relevant Euro Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Euro Noteholders that it has received all sums due in respect of the Euro 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 Euro 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 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; and (ii) during the 12-month 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 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 Euro 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 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 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 Euro 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 the Mandatory Deferral Event has 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 Euro 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 10 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 at the time 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 or any Junior Securities) 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 and only thereafter in respect of any amounts to be settled in relation to any Junior Securities) 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 Euro Notes and having features at least similar to the Euro 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 25 per cent. of the aggregate principal amount of the Euro 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 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 are instituted or the Guarantor becoming subject to a liquidation order, Euro Noteholders shall be entitled to claim such unsettled amount in the liquidation of the Guarantor under the Euro 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 (the “**Solvency Margin Event**”), the obligations of the Issuer to make payments in respect of the Euro 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 Euro Notes. The obligations of the Issuer to make payments in respect of the Euro 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 Euro 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 Euro 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 Euro 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 Euro Notes will be equivalently adjusted), as applicable, or (iii) any applicable legal provision, or any decision of any jurisdictional or administrative authority. The Euro 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 Euro Notes may not be redeemed at the option of the Euro Noteholders.

- (a) *Redemption at the option of the Issuer*: The Euro Notes may be redeemed at the option of the Issuer in whole, but not in part, on the Euro 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 Euro Noteholders in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable and shall oblige the Issuer to redeem the Euro Notes on the date specified therein).

- (b) *Redemption due to a Regulatory Event*: The Euro Notes may be redeemed at the option of the Issuer on giving not less than 30 nor more than 60 days' notice to the Euro Noteholders in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable and shall oblige the Issuer to redeem the Euro Notes in the amount and on the date specified therein) in whole, but not in part, at any time before the Euro Reset Date following the occurrence of a Regulatory Event at a redemption price equal to the greater of (x) the principal amount of the Euro 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 Euro Notes may be redeemed at the option of the Issuer on giving not less than 30 nor more than 60 days' notice to the Euro Noteholders in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable and shall oblige the Issuer to redeem the Euro Notes in the amount and on the date specified therein) in whole, but not in part, at any time before the Euro 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 Euro 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 Euro 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 Euro 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 Euro Notes or any amount payable by the Guarantor under the Guarantee of the Euro Notes is no longer, or will no longer be, fully deductible by the Issuer or the Guarantor, as the case may be, for Dutch and/or Italian income tax purposes, as the case may be, as a result of any change in, or amendment to, the laws or regulations or applicable accounting standards of the Netherlands or the Republic of Italy, as the case may be, 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 Euro Notes; and (2) such obligation cannot be avoided by the Issuer or the Guarantor, as the case may be, 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 Euro Notes were then due or (as the case may be) a demand under the Guarantee of the Euro Notes were then made, or, in the case of (C), be unable to deduct such amounts for Dutch and/or Italian income tax purposes, as applicable.

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 or (as the case may be) the Guarantor is unable to deduct such amounts for Dutch and/or Italian income tax purposes, as applicable, 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 Euro Notes in accordance with this Condition 7.

- (d) *No other redemption:* The Issuer shall not be entitled to redeem the Euro 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 Euro Notes in the open market or otherwise and at any price, provided that all unmaturing Coupons are purchased therewith.
- (f) *Cancellation:* All Euro Notes so redeemed or purchased by the Issuer or the Guarantor and any unmaturing Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold. All Euro 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 unmaturing Coupons.

8. **Payments**

- (a) *Principal:* Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Euro Notes at the Specified Office of any Paying Agent outside the United States by Euro cheque drawn in the currency in which the payment is due 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 (e) 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) above.
- (c) *Payments subject to fiscal laws:* All payments in respect of the Euro 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 Euro Noteholders or Couponholders in respect of such payments.
- (d) *Unmaturing Coupons void:* On the due date for redemption of any Euro 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 unmaturing 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 Euro 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 Euro 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 Euro 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 Euro 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 Euro 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 Euro 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 Euro Note, any unexchanged Talon relating to such Euro 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 Euro 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 Euro 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 Euro Note or Coupon or under the Euro 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 Euro 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 Euro 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 Euro 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 Euro Note or Coupon on the last day of such period of 30 days.
- (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 Euro 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 Euro Notes and Coupons**

If any Euro 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 Euro 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 Euro Notes or Coupons must be surrendered before replacements will be issued.

12. **Agents**

In acting under the Agency Agreement and in connection with the Euro 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 Euro 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 Euro 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 Euro Noteholders.

13. **Meetings of Euro Noteholders; Modification and Waiver; Substitution**

- (a) *Meetings of Euro Noteholders:* The Agency Agreement contains provisions for convening meetings of Euro Noteholders to consider matters relating to the Euro 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 Euro 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 Euro 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 Euro Noteholders holding not less than one-fifth of the aggregate principal amount of the outstanding Euro 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 Euro Notes or, at any adjourned meeting, one or more Persons being or representing Euro Noteholders whatever the principal amount of the Euro 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 Euro Notes or, at any adjourned meeting, not less than a clear majority;
 - (D) a resolution in writing signed by or on behalf of all Euro Noteholders who for the time being are entitled to receive notice of a meeting of Euro 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 Euro Noteholders.
- (b) *Modification:* These Conditions may not be amended without the prior approval of ISVAP. The Euro Notes, these Conditions and the Euro Deed of Guarantee may be amended without the consent of the Euro 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 Euro 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 Euro 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 Euro Noteholders, but with the prior written approval of the Guarantor, assume liability as the principal debtor in respect of the Euro 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 Euro 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 Euro Noteholder and each Accountholder (as defined in the Euro Deed of Covenant) to be bound by these Conditions, the Euro Deed of Covenant and the Agency Agreement as fully as if the Substituted Debtor had been named in the Euro Notes, the Euro Deed of Covenant and the Agency Agreement as the principal debtor in respect of the Euro Notes in place of the Issuer. In addition, the Guarantor shall guarantee in favour of each Euro 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 Euro 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 Euro 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 Euro 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 Euro Noteholders, have been met, (2) the Euro Notes, the Euro 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 Euro 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 Euro 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 Euro Notes, the Euro Deed of Covenant and the Agency Agreement as the principal debtor in place of the Issuer and the Euro Notes, the Euro 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 Euro Notes, the Euro 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 Euro Notes remains outstanding and for so long as any claim made against the Substituted Debtor or the Guarantor by any Euro Noteholder or Accountholder in relation to the Euro 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 Euro Noteholder and Accountholder to the production of the Documents for the enforcement of any of the Euro 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 Euro Noteholders in accordance with Condition 15 (*Notices*).

14. **Further Issues**

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

15. **Notices**

Notices to the Euro 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 Euro Notes which are listed or admitted to trading on the Luxembourg Stock Exchange and the rules of that exchange so require, a

leading newspaper having general circulation in Luxembourg (which is expected to be *d'Wort*) or on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) or in either case, 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 Euro Noteholders.

16. **Currency Indemnity**

If any sum due from the Issuer in respect of the Euro 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 Euro Notes, the Issuer shall indemnify each Euro Noteholder, on the written demand of such Euro 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 Euro 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 Euro 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 Euro 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 Euro 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 Euro 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 Euro 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 Euro 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 Euro 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.

TERMS AND CONDITIONS OF THE STERLING NOTES

The following is the text of the terms and conditions which will be endorsed on each Sterling Note in definitive form. The terms and conditions applicable to any Sterling Note in global form will differ from those terms and conditions which would apply to the Sterling 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 GBP 700,000,000 Fixed/Floating Rate Perpetual Guaranteed Subordinated Notes (the "**Sterling 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 11 May 2006 and the guarantee of the Sterling Notes was authorised by a resolution of the board of directors of the Guarantor passed on 10 May 2006. The Sterling Notes are the subject of (a) a deed of guarantee dated 16 June 2006 (as amended or supplemented from time to time, the "**Sterling Deed of Guarantee**") entered into by the Guarantor and (b) a fiscal agency agreement dated 16 June 2006 (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 Sterling 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 Sterling Notes). Certain provisions of these Conditions are summaries of the Agency Agreement and the Sterling Deed of Guarantee and are subject to their detailed provisions. The holders of the Sterling Notes (the "**Sterling 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 Sterling Deed of Guarantee applicable to them. Copies of the Agency Agreement and the Sterling 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, for the relevant period, 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 day, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business in London;

"**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 Sterling Notes;

“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 Sterling Note, a coupon sheet relating to the Sterling Note;

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

“Euro Notes” means the €1,275,000,000 Fixed/Floating Rate Perpetual Guaranteed Subordinated Notes issued by Generali Finance B.V. in denominations of €50,000 on or about the Issue Date 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 16 June of each year beginning on 16 June 2007 up to and including the Sterling 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 365;

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

“Floating Rate Interest Payment Date” means 16 September, 16 December, 16 March and 16 June of each year beginning on 16 September 2016 up to and including the date of redemption of the Sterling Notes;

“Floating Rate Interest Period” means each period beginning on (and including) the Sterling 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 Perpetual Notes” means the GBP 350,000,000 Fixed/Floating Rate Perpetual Subordinated Notes issued by Assicurazioni Generali S.p.A. on or about the Issue Date;

“Gross Redemption Yield” means, with respect to a security, the gross redemption yield on such security as calculated by the Calculation Agent on the basis set out in the United Kingdom Debt Management Office in the paper “Formulae for Calculating Gilt Prices from Yields” page 4, Section One: Price/Yield Formulae “Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date” (published on 8 June 1998 and updated on 15 January 2002 and as further updated or amended) on an annual compounding basis (and rounded up (if necessary) to four decimal places);

“Group” means the Guarantor and its Subsidiaries;

“**Interest Amount**” means, in relation to a Sterling Note and an Interest Period, the amount of interest payable in respect of that Sterling 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 16 June 2006;

“**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 Sterling Notes, and (C) any guarantee or similar instrument from the Guarantor, ranking junior to the Guarantee of the Sterling 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 Sterling 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 an accounting treatment of (a) up to 25 per cent. of the 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 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 Sterling 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 Sterling Note means the amount, expressed as a percentage (rounded to the nearest one hundred-thousandth of a percentage point, 0.00005 being rounded upwards) at which the Gross Redemption Yield on the Sterling Note on the Sterling Reset Date (assuming for this purpose that the Sterling Notes are to be redeemed at their principal amount on the Sterling Reset Date) is equal to the Gross Redemption Yield

(determined by reference to the middle market price) at 11.00 a.m. (London time) on the Regulatory Event Redemption Date of the Reference Bond plus 0.60 per cent., all as determined by the Calculation Agent;

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 Sterling Notes (including the obligations of the Guarantor deriving from a subordinated guarantee granted in connection with the issue of the Euro Notes, the obligations of the Guarantor in its capacity as issuer of the Generali 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 Sterling Notes;

“**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 Bond**” means the 4.75 per cent. Treasury Stock due 7 September 2015, or if such stock is no longer in issue such other United Kingdom government stock with a maturity date as near as possible to the Sterling Reset Date, as the Calculation Agent may, with the advice of the Reference Market Makers, determine to be appropriate;

“**Reference Market Makers**” means three brokers or market makers of gilts selected by the Calculation Agent in consultation with the Issuer or such other three persons operating in the gilt-edged market as are selected by the Calculation Agent in consultation with the Issuer;

“**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 Sterling Notes are outstanding to treat the Sterling 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 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 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 Sterling 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 Sterling 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;

“**Solvency Margin**” means the Guarantor’s consolidated and non-consolidated solvency margins (*marginie 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 Deed of Covenant**” means the deed of covenant relating to the Sterling Notes dated 16 June 2006 (as amended or supplemented from time to time) entered into by the Issuer;

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

“**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; 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 Sterling Notes, any additional amounts in respect of principal which may be payable

under Condition 9 (*Taxation*), any premium payable in respect of a Sterling 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 Sterling Notes being “outstanding” shall be construed in accordance with the Agency Agreement.

2. **Form, Denomination and Title**

The Sterling Notes are in bearer form in denominations of GBP 50,000 with Coupons and Talons attached at the time of issue. Title to the Sterling Notes and the Coupons will pass by delivery. The holder of any Sterling 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 Sterling Note under the Contracts (Rights of Third Parties) Act 1999.

3. **Status and Subordination of the Sterling Notes**

- (a) *Status of the Sterling Notes*: The Sterling 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;
 - (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 (including preference shares) and any other obligation of the Issuer expressed by its terms to rank junior to the Sterling Notes.
- (b) *Subordination*: The claims of the Sterling Noteholders against the Issuer in respect of the Sterling 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 Sterling 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 Sterling 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 Sterling Notes rank in priority to claims of the shareholders of the Issuer.

4. **Guarantee**

- (a) *Guarantee of the Sterling Notes*: The Guarantor has in the Sterling 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 Sterling Notes.

- (b) *Status of the Guarantee:* This guarantee (the “**Guarantee of the Sterling 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 Sterling Noteholders under the Guarantee of the Sterling 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 Sterling 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 Sterling Notes bear interest from and including the Issue Date to but excluding the Interest Payment Date falling in 16 June 2016 (the “**Sterling Reset Date**”) at the rate of 6.214 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 16 June 2007 in respect of the period from (and including) the Issue Date to (but excluding) 16 June 2007 and shall be in the amount of GBP 3,107 per Sterling Note of GBP 50,000 denomination. The amount of interest payable in respect of each Sterling 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 Sterling Note, multiplying the product by the Fixed Rate Day Count Fraction and rounding the resulting figure to the nearest pence (half a pence being rounded upwards).
- (b) *Floating Rate:*
- (i) If the Issuer does not redeem the Sterling Notes in accordance with Condition 7(a) (*Redemption and Purchase - Redemption at the option of the Issuer*) on the Sterling Reset Date, the Sterling 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 Sterling 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 Sterling for a period equal to the relevant Floating Rate Interest Period which appears on the display page designated 3750 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. (London time) on the second Business 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 London office of each of four major banks in the London interbank market to provide a quotation of the rate at which deposits in Sterling are offered by it in the London interbank market at approximately 11.00 a.m. (London time) on the Floating Rate Interest Determination Date to prime banks in the London 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 London, selected by the Calculation Agent, at approximately 11.00 a.m. (London time) on the first day of the relevant Interest Period for loans in Sterling to leading banks in London 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 2.08 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 Sterling Notes during such Floating Rate Interest Period will be the sum of 2.08 per cent. per annum and the rate or (as the case may be) arithmetic mean last determined in relation to the Sterling 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 Sterling 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 Sterling 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 Sterling 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 Sterling 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 Sterling 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 Sterling 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 Sterling 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 Sterling Note up to that day are received by or on behalf of the relevant Sterling Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Sterling Noteholders that it has received all sums due in respect of the Sterling 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 Sterling 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 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; and (ii) during the 12-month 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 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 Sterling 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 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 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 Sterling 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 the Mandatory Deferral Event has 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 Sterling 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 10 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 at the time 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 Sterling Notes and having features at least similar to the Sterling 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 25 per cent. of the aggregate principal amount of the Sterling 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 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 are instituted or the Guarantor becoming subject to a liquidation order, Sterling Noteholders shall be entitled to claim such unsettled amount in the liquidation of the Guarantor under the Sterling 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 (the “**Solvency Margin Event**”), the obligations of the Issuer to make payments in respect of the Sterling 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 Sterling Notes. The obligations of the Issuer to make payments in respect of the Sterling 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 Sterling 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 Sterling 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 Sterling 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 Sterling Notes will be equivalently adjusted), as applicable, or (iii) any applicable legal provision, or any decision of any jurisdictional or administrative authority. The Sterling 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 Sterling Notes may not be redeemed at the option of the Sterling Noteholders.

- (a) *Redemption at the option of the Issuer:* The Sterling Notes may be redeemed at the option of the Issuer in whole, but not in part, on the Sterling 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 Sterling Noteholders in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable and shall oblige the Issuer to redeem the Sterling Notes on the date specified therein).
- (b) *Redemption due to a Regulatory Event:* The Sterling Notes may be redeemed at the option of the Issuer on giving not less than 30 nor more than 60 days' notice to the Sterling Noteholders in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable and shall oblige the Issuer to redeem the Sterling Notes in the amount and on the date specified therein) in whole, but not in part, at any time before the Sterling Reset Date following the occurrence of a Regulatory Event at a redemption price equal to the greater of (x) the principal amount of the Sterling 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 Sterling Notes may be redeemed at the option of the Issuer on giving not less than 30 nor more than 60 days' notice to the Sterling Noteholders in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable and shall oblige the Issuer to redeem the Sterling Notes in the amount and on the date specified therein) in whole, but not in part, at any time before the Sterling 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 Sterling 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 Sterling 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 Sterling 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 Sterling Notes or any amount payable by the Guarantor under the Guarantee of the Sterling Notes is no longer, or will no longer be, fully deductible by the Issuer or the Guarantor, as the case may be, for Dutch and/or Italian income tax purposes, as the case may be, as a result of any change in, or amendment to, the laws or regulations or applicable accounting standards of the Netherlands or the Republic of Italy, as the case may be, 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 Sterling Notes; and (2) such obligation cannot be avoided by the Issuer or the Guarantor, as the case may be, 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 Sterling Notes were then due or (as the case may be) a demand under the Guarantee of the Sterling Notes were then made, or, in the case of (C), be unable to deduct such amounts for Dutch and/or Italian income tax purposes, as applicable.

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 or (as the case may be) the Guarantor is unable to deduct such amounts for Dutch and/or Italian income tax purposes, as applicable, 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 Sterling Notes in accordance with this Condition 7.

- (d) *No other redemption:* The Issuer shall not be entitled to redeem the Sterling 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 Sterling Notes in the open market or otherwise and at any price, provided that all unmatured Coupons are purchased therewith.
- (f) *Cancellation:* All Sterling 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 Sterling 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 Sterling Notes at the Specified Office of any Paying Agent outside the United States by Sterling cheque drawn on, or by transfer to a Sterling account maintained by the payee with, a bank in London.
- (b) *Interest:* Payments of interest shall, subject to paragraph (e) 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) above.
- (c) *Payments subject to fiscal laws:* All payments in respect of the Sterling 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 Sterling Noteholders or Couponholders in respect of such payments.

- (d) *Unmatured Coupons void*: On the due date for redemption of any Sterling 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 Sterling 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 Sterling 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 Sterling Note or Coupon is not a 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 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 Sterling 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 Sterling 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 Sterling 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 Sterling Note, any unexchanged Talon relating to such Sterling 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 Sterling 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 Sterling 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 Sterling Note or Coupon or under the Sterling 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 Sterling 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 Sterling 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 Sterling 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 Sterling Note or Coupon on the last day of such period of 30 days.
- (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 Sterling 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 Sterling Notes and Coupons

If any Sterling 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 Sterling 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 Sterling Notes or Coupons must be surrendered before replacements will be issued.

12. Agents

In acting under the Agency Agreement and in connection with the Sterling 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 Sterling 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 Sterling 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 Sterling Noteholders.

13. **Meetings of Sterling Noteholders; Modification and Waiver; Substitution**

- (a) *Meetings of Sterling Noteholders:* The Agency Agreement contains provisions for convening meetings of Sterling Noteholders to consider matters relating to the Sterling 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 Sterling 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 Sterling 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 Sterling Noteholders holding not less than one-fifth of the aggregate principal amount of the outstanding Sterling 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 Sterling Notes or, at any adjourned meeting, one or more Persons being or representing Sterling Noteholders whatever the principal amount of the Sterling 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 Sterling Notes or, at any adjourned meeting, not less than a clear majority;
 - (D) a resolution in writing signed by or on behalf of all Sterling Noteholders who for the time being are entitled to receive notice of a meeting of Sterling 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 Sterling Noteholders.
- (b) *Modification:* These Conditions may not be amended without the prior approval of ISVAP. The Sterling Notes, these Conditions and the Sterling Deed of Guarantee may be amended without the consent of the Sterling 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 Sterling 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 Sterling 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 Sterling Noteholders, but with the prior written approval of the Guarantor, assume liability as the principal debtor in respect of the Sterling 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 Sterling 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 Sterling Noteholder and each Accountholder (as defined in the Sterling Deed of Covenant) to be bound by these Conditions, the Sterling Deed of Covenant and the Agency Agreement as fully as if the Substituted Debtor had been named in the Sterling Notes, the Sterling Deed of Covenant and the Agency Agreement as the principal debtor in respect of the Sterling Notes in place of the Issuer. In addition, the Guarantor shall guarantee in favour of each Sterling 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 Sterling 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 Sterling 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 Sterling 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 Sterling Noteholders, have been met, (2) the Sterling Notes, the Sterling 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 Sterling 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 Sterling 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 Sterling Notes, the Sterling Deed of Covenant and the Agency Agreement as the principal debtor in place of the Issuer and the Sterling Notes, the Sterling 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 Sterling Notes, the Sterling 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 Sterling Notes remains outstanding and for so long as any claim made against the Substituted Debtor or the Guarantor by any Sterling Noteholder or Accountholder in relation to the Sterling 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 Sterling Noteholder and Accountholder to the production of the Documents for the enforcement of any of the Sterling 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 Sterling Noteholders in accordance with Condition 15 (*Notices*).

14. **Further Issues**

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

15. **Notices**

Notices to the Sterling 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 Sterling Notes which are listed or admitted to trading on the Luxembourg Stock Exchange and the rules of that exchange so require, a leading newspaper having general circulation in Luxembourg (which is expected to be *d'Wort*) or on the website of the Luxembourg Stock Exchange (www.bourse.lu) or in either case, 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 Sterling Noteholders.

16. **Currency Indemnity**

If any sum due from the Issuer in respect of the Sterling 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 Sterling Notes, the Issuer shall indemnify each Sterling Noteholder, on the written demand of such Sterling 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 Sterling 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 Sterling 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 Sterling 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 Sterling 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 Sterling 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 Sterling 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 Sterling 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 Sterling 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 Euro Notes and the Sterling Notes will initially be in the form of Temporary Global Notes which will be deposited on or around 16 June 2006 (the “**Closing Date**”) with a common depository for Euroclear and Clearstream, Luxembourg. The Temporary Global Notes will be exchangeable in whole or in part for interests in Permanent Global Notes not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. No payments will be made under a Temporary Global Note unless exchange for interests in the relevant 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 Notes will become exchangeable in whole, but not in part, for Notes in definitive form (“**Definitive Notes**”) in the denomination of Euro 50,000, in the case of the Euro Notes, and GBP 50,000, in the case of the Sterling Notes, each at the request of the bearer of the Permanent Global Notes against presentation and surrender of the Permanent Global Notes 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 Notes 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 a 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 such Permanent Global Note to the bearer of such Permanent Global Note against the surrender of such 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 a Permanent Global Note for Definitive Notes; or
- (b) a 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 such Permanent Global Note on the due date for payment,

then such 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 such Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of such Permanent Global Note or others may have under a deeds of covenant dated 16 June 2006 (the “**Deeds of Covenant**”) executed by the Issuer in relation to the Euro Notes and the Sterling Notes). Under the Deeds of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg as being entitled to an interest in the Permanent Global Notes will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Notes 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 Notes will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Permanent Global Notes. The following is a summary of certain of those provisions:

Payments: All payments in respect of a Temporary Global Note and a 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 such Temporary Global Note or (as the case may be) such 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 a Temporary Global Note or (as the case may be) a 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 a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and such Permanent Global Note is (or such Permanent Global Note and/or such 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.

USE OF PROCEEDS

The net proceeds from the issue of the Euro Notes and the Sterling Notes are expected to be approximately €1,263,525,000 and £693,700,000, respectively, after deducting the Managers' fees and commissions, less estimated offering expenses. The proceeds of the Notes will be used to finance the purchase by companies within the Generali Group of certain minority interests in AMB Generali Holding AG and in Generali (Schweiz) Holding to consolidate the Generali Group's holding in such companies (for further details see "Description of Assicurazioni Generali S.p.A. – Strategy") and for other corporate purposes of the Generali Group.

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 00 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 main activities of Generali Finance, in accordance with Article 2(b) of its articles of association, are holding and managing shareholdings and borrowing or lending monies including public and private lending.

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. As such, as at 31 December 2005 Generali Finance held no interests in other companies.

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, while the net proceeds of the 2005 Notes were 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 amounted 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.

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:

Name	Position	Place and date of birth	Principal activities performed by the Directors outside Generali Finance
Frans W. H. M. Heus	Director	's-Gravenhage, 31-08-1944	Chairman of the Board of Supervisory Directors of: – Generali Belgium SA; – 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.; and – Redoze Holding N.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.; and – Participatie Maatschappij Transhol B.V.

Name	Position	Place and date of birth	Principal activities performed by the Directors outside Generali Finance
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.; and – B.V. Algemene Holding and Financieringsmaatschappij.
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

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 three 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 31 December 2005. Save as disclosed in this Prospectus, there has been no material change in the capitalisation of the Issuer since 31 December 2005.

	As at 31 December 2005
	<i>(Euro)</i> <i>(Data from audited financial statements)</i>
Short-term liabilities	75,881,248
Long-term liabilities⁽¹⁾	
Insurance liabilities	–
Other liabilities and debts	2,500,000,000
Amortisable discount	13,364,201
	2,589,245,449
Shareholders' equity	
Share capital and surplus	112,032,346
Reserves ⁽²⁾	45,634,689
General reserve	89,540,851
Total shareholders' equity	247,207,886
Total capitalisation	2,836,453,335

(1) This does not include liabilities of the Issuer resulting from the issue of the Notes under this Prospectus.

(2) Share premium reserve. See also "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, 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 meant in Directive 83/349/EEC on consolidated accounts takes place at the ultimate parent company Assicurazioni Generali in Italy.

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

	As at 31 December 2005		As at 31 December 2004	
	<i>(Data from audited financial statements)</i>		<i>(Data from audited financial statements)</i>	
	<i>Dutch GAAP</i>		<i>Dutch GAAP</i>	
	<i>(Euro)</i>		<i>(Euro)</i>	
Assets				
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</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
Total Assets	2,836,453,335		2,836,462,387	
Shareholders' Equity and Liabilities				
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
Total Liabilities	2,836,453,335		2,836,462,387	

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

	For the year ended 31 December 2005 <i>(Data from audited financial statements)</i>	For the year ended 31 December 2004 <i>(Data from audited financial statements)</i>
	<i>Dutch GAAP</i> <i>(Euro)</i>	<i>Dutch GAAP</i> <i>(Euro)</i>
Income from		
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 tem 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
Other assets	14,718	–
Other benefits.....	43,910	22,118
Currency results	-3,368	234,639
	<hr/>	<hr/>
	128,251,823	189,617,451
Interest paid		
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
Operational and other expenses		
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 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
	<hr/>	<hr/>
Result for the year	12,032,346	89,540,851
	<hr/> <hr/>	<hr/> <hr/>

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 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 (0039) 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 (the “**Parent Company**”).

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 31 March 2006, Assicurazioni Generali had a market capitalisation of approximately Euro 39.7 billion.

Generali Group

As at 31 December 2005, the Generali Group fully consolidates 297 companies: 107 insurance companies, 53 financial holding companies, 66 real estate companies and 71 services companies. Assicurazioni Generali controls a further 387 non-consolidated subsidiaries and 9 subsidiaries that are consolidated on the equity basis operating in insurance business related areas, such as fund and asset management. 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.

Financial Overview

The financial information in respect of Assicurazioni Generali in this Prospectus is presented in accordance with IFRS. 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.

As at 31 December 2005, gross premiums written by the Generali Group, before the elimination of intra-group transactions between segments, amounted to Euro 62.83 billion (as at 31 December 2004: Euro 55.7 billion; as at 31 March 2006: Euro 16.35 billion), of which Euro 45.77 billion (as at 31 December 2004: Euro 38.67 billion; as at 31 March 2006: Euro 11.9 billion) was attributable to its life insurance business and Euro 17.06 billion (as at 31 December 2004: Euro 17.03 billion; as at 31 March 2006: Euro 4.45 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 (as at 31 December 2004: Euro 1.67 billion; as at 31 March 2006: Euro 0.6 billion).

Total investments of the Generali Group as at 31 December 2005 amounted to Euro 307.42 billion (as at 31 December 2004: Euro 271.77 billion; as at 31 March 2006: Euro 312.97 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 three month period ended 31 March 2006: Euro 3.03 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 31 March 2006: Euro 280.2 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.

The following table sets out certain selected consolidated financial information of the Generali Group for the year ended 31 December 2005.

	As at 31 December 2005
	<i>IFRS (Audited) (in billions of Euro)</i>
Gross premiums	62.68
Acquisition costs and general expenses	9.44
Investments	307.42
Net investment income	11.70
Net insurance provisions (net of consolidated adjustments)	275.14
Capital and free reserves (group)	13.95
Net profit (group)	1.92
Loss ratio (non-life, net of consolidated adjustments)	70.6%
Combined ratio (non-life, net of consolidated adjustments)	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; 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), expansion in new, fast-growing markets such as China and Central and Eastern Europe, and entry into the Indian market.

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. In particular, the following transactions have been identified:

- acquisition of a minority shareholding (14.2 per cent. of the ordinary share capital) in AMB Generali Holding AG through a voluntary cash tender offer concluded on 24 April 2006. As at the date of this Prospectus the offer has been concluded and the Generali Group holds 85.05 per cent. of AMB Generali Holding AG;
- acquisition of a minority shareholding in Generali (Schweiz) Holding through a voluntary cash tender offer began on 11 April 2006. As at the date of this Prospectus the offer has been concluded and the Generali Group holds 94.82 per cent. of Generali (Schweiz) Holding;
- squeeze out of the ordinary share capital of Generali Holding Vienna AG held outside the Generali Group. This transaction is expected to be completed by the end of September 2006;
- purchase of 10 per cent. of Migdal Insurance & Financial Holding Ltd. for a total cash consideration of approximately Euro 119 million, as a result of which the Generali Group controls approximately 70 per cent. of Migdal Insurance & Financial Holding. This transaction occurred on 15 March 2006; and
- purchase of a 45.9 per cent. stake in Central Krankenversicherung A.G. by AMB Generali Group, one of the leading players in the German health insurance sector.

In addition, the shareholders of Assicurazioni Generali have approved a share buy-back programme authorising the repurchase of approximately Euro 1.8 billion of its ordinary shares.

The above is to be financed by the issue of up to Euro 4.1 billion hybrid and subordinated debt instruments by the Generali Group, including the Notes the subject of this Prospectus.

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.

In line with the Generali Group's expansion strategy in Eastern Europe, an agreement was signed in March 2006 – with the Delta Group in Serbia to acquire a majority stake in Delta Osiguranje, the country's third largest insurance company, which operates in both the life and non-life sectors.

In Italy the disposal of 100 per cent. of the share capital of UniOne Assicurazioni was completed in July 2005. Given the small size of this company, there was no significant impact on the Generali Group's business and capital structure.

With the aim of maximising the Generali Group's presence in the domestic maritime transport insurance market, at the end of December 2005 the transport portfolio of the Italian subsidiary UMS Generali Marine was concentrated in Assicurazioni Generali with effect from 1 January 2006.

In Israel, Migdal and Bear Stearns Asset Management concluded an agreement in the second half of 2005 under which Bear Stearns Asset Management acquired a 50 per cent. stake in Migdal Capital Markets, the Migdal Group's financial and investment services company. The objective of this transaction is to strengthen the Generali Group's activity in asset management, especially in the investment fund sector, given its similarity with retirement savings, in which Migdal is the market leader.

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.

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 in 2004).

Life

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
	<i>IFRS</i> <i>(Audited)</i> <i>(in billions of Euro)</i>	
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

Non-Life

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> <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

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. It is generally considered that the improvement in 2005 is 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). 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 for the years as at and ended 31 December 2005 and 2004.

	As at and ended 31 December	
	2005	2004
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 for the years as at and ended 31 December 2005 and 2004.

	As at and ended 31 December	
	2005	2004
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 the years as at and ended 31 December 2005 and 2004.

	As at and ended 31 December	
	2005	2004
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 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.

	As at and ended 31 December	
	2005	2004
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 for the years as at and ended 31 December 2005 and 2004.

	As at and ended 31 December	
	2005	2004
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 for the years as at and ended 31 December 2005 and 2004.

	As at and ended 31 December	
	2005	2004
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 over 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 for the years as at and ended 31 December 2005 and 2004.

	As at and ended 31 December	
	2005	2004
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 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 the performance of the market as a whole or bettering it.

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

	As at and ended 31 December	
	2005	2004
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 for the years as at and ended 31 December 2005 and 2004.

	As at and ended 31 December	
	2005	2004
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, albeit somewhat slower than in 2004.

The Generali Group's premium income returned to at least modest growth 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 the 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 for the years as at and ended 31 December 2005 and 2004.

	As at and ended 31 December	
	2005	2004
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 for the years as at and ended 31 December 2005 and 2004.

	As at and ended 31 December	
	2005	2004
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 for the years as at and ended 31 December 2005 and 2004.

	As at and ended 31 December	
	2005	2004
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 a moderate growth following the 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 for the years as at and ended 31 December 2005 and 2004.

	As at and ended 31 December	
	2005	2004
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 TPL 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 for the years as at and ended 31 December 2005 and 2004.

	As at and ended 31 December	
	2005	2004
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 a good growth both for group and individual policies.

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

	As at and ended 31 December	
	2005	2004
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 for the years as at and ended 31 December 2005 and 2004.

	As at and ended 31 December	
	2005	2004
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 for the years as at and ended 31 December 2005 and 2004.

	As at and ended 31 December	
	2005	2004
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 for the years as at and ended 31 December 2005 and 2004.

	As at and 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.

Asset and Financial Management

Economic developments

2005 saw a year of strong growth in the world economy, although the pace eased from 4.7 per cent. in 2004 to 4.3 per cent. in 2005. World trade continued to expand rapidly and no inflationary pressures emerged despite the high price of oil and rises for other raw materials.

Financial business in Italy and Switzerland

At the end of 2005 assets managed by the Generali Group's banks and asset management companies totalled Euro 279,292.2 million (an increase of 17.1 per cent. compared to 2004). Asset management, with a focus on the management of the Generali Group companies' financial instruments, accounted for most of the Generali Group's financial activity. The largest units in this field are BSI Group and Banca Generali.

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.

Banca BSI Italia S.p.A., currently controlled by its Swiss parent company BSI S.A., will be transferred to Banca Generali. Following the acquisition of a controlling stake, Banca Generali will transfer its private banking operations to Banca BSI Italia S.p.A.

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.

Investments breakdown

The following table sets forth the Generali Group’s financial segment investment breakdown as at the year-end 2005 (compared with the year-end 2004).

	As at and ended 31 December			
	2005		2004	
	Total book value	Impact	Total book value	Impact
	(€ million)	(%)	(€ million)	(%)
Equities^(*)	267.5	1.8	188.7	1.3
Available for sale financial assets	205.1		118.7	
Financial assets at fair value through profit or loss	62.5		70.1	
Bonds^(**)	3,829.0	25.6	3,495.5	24.6
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	
Other financial investments^(***)	10,842.7	72.6	10,552.3	74.1
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	
Total investments of financial segment	14,939.2	100.0	14,236.5	100.0

(*) 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. They increased by 4.9 per cent. compared to the end of the previous year.

The following table sets forth the Generali Group's financial segment investment income breakdown as at the year-end 2005 (compared with the year-end 2004).

	As at and ended	
	31 December	
	2005	2004
	<i>(in millions of Euro)</i>	
Net income from land and buildings (investment property)	0.8	0.4
Net income from investments in subsidiaries, associated companies and joint ventures	12.9	4.7
Net income from held to maturity investments	0.0	0.0
Net income from loans and receivables	364.3	328.5
Net income from available for sale financial assets.....	85.7	61.3
Interests and other income	64.5	51.3
Net realised gains	21.2	10.0
Impairment losses net of reversal.....	0.0	0.0
Total net income from financial instruments not at fair value through profit or loss	463.7	395.0
Interests and other net income	47.2	47.9
Net unrealised gains	1.9	5.7
Net realised gains	60.1	23.6
Total net income from financial instruments at fair value through profit or loss	109.2	77.2
Total net income from investments of financial segment	572.9	472.1

Net income from financial instruments not at a fair value through profit or loss amounted to Euro 463.7 million (an increase of 17.4 per cent.) and the main contribution (Euro 204.4 million) came from interests from mortgage loans.

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 within 30 days. 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:

<u>Principal Occupation</u>	<u>Name</u>	<u>Principal activities performed by the Directors outside the Assicurazioni Generali Group</u>
Chairman	Antoine Bernheim	Member of the Board of Mediobanca and Banca Intesa S.p.A. Vice-chairman of LVMH and Bolloré Investissement. Director of BSI – Banca della Svizzera Italiana, Christian Dior S.A. Auditor of Eurazeo.
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. Member of the Italian Committee for Amending the Voluntary Self-Regulatory Code of Listed Companies.
Managing Directors	Sergio Balbinot	Vice Chairman of Generali Espana Holding Entidades de Seguros S.A., Member of the supervisory body of Participatie Maatschappij Graafschap Holland N.V. and Director of AMB Generali Holding AG and Commerzbank AG.
	Giovanni Perissinotto	Director of Alleanza, INA Vita, Assitalia, Participatie Maatschappij Graafschap Holland N.V., BSI-Banca della Svizzera Italiana, Entidades de Seguros S.A., Pirelli, Banca Intesa. Member of the Board of Directors and the Council of Assonime, Member of the Executive Committee of ANIA and the Italian Committee for Amending the Voluntary Self-Regulatory Code of Listed Companies.

Principal Occupation	Name	Principal activities performed by the Directors outside Assicurazioni Generali Group
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 Ana Patricia Botin	Director of Benetton Group and Anima SGR Chairman of Banesto, Member of the Executive Committee of Santander Central Hispano.
	Gerardo Broggini(*)	Vice Chairman of INA Vita, 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.
	Enzo Grilli	Member of the Board of Telecom Italia S.p.A. Cooperates with Sole 24 Ore, Corriere della Sera and <i>Financial Times</i> .
	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 AG, Director of Parker Hannifin Co, Member of the Supervisory Board of Linde AG 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 and Telecom Italia Media S.p.A.
	Alessandro Pedersoli	Director of BPU Banca S.p.A., RCS Mediagroup S.p.A., Effe 2005 Finanziaria Feltrinelli S.p.A.
	Reinfried Pohl	Member of the Vorstand of Deutsche Vermögensberatung AG and Member of the Supervisory Board of Aachener und Muenchener Lebensversicherung AG.

<u>Principal Occupation</u>	<u>Name</u>	<u>Principal activities performed by the Directors outside Assicurazioni Generali Group</u>
	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 the Espresso Publishing Group, Ansa and of Saint Cecilia National Academy. 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 Amusàtegui 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 Màrtinez de Irujo Albert Frère Roberto Gonzales Barrera Georges Hervet Dietrich Karner Khoon Chen Kuok Stefano Micossi Franca Orsini Bonacossi Arturo Romanin Jacur Guido Schmidt-Chiari Theo Waigel Wilhelm Winterstein	
General Managers	Raffaele Agrusti Sergio Balbinot Fabio Buscarini Giovanni Perissinotto	
Deputy General Managers	Mel Carvill Claudio Cominelli Aldo Minucci Vittorio Rispoli	

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:

<u>Name</u>	<u>Office held</u>
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.

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.

PricewaterhouseCoopers S.p.A. is registered on the special register of auditing firms held by CONSOB.

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 the end of 2005 the share capital of Assicurazioni Generali totalled Euro 1,276,017,308, divided into an equal number of ordinary shares with a nominal value of Euro 1 each and Assicurazioni Generali held 5,658,229 treasury shares amounting to Euro 167.1 million, compared to Euro 295 million at the end of 2004.

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 16 March 2006 the principal shareholders of Assicurazioni Generali were Mediobanca - Banca di Credito Finanziario S.p.A. (holding, directly and indirectly, 14.19 per cent.), Banca d'Italia (holding, directly and indirectly, 4.47 per cent.), Unicredito Italiano S.p.A. (holding, directly

and indirectly, 3.56 per cent.), Capitalia S.p.A. (holding, directly and indirectly, 3.20 per cent.), Premafin Finanziaria S.p.A. (holding, directly and indirectly, 2.40 per cent.) and Carlo Tassara S.p.A. (holding, directly and indirectly, 2.20 per cent.).

Dividend and share price performance

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

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

One of the aims of the Business Plan is to increase the efficiency of the Generali Group's capital. As part of the plan, in Germany, Generali concluded the voluntary public offer for the shares of minority shareholders of AMB Generali Holding. The acceptances increased Generali Group's share in AMB Generali to 85.05 per cent., exceeding the 75 per cent. threshold required to block minority shareholders. Similar transactions are under way in Switzerland and Austria, as further described under "Strategy" above.

First Quarter Results

On 10 May 2006, Assicurazioni Generali issued a press release, an extract of which is set out below, announcing detail of its unaudited consolidated financial results as at and for three months ended 31 March 2006.

"The Board of Directors of Assicurazioni Generali, chaired by Antoine Bernheim, approved the first-quarter results for the period ended March 31, 2006.

Net consolidated profit grew 34.2% to €598.1 million (Q1 05: €445.8 million). The strong profit growth was obtained thanks to the good technical results (life and non-life) and ordinary investment results, achieved as a consequence of the quality of the Group's current portfolios.

Total premiums progressed well, growing, on a like-for-like basis, by 7.6% to €17,467.8 million (Q1 05: €18,017.8 million) with good performances in both the life and non-life segments. Investment contract premiums not included in the total premiums amounted to €229.5 million.

Expense ratio improved to 14% from 14.5% at March 31, 2005.

Total investments amounted to €312,971.1 million, up 1.8% (€307,417.4 million at the end of 2005). In particular, own investments, excluding those whose risks are borne by policyholders, rose to €269,334.3 million (€266,229.9 million at the end of 2005).

Net income from investments, whose fair value has not been recognised in the profit and loss account, amounted to €3,029.6 million. The contribution of financial instruments at fair value through the profit and loss account amounted to €1,290.1 million, of which €1,195 million was the net income from assets and liabilities arising from contracts whose financial risks are borne by policyholders.

Total interest amounted to €206.6 million of which €96 million from financial debt.”

Set out below is summary financial information of Assicurazioni Generali which is derived from its unaudited consolidated financial statements as at and for the three months ended 31 March 2006. See also “Documents Incorporated by Reference.”

Balance Sheet Data – Assets and Liabilities

	As at 31 March 2006	As at 31 December 2005
	<i>(unaudited)</i>	<i>(audited)</i>
	<i>(in millions of Euro)</i>	
	<i>IAS/IFRS</i>	
INTANGIBLE ASSETS	2,993.8	2,909.4
Goodwill	2,168.4	2,085.2
Other intangible assets	825.4	824.3
TANGIBLE ASSETS	3,430.0	3,425.3
Land and buildings (self used)	2,882.6	2,889.3
Other tangible assets.....	547.4	536.0
AMOUNTS CEDED TO REINSURERS FROM INSURANCE		
PROVISIONS	5,263.3	5,249.0
INVESTMENTS	312,971.1	307,417.4
Land and buildings (investment properties)	10,329.1	10,235.6
Investments in subsidiaries, associated companies and joint ventures	824.5	802.9
Held to maturity investments	1,052.2	993.0
Loans and receivables.....	44,270.8	41,173.9
Available for sale financial assets	188,364.1	189,008.7
Financial assets at fair value through profit or loss	68,130.3	65,203.3
of which financial assets where the investment risk is borne by the policyholders and related to pension funds	43,636.8	41,187.5
RECEIVABLES	9,322.4	8,475.6
Receivables arising out of direct insurance operations	6,428.4	6,022.9
Receivables arising out of reinsurance operations	1,047.5	959.8
Other receivables	1,846.5	1,492.9
OTHER ASSETS	12,523.7	12,346.1
Non-current assets or disposal groups classified as held for sale	279.9	186.6
Deferred acquisition costs	1,062.9	1,000.5
Deferred tax assets	3,551.4	3,483.1
Tax receivables	1,859.5	1,922.9
Other assets.....	5,770.0	5,753.1
CASH AND CASH EQUIVALENTS	5,708.6	5,730.7
TOTAL ASSETS	352,212.9	345,553.6

Balance Sheet Data – Assets and Liabilities *continued*

	As at 31 March 2006	As at 31 December 2005
	<i>(unaudited)</i>	<i>(audited)</i>
	<i>(in millions of Euro)</i>	
	<i>IAS/IFRS</i>	
EQUITY	18,032.9	17,554.2
Shareholders' equity attributable to the Group	14,347.3	13,947.2
Share capital and reserves	10,742.2	8,881.7
Reserve for unrealised gains and losses on available for sale financial assets	3,007.0	3,146.9
Result of the period	598.1	1,918.6
Shareholders' equity attributable to minority interests	3,685.6	3,607.0
OTHER PROVISIONS	1,574.6	1,610.6
INSURANCE PROVISIONS	285,462.0	280,390.5
of which insurance provisions for policies where the investment risk is borne by the policyholders and related to pension funds.....	38,017.5	35,481.2
FINANCIAL LIABILITIES	29,073.5	28,647.8
Financial liabilities at fair value through profit or loss	7,175.0	7,155.7
of which financial liabilities where the investment risk is borne by the policyholders and related to pension funds	6,036.6	5,932.2
Other financial liabilities	21,898.5	21,492.1
of which subordinated liabilities	1,607.4	1,407.4
PAYABLES	6,904.1	6,571.8
Payables arising out of direct insurance operations	3,541.8	3,736.1
Payables arising out of reinsurance operations	818.9	688.0
Other payables	2,543.4	2,147.7
OTHER LIABILITIES	11,165.7	10,778.8
Liabilities directly associated with non-current assets classified as held for sale..	0.0	0.0
Deferred tax liabilities	4,865.7	4,806.2
Tax payables	1,420.2	1,264.8
Other liabilities	4,879.8	4,707.8
TOTAL EQUITY AND LIABILITIES	352,212.9	345,553.6

Profit and Loss Account

	For the three months ended	
	31 March 2006	31 March 2005
	<i>(unaudited)</i>	
	<i>(in millions of Euro)</i>	
	<i>IAS/IFRS</i>	
Net earned premiums	15,560.0	16,801.1
Gross earned premiums	16,319.0	17,547.2
Earned premiums ceded	-759.0	-746.1
Fee and commission income and income from financial service activities.....	227.2	184.8
Net income from financial instruments at fair value through profit or loss	1,290.1	1,426.5
of which net income from financial instruments where the investment risk is borne by the policyholders and related to pension funds	1,195.0	939.0
Income from subsidiaries, associated companies and joint ventures.....	15.5	30.4
Income from other financial instruments and land and buildings (investment properties).....	3,264.3	3,195.4
Other income	436.2	494.3
TOTAL INCOME	20,793.2	22,132.5
Net insurance benefits and claims	16,170.2	17,431.6
Claims paid and change in the insurance provisions	16,566.7	17,806.0
Reinsurers' share	-396.6	-374.4
Fee and commission expenses and expenses from financial service activities	89.9	80.0
Expenses from subsidiaries, associated companies and joint ventures	16.5	56.0
Expenses from other financial instruments and land and buildings (investment properties).....	436.2	685.2
Acquisitions and administration costs	2,426.1	2,446.8
Other expenses	546.5	589.4
TOTAL EXPENSES	19,685.4	21,289.0
EARNINGS BEFORE TAXES	1,107.8	843.5
Income taxes.....	368.4	299.9
EARNINGS AFTER TAXES	739.5	543.6
RESULT OF DISCONTINUED OPERATIONS	0.0	0.0
CONSOLIDATED RESULT OF THE PERIOD	739.5	543.6
Result of the period	598.1	445.8
Minority interests: Result of the period	141.4	97.8

CAPITALISATION OF ASSICURAZIONI GENERALI S.p.A.

The following table sets out the capitalisation on a consolidated basis of Assicurazioni Generali as at 31 December 2005. This information has been extracted from and should be read in conjunction with, and is qualified in its entirety by reference to, the audited consolidated financial statements of Assicurazioni Generali as at and for the year ended 31 December 2005 which are incorporated by reference herein. PricewaterhouseCoopers S.p.A. has audited such financial statements. Save as disclosed in this Prospectus, there has been no material change in the consolidated capitalisation of Assicurazioni Generali since 31 December 2005.

	As at 31 December 2005
	<i>(in millions of Euro)</i>
	<i>(Data from audited consolidated statements)</i>
	IAS/IFRS
Liabilities	
Insurance liabilities	280,390.5
Other liabilities and debts	47,608.9
<i>Total liabilities</i>	327,999.4
Shareholders' equity	
Share capital (authorised and paid-up, ordinary shares, Euro 1.00 par value)	1,276.0
Reserves	13,867.9
Retained earnings.....	2,410.3
Total shareholders' equity ⁽¹⁾	17,554.2
Total capitalisation	345,553.6

(1) Includes minority interests equal to €3,607 million.

SUMMARY FINANCIAL INFORMATION OF ASSICURAZIONI GENERALI S.P.A.

Set out below is summary financial information of Assicurazioni Generali which is derived from the audited consolidated financial statements of Assicurazioni Generali as at and for the years ended 31 December 2005 (presented in accordance with IFRS/IAS), and 31 December 2004 (restated in accordance with IFRS/IAS) which have been audited by PricewaterhouseCoopers S.p.A. Such financial statements, together with the audit reports of PricewaterhouseCoopers S.p.A. 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.

	As at 31 December	
	2005	2004
	<i>(Data from audited financial statements)</i>	
	<i>IFRS</i>	<i>Restated to IFRS</i>
	<i>(in millions of Euro)</i>	
INTANGIBLE ASSETS	2,909.4	2,905.7
Goodwill	2,085.2	2,080.9
Other intangible assets.....	824.3	824.8
TANGIBLE ASSETS	3,425.3	3,496.7
Land and buildings (self used)	2,889.3	2,872.0
Other tangible assets	536.0	624.7
AMOUNTS CEDED TO REINSURERS FROM INSURANCE		
PROVISIONS	5,249.0	5,034.2
INVESTMENTS	307,417.4	271,774.6
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
RECEIVABLES	8,475.6	8,833.6
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
OTHER ASSETS	12,346.1	11,432.7
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
CASH AND CASH EQUIVALENTS	5,730.7	6,868.8
TOTAL ASSETS	345,553.6	310,346.3

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

	As at 31 December	
	2005	2004
	<i>(Data from audited financial statements)</i>	
	<i>Restated to IFRS</i>	
	<i>(in millions of Euro)</i>	
EQUITY	17,554.2	14,575.4
Shareholders' equity	13,947.2	11,385.0
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
Minority interests	3,607.0	3,190.4
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
OTHER PROVISIONS	1,610.6	1,342.4
INSURANCE PROVISIONS	280,390.5	249,561.6
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
FINANCIAL LIABILITIES	28,647.8	28,746.9
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
PAYABLES	6,571.8	6,685.0
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
OTHER LIABILITIES	10,778.8	9,435.0
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
TOTAL EQUITY AND LIABILITIES	345,553.6	310,346.3

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

	As at 31 December	
	2005	2004
	<i>(Data from audited financial statements)</i>	
	<i>Restated to</i>	
	<i>IFRS</i>	<i>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
TOTAL INCOME	81,719.2	71,088.0
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
TOTAL EXPENSES	78,172.1	67,992.8
EARNINGS BEFORE TAXES	3,547.1	3,095.2
Income taxes	1,136.9	984.5
EARNINGS AFTER TAXES	2,410.3	2,110.7
RESULT OF DISCONTINUED OPERATIONS	0.0	0.0
CONSOLIDATED RESULT OF THE PERIOD	2,410.3	2,110.7
Result of the period	1,918.6	1,665.8
Minority interests: Result of the period	491.7	444.8
EARNING PER SHARE:		
Earning per share (in euro)	1.51	1.31
Diluted earning per share (in euro)	1.51	1.31

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 April 1, 1996 (“**Decree No. 239**”), as amended and restated, and pursuant to Art. 44(2) (c) of Presidential Decree No. 917 of December 22, 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 January 18, 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.

Non-Italian Resident Noteholders

Interest and other proceeds paid on Notes by the non-Italian resident Issuer to a beneficial owner who is not resident of Italy for tax purposes, without a permanent establishment in Italy to which the Notes are effectively connected, are not subject to any Italian taxation. However, if the Notes are deposited with an Italian bank or other resident intermediary or are sold through an Italian bank or other resident intermediary or in any case an Italian resident intermediary (or permanent establishment in Italy of foreign intermediary) intervenes in the payment of interest and other proceeds on the Notes, to ensure payment of interest and other proceeds without application of Italian taxation a non-Italian resident Noteholder may be required to produce to the Italian bank or other intermediary (or permanent establishment in Italy of foreign intermediary) a self-declaration certifying to be the beneficial owner of payments of interest and other proceeds on the Notes and not to be resident of Italy for tax purposes.

Italian Resident Noteholders—Applicability of Imposta Sostitutiva

In particular, 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 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 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 November 21, 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.

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 similari 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 April 21, 1993; (iii) Italian resident real estate investment funds referred to in Law Decree No. 351 of September 25, 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 April 21, 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).

Pursuant to Law Decree No. 351 of September 25, 2001, converted into law with amendments by Law No. 410 of November 23, 2001 (“**Decree No. 351**”), Italian resident real estate investment funds established starting from September 26, 2001 pursuant to Art. 37 of Legislative Decree No. 58 of February 24, 1998, and Art. 14-bis of Law No. 86 of January 25, 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 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 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 January 23, 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 substitute tax (“*imposta sostitutiva*”) regulated by Legislative Decree No. 239 of April 1, 1996, as amended, according to the same regime described in paragraph “*Italian Resident Noteholders – Applicability of Imposta sostitutiva*” above. Based on Condition 9(a)(iii) 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 Non-Italian Resident Noteholders

Capital gains realised by beneficial owners who are not resident of Italy for tax purposes from the sale or redemption of the Notes are not subject to Italian taxation, provided that the Notes are held outside Italy.

In the case the Notes are held in Italy, in principle, capital gains realised by non-Italian resident individuals and entities without a permanent establishment in the Republic of Italy to which the Notes are effectively connected may be taxable in Italy.

However, Article 23(1)(f) of Decree No. 917 provides for a general exemption from Italian taxation on capital gains for Noteholders (either individuals or corporation) who are not resident of Italy for tax purposes and do not have a permanent establishment in Italy to which the Notes are effectively connected, in respect of capital gains realised on the sale or redemption of the Notes listed on a regulated market, in Italy or abroad (including the Luxembourg stock exchange), even though the Notes are held in Italy and regardless of the provisions of any applicable double tax treaty entered into by Italy.

In order to benefit from this exemption from Italian tax on capital gains, non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected who hold Notes in Italy with an Italian authorised financial intermediary and elect for the “*risparmio gestito*” regime regulated by Article 7 of Legislative Decree No. 461 of November 21, 1997 (“*Decree No. 461*”) or are subject to the “*risparmio amministrato*” regime regulated by Article 6 of Decree No. 461, may be required to promptly file with the Italian authorised financial intermediary a self-declaration certifying not to be resident of Italy for tax purposes.

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 Legislative Decree No. 461, any capital gain realised by Italian resident individuals holding 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 April 21, 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 November 21, 1997 (“**Decree No. 435**”), which partly amended the regime set forth by Royal Decree No. 3278 of December 30, 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 depository (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 Tax

Pursuant to Law No. 383 of 18 October 2001, inheritance and gift tax was abolished with effect as of 25 October 2001. Consequently, any transfer of Notes by reason of death or donation made on or after 25 October 2001 is not liable to inheritance and gift tax in Italy, regardless of where the Notes are held or of the residence of the holder.

In the case of a transfer by gift to persons other than spouses, direct descendants or ancestors and other relatives within four generations, if and to the extent the value of the gift attributable to each such donee exceeds Euro 180,759.91, the gift of the Notes may be subject to the ordinary transfer taxes applicable to transfers for consideration. In this respect, the Italian Tax authorities have expressed the view that the transfer tax described in paragraph—“*Transfer Tax*”—above (“*tassa sui contratti di borsa*”) should not be considered as a “transfer tax ordinarily applicable” to transfers for consideration.

Moreover, an anti-avoidance rule is provided for by Law No. 383 of 18 October 2001 for any gift of assets (such as the Notes) which, if sold for consideration, would give rise to capital gains subject to the “*imposta sostitutiva*” provided for by Decree No. 461. In particular, if the donee sells the Notes for consideration within 5 years from the receipt thereof as a gift, the donee is required to pay the relevant “*imposta sostitutiva*” on capital gains as if the gift was not made.

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 23 (*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. and Mediobanca – Banca di Credito Finanziario S.p.A. (together the “**Joint Lead Managers**”) and Banca Caboto S.p.A., Banca Generali S.p.A., CALYON and Commerzbank Aktiengesellschaft (together with the Joint Lead Managers, the “**Managers**”) have, in a subscription agreement dated 14 June 2006 (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 Euro Notes at their issue price of 100 per cent. of their principal amount and for the Sterling Notes at their issue price of 100 per cent. of their principal amount, in each case less commissions of 0.90 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.

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 11 May 2006. The giving of the Guarantee of the Notes has been authorised by a resolution of the Board of Directors of the Guarantor dated 10 May 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	Common Code
Euro Notes	XS0256975458	025697545
Sterling Notes	XS0256975888	025697588

The address of Euroclear is Euroclear Bank SA/NV, 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.

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 the last day of the financial period in respect of which the most recent audited financial statements of the Issuer or, as the case may be, the Guarantor have been prepared, 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 security holders in respect of the securities 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 (in respect of each of the Euro Notes and the Sterling Notes) may be inspected during normal business hours at the specified office of the Paying Agent, namely:

- (a) the Agency Agreements;
- (b) the Deeds of Covenant;
- (c) the Subscription Agreements;
- (d) the by-laws of each of the Issuer and the Guarantor; and
- (e) the Deeds 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 consolidated annual financial statements of the Guarantor as at and for the years ended 31 December 2004 and 2005; and
- (d) the unaudited consolidated interim financial statements of the Guarantor as at and for the three months ended 31 March 2005 and 2006.

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

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

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1112 XN
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THE GUARANTOR

Assicurazioni Generali S.p.A.

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J.P. Morgan Securities Ltd.

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CO-LEAD MANAGERS

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CALYON

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20121 Milan
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Banca Generali S.p.A.

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34125 Trieste
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Commerzbank Aktiengesellschaft

Kaiserplatz
60261 Frankfurt am Main
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FISCAL AGENT

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

PAYING AGENT

BNP Paribas Securities Services, Luxembourg Branch

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L-2085 Luxembourg

LEGAL ADVISERS

To the Issuer and the Guarantor as to Italian Law:

Legal Department of Assicurazioni Generali S.p.A.

Via Machiavelli 4
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*To the Joint Lead Managers
as to English and Italian law:*

Clifford Chance Studio Legale Associato

Piazzetta M. Bossi 3
20121 Milan
Italy

*To the Joint Lead Managers
as to Dutch law:*

Clifford Chance Limited Liability Partnership

Droogbak la
1013 GE Amsterdam
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To the Joint Lead Managers as to Italian tax law

Studio Vitali Romagnoli Piccardi e Associati

Via Crocefisso 12
20122 Milan
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**AUDITORS TO
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