

We invest in winners. That means we invest in strong companies that create value for their shareholders with sustainable business models, solid balance sheets and high margins. We keep the risks low and invest when our position is fuelled by a positive event. We refer to that as the combination of value and event.

Generali Deutschland Holding AG

Generali Deutschland Holding AG is the holding company for the Italian Assicurazioni Generali S.p.A.'s German insurance and financial services operations. The origins of this, the second largest primary insurance group in Germany with 13.5 million customers date back to 1824.

The gross premiums booked in 2009 (EUR 12.4bn) are derived from life assurance (60%), loss and accident insurance (24%), and health insurance (16%). As insurance coverage against natural hazards plays only a minor role, operating results are not all that volatile. Generali survived the financial and economic crisis in good shape thanks to its prudent investment policy. It stayed out of sub-prime bonds and low-quality Eastern European sovereign debt, and the unhedged equity portfolio was reduced in good time to 2% of its capital investments. At present, the exposure to "PIGGS" bonds is less than EUR 1bn (approx. 1% of the investment portfolio).

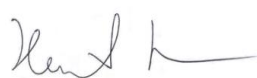
Generali S.p.A.'s equity stake in Generali Deutschland Holding AG has been increased to over 93% by a voluntary public tender offer in 2006 (EUR 98 per share) and additional purchases. We expect a squeeze-out of minority shareholders under Sections 327a - 327f of the German Joint Stock Companies Act (AktG) once the 95% threshold is exceeded. Squeeze-outs have already been carried out for the

Austrian and Swiss sub-groups. It has been communicated that this is the intention for Generali Deutschland. The squeeze-out would mean the final integration step after Generali Deutschland, as controlling shareholder (then operating under the name AMB Generali Holding AG), had already squeezed out the minority interests in six subsidiaries in 2002 (Volksfürsorge, Thuringia, Aachener und Münchener Versicherung, Aachener und Münchener Leben, Badenia, Central). At that time, the combined discounted earnings value according to the official valuations was EUR 118 per share. The actual amounts paid to minority shareholders were higher. Since then, Generali Deutschland has improved earnings and asset ratios and increased market share.

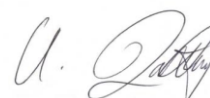
The good competitive position is consolidated especially by the multi-channel distribution diversity. Thanks to strong brands like Advocard (legal expense insurance) and CosmosDirekt (largest German online insurer) the "direct selling" channel is gaining increasingly in importance.

Although the methodology for company valuations defined in IDW S1 has been changed (Tax-CAPM instead of Standard-CAPM) and the objectified company values will therefore be slightly lower, we still expect a cash settlement well above the current share price in the event of a squeeze-out.

Sincerely yours



J. Henrik Muhle



Dr. Uwe Rathausky