May 15, 2007

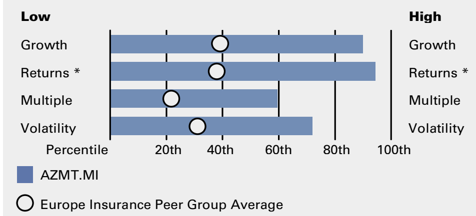
ACTION
Removed from Pan-Europe Conviction Buy List
Azimut Holding (AZMT.MI)

Removing from Conviction Buy List, remains Buy

What happened

Despite a +3% revision to our 12-month price target as a result of better 1Q expense trends and marking valuation to market, we are removing Azimut from the Conviction Buy List to reflect more limited potential upside following a strong performance. We retain our Buy rating, reflecting expected continued strong growth in AUM on the back of steady inflows and market appreciation. Since we added Azimut to the Conviction List on March 19, 2007, the shares are up 21% vs. the FTSE World Europe up 7% (+15% relative to the European insurance sector). Over the past 12 months, the shares are up 29% vs. 17% for the FTSE World Europe.

Investment Profile: Azimut Holding



* Returns = Return on Capital

For a complete description of the investment profile measures please refer to the disclosure section of this document.

Current view

Azimut's 1Q results produced everything that we expected, namely stable revenue income despite the reduced level of performance fees (as a result of changes introduced on the Italian funds) and a tax rate that fell to 20.6% overall. The main positive surprise in the results was the flat yoy development of non-distribution related expenses, which suggests a better cost trajectory than previously assumed. Reflecting this and a number of mark-to-market effects, including higher performance fees in 2007 on the back of 1Q and higher AUM growth over 2007, our EPS estimates are raised by 11% in 2007, 4% in 2008, and 3% in 2009.

Azimut remains well placed to continue to continue to take share in the Italian asset gathering market as a result of continued strong product innovation and ongoing growth in the adviser networks. The steady shift of funds to Luxembourg should also see the tax rate continue to fall (see our note of March 19). We see further upside as being mainly driven by continued growth in AUM and further earnings revisions.

Our 12-month, DCF-based price target of €14 (previously €13.6) implies 12% potential upside, leaving Azimut as our preferred name among the Italian insurance/asset gatherers at present. The key risk to our view and price target is a prolonged downturn in equity markets that has an adverse impact on investors' risk appetite and hence net flows.

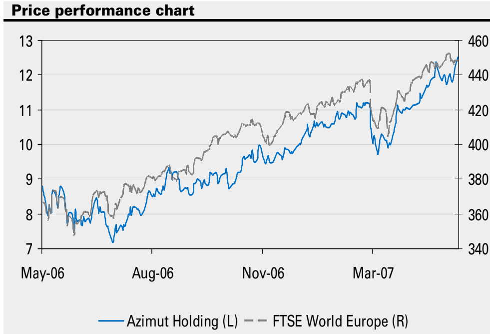
INVESTMENT LIST MEMBERSHIP
Pan-Europe Buy List

Coverage View: Attractive
Italy:
Insurance

Key data	Current
Price (€)	12.52
12 month price target (€)	14.00
Upside/(downside) (%)	12
Market cap (€ mn)	1,807.6
Debt/EV (%)	139.8

	12/06	12/07E	12/08E	12/09E
PBT (€ mn) New	--	--	--	--
PBT revision (%)	--	--	--	--
Net inc. (€ mn) New	84.4	114.2	139.2	159.3
Net income revision (%)	0.0	12.1	3.9	3.6
EPS (€) New	0.53	0.71	0.86	0.98
EPS (€) Old	0.53	0.64	0.83	0.95
Dividend yield (%)	1.6	1.6	2.4	3.2
P/E (X)	23.5	17.6	14.5	12.7
P/EVPS (X)	494.4	20.3	9.1	5.7

Price performance chart



Share price performance (%)	3 month	6 month	12 month
Absolute	16.0	29.6	29.1
Rel. to FTSE World Europe	15.2	20.1	10.7

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 5/14/2007 close.

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Azimut Holding: Summary financials

Profit model (€ mn)	12/06	12/07E	12/08E	12/09E
Non-life pretax result	--	--	--	--
Life pretax result	--	--	--	--
Banking pretax result	0.0	0.0	0.0	0.0
Asset management pretax result	128.8	140.7	158.7	180.3
Other pretax result	--	--	--	--
Holding company pretax result	(1.2)	0.8	1.6	1.8
Eliminations	--	--	--	--
Group pretax result	**--**	**--**	**--**	**--**
Goodwill & other amortisation	0.0	0.0	0.0	0.0
Group exceptional & other items	--	--	--	--
Group pretax result	127.6	141.5	160.4	182.0
Minorities & associates	(0.9)	(1.2)	(1.4)	(1.6)
Tax expense	(42.4)	(26.1)	(19.7)	(21.1)
Published net income	**84.4**	**114.2**	**139.2**	**159.3**
GS normalised net income	**--**	**--**	**--**	**--**

Embedded value (€ mn)	12/06	12/07E	12/08E	12/09E
Adjusted NAV (excl. GW/prefs/other)	3.7	89.0	199.3	315.3
Additional in-force	--	--	--	--
Total embedded value	**3.7**	**89.0**	**199.3**	**315.3**
Published shareholders' equity	**285.0**	**370.3**	**480.6**	**596.6**

Per share data	12/06	12/07E	12/08E	12/09E
Published EPS (€)	0.53	0.71	0.86	0.98
GS normalised EPS (€)	0.00	0.00	0.00	0.00
DPS (€)	0.20	0.20	0.30	0.40
GS EVPS (€)	0.03	0.62	1.38	2.18
Published BVPS (€)	1.97	2.56	3.33	4.13

Ratios	12/06	12/07E	12/08E	12/09E
Published P/E (X)	16.5	17.6	14.5	12.7
GS operating P/E (X)	16.5	17.6	14.5	12.7
Published ROEV (%)	--	--	--	--
GS operating ROEV (%)	42.8	41.5	38.6	33.9

Note: Last actual year may include reported and estimated data.

Source: Company data, Goldman Sachs Research estimates.

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Summary financials and valuation

Exhibit 1: Summary financial model
€ mn, € per share

Income statement (€ mn)	2005	2006	2007E	2008E	2009E	2010E
Acquisition fees	8	10	12	13	15	16
Fixed management commissions	143	200	247	266	297	329
Variable commissions	71	90	61	77	89	107
Ins premiums net reserves	10	13	15	17	18	19
Commission income	**232**	**312**	**334**	**373**	**418**	**470**
Other revenues	11	15	20	23	26	28
Total revenues	**243**	**328**	**354**	**396**	**444**	**499**
Distribution costs	-118	-139	-149	-166	-186	-210
Commissions on no-load products	-11	-15	-18	-20	-23	-25
Gross operating income	**113**	**174**	**187**	**209**	**234**	**264**
Administrative expenses	-30	-41	-43	-46	-50	-54
Depreciation & provisions	-2	-3	-3	-3	-4	-4
Net operating income	**81**	**130**	**142**	**160**	**181**	**206**
Goodwill amortisation	0	0	0	0	0	0
Non recurrent items	-1	-1	-1	-1	-1	-1
EBIT	**80**	**129**	**141**	**159**	**180**	**205**
Active interests	0	5	5	5	5	5
Passive interests	-7	-6	-4	-4	-4	-4
Pre-tax income	**74**	**128**	**141**	**160**	**182.0**	**207**
Taxes	-24	-42	-26	-20	-21	-23
Net Income	**49**	**85**	**115**	**141**	**161**	**185**
Minority interests	0	-1	-1	-1	-2	-2
Net attributable income	**49**	**84**	**114**	**139**	**159**	**183**
Dividends paid	-7	-14	-29	-29	-43	-58
Retained earnings	**42**	**70**	**85**	**110**	**116**	**125**

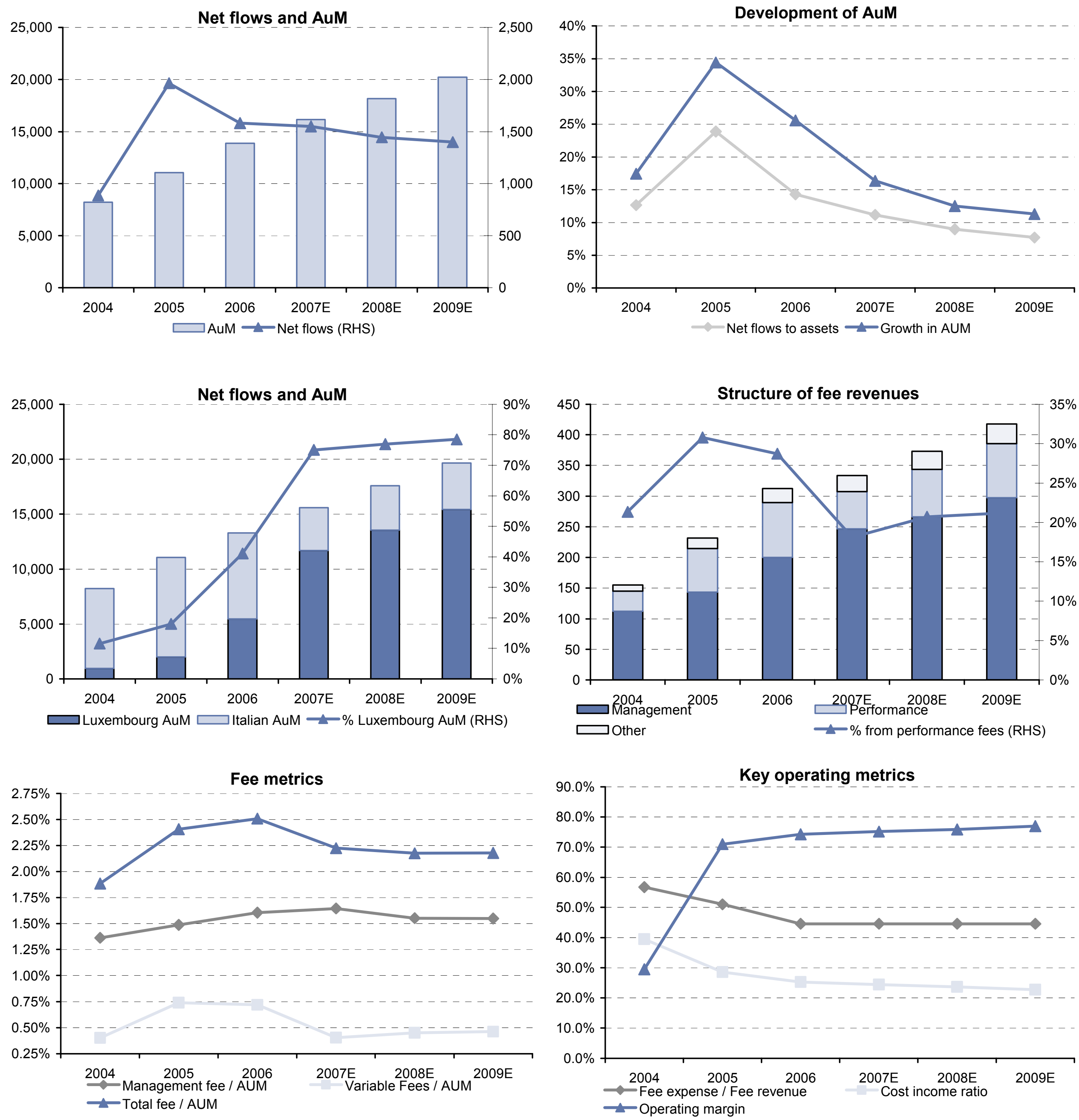
OTHER KEY DETAILS						
AUM	11,052	13,881	16,150	18,171	20,222	22,326
Average FUM	9,637	12,466	15,015	17,160	19,196	21,274
Net flow	1,964	1,581	1,550	1,445	1,400	1,400
Number of Financial Advisers	947	985	1,034	1,086	1,119	1,152
AuM per Financial Adviser (€mn)	11.7	14.1	15.6	16.7	18.1	19.4
Net flow per Financial Adviser (€mn)	2.1	1.6	1.5	1.3	1.3	1.2

KEY RATIOS	2005	2006	2007E	2008E	2009E	2010E
Growth in AUM	34%	26%	16%	13%	11%	10%
Net flows to BOP AUM	23.9%	14.3%	11.2%	8.9%	7.7%	6.9%
Revenue growth	49.0%	35.1%	7.9%	11.9%	12.0%	12.4%
Expense growth	23.5%	36.2%	4.1%	8.6%	7.2%	8.2%
Cost income ratio	28.6%	25.3%	24.4%	23.7%	22.7%	21.8%
Management fee % AUM	1.49%	1.60%	1.64%	1.55%	1.55%	1.54%
Performance fee % AUM	0.74%	0.72%	0.40%	0.45%	0.46%	0.50%
Operating margin	70.98%	74.21%	75.13%	75.87%	76.93%	77.83%
Tax rate	33.2%	33.2%	18.5%	12.3%	11.6%	10.9%
Payout ratio	14.7%	17.1%	25.3%	20.7%	27.2%	31.6%
Return on tangible equity	33%	43%	42%	39%	34%	31%

Per share figures						
Shares outstanding	144	144	144	144	144	144
Fully diluted shares	168	168	168	168	168	168
Basic EPS	0.34	0.58	0.80	0.97	1.11	1.28
Fully diluted EPS	0.32	0.53	0.71	0.86	0.98	1.10
DPS	0.10	0.20	0.20	0.30	0.40	0.50
Free Cashflow per Share	0.3	0.5	0.7	0.8	1.0	1.1
Book Value per Share	1.5	2.0	2.6	3.3	4.1	5.0

Source: Company data, Goldman Sachs Research estimates.

Exhibit 2: Key model assumptions
€ mn, %



Source: Company data, Goldman Sachs Research estimates.

Exhibit 3: GS DCF model indicates 12% potential upside on a 12-month view

DCF Model, implied valuation and key sensitivities (€ mn, € per share)

Estimated cashflows

€mn	2006	2007E	2008E	2009E	2010E
Net income	**84.4**	**114.2**	**139.2**	**159.3**	**182.7**
Depreciation & provisions	2.7	2.9	3.2	3.5	3.9
DAC amortisation	4.3	5.2	5.8	6.1	6.5
Acquisition costs	-7.1	-6.9	-6.8	-7.3	-7.3
Cash flow to equity (ex tax shield)	**84.3**	**115.4**	**141.5**	**161.7**	**185.8**
Increase in Insurance SM	-4	-2	-2	-2	-3
Adjusted free cashflow	**81**	**113**	**139**	**159**	**183**
Discount factor		1.00	0.94	0.85	0.77
PV of cashflow		113	130	135	141
Tax shield benefit		5.7	5.7	5.7	5.7

DCF Valuation summary

Valuation	€mn	% Total
End 07 Cash / (net debt) [1]	232.2	10%
PV of cashflows to 2008-10	406.1	17%
PV of terminal value	1,638.2	70%
Firm value (EV) - (ex tax-shield)	2,276.4	97%
Pension deficit	0.0	0%
Value of tax shield	38.1	2%
Value of €0.2 full year dividend	33.5	1%
Equity value (12-mths out)	**2,348.1**	
Number of shares (diluted)[1]	167.6	
Current fair value	**12.7**	
12-mth target price	**14.0**	
Share-price	12.5	
Upside/(downside)	**11.8%**	

Key assumptions	
Risk free rate (%)	4.2%
Equity risk premium	4.0%
Beta	1.62
Leverage	7%
Leveraged Beta	1.73
Cost of equity	11.1%
Cost of debt	2.6%
Debt (ex-convertible)	25
Equity	370
Debt to Equity	6.8%
WACC	10.6%
Terminal growth	2.0%
Terminal multiple	11.7

Implied valuation metrics

Valuation	2006	2007E	2008E	2009E	2010E
P/E (x)	26.3	19.7	16.2	14.2	12.7
Div Yld (%)	1.4%	1.4%	2.1%	2.9%	3.6%
Price / AUM (%)	16.9%	14.5%	12.9%	11.6%	10.5%
Free Cashflow yield (%)	3.6%	4.9%	6.0%	6.9%	7.9%

1 Adjusted for ESOPs and assumed conversion of outstanding convertible

12-month fair value under differing assumptions

WACC	Terminal growth rate								
	0.0%	0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	4.0%
9.6%	13.20	13.70	14.30	14.90	15.60	16.40	17.30	18.40	19.60
10.1%	12.70	13.10	13.60	**14.10**	**14.70**	**15.40**	16.20	17.10	18.20
10.6%	12.10	12.50	13.00	**13.40**	**14.00**	**14.60**	15.30	16.00	16.90
11.1%	11.70	12.00	12.40	**12.80**	**13.30**	**13.80**	14.40	15.10	15.90
11.6%	11.20	11.60	11.90	12.30	12.70	13.20	13.70	14.30	15.00

Implied Valuation % 2007E AUM

WACC	Terminal growth rate								
	0.0%	0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	4.0%
9.6%	13.7%	14.2%	14.8%	15.5%	16.2%	17.0%	18.0%	19.1%	20.3%
10.1%	13.2%	13.6%	14.1%	**14.6%**	**15.3%**	**16.0%**	16.8%	17.7%	18.9%
10.6%	12.6%	13.0%	13.5%	**13.9%**	**14.5%**	**15.2%**	15.9%	16.6%	17.5%
11.1%	12.1%	12.5%	12.9%	**13.3%**	**13.8%**	**14.3%**	14.9%	15.7%	16.5%
11.6%	11.6%	12.0%	12.4%	12.8%	13.2%	13.7%	14.2%	14.8%	15.6%

Implied 07E P/E multiple

WACC	Terminal growth rate								
	0.0%	0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	4.0%
9.6%	18.5	19.2	20.1	20.9	21.9	23.0	24.3	25.8	27.5
10.1%	17.8	18.4	19.1	**19.8**	**20.6**	**21.6**	22.8	24.0	25.6
10.6%	17.0	17.6	18.3	**18.8**	**19.7**	**20.5**	21.5	22.5	23.7
11.1%	16.4	16.9	17.4	**18.0**	**18.7**	**19.4**	20.2	21.2	22.3
11.6%	15.7	16.3	16.7	17.3	17.8	18.5	19.2	20.1	21.1

Implied 08E P/E multiple

WACC	Terminal growth rate								
	0.0%	0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	4.0%
9.6%	15.3	15.9	16.6	17.3	18.1	19.0	20.0	21.3	22.7
10.1%	14.7	15.2	15.8	**16.3**	**17.0**	**17.8**	18.8	19.8	21.1
10.6%	14.0	14.5	15.1	**15.5**	**16.2**	**16.9**	17.7	18.5	19.6
11.1%	13.6	13.9	14.4	**14.8**	**15.4**	**16.0**	16.7	17.5	18.4
11.6%	13.0	13.4	13.8	14.3	14.7	15.3	15.9	16.6	17.4

Source: Goldman Sachs Research estimates.

Share price performance

Exhibit 4: Share price performance versus peer group
Prices as of close of May 14, 2007

Company	Ticker	Primary analyst	Price currency	Price as of May 14, 2007	Price performance since Mar 19, 2007	3 month price performance	6 month price performance	12 month price performance
Europe Insurance Peer Group								
Azimut Holding	**AZMT.MI**	**Richard Burden**	**€**	**12.52**	**21.3%**	**16.0%**	**29.6%**	**29.1%**
Aegon N.V.	AEGN.AS	Richard Burden	€	15.25	3.2%	-0.1%	5.0%	11.3%
Alea Group Holdings	ALEAq.L	Paul Lloyd	p	94.25	13.6%	18.6%	16.4%	12.2%
Alleanza	ALZI.MI	Richard Burden	€	10.46	10.6%	2.2%	9.7%	7.5%
Allianz AG	ALVG.DE	Richard Burden	€	159.80	5.5%	2.1%	5.3%	22.2%
Assicurazioni Generali	GASI.MI	Richard Burden	€	34.32	10.4%	1.2%	8.9%	17.3%
Aviva plc	AV.L	Paul Lloyd	p	820.00	9.5%	-3.2%	3.6%	6.3%
AXA	AXAF.PA	Richard Burden	€	33.50	9.0%	1.1%	11.3%	21.4%
Baloise	BALN.VX	Richard Burden	SFr	126.80	0.8%	-5.0%	2.3%	36.6%
Banca Generali	BGN.MI	Richard Burden	€	10.06	-7.3%	-13.2%	NA	NA
Benfield	BFD.L	Will Morgan, CFA	p	328.75	-0.2%	-6.9%	-4.7%	-12.8%
Catlin Group	CGL.L	Paul Lloyd	p	503.00	-2.1%	2.2%	-3.5%	9.8%
CNP Assurances	CNPP.PA	Richard Burden	€	92.44	15.0%	3.3%	12.2%	13.3%
Converium	CHRN.S	Will Morgan, CFA	SFr	21.70	4.3%	19.2%	34.0%	37.3%
Fondiaria - Sai	FOSA.MI	Richard Burden	€	38.07	13.2%	5.7%	9.6%	17.2%
Fondiaria - Sai (Savings)	FOSAR.MI	Richard Burden	€	29.99	13.0%	9.1%	16.4%	21.4%
Fortis	FOR.AS	Richard Burden	€	32.44	1.7%	-5.4%	-0.5%	12.2%
Friends Provident	FP.L	Paul Lloyd	p	208.25	3.1%	-3.7%	-2.2%	11.4%
Hannover Ruckversicherung	HNRGn.DE	Will Morgan, CFA	€	35.92	11.2%	6.3%	6.4%	24.1%
ING	ING.AS	Richard Burden	€	32.92	7.0%	-4.9%	-3.4%	3.0%
Irish Life and Permanent (Ireland)	IPM.I	Richard Burden	€	19.70	-3.4%	-11.3%	2.6%	-2.0%
Jardine Lloyd Thompson	JLT.L	Will Morgan, CFA	p	442.25	0.6%	3.0%	7.5%	15.9%
Legal & General Group	LGEN.L	Paul Lloyd	p	155.70	0.8%	-5.1%	4.5%	14.1%
Mapfre (Corporacion)	MAP.MC	Paul Lloyd	€	3.74	0.8%	-6.0%	6.6%	15.1%
Mediolanum	MED.MI	Richard Burden	€	6.17	4.8%	-7.3%	1.1%	0.6%
Munich Re (reg)	MUVGn.DE	Will Morgan, CFA	€	134.00	16.2%	8.4%	5.0%	20.6%
Prudential Plc	PRU.L	Paul Lloyd	p	773.50	9.3%	7.9%	19.0%	23.2%
Resolution plc	RSL.L	Paul Lloyd	p	657.50	0.7%	-2.0%	-2.3%	10.8%
Royal Sun Alliance	RSA.L	Paul Lloyd	p	166.90	1.2%	0.5%	12.6%	22.7%
Sampo	SAMAS.HE	Richard Burden	€	22.56	4.1%	5.9%	19.6%	42.0%
SCOR	SCOR.PA	Will Morgan, CFA	€	20.26	5.2%	-3.7%	-9.6%	3.9%
Swiss Life Holding	SLHN.VX	Richard Burden	SFr	318.25	6.3%	-3.9%	7.5%	6.5%
Swiss Re	RUKN.VX	Will Morgan, CFA	SFr	114.90	9.5%	10.3%	8.6%	26.8%
Unipol (Ordinary Shares)	UNPI.MI	Richard Burden	€	2.88	1.1%	-3.8%	7.4%	7.0%
Unipol (Preference Shares)	UNPI_p.MI	Richard Burden	€	2.69	3.9%	0.7%	13.4%	12.5%
Wiener Stadtische	WISV.VI	Richard Burden	€	54.20	5.8%	-4.5%	2.1%	2.9%
Zurich Financial Services	ZURN.VX	Richard Burden	SFr	376.75	10.6%	8.3%	16.7%	23.3%
FTSE World Europe				448.06	7.0%	2.9%	9.1%	17.0%

Note: This table shows movement in absolute share price and not total shareholder return.
Results presented should not and cannot be viewed as an indicator of future performance.

Source: Factset, Quantum database.

Reg AC

We, Richard Burden and Luca Della Santa, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Investment profile

The Goldman Sachs Investment Profile provides investment context for a security by comparing key attributes of that security to its peer group and market. The four key attributes depicted are: growth, returns, multiple and volatility. Growth, returns and multiple are indexed based on composites of several methodologies to determine the stocks percentile ranking within the region's coverage universe.

The precise calculation of each metric may vary depending on the fiscal year, industry and region but the standard approach is as follows:

Growth is a composite of next year's estimate over current year's estimate, e.g. EPS, EBITDA, Revenue. **Return** is a year one prospective aggregate of various return on capital measures, e.g. CROCI, ROACE, and ROE. **Multiple** is a composite of one-year forward valuation ratios, e.g. P/E, dividend yield, EV/FCF, EV/EBITDA, EV/DACF, Price/Book. **Volatility** is measured as trailing twelve-month volatility adjusted for dividends.

Quantum

Quantum is Goldman Sachs' proprietary database providing access to detailed financial statement histories, forecasts and ratios. It can be used for in-depth analysis of a single company, or to make comparisons between companies in different sectors and markets.

Disclosures

Coverage group(s) of stocks by primary analyst(s)

Richard Burden: Europe-Insurance.

Europe-Insurance: Aegon N.V., Alea Group Holdings, Alleanza, Allianz AG, Assicurazioni Generali, Aviva plc, AXA, Azimut Holding, Baloise, Banca Generali, Benfield, Catlin Group, CNP Assurances, Converium, Fondiaria - Sai, Fondiaria - Sai (Savings), Fortis, Friends Provident, Hannover Ruckversicherung, ING, Irish Life and Permanent (Ireland), Jardine Lloyd Thompson, Legal & General Group, Mapfre (Corporacion), Mediolanum, Munich Re (reg), Prudential Plc, Resolution plc, Royal Sun Alliance, Sampo, SCOR, Swiss Life Holding, Swiss Re, Unipol (Ordinary Shares), Unipol (Preference Shares), Wiener Stadtische, Zurich Financial Services.

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Distribution of ratings/investment banking relationships

Goldman Sachs Investment Research global coverage universe

	Rating Distribution			Investment Banking Relationships		
	Buy	Hold	Sell	Buy	Hold	Sell
Global	28%	59%	13%	41%	34%	31%

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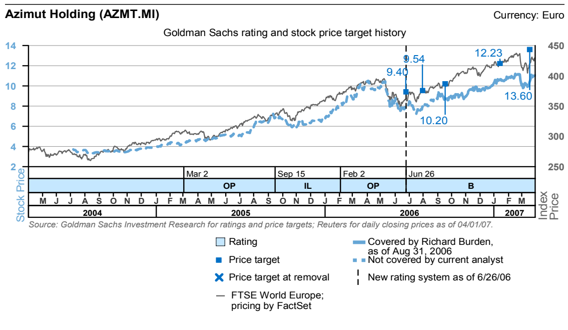
Price target and rating history chart(s)



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